

The offering of Rights under this Prospectus is contingent on the shareholder's approval to increase the share capital in accordance with the board's recommendation and the Company's obtaining regulatory approvals. An invitation was sent to hold an Extraordinary General Assembly Meeting (EGM) to increase the capital through a Rights Issue on 26/04/1443H (corresponding to 01/12/2021G). The Shareholders should note that if the shareholders' approval is not obtained to increase the capital through a Rights Issue, the Rights Issue will automatically stop. In such case, this Prospectus shall be considered void and shareholders will be notified accordingly.

Rights Issue Prospectus

SADR Logistics Services

SADR Logistics Services is a Saudi Joint Stock Company incorporated pursuant to Ministerial Resolution No. (Q/26) dated 03/02/1438H (corresponding to 03/11/2016G) and Commercial Registration No. (1131012302) dated 20/08/1414H (corresponding to 31/01/1994). Offering fifteen million (15,000,000) ordinary shares at an offer price of ten (10) Saudi Riyals per share by way of a Rights Issue, with a total value of one hundred and fifty million (150,000,000) Saudi Riyals, representing an increase of the Company's share capital by (600%) to reach one hundred and seventy five million (175,000,000) Saudi Riyals.

Trading Period: Starts from 02/05/1443H (corresponding to 06/12/2021G) until 09/05/1443H (corresponding to 13/12/2021G)
Offer Period: starts from 02/05/1443H (corresponding to 06/12/2021G) until 12/05/1443H (corresponding to 16/12/2021G).

SADR Logistics Services (hereinafter referred to as the "Company" or "SADR") was incorporated as a sole corporation under the name "Al Samaani Factory for Metal Industries Company" owned by Mohammed Abdullah Al Samaani, under Commercial Registration No. (1131012302) dated 20/08/1414H (corresponding to 31/01/1994G), with a capital of one hundred thousand (100,000) Saudi Riyals. On 23/03/1437H (corresponding to 04/01/2016) the corporation was converted to a limited liability company under the name "Al-Samaani Factory for Metal Industries Company", with a capital of Six Million and Five Hundred Thousand (6,500,000) Saudi Riyals. On 15/01/1438H (corresponding to 16/10/2016G) based on the partners' decision and according to Ministerial Resolution No. (Q/26) dated 03/02/1438H (corresponding to 03/11/2016G), Al-Samaani Factory for Metal Industries Company was converted from a limited liability company to a Saudi closed joint stock company with a capital of nine million (9,000,000) Saudi Riyals. On 29/05/1438H (corresponding to 26/02/2017G), the company's shares were listed on the parallel market "Nomu" and were traded, with a capital of eleven million two hundred and fifty thousand (11,250,000) Saudi Riyals. The shares subscribed by qualified investors through the offering were two hundred and twenty five thousand (225,000) ordinary shares with a nominal value of ten (10) Saudi Riyals per share, which constitutes 20% of the company's capital post the offering. The Extraordinary General Assembly "EGM" approved, in its meeting held on 22/07/1438H (corresponding to 19/04/2017G), the capital increase from nine million (9,000,000) Saudi Riyals to eleven million two hundred and fifty thousand (11,250,000) Saudi Riyals. On 25/07/1439H (corresponding to 11/04/2018G), the EGM agreed to increase the company's capital by granting free shares (bonus shares) to shareholders on the basis of one free share for every three shares held, therefore the increase would be from eleven million two hundred and fifty thousand (11,250,000) Saudi Riyals, divided into one million and one hundred and twenty-five thousand (1,125,000) ordinary shares, with a nominal value of ten (10) Saudi Riyals per share, to fifteen million (15,000,000) Saudi Riyals, divided into one million and five hundred thousand (1,500,000) ordinary shares, with a nominal value of ten (10) Saudi Riyals per share. On 04/11/1441H (corresponding to 25/06/2020G), the EGM approved the company's capital increase by granting free shares (bonus shares) to shareholders from fifteen million (15,000,000) Saudi Riyals, divided to one million and five hundred thousand (1,500,000) ordinary shares, with a nominal value of ten (10) Saudi Riyals per share, to twenty-five million (25,000,000) Saudi Riyals, divided into two million and five hundred thousand (2,500,000) ordinary shares, with a nominal value of ten (10) Saudi Riyals per share, paid in full. On 01/06/1442H (corresponding to 14/01/2021G), the company's name was announced to be changed in accordance with EGM approval in its meeting held on 12/03/1442H (corresponding to 29/10/2020G), where it was approved to amend Article (2) of the company's articles of association, regarding the company's name, from Al-Samaani Factory for Metal Industries Company to SADR Logistics Services. On 26/04/1443H (corresponding to 01/12/2021G), the EGM of shareholders approved the capital increase from twenty-five million (25,000,000) Saudi Riyals, divided into two million five hundred thousand (2,500,000) ordinary shares, with a nominal value of ten (10) Saudi Riyals per share, so the company's capital becomes one hundred and seventy-five million (175,000,000) Saudi Riyals, divided into seventeen million and five hundred thousand (17,500,000) ordinary shares, with a nominal value of ten (10) Saudi Riyals. The company's head office is located in the city of Buraidah, and its address is King Abdul Aziz Road - The First Industrial City, 26 St., Building 7227, Postal Code: 51431, PO Box: 1364, Kingdom of Saudi Arabia.

The company's current capital is (SAR 25,000,000) twenty-five million Saudi Riyals, divided into (2,500,000) two million and five hundred thousand ordinary shares, with a nominal value of ten (10) Saudi Riyals per share, paid in full (referred to individually as "current share" and collectively as "current shares"). As of the date of this prospectus, the company's substantial shareholders (who are holding 5% or more of the Company's capital) are: Mohammed Abdullah Abdulkarim Al Samaani, who holds four hundred and twenty-five thousand (425,000) shares, i.e. (17.00%) of the company's shares prior to the offering, Bandar Mohammed Abdullah Al Samaani, who holds two hundred and eighty eight thousand one hundred and fifty six (288,156) shares, i.e. (11.52%) of the company's shares prior to the offering, and Abdullah Mohammed Abdullah Al Samaani, who holds one hundred and fifty one thousand five hundred and eighty three (151,583) shares, i.e. (6.06%) of the company's shares prior to the offering.

The Company's Board of Directors recommended in its meeting held on 19/05/1442H (corresponding to 03/01/2021G) to increase the Company's capital through a Rights Issue by one hundred and fifty million (150,000,000) Saudi Riyals after obtaining the necessary regulatory approvals and EGM approval.

On 26/04/1443H (corresponding to 01/12/2021G), the EGM approved to increase the Company's share capital through a Rights Issue. The subscription will be through offering fifteen million (15,000,000) new ordinary shares (referred to as "Rights Shares" "New Shares") at an offer price of ten (10) Saudi Riyals per share (referred to as "Offer Price"), with a nominal value of ten (10) Saudi Riyals, to increase the company's capital from twenty-five million (25,000,000) Saudi Riyals to one hundred and seventy-five million (175,000,000) Saudi Riyals, and increase the number of shares from two million five hundred thousand (2,500,000) ordinary shares to seventeen million five hundred thousand (17,500,000) ordinary shares.

The Rights will be issued in the form of tradable securities (collectively "Rights" and individually "Right") to the Company's shareholders, who are registered in the Company's shareholders register as at the close of trading on the date of the EGM to increase the capital ("Eligibility Date") and those who are registered in the Company's shareholders register at the Depository Center at the end of the second trading day following the date of the EGM approving the capital increase on 01/05/1443H (corresponding to 05/12/2021G) (individually "Registered Shareholder" and collectively "Registered Shareholders"). Such Rights will be deposited into the Registered Shareholders' portfolios after the EGM meeting, noting that settlement procedures will be in the amount of (6) Rights for each (1) share of the Company. Each Right grants its holder the right to subscribe to one New Share at the Offer Price.

All Registered Shareholders and other investors ("New Investors"), who may trade the Rights and subscribed to the New Shares, will be able to trade and subscribe to the Rights in the Saudi Stock Exchange ("Tadawul" or "Market"). The trading period and subscription period will commence



from 02/05/1443H (corresponding to 06/12/2021G), provided that the trading period ends on 09/05/1443H (corresponding to 13/12/2021G) ("Trading Period"), while the subscription period will continue until the end of 12/05/1443H (corresponding to 16/12/2021G) ("Subscription Period"). It is important to note that the Trading Period and the Subscription Period will start on the same day while the Trading Period continues until the end of the sixth day of the period, and the Subscription Period continues until the end of the ninth day of the same period.

During the Trading Period, the Registered Shareholders will be able to trade the Rights by selling the acquired Rights or part thereof or buying additional Rights through the Market. In addition, New Investors will be able to buy and sell the Rights during trading period through the Market. The subscription to New Shares during the Subscription Period would be through one phase according to the following:

- 1) During this period, all Registered Shareholders and New Investors will be allowed to subscribe to the New Shares.
- 2) The Registered Shareholder will be entitled to subscribe directly to the number of his / her shares during the Subscription Period. If the Registered Shareholder buys new Rights, the Registered Shareholder will be able to subscribe to them by the end of the settlement period (two working days).
- 3) New investors will be entitled to subscribe to the new shares immediately after settling the rights purchase (two working days).
- 4) The subscription will be available electronically through investment portfolios in the trading platforms and applications, through which the sale and purchase of orders are entered, as well as through other channels and means provided by the broker.

If any shares remain unsubscribed after the end of the Subscription Period ("Rump Shares"), they will be offered to a number of institutional investors ("Institutional Investors") (referred to as "Rump Offering"). Such Institutional Investors shall submit their offers for purchasing the Rump Shares and the receipt of those offers shall commence at 10:00 AM on Tuesday 17/05/1443H (corresponding to 21/12/2021G) and continue until 5:00 PM on Wednesday 18/05/1443H (corresponding to 22/12/2021G) ("Rump Offering Period"). The Rump Shares shall be allocated to Institutional Investors in order of the offered price starting with the highest offer until all of the Rump Shares have been allocated (provided that the price shall not be less than the Offer Price). The Rump Shares shall be allocated on a pro-rata basis among Institutional Investors that provided offers at the same price. The fractional shares shall be added to the Rump Shares and treated in the same manner. All proceeds resulting from the sale of the Rump Shares shall be distributed to the Company and any proceeds in excess (if any) without calculating any fees or deductions (exceeding the Offer Price) for the eligible persons, as per their entitlement on a pro-rata basis no later than 17/06/1443H (corresponding to 20/01/2022G). Noting that investors who did not subscribe to or sell his/her rights, and those holding fractional shares, may not receive any consideration in case of sale at offer price during the rump share period. In the event that the Institutional Investors did not subscribe to all of the Rump Shares and fractional shares, then these shares shall be allocated to the Underwriter, who shall subscribe for such shares at the Offer Price (please refer to Section 13 - "Details on Shares and Offering Terms and Condition"). The final allocation will be announced no later than 22/05/1443H (corresponding to 26/12/2021G) ("Allocation Date") (Refer to Section 13 - "Details on Subscription Terms and Conditions"). Upon completion of the offering, the Company's capital will reach one hundred and seventy-five million (175,000,000) Saudi Riyals, divided into seventeen million and five hundred thousand (17,500,000) ordinary shares. The net proceeds of the offering will be primarily utilized to enable the company to implement its strategic and operational plans and expand in the field of logistics. (Please refer to Section (7) - "Use of Proceeds and Future Plans").

The Company has one class of shares. No Shareholder shall have any preferential rights. The New Shares will be fully paid in value and will be exactly equal to outstanding shares. Each share entitles its holder to one vote and each shareholder of the Company ("Shareholder") has the right to attend and vote at the Shareholders' General Assembly meetings ("General Assembly") (ordinary or extraordinary). The Shareholders holding the New Shares will be entitled to any dividends declared by the Company from the start of Subscription, if any.

The Company listed all of its one million and one hundred and twenty-five thousand (1,125,000) ordinary shares, with a nominal value of ten (10) Saudi Riyals per share, on the Saudi parallel market "Nomu" on 29/05/1438H (corresponding to 26/02/2017G) after obtaining approvals of Capital Market Authority (CMA) and Saudi Stock Exchange (Tadawul). On 25/04/1442H (corresponding to 10/12/2020G), the Company's shares of two million and five hundred thousand (2,500,000) ordinary shares, with a nominal value of ten (10) Saudi Riyals per share were listed and traded on Main Saudi Stock Exchange, after obtaining approvals of Capital Market Authority (CMA) and Saudi Stock Exchange (Tadawul). Currently, the Company's Current Shares are traded on the Saudi Stock Exchange. The Company has filed an application with the Saudi Capital Market Authority ("CMA") for registering and offering the New Shares. Another application has been submitted by the Company with Tadawul to accept the listing of the New Shares. This Prospectus has been approved as all the required documents have been submitted and all the requirements of the relevant authorities have been fulfilled. The trading of New Shares is expected to commence on Tadawul shortly after the final allocation of New Shares and refund of extra subscriptions (please refer to page "M" "Key Dates and Subscription Procedures" of the Prospectus). Upon registering and listing of the New Shares, Saudi nationals; non-Saudi nationals holding valid residence permits in Saudi Arabia; GCC nationals, Saudi and GCC companies and funds and Qualified Foreign Financial Investors and Approved QFI Clients will be permitted to trade in the Shares pursuant to the CMA's Rules for Qualified Foreign Financial Institutions Investment in Listed Shares will be permitted to trade the New Shares. Furthermore, other categories of foreign investors are entitled to the economic benefits associated with the New Shares by concluding swap agreements with persons authorized by CMA (the "Licensed Person"), noting that the Licensed Person shall in such case be the registered legal owner of shares.

The "Important Notice", in page (A), and Section (2) "Risk Factors" of this Prospectus together with the entirety of the Prospectus should be read carefully prior to making a decision to invest in the New Shares offered hereunder.

Financial Advisor, Lead Manager, and Underwriter



This Prospectus includes information provided in the application for listing and off-ering of securities in accordance with Rules on the Offer of Securities and Continuing Obligations issued by Capital Market Authority of the Kingdom of Saudi Arabia (the "Authority" or "CMA"), and the application for listing of securities in compliance with the listing rules of the Saudi Stock Exchange. The Directors, whose names appear on page (D) collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable inquiries, that to the best of their knowledge and belief, there are no other facts that omission of which would make any statement herein misleading. The Authority and the Saudi Stock 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 unofficial English language translation of the official Arabic Language Prospectus is provided for the information purpose only. The Arabic Language 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 texts.

SADR
LOGISTICS SERVICES



صدر
للخدمات اللوجستية



Important Notice

This Prospectus (the "Prospectus") provides full details of information relating to SADR Logistics Services and the Rights Shares offered for subscription. In subscribing to the Rights Shares, investors shall be treated as applying on the basis of the information contained in this Prospectus, copies of which are available at the head office of the Company, the Lead Manager, or by visiting the company's website (www.sgp.com.sa), Financial Advisor's website (www.falcom.com.sa), or CMA's website (www.cma.org.sa).

The Prospectus will be published and assured to be available to the public within a period not less than (14) days prior to the date of the Extraordinary General Meeting for the capital increase. In the event that the Extraordinary General Meeting does not approve the capital increase within six months from the date of the Authority's approval on registering and Offering the Right Issue, such approval given by the Authority shall be deemed to be canceled.

The Company has appointed ("Falcom financial services company") as a financial advisor ("Financial Advisor"), lead manager ("Lead Manager"), and Underwriter ("Underwriter") regarding the offering of Rights Shares to increase the Company's capital under this Prospectus.

This Prospectus includes information given in compliance with the Rules on the Offer of Securities and Continuing Obligations issued by CMA. The Directors, whose names appear on page (D) collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable inquiries, that to the best of their knowledge and belief, there are no other facts that omission of which would make any statement herein misleading. CMA or Tadawul will not take any responsibility for the contents of this Prospectus, and will 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.

While the Company has made all reasonable studies and enquiries as to the accuracy of the information contained in this Prospectus as of the date hereof, substantial portions of the information referenced herein are derived from external sources. While none of the Company, its directors, Financial Advisor, or the Company's advisors, whose names appear on Pages (f) and (g) of this Prospectus ("Advisors"), have any reason to believe that any of the market and industry information is materially inaccurate, However, this information has not been independently verified. Accordingly, no representations or assurances are made with respect to the accuracy or completeness of any of this information.

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

This Prospectus should not be regarded as a recommendation by the Company or any of its directors or its Advisers, to participate in the subscription process to the Right issue shares. Moreover, the information provided in this Prospectus is of a general nature and has been prepared without taking into account individual investment objectives, financial condition, or particular investment needs. Prior to making an investment decision, each recipient of this Prospectus shall obtain independent professional advice from a financial adviser licensed by CMA in relation to subscribing for the New Shares in order to assess the appropriateness of investment opportunity and information herein, with regard to the recipient's respective objectives, financial positions, and needs.

All the Registered Shareholders and other public investors ("New investors") who may trade in the Rights and subscribe for the New Shares, will be able to trade and subscribe to Right issue shares on the Saudi Stock Exchange ("Tadawul" or "Exchange"). The trading period and subscription period which both will commence on Monday 02/05/1443H (corresponding to 06/12/2021G), where the trading period will end on Monday 09/05/1443H (corresponding to 13/12/2021G) ("Trading Period"), and the subscription period will continue until the end of Thursday 12/05/1443H (corresponding to 16/12/2021G) ("Subscription Period"). It is important to note that the Trading Period and the Subscription Period will start on the same day while the Trading Period continues until the end of the sixth day of the period, and the Subscription Period continues until the end of the ninth day of the same period.

During the Trading Period, the Registered Shareholders will be able to trade the Rights by selling the acquired Rights or part thereof or buying additional Rights through the Market. In addition, New Investors will be able to buy and sell the Rights during trading period through the Market.

The subscription to New Shares during the Subscription Period would be through one phase according to the following:

- 1) During this period, all Registered Shareholders and New Investors will be allowed to subscribe to the New Shares.
- 2) The Registered Shareholder will be entitled to subscribe directly to the number of his / her shares during the Subscription Period. If the Registered Shareholder buys new Rights, the Registered Shareholder will be able to subscribe to them by the end of the settlement period (two working days).
- 3) New investors will be entitled to subscribe to the new shares immediately after settling the rights purchase (two working days).
- 4) The subscription will be available electronically through investment portfolios in the trading platforms and applications, through which the sale and purchase of orders are entered, as well as through other channels and means provided by the broker.

If any shares remain unsubscribed after the end of the Subscription Period ("Rump Shares"), they will be offered to a number of institutional investors ("Institutional Investors") (referred to as "Rump Offering").

Such Institutional Investors shall submit their offers for purchasing the Rump Shares and the receipt of those offers shall commence at 10:00 AM on Tuesday 17/05/1443H (corresponding to 21/12/2021G) and continue until 5:00 PM on Wednesday 18/05/1443H (corresponding to 22/12/2021G) ("Rump Offering Period").

The Rump Shares shall be allocated to Institutional Investors in order of the offered price starting with the highest offer until all of the Rump Shares have been allocated (provided that the price shall not be less than the Offer Price). The Rump Shares shall be allocated on a pro-rata basis among Institutional Investors that provided offers at the same price.

The fractional shares shall be added to the Rump Shares and treated in the same manner. All proceeds resulting from the sale of the Rump Shares shall be distributed to the Company and any proceeds in excess (if any) without calculating any fees or deductions (exceeding the Offer Price) for the eligible persons, as per their entitlement on a pro-rata basis no later than 17/06/1443H (corresponding to 20/01/2022G).

Noting that investors who did not subscribe to or sell his/her rights, and those holding fractional shares, may not receive any consideration in case of sale at offer price during the rump share period.

In the event that the Institutional Investors did not subscribe to all of the Rump Shares and fractional shares, then these shares shall be allocated to the Underwriter, who shall subscribe for such shares at the Offer Price (please refer to Section 13 - "Details on Shares and Offering Terms and Condition").

The final allocation will be announced no later than 22/05/1443H (corresponding to 26/12/2021G) ("Allocation Date") (Refer to Section (13) - "Details on Subscription Terms and Conditions" of this Prospectus).

The offering of Rights under this Prospectus is contingent on the shareholder's approval to increase the share capital in accordance with the board's recommendation and the Company's obtaining regulatory approvals. An invitation was sent to hold an Extraordinary General Assembly Meeting (EGM) to increase the capital through a Rights Issue on 05/04/1443H (corresponding to 10/11/2021G). The Shareholders should note that if the shareholders' approval is not obtained to increase the capital through a Rights Issue, the Rights Issue will automatically stop. In such case, this Prospectus shall be considered void and shareholders will be notified accordingly.

Financial Information

The company's audited financial statements for the financial years ended December 31, 2018, audited financial statements ended December 31, 2019G, audited financial statements ended December 31, 2020G, and preliminary summary financial statements for the three-month period ended 31 March 2021 have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted in the kingdom of Saudi Arabia, and other standards and issuances approved by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Al Bassam and Partners (Allied Accountants – PKF) has assured and audited the company's financial statements for the financial years ended December 31, 2018G, 2019G and 2020G, and issued the company's unaudited financial statements for the period ended March 31, 2021G. The company's financial statements are issued in Saudi Riyals.

Some financial and statistical information contained in this Prospectus is rounded to the nearest decimal point. Therefore, in case of summing up the amounts presented in tables, it may not be exactly equivalent to the corresponding percentages as stated in the Prospectus.

Forecasts and Forward-looking Statements

Forecasts set forth in this Prospectus have been prepared on the basis of certain assumptions that have been identified and declared in relevant topics. The Company's future conditions may differ from the assumptions used, and no affirmation, representation, or warranty is made with respect to the accuracy or completeness of any of these forecasts.

Certain statements contained in this Prospectus represent statements on prospects. Such statements can be identified by their use of forward-looking words such as “will”, “may”, “plans”, “intends”, “estimates”, “believes”, “expects”, “anticipates”, “should”, “would be”, or the negative or other variation of such terms or comparable terminology. These forward-looking statements reflect the current views of the Company and its management with respect to future events and are not a guarantee or confirmation of the Company's future performance. 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. The most important risks and factors that could have such an effect are described in more detail in other sections of this Prospectus (Refer to Section 2 – “Risk Factors”). Should any of these risks or uncertainties materialize or any underlying assumptions prove to be inaccurate or incorrect, actual results may vary materially from those described in this Prospectus.

Subject to the requirements of the Rules on the Offer of Securities and Continuing Obligations, the Company must submit a supplementary prospectus to the CMA if, at any time after the Prospectus has been approved by the CMA and before listing its shares on Tadawul, the Company becomes aware that: (1) There has been a significant change in material matters contained in this Prospectus or, (2) additional important matters that should have been included in this Prospectus. Except for both aforementioned circumstances, the Company does not intend to update or otherwise revise any information contained in this Prospectus, whether as a result of new information, future events, or other information related to the company, sector, or risk factors.

Company's Directory

Board Members*									
Name	Position	Membership status	Nationality	Age	Appointment Date	Shares			
						Direct		Indirect**	
						No.	Percentage	No.	Percentage
Mohammed Abdullah Abdulkarim Al Samaani	Chairman	Non-independent Non-executive	Saudi	65	16/09/2021G	425.000	17.00%	0	0%
Bandar Mohammed Abdullah Al Samaani	Deputy Chairman and Managing Director	Non-independent Executive	Saudi	44	16/09/2021G	288.156	11.52624%	0	0%
Khaled Suleiman Abdullah Al Mudaifer	Board member	Independent Non-executive	Saudi	52	16/09/2021G	0	0%	0	0%
Tariq Saad Abdulaziz Al-Tuwaijri	Board member	Independent Non-executive	Saudi	42	16/09/2021G	1	0.00004%	0	0%
Khaled Abdulaziz AlBakri	Board member	Independent Non-executive	Saudi	43	16/09/2021G	0	0%	0	0%

Source: The Company

* On 16/01/1443H (corresponding to 24/08/2021G), the General Assembly was held to appoint the board members for the next session, for three years, which begins on September 16, 2021G, and ends on September 15, 2024G.

** The Board members have no indirect ownership in the company as at the date of this prospectus.

Address of Company and Representatives

SADR Logistics Services

Buraidah - Industrial City

P.O. Box 1364 Postal code :51431

Kingdom of Saudi Arabia

[Tel:+966 16 3220055](tel:+966163220055)

Fax: +966 16 3220056

E-mail: info@sgp.com.sa

Website: www.sgp.com.sa



Company representatives

Statement	First Authorized Company Representative	Second Authorized Company Representative
Name	Bandar Mohammed Abdullah Al Samaani	Ahmed Mostafa Kortam
Position	Deputy Chairman and Managing Director	Chief Executive Financial Officer (CFO)
Address	Riyadh - Yasmeen District - Anas Bin Malik P.O. Box 13325 Kingdom of Saudi Arabia	Riyadh - Yasmeen District - Anas Bin Malik P.O. Box 13325 Kingdom of Saudi Arabia
Tel.:	+966112416262 Ext: 100	+966112416262 Ext: 102
Fax:	112416262966+	112416262966+
E-mail:	bander@sgp.com.sa	akortam@sgp.com.sa

Source: The Company

Stock Exchange

Saudi Stock Exchange (Tadawul)

King Fahad Road, Al Ulaya 6897

Unit no.: 15

Riyadh 12211-3388

Kingdom of Saudi Arabia

Tel: +966 920001919

Fax: +966 11 2189133

Email: csc@tadawul.com.sa

Website: www.saudiexchange.sa



Advisors and Auditors

Financial Advisor, Lead Manager, and Underwriter

FALCOM Financial Services

Riyadh- Al Woroud District - Al Ulaya Street

P.O Box 884 Riyadh 11421

Kingdom of Saudi Arabia

Tel: +966 8004298888

Fax: +966 11 2054827

E-mail: Info@falcom.com.sa

Website: www.falcom.com.sa



Legal Advisor

Mohammed Aldhabaan Law Firm

Office 11, Home Offices Complex, Urubah Road

P.O. Box 245555 Riyadh 11312

Kingdom of Saudi Arabia

Tel: +966 11 4844448

Fax: +966 11 2816611

E-mail aldehyais@aldhabaan-es.com

Website: www.aldhabaan.eversheds.com

الضبان وشركاه
بالتعاون مع
إيفرشيدس سذرلاند
(الدولية) إل إل بي

Auditor

(Of financial statements for financial years ending on December 31, 2018G, 2019G and 2020G)

Ibrahim Ahmed Al-Bassam & Partners Auditors - Al Bassam & Co.

Riyadh - Sulimania - Prince Abdulaziz bin Musa'ed St,

P.O. Box 69658, Riyadh 11557

Kingdom of Saudi Arabia

Tel: +966 11 2065333

Fax: +966 11 2065444

E-mail: info.sa@pkf.com

website: www.pkfalbassam.com

PKF

Note:

The above Advisors have provided their written consent to the publication of their names, addresses and logos in the Prospectus, and none of them has withdrawn such consent as at the date of this Prospectus. None the abovementioned advisors, auditors, their employees, or any of their relatives, have any shareholding or interest of any kind in the Company as of the date of this Prospectus.

Summary of the Offer

Investors wishing to subscribe to the offered shares should carefully read this entire Prospectus before making their decision whether to subscribe to the rights or not, as the summary of the offer is insufficient for making an investment decision. Below is the summary of the Offering:

Issuer's Name, Description, and Information on its Incorporation	<p>SADR Logistics Services (hereinafter referred to as the "Company" or "SADR") was incorporated as a sole corporation under the name "Al Samaani Factory for Metal Industries Company" owned by Mohammed Abdullah Al Samaani, under Commercial Registration No. (1131012302) dated 20/08/1414H (corresponding to 31/01/1994G), with a capital of one hundred thousand (100,000) Saudi Riyals. On 23/03/1437H (corresponding to 04/01/2016) the corporation was converted to a limited liability company under the name "Al-Samaani Factory for Metal Industries Company", with a capital of Six Million and Five Hundred Thousand (6,500,000) Saudi Riyals. On 15/01/1438H (corresponding to 16/10/2016G) based on the partners' decision and according to Ministerial Resolution No. (Q/26) dated 03/02/1438H (corresponding to 03/11/2016G), Al-Samaani Factory for Metal Industries Company was converted from a limited liability company to a Saudi closed joint stock company with a capital of nine million (9,000,000) Saudi Riyals. On 29/05/1438H (corresponding to 26/02/2017G), the company's shares were listed on the parallel market "Nomu" and were traded, with a capital of eleven million two hundred and fifty thousand (11,250,000) Saudi Riyals. The shares subscribed by qualified investors through the offering were two hundred and twenty five thousand (225,000) ordinary shares with a nominal value of ten (10) Saudi Riyals per share, which constitutes 20% of the company's capital post the offering. The Extraordinary General Assembly "EGM" approved, in its meeting held on 22/07/1438H (corresponding to 19/04/2017G), the capital increase from nine million (9,000,000) Saudi Riyals to eleven million two hundred and fifty thousand (11,250,000) Saudi Riyals. On 25/07/1439H (corresponding to 11/04/2018G), the EGM agreed to increase the company's capital by granting free shares (bonus shares) to shareholders on the basis of one free share for every three shares held, therefore the increase would be from eleven million two hundred and fifty thousand (11,250,000) Saudi Riyals, divided into one million and one hundred and twenty-five thousand (1,125,000) ordinary shares, with a nominal value of ten (10) Saudi Riyals per share, to fifteen million (15,000,000) Saudi Riyals, divided into one million and five hundred thousand (1,500,000) ordinary shares, with a nominal value of ten (10) Saudi Riyals per share. On 04/11/1441H (corresponding to 25/06/2020G), the EGM approved the company's capital increase by granting free shares (bonus shares) to shareholders from fifteen million (15,000,000) Saudi Riyals, divided to one million and five hundred thousand (1,500,000) ordinary shares, with a nominal value of ten (10) Saudi Riyals per share, to twenty-five million (25,000,000) Saudi Riyals, divided into two million and five hundred thousand (2,500,000) ordinary shares, with a nominal value of ten (10) Saudi Riyals per share, paid in full. On 01/06/1442H (corresponding to 14/01/2021G), the company's name was announced to be changed in accordance with EGM approval in its meeting held on 12/03/1442H (corresponding to 29/10/2020G), where it was approved to amend Article (2) of the company's articles of association, regarding the company's name, from Al-Samaani Factory for Metal Industries Company to SADR Logistics Services. On 26/04/1443H (corresponding to 01/12/2021G) shareholders' EGM approved the capital increase from</p>
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	<p>(25,000,000) twenty-five million Saudi Riyals, divided into (2,500,000) two million and five hundred thousand ordinary shares, with a nominal value of ten (10) Saudi Riyals per share, so the capital reached (175,000,000) one hundred and seventy-five million Saudi Riyals, divided into (17,500,000) seventeen million and five hundred thousand ordinary shares, with a nominal value of ten (10) Saudi Riyals..</p> <p>The company's head office is located in the city of Buraidah, and its address is King Abdul Aziz Road - The First Industrial City, 26 St., Building 7227, Postal Code: 51431, PO Box: 1364, Kingdom of Saudi Arabia.</p>														
Issuer's activities	<p>The company operates under commercial registration no. (1131012302) dated 20/08/1414H (corresponding to 31/01/1994G). Pursuant to the Company's articles of associations, the main activities are exercising and implementing the following:</p> <div><div></div><div><div>1-</div><div>Manufacturing industries and their branches pursuant to the industrial licenses.</div></div><div><div>2-</div><div>Construction and building.</div></div><div><div>3-</div><div>Transport, storage and refrigeration.</div></div><div><div>4-</div><div>Financial, business and other services.</div></div><div><div>5-</div><div>Social, collective and personal services.</div></div><div><div>6-</div><div>Trade.</div></div><div><div>7-</div><div>Information technology.</div></div><div><div>8-</div><div>Security and safety.</div></div><div><div>9-</div><div>Agriculture and fishing.</div></div><div><div>10-</div><div>Mines, Petroleum and their branches.</div></div><div><div>11-</div><div>Electricity, gas, water and their branches.</div></div></div> <p>The company exercises its activities in accordance with applicable laws and after obtaining the necessary licenses from the competent authorities, if any.</p> <p>The company operates through its head office in Buraidah. The Company's activities are manufacturing wooden pallets, ready-made iron structures, finished metal products by forging, pressing, or casting and rolling, and manufacturing plastic furniture for all purposes. (For more information, please refer to Subsection (3-3) "Company's main activities" of Section (3)" Overview of the Company and Nature of its Business" of this Prospectus").</p>														
Substantial Shareholders in the Issuer, their number of shares and percentages prior to the offering	<p>The Company's substantial shareholders (who are holding 5% or more of the Company's capital) are: Mohammed Abdullah Abdulkarim Al Samaani, Bandar Mohammed Abdullah Al Samaani, and Abdullah Mohammed Abdullah Al Samaani.</p> <p>The table below sets out the number of shares held by Substantial Shareholders:</p> <table><tr><th rowspan="2">Shareholder</th><th colspan="2">Substantial shareholders' equity</th></tr><tr><th>Number of shares</th><th>Percentage</th></tr><tr><td>Mohammed Abdullah Abdulkarim Al Samaani</td><td>425,000</td><td>17.00%</td></tr><tr><td>Bandar Mohammed Abdullah Al Samaani</td><td>288,156</td><td>11.52%</td></tr><tr><td>Abdullah Mohammed Abdullah Al Samaani</td><td>151,583</td><td>6.06%</td></tr></table> <p>Source: The Company</p>	Shareholder	Substantial shareholders' equity		Number of shares	Percentage	Mohammed Abdullah Abdulkarim Al Samaani	425,000	17.00%	Bandar Mohammed Abdullah Al Samaani	288,156	11.52%	Abdullah Mohammed Abdullah Al Samaani	151,583	6.06%
Shareholder	Substantial shareholders' equity														
	Number of shares	Percentage													
Mohammed Abdullah Abdulkarim Al Samaani	425,000	17.00%													
Bandar Mohammed Abdullah Al Samaani	288,156	11.52%													
Abdullah Mohammed Abdullah Al Samaani	151,583	6.06%													
Nature of the Offering	Increasing the Company's capital by issuing Rights Shares.														

Purpose of the offering	The Company aims, through increasing the capital by issuing rights shares, to enable the company to implement its strategic and operational plans and expand in the field of logistics. (Please refer to Section (7) -"Use of the Offering Proceeds and Future Projects").										
Total Estimated Proceeds, Breakdown Analysis and Description of its Potential Use	<p>Total Offering proceeds of the Rights Issue are estimated to reach one hundred and fifty million (150,000,000) Saudi Riyals.</p> <p>The net proceeds of the offering will be primarily utilized to enable the company to implement its strategic and operational plans and expand in the field of logistics.</p> <p>The table below sets out the suggested usage of proceeds:</p> <table border="1"> <thead> <tr> <th>Use</th><th>Value (In Saudi Riyals)</th></tr> </thead> <tbody> <tr> <td>Offering expenses</td><td>3,500,000</td></tr> <tr> <td>Investment in logistics (transportation and storage for others)</td><td>128,500,000</td></tr> <tr> <td>Development of operational sectors (machinery, equipment, and fixtures)</td><td>18,000,000</td></tr> <tr> <td>Total</td><td>150,000,000</td></tr> </tbody> </table> <p>Source: The Company</p> <p>(For more information, please refer to Section (77) -"Use of the Offering Proceeds and Future Projects").</p>	Use	Value (In Saudi Riyals)	Offering expenses	3,500,000	Investment in logistics (transportation and storage for others)	128,500,000	Development of operational sectors (machinery, equipment, and fixtures)	18,000,000	Total	150,000,000
Use	Value (In Saudi Riyals)										
Offering expenses	3,500,000										
Investment in logistics (transportation and storage for others)	128,500,000										
Development of operational sectors (machinery, equipment, and fixtures)	18,000,000										
Total	150,000,000										
Offering Costs	Offering costs are expected to reach three million and five hundred thousand (3,500,000) Saudi Riyals, including fees of: the Financial Advisor, Lead Manager, Underwriter, Legal Advisor, Professional Financial Care Consultant, marketing, printing, distribution, and Tadawul expenses, as well as other related expenses. (Please refer to Section (7) -" Use of the Offering Proceeds and Future Projects").										
Net Proceeds	The net proceeds are expected to reach around one hundred and forty six million five hundred thousand (146,500,000) Saudi Riyals. (Please refer to Section (7) - " Use of the Offering Proceeds and Future Projects").										
Company's Capital Prior to the Offering	Twenty - five million (25,000,000) Saudi Riyals.										
Company's Capital Post the offering	One hundred and seventy-five million (175,000,000) Saudi Riyals.										
Total Number of Issuer's Shares Prior to the Offering	Two million and five hundred thousand (2,500,000) ordinary shares.										
Total number of Issuer's Shares Post to the Offering	Seventeen million five hundred thousand (17,500,000) ordinary shares.										
Nominal Value Per Share	SAR 10 per share										
Total offered shares	Fifteen million (15,000,000) ordinary shares.										
Percentage of offered shares to Issuer's capital	600% of Issuer's capital prior to the offering.										

Offering price	SAR 10 per share
Total Offering Value	One hundred and fifty million (150,000,000) Saudi Riyals.
Number Underwritten Shares	Fifteen million (15,000,000) ordinary shares.
Total Value of Underwritten Shares	One hundred and fifty million (150,000,000) Saudi Riyals.
Categories of Targeted Investors	Registered Shareholders and New Investors
Registered Shareholders	Shareholders who own shares at the end of the trading day of the Extraordinary General Assembly for the capital increase and are registered in the Company's Shareholders Register held with the Depository Center at the end of the second trading day following the Extraordinary General Assembly on capital increase dated 01/05/1443H (corresponding to 05/12/2021G)
New Investors	General Individual and institutional investors - with the exception of the Registered Shareholders - who have purchased the Rights Issue during the Trading Period.
The Rights	Rights are tradable securities that entitle its holders the right to subscribe to New Shares upon approval of the capital increase. It is an earned right for all Registered Shareholders. The Rights may be traded during the Trading period. Each Right entitles its holder to subscribe to one share of the New Shares at the Offer Price. Rights will be deposited in registered shareholders' portfolio after the Extraordinary General Assembly for the capital increase has convened. These rights will appear in the Registered Shareholders' portfolios under a new right-related symbol.
Number of Rights Issued	Fifteen million (15,000,000) rights.
Eligibility factor	Each registered shareholder shall be entitled to (6) rights per each (1) share owned by the Registered Shareholders. This factor is the result of dividing the number of New Shares by the number of the current shares of the Company.
Eligibility Date	Shareholders who own shares at the end of the trading day of the Extraordinary General Assembly for the capital increase and are registered in the Company's Shareholders Register at the end of the second trading day following the Extraordinary General Assembly on capital increase dated 01/05/1443H (corresponding to 05/12/2021G).
Trading Period	The Trading Period will start on 02/05/1443H (corresponding to 06/12/2021G), and it will continue until the end of day on 09/05/1443H (corresponding to 13/12/2021G). During this period, all Rights holders, whether registered investors or new investors, may trade or subscribe to the Rights.
Subscription Period	The Subscription Period will start on 02/05/1443H (corresponding to 06/12/2021G), and it will continue until the end of day on 12/05/1443H (corresponding to 16/12/2021G). During this period, all rights holders, whether they are registered investors or new investors, may exercise their right to subscribe to the New Shares.
How to apply	Subscription applications are submitted electronically via financial brokers' websites and platforms that provide such services for subscribers or by any other means provided by the brokers

Exercising Subscription to the Rights	<p>Eligible Persons may subscribe for the New Rights Shares through electronic subscription via financial brokers' websites and platforms that provide such services for subscribers or by any other means provided by the brokers. Eligible Persons may exercise their Rights as follows:</p> <ol style="list-style-type: none"> 1) During the Subscription Period, Registered Shareholders may exercise the Rights granted to them and any additional Rights purchased thereby during the Trading Period. They will also be entitled to take no action in respect of the Rights they hold. 2) During the Subscription Period, new shareholders may exercise the Rights purchased thereby during the Trading Period through subscription to new shares. They will also be entitled to take no action in respect of the Rights they hold. <p>In the event that new shares are not subscribed by registered shareholders or new investors during the subscription period, the Rump Shares resulting from the unexercised Rights will be offered in the Rump Offering Period.</p>
Indicative Value of a Right	<p>The indicative value of a Right reflects the difference between the market value of the Company's share during the Trading Period and the Offer Price. Tadawul will continuously calculate and publish the indicative value of a Right during the Trading Period on its website with a 5-minute delay. The market information providers will also publish this information, which will allow investors to be informed of the indicative value of a Right when entering orders.</p>
Trading Price of the Right	<p>The trading price of a Right as determined by the supply and demand mechanism in the market. Therefore, it may differ from the indicative value of a right.</p>
Rump Offering	<p>If any shares remain unsubscribed after the end of the Subscription Period ("Rump Shares"), they will be offered to a number of institutional investors ("Institutional Investors"). Such Institutional Investors shall submit their offers for purchasing the Rump Shares and the receipt of those offers shall commence at 10:00 AM on Tuesday 17/05/1443H (corresponding to 21/12/2021G) and continue until 5:00 PM on Wednesday 18/05/1443H (corresponding to 22/12/2021G) ("Rump Offering Period"). The Rump Shares shall be allocated to Institutional Investors in order of the offered price starting with the highest offer until all of the Rump Shares have been allocated (provided that the price shall not be less than the Offer Price). The Rump Shares shall be allocated on a pro-rata basis among Institutional Investors that provided offers at the same price. The fractional shares shall be added to the Rump Shares and treated in the same manner.</p>
Method of Allocation and Refund	<p>Shares will be allocated to each investor as per the number of rights exercised fully and correctly. The fractional shares shall be added to the Rump Shares and then be offered to Institutional Investors during the Rump Offering Period. All proceeds resulting from the sale of the Rump Shares shall be distributed to the Company and any proceeds in excess (if any) without calculating any fees or deductions (exceeding the Offer Price) shall be distributed to eligible persons, who did not subscribe totally or partially in new shares, and holders of fractional shares, noting that investors who did not subscribe to or sell his/her rights, and those holding fractional shares, may not receive any consideration in case of sale at offer price during the rump share period. (please refer to Section (13) - "Details on Shares and Offering Terms and Condition" of this prospectus).</p> <p>Oversubscribed amounts, if any, will be refunded to the subscribers without any charge or deductions by the Lead Manager.</p>

Allocation Date	Allocation of shares will be announced no later than 22/05/1443H (corresponding to 26/12/2021G).
Date of refunding Oversubscribed amounts	Oversubscribed amounts, if any, will be refunded to the subscribers without any charge or deductions by the Lead Manager no later than 23/05/1443H (corresponding to 27/12/2021G).
Payment of Compensation Amounts (if any)	Cash compensation amounts will be paid to Eligible Persons who did not subscribe, wholly or partially, for the New Shares, as well as to the holders of fractional shares no later than 17/06/1443H (corresponding to 20/01/2022G), noting that the compensation amounts represent the remaining proceeds from the sale of Rump Shares and fractional shares, in excess of Offer Price.
Adjusted price	The Company's share price in the Saudi Stock Exchange (Tadawul) has been adjusted to (71.30) Saudi Riyals per share, prior to the trading day following the day on which the Extraordinary General Meeting on capital increase is held. This represents a decrease in the Share Price by (367.7) Saudi Riyals per share.
Trading of New Shares	Trading of New Shares is expected to commence on "Tadawul" after completion of all relevant regulatory procedures related to registration, allocation and listing of new shares.
Listing and trading of the Rights	Rights will be listed on Tadawul and shall be traded during the Trading Period. A separate symbol will be given to the Company's Rights Issue, independent from the symbol of the Company's Shares on the Tadawul screen. During the Trading Period, the Registered Shareholders shall have several options including selling the Rights, or a part thereof, on Tadawul, purchasing additional Rights through Tadawul or refraining from taking any action in respect of the Rights whether by selling or purchasing additional Rights. During the Trading Period, New Investors will be entitled to purchase Rights through Tadawul, sell them or a part thereof or take no action in respect of the Rights purchased. The Tadawul system will cancel the Company's Rights Issue symbol on the Tadawul screen following the end of the Trading Period. Accordingly, the trading of Rights will end by the end of the Trading Period.
Entitlement to Dividends	The Shareholders holding the New Shares will be entitled to any dividends declared by the Company after the date of issue..
Voting Rights	The Company has one class of shares. No Shareholder shall have any preferential rights. The New Shares will be fully paid in value and will be exactly equal to outstanding shares. Each share entitles its holder to one vote and each shareholder of the Company has the right to attend and vote at the Shareholders' General Assembly meetings ("General Assembly") (ordinary or extraordinary). The shareholder may authorize another shareholder, other than board members, to attend ordinary general assembly meetings on his/her behalf.
Restrictions on Shares	There are no restrictions on the trading of the Company's shares except for the regulatory restrictions imposed on the shares listed in general.
Restrictions on Rights	There are no restrictions on the trading of rights.
Previously Listed Shares	The Company listed all of its one million and one hundred and twenty-five thousand (1,125,000) ordinary shares, with a nominal value of ten (10) Saudi Riyals per share, on the Saudi parallel market "Nomu" on 29/05/1438H (corresponding to 26/02/2017G) after obtaining approvals of Capital Market Authority (CMA) and Saudi Stock Exchange (Tadawul). On 25/07/1439H (corresponding to 11/04/2018G), the EGM agreed to increase the company's capital by granting free shares (bonus

	<p>shares) to shareholders, so that the Company's capital reached fifteen million (15,000,000) Saudi Riyals, divided into one million and five hundred thousand (1,500,000) ordinary shares, with a nominal value of ten (10) Saudi Riyals per share. On 04/11/1441H (corresponding to 25/06/2020G), the EGM approved the company's capital increase by granting free shares (bonus shares) to shareholders, so that the Company's capital reached twenty-five million (25,000,000) Saudi Riyals, divided into two million and five hundred thousand (2,500,000) ordinary shares, with a nominal value of ten (10) Saudi Riyals per share, paid in full. On 25/04/1442H (corresponding to 10/12/2020G), the Company's shares of two million and five hundred thousand (2,500,000) ordinary shares, with a nominal value of ten (10) Saudi Riyals per share were listed and traded on Main Saudi Stock Exchange, after obtaining approvals of Capital Market Authority (CMA) and Saudi Stock Exchange (Tadawul).</p>
Terms of Subscription for the Rights Shares	<p>Eligible persons wishing to subscribe to the New Shares must fulfill the relevant subscription conditions. To view the terms, conditions, and instructions for the subscription (please refer to Section - 13 "Details on Shares and Offering Terms and Conditions").</p>
The Public	<p>According to the CMA rules and regulations, the Public means any person other than the following:</p> <ol style="list-style-type: none"> 1) Affiliates of the Issuer. 2) Substantial shareholders in 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 relatives of the persons referred to in (1, 2, 3, 4, or 5) above. 7) Any company controlled by any person referred to in (1, 2, 3, 4, 5, or 6) above. 8) Persons working together and, collectively, holding 5% or more of the share class to be listed.
New Shares	<p>Fifteen million (15,000,000) ordinary shares, which will be issued to increase the Company's capital.</p>
Risk factors	<p>There are certain risks associated with investing in this Offering, which can be generally categorized into: (1) risks of the Company business, (2) risks of the market and sector, and (3) Risks of Offered Securities. Such shares risks are discussed in Section (2) "Risk Factors" of this Prospectus, which should be carefully studied prior to making a decision to invest in the Rights Shares.</p>
Major adjustments made to the information disclosed in this Prospectus.	<p>The last Prospectus issued by the company dated 13/04/1438H (corresponding to 11/10/2017G) was approved by CMA. (Please refer to subsection (14-10) "Material information that were changed since the Authority's approval of the last prospectus" of Section (10) "Legal Information" of this Prospectus).</p>

Note: The Section "Important Notice" in Page (A) as well as Section 2 – "Risk Factors" of this Prospectus should be read carefully prior to making a decision to invest in the Rights Shares under this Prospectus.

Key Dates and Subscription Procedures

Event	Date
The convening of the extraordinary general assembly that includes the approval of the capital increase and the determination of the eligibility date and the eligible shareholders, noting that the eligible shareholders are the shareholders registered in the company's register, and they will not be registered until two days after the date of the meeting.	on 26/04/1443H (corresponding to 01/12/2021G)
Trading Period	The Trading Period will start on 02/05/1443H (corresponding to 06/12/2021G), and it will continue until the end of day on 09/05/1443H (corresponding to 13/12/2021G). During this period, all Rights holders, whether registered investors or new investors, may carry out trading in Rights.
Subscription Period	The Subscription Period will start on 02/05/1443H (corresponding to 06/12/2021G), and it will continue until the end of day on 12/05/1443H (corresponding to 16/12/2021G). During this period, all rights holders, whether they are registered investors or new investors, may exercise their right to subscribe to the New Shares.
End of Subscription Period	Subscription period and applications will be received until the end of 12/05/1443H (corresponding to 16/12/2021G)
Rump Offering Period	From 10:00 AM on 17/05/1443H (corresponding to 21/12/2021G) until the following day at 5:00 PM on 18/05/1443H (corresponding to 22/12/2021G).
Notification of Final Allocation	on 22/05/1443H (corresponding to 26/12/2021G)
Payment of compensation amounts (if any) for Eligible Persons who did not participate in the Offering, totally or partially, and those entitled to Shares fractions.	on 17/06/1443H (corresponding to 20/01/2022G)
Expected date of commencement of trading in new shares	Trading in new shares shall be announced on Tadawul upon the completion of all related regulatory procedures.

Note: All of the above-mentioned dates are approximate. Actual dates will be communicated on the website of Tadawul (www.saudiexchange.sa).

Key Announcement Dates

Announcement	Announcement by	Announcement Date
Announcement regarding the EGM on capital increase	The Company	on 05/04/1443H (corresponding to 10/11/2021G)
Announcement regarding the results of the EGM on capital Increase	The Company	on 27/04/1443H (corresponding to 02/12/2021G)
Announcement regarding the change in the Company's Share Price, deposit of Rights, and indicative value of the Rights	Tadawul	on 27/04/1443H (corresponding to 02/12/2021G)
Announcement on Subscription Period and Trading Period in new shares	The Company	on 27/04/1443H (corresponding to 02/12/2021G)
Announcement on the start of the Subscription Period and Trading Period	Tadawul	on 02/05/1443H (corresponding to 06/12/2021G)
Reminder announcement regarding the commencement of Trading Period and Subscription Period	The Company	on 02/05/1443H (corresponding to 06/12/2021G)
Reminder announcement regarding the last day for trading Rights and noting the importance of selling and last day for subscription	The Company	on 09/05/1443H (corresponding to 13/12/2021G)
Announcement regarding: <ul style="list-style-type: none"> Subscription results Details of the sale of Unsubscribed Shares (if any) and commencement of the Rump Offering 	The Company	on 15/05/1443H (corresponding to 19/12/2021G)
Announcement regarding the results of the Rump Offering and allocation of rights	The Company	on 22/05/1443H (corresponding to 26/12/2021G)
Announcement regarding the deposit of New Shares in investors' portfolios	Edaa	on 29/05/1443H (corresponding to 02/01/2021G)
Announcement regarding the distribution of compensation amounts (if any)	The Company	on 17/06/1443H (corresponding to 20/01/2021G)

Note: All of the above-mentioned dates are approximate. Actual dates will be communicated on the website of Tadawul (www.saudiexchange.sa).

In addition, the date of depositing the New Shares in the investors' portfolios will be determined in coordination with the Securities Depository Center Company (Edaa).

It should also be noted that in the event that an announcement related to the offering is published in a local newspaper after the Prospectus has been published, the announcement will include:

- 1) The issuer's name and its commercial registration number.
- 2) The securities, their value, type, and class covered by the securities registration and offering application.
- 3) addresses and places where the public can obtain the Prospectus.
- 4) The date of publication of the Prospectus.
- 5) A statement that the announcement is for information purposes only and does not constitute an invitation or an offer to own the securities by purchasing or subscribing thereto.
- 6) Name of the Lead Manager, Underwriter (if any), Financial Advisors and Legal Advisor.
- 7) A disclaimer as follows: "Neither CMA nor Tadawul assumes no responsibility on the contents of this announcement, nor do they give any representations regarding its accuracy or completeness, and they expressly disclaim any responsibility for any loss they have suffered as a result of what is contained in this announcement or from reliance on any part thereof".

How to apply

Subscribing for the New Shares is limited to Eligible Persons, whether Registered Shareholders or New Investors. In the event that Eligible Persons do not subscribe for the Rights, the Unsubscribed Shares shall be offered to Institutional Investors during the Rump Offering Period. Eligible Persons wishing to subscribe for the New Shares should submit the subscription application forms via the means and services provided by the broker to investors, on condition that Eligible Persons should have a bank account with the brokers offering such services.

Subscription Applications are submitted through portfolios in trading platforms and applications, through which sale and purchase orders are entered. In addition, it is possible to subscribe through any other means provided by the broker and the custodian of shares. The Company reserves the right to reject, in full or in part, any application for New Shares that does not comply with any of the subscription terms or conditions. Upon submission, the Subscription Application Form may not be amended or withdrawn. Instead, it shall represent a legally binding contract between the Company and the eligible shareholder.

Q&A related to Rights

What is a Rights Issue?

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

Who is granted the Rights?

The Rights shall be granted to Shareholders registered in the Company's Register as of the close of the second trading day of the EGM to increase the capital.

When are the Rights deposited?

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

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

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

How many Rights can be acquired by a Registered Shareholder?

The number of Rights to be acquired by a Registered Shareholder is subject to the number of Shares ratio held by the Registered Shareholder in the Company's Shareholders Register at the Depository as at the close of the second trading day after the EGM.

What is the Rights Issue eligibility factor?

It is the means by which the Registered Shareholder can determine the Rights it is entitled to in relation to its shareholding at the close of the second trading day following the date of the EGM. It is calculated by dividing the number of New Shares by the number of the Company's existing Shares. It is, therefore, (6) shares for each (1) share held by registered shareholders on eligibility date; for example, if a registered shareholder owns (1,000) shares on eligibility date, then (6000) shares will be allocated to him/her in consideration of his/her shareholding. every five shares).

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

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

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

The opening price of the Right is the difference between the closing price of the share on the day preceding the Rights listing and the Offer Price (the indicative value of the Right). For example, if the closing price of a share on the preceding day is (300) Saudi

Riyals and the Offer Price is ten (10) Saudi Riyals, the opening price of the Rights upon the commencement of trading will be fifteen (51.43) Saudi Riyals.

Who is the Registered Shareholder?

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

Can Registered Shareholders subscribe for additional shares?

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

Is it possible for a registered shareholder to lose his/her eligibility to subscribe even if he/she has the right to attend the EGM and vote on raising the capital through a rights issue?

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

How does the Subscription take place?

Subscription Applications are submitted through portfolios in trading platforms, through which sale and purchase orders are entered. In addition, it is possible to subscribe through any other means provided by the broker and the custodian of shares.

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

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

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

The rights will be deposited in the same portfolio in which the shares of the company connected to the rights are deposited. For example, if a shareholder holds one thousand (1000) shares in the company (eight hundred (800) shares in portfolio (a) and two hundred (200) shares in portfolio (b)), then the total rights (amounting to (6000) rights), will be deposited, as each share will be entitled to (6) rights. Therefore, (4800) rights will be deposited in portfolio (a) and (1200) rights will be deposited in portfolio (b).

Are share certificate holders allowed to subscribe and trade?

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

Are additional Rights purchasers entitled to trade them once again?

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

Is it possible to sell a part of these Rights?

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

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

After settlement of the purchase of Rights (two business days), on condition that subscription to the rights will be during subscription period.

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

No. After the expiry of Trading Period, the Eligible Person may only exercise the right to subscribe for the Rights Shares or not. In case the Right is not exercised, the investor may be subject to loss or decrease in the value of his/her investment portfolio, or profit in case of selling the shares during the Rump Offering Period at a higher price than the offer price.

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

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

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

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

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

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

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

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

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

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

What are the Trading and Offering Periods?

Trading in and subscription for the Rights shall commence at the same time until the end of trading on the sixth day. However, the subscription shall continue until the ninth day, as stated in the Prospectus and the Company's issued announcements.

Is it possible to subscribe during the weekend?

No.

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

Yes. Investors can subscribe for the Rights Shares upon full purchase of Rights during the Trading Period.

Additional assistance:

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

For more information on the terms, conditions and instructions for the subscription, please refer to Section (13) "Details on Shares and Offering Terms and Condition" and other information contained herein.

Summary of Key Information

Notice to investors

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

Company Overview

SADR Logistics Services (hereinafter referred to as the "Company" or "SADR") was incorporated as a sole corporation under the name "Al Samaani Factory for Metal Industries Company" owned by Mohammed Abdullah Al Samaani, under Commercial Registration No. (1131012302) dated 20/08/1414H (corresponding to 31/01/1994G), with a capital of one hundred thousand (100,000) Saudi Riyals. On 23/03/1437H (corresponding to 04/01/2016) the corporation was converted to a limited liability company under the name "Al-Samaani Factory for Metal Industries Company", with a capital of Six Million and Five Hundred Thousand (6,500,000) Saudi Riyals. On 15/01/1438H (corresponding to 16/10/2016G) based on the partners' decision and according to Ministerial Resolution No. (Q/26) dated 03/02/1438H (corresponding to 03/11/2016G), Al-Samaani Factory for Metal Industries Company was converted from a limited liability company to a Saudi closed joint stock company with a capital of nine million (9,000,000) Saudi Riyals. On 29/05/1438H (corresponding to 26/02/2017G), the company's shares were listed on the parallel market "Nomu" and were traded, with a capital of eleven million two hundred and fifty thousand (11,250,000) Saudi Riyals. The shares subscribed by qualified investors through the offering were two hundred and twenty five thousand (225,000) ordinary shares with a nominal value of ten (10) Saudi Riyals per share, which constitutes 20% of the company's capital post the offering. The Extraordinary General Assembly "EGM" approved, in its meeting held on 22/07/1438H (corresponding to 19/04/2017G), the capital increase from nine million (9,000,000) Saudi Riyals to eleven million two hundred and fifty thousand (11,250,000) Saudi Riyals. On 25/07/1439H (corresponding to 11/04/2018G), the EGM agreed to increase the company's capital by granting free shares (bonus shares) to shareholders on the basis of one free share for every three shares held, therefore the increase would be from eleven million two hundred and fifty thousand (11,250,000) Saudi Riyals, divided into one million and one hundred and twenty-five thousand (1,125,000) ordinary shares, with a nominal value of ten (10) Saudi Riyals per share, to fifteen million (15,000,000) Saudi Riyals, divided into one million and five hundred thousand (1,500,000) ordinary shares, with a nominal value of ten (10) Saudi Riyals per share. On 04/11/1441H (corresponding to 25/06/2020G), the EGM approved the company's capital increase by granting free shares (bonus shares) to shareholders from fifteen million (15,000,000) Saudi Riyals, divided to one million and five hundred thousand (1,500,000) ordinary shares, with a nominal value of ten (10) Saudi Riyals per share, to twenty-five million (25,000,000) Saudi Riyals, divided into two million and five hundred thousand (2,500,000) ordinary shares, with a nominal value of ten (10) Saudi Riyals per share, paid in full. On 01/06/1442H (corresponding to 14/01/2021G), the company's name was announced to be changed in accordance with EGM approval in its meeting held on 12/03/1442H (corresponding to 29/10/2020G), where it was approved to amend Article (2) of the company's articles of association, regarding the company's name, from Al-Samaani Factory for Metal Industries Company to SADR Logistics Services. On 26/04/1443H (corresponding to 01/12/2021G) shareholders' EGM approved the capital increase from twenty-five million (25,000,000) Saudi Riyals, divided into two million and five hundred thousand (2,500,000) ordinary shares, with a nominal value of ten (10) Saudi Riyals per share, so the capital reached one hundred and seventy-five million (175,000,000) Saudi Riyals, divided into seventeen million and five hundred thousand (17,500,000) ordinary shares, with a nominal value of ten (10) Saudi Riyals.

The company's head office is located in the city of Buraidah, and its address is King Abdul Aziz Road - The First Industrial City, 26 St., Building 7227, Postal Code: 51431, PO Box: 1364, Kingdom of Saudi Arabia.

The company's current capital is twenty-five million (25,000,000) Saudi Riyals, divided into two million and five hundred thousand (2,500,000) ordinary shares, with a nominal value of ten (10) Saudi Riyals per share, paid in full (referred to individually as "current share" and collectively as "current shares"). As of the date of this prospectus, the company's substantial shareholders (who are holding 5% or more of the Company's capital) are: Mohammed Abdullah Abdulkarim Al Samaani, who holds four hundred and twenty-five thousand (425,000) shares, i.e. (17.00%) of the company's shares prior to the offering, Bandar Mohammed Abdullah Al Samaani, who holds two hundred and eighty eight thousand one hundred and fifty six (288,156) shares, i.e. (11.52%) of the company's shares prior to the offering, and Abdullah Mohammed Abdullah Al Samaani, who holds one hundred and fifty one thousand five hundred and eighty three (151,583) shares, i.e. (6.06%) of the company's shares prior to the offering.

The Company's Board of Directors recommended in its meeting held on 19/05/1442H (corresponding to 03/01/2021G) to increase the Company's capital through a Rights Issue by one hundred and fifty million (150,000,000) Saudi Riyals after obtaining the necessary regulatory approvals and EGM approval.

On 26/04/1443H (corresponding to 01/12/2021G), the EGM approved to increase the Company's share capital through a Rights Issue. The subscription will be through offering fifteen million (15,000,000) new ordinary shares (referred to as "Rights Shares" "New Shares") at an offer price of ten (10) Saudi Riyals per share (referred to as "Offer Price"), with a nominal value of ten (10) Saudi Riyals, to increase the company's capital from twenty-five million (25,000,000) Saudi riyals to one hundred and seventy-five million (175,000,000) Saudi riyals, and increase the number of shares from two million five hundred thousand (2,500,000) ordinary shares to seventeen million five hundred thousand (17,500,000) ordinary shares.

The company history and the most important developments in its capital structure

- SADR Logistics Services was incorporated as a sole corporation under the name "Al Samaani Factory for Metal Industries Company" owned by Mohammed Abdullah Al Samaani, under Commercial Registration No. (1131012302) dated 20/08/1414H (corresponding to 31/01/1994G), with a capital of one hundred thousand (100,000) Saudi Riyals.
- On 23/03/1437H (corresponding to 04/01/2016) the corporation was converted to a limited liability company under the name "Al-Samaani Factory for Metal Industries Company", with a capital of Six Million and Five Hundred Thousand (6,500,000) Saudi Riyals, under Commercial Registration No. (1131012302)
- On 03/02/1438H (corresponding to 08/11/2016G) the Company was converted to a closed joint-stock company under the name "Al-Samaani Factory for Metal Industries Company" according to Ministerial Resolution No. (Q/26) dated 03/02/1438H (corresponding to 03/11/2016G), under Commercial Registration No. (1131012302) and with a capital of nine million (9,000,000) Saudi Riyals.
- On 29/05/1438H (corresponding to 26/02/2017G), the company's shares were listed on the parallel market "Nomu" and was converted to a general Saudi joint-stock company.
- The Extraordinary General Assembly "EGM" approved, in its meeting held on 22/07/1438H (corresponding to 19/04/2017G), the capital increase from nine million (9,000,000) Saudi Riyals to eleven million two hundred and fifty thousand (11,250,000) Saudi Riyals.
- On 25/07/1439H (corresponding to 11/04/2018G), the EGM agreed to increase the company's capital by granting free shares (bonus shares) to shareholders on the basis of one free share for every three shares held, therefore the increase would be from eleven million two hundred and fifty thousand (11,250,000) Saudi Riyals, divided into one million and one hundred and twenty-five thousand (1,125,000) ordinary shares, with a nominal value of ten (10) Saudi Riyals per share,

to fifteen million (15,000,000) Saudi Riyals, divided into one million and five hundred thousand (1,500,000) ordinary shares, with a nominal value of ten (10) Saudi Riyals per share.

- On 04/11/1441H (corresponding to 25/06/2020G), the EGM approved the company's capital increase by granting free shares (bonus shares) to shareholders from fifteen million (15,000,000) Saudi Riyals, divided to one million and five hundred thousand (1,500,000) ordinary shares, with a nominal value of ten (10) Saudi Riyals per share, to twenty-five million (25,000,000) Saudi Riyals, divided into two million and five hundred thousand (2,500,000) ordinary shares, with a nominal value of ten (10) Saudi Riyals per share, paid in full.
- On 25/04/1442H (corresponding to 10/12/2020G), the Company's shares were listed and traded on Main Saudi Stock Exchange.
- The Company's Board of Directors recommended in its meeting held on 19/05/1442H (corresponding to 03/01/2021G) to increase the Company's capital through a Rights Issue by one hundred and fifty million (150,000,000) Saudi Riyals after obtaining the necessary regulatory approvals and EGM approval.
- On 26/04/1443H (corresponding to 01/12/2021G), the EGM approved to increase the Company's share capital through a Rights Issue. The subscription will be through offering fifteen million (15,000,000) new ordinary shares at an offer price of ten (10) Saudi Riyals per share, with a nominal value of ten (10) Saudi Riyals, to increase the company's capital from twenty-five million (25,000,000) Saudi Riyals to one hundred and seventy-five million (175,000,000) Saudi Riyals, and increase the number of shares from two million five hundred thousand (2,500,000) ordinary shares to seventeen million five hundred thousand (17,500,000) ordinary shares.

Summary of Company's activities

The company operates under commercial registration no. (1131012302) dated 20/08/1414H (corresponding to 31/01/1994G).

Pursuant to the Company's articles of associations, the main activities are exercising and implementing the following:

1. Manufacturing industries and their branches pursuant to the industrial licenses.
2. Construction and building.
3. Transport, storage and refrigeration.
4. Financial, business and other services.
5. Social, collective and personal services.
6. Trade.
7. Information technology.
8. Security and safety.
9. Agriculture and fishing.
10. Mines, Petroleum and their branches.
11. Electricity, gas, water and their branches.

The company exercises its activities in accordance with applicable laws and after obtaining the necessary licenses from the competent authorities, if any.

The company operates through its head office in Buraidah. The Company's activities are manufacturing wooden pallets, ready-made iron structures, finished metal products by forging, pressing, or casting and rolling, and manufacturing plastic furniture for all purposes.

(For more information, please refer to Subsection (3-3) "Company's main activities" of Section (3) "Overview of the Company and Nature of its Business" of this Prospectus).

Company vision

The company seeks, through its experiences and values, to consolidate its brand and be a leader in its products. It aims to provide the best solutions to meet the needs of its customers in the field of storage and handling through strict adherence to quality, health and safety standards.

Company Mission

Provide the best solutions in storage and handling systems in accordance with international standards of quality and to be a leader in its field in the Gulf and Middle East market.

Company Strategy

- Geographical expansion across the Kingdom
- Growth through expansion of services and products
- Reach the customer across all channels
- Understand the customers' needs and serve them as required
- Provide integrated solutions for warehouses and logistics services

Company's strengths and competitive advantages

- Flexibility in supplying dates according to customer needs
- Diversity of suppliers inside the Kingdom or abroad
- The company's brand in the market as it has been operating for more than 12 years in the field of manufacturing shelves
- Meet customers' needs with a wide range of products and flexible designs to suit their needs

Market Overview

The transportation, storage and communications activity is one of the largest sectors in the Kingdom; the conditions resulted from Corona pandemic (Covid-19) in 2020G, and the subsequent quarantine and other precautions adversely affected the general economic situation and thus the transportation, storage and communications activity. According to report of General Authority for Statistics on National Accounts Statistics, the GDP for the year 2020G, decreased by 4.1% compared to the previous year 2019G. This was accompanied by a decrease in the activity of transport, storage and communications by 6%. Regarding the activity's contribution to the GDP at constant prices, it amounted to 6%, or about 153.7 billion riyals, while according to SAMA's 56th annual report for 2020G, the transport, storage and communications activity for 2019 increased by 5.60%. Its contribution to the GDP at constant prices for 2019 amounted to about 6.24%, or about 163.6 billion riyals.

Summary of Risk Factors

There are a number of risks of rights issue, which are detailed in section (2) "Risk Factors" of this prospectus, as follows:

A. Risks of Company's Activity and Operations

- Risks of Inability to Implement the Strategy
- Risks of Liquidity
- Risks of Credit
- Risks of Guarantees
- Risks of Contingent Liabilities
- Risks of Failure to Obtain and Renew Required Licenses, Permits and Certificates
- Risks of Company's Artciels of Association
- Risks of Reliance On Key Personnel and Executive Management
- Risks of Employee Mistakes or Misconduct
- Risks of Availability of Funding in Future
- Risks of Company's Liabilities Increase
- Risks of Accounts Receivable
- Risks of Operating Systems and Information Technology
- Risks of Changes in Important Accounting Standards and New Standards
- Risks of Non-Compliance with Saudization Requirements
- Risks of Occurrence of Natural Disasters
- Risks of Non-Compliance with the Quality Standards and Specifications Required by Customers
- Risks of Lawsuits and Claims
- Risks of Potential Zakat Dues and Additional Claims
- Risks of Fluctuations in Interest Rates and Financing costs
- Risks of Relience On Main Raw Materials
- Risks of Reliance On Key Suppliers
- Risks of Protection of Trademark and Equity
- Risks of Adequacy of Insurance Coverage
- Risks of Contracts with Third Parties
- Risks of Reliance On Non-Saudi Employees
- Risks of Equipment, Operational Costs and Work Disruption
- Risks of Having Some Assets on Leased Lands
- Risks of Coronavirus Outbreak (Covid-19)
- Risks of Company's Reputation
- Risks of Environmental, Health and Safety Laws and Regulations
- Risks of Withdrawing the Industrial License
- Risks of Sites Occupied by the Company with No Lease Agreements

B. Risks of Market and Industry

- Risks of the Kingdom Economic Performance
- Risks of Political and Economic Instability in the Middle East
- Risks of Companies Law and Corporate Governance Regulations
- Risks of Non-compliance with Existing Laws and Regulations and/or Issuance of New Laws and Regulations
- Risks of Penalties by the Competent Regulatory Authorities
- Risks of Increased Competition
- Risks of VAT
- Risks of Government Fees Applicable to non-Saudi Employees
- Risks of Fluctuations in Exchange Rates
- Risks of Price Adjustment of Energy, Electricity, Water and Related Services Products
- Risks of Environmental Regulations and Standards
- Fluctuations in the Prices of Raw Materials
- Risks of Fluctuations in Supply and Demand in Local and Regional Markets
- Risks of Incentives Provided to Support the Industrial Sector

C. Risks of Offered Securities

- Risks of Potential Fluctuation in the Price of Rights
- Risks of Potential Fluctuations in the Share Price
- Risks of non-Profitability or Selling of the Rights
- Risks of Future Data
- Risks of the Possibility of Issuing New Shares
- Risks of Lack of Demand for the Company's Rights and Shares
- Risks of Potential Dilution of Ownership
- Risks of Failure to Exercise the Rights in a timely manner
- Risks of Distribution of Dividends
- Risks of Speculation in Rights

Summary of Financial Information

The summary of the financial information presented below is based on the Company's audited financial statements for the financial years ending on December 31, 2018G, 2019G and 2020G and the accompanying notes. In addition to the condensed interim financial statements for the three-month period ending on March 31, 2021G, and the notes attached thereto.

Balance sheet	Financial year ending on December 31, 2018G (Audited)	Financial year ending on December 31, 2019G (Audited)	Financial year ending on December 31, 2020G (Audited)	Financial period ending on March 31, 2021G (Unaudited)
Total current assets	36,362,619	34,510,785	37,922,990	38,613,738
Total non-current assets	6,199,645	6,446,597	29,545,875	27,376,524
Total assets	42,562,264	40,957,382	67,468,865	65,990,262
Total current liabilities	3,974,712	5,996,434	16,234,526	16,766,017
Total non-current liabilities	1,980,605	2,238,154	16,886,731	14,275,328
Total liabilities	5,955,317	8,234,588	33,121,257	31,041,345
Total shareholders' equity	36,606,947	32,722,794	34,347,608	34,948,917
Total Liabilities and Equity	42,562,264	40,957,382	67,468,865	65,990,262

Source: audited financial statements for financial years 2018G, 2019G and 2020G and unaudited preliminary financial statements for the three-month period ending on March 31, 2021G.

Statement of income	Financial year ending on December 31, 2018G (Audited)	Financial year ending on December 31, 2019G (Audited)	Financial year ending on December 31, 2020G (Audited)	Financial period ending on March 31, 2020G (Unaudited)	Financial period ending on March 31, 2021G (Unaudited)
Revenues	39,530,674	42,035,691	54,282,788	10,262,133	14,876,918
Cost of revenue	(28,746,592)	(32,225,591)	(39,603,889)	(7,915,916)	(10,462,605)
Gross profit / (loss)	10,784,082	9,810,100	14,678,899	2,346,217	4,414,313
Net income/(loss) before zakat and income tax	1,349,326	(1,089,029)	3,417,395	(105,346)	807,509
Profit / (loss) from continuing operations	907,757	(1,564,049)	3,422,751	(268,156)	1,033,254
Gross profit / (loss)	459,844	(1,903,602)	2,578,813	(325,346)	601,309

Source: audited financial statements for financial years 2018G, 2019G and 2020G and unaudited preliminary financial statements for the three-month period ending on March 31, 2021G.

Statement of Cash Flows	Financial year ending on December 31, 2018G (Audited)	Financial year ending on December 31, 2019G (Audited)	Financial year ending on December 31, 2020G (Audited)	Financial period ending on March 31, 2020G (Unaudited)	Financial period ending on March 31, 2021G (Unaudited)
Net cash generated from operating activities	4,432,758	(853,484)	(450,635)	422,192	(54,649)
Net cash resulting from / (used in) investment activities	1,655,651	2,601,235	4,307,846	(164,378)	5,419,287
Net cash resulting from / (used in) financing activities	(5,639,380)	(2,461,524)	(3,536,768)	-	(2,790,833)
cash and cash equivalents at the beginning of the period	2,294,461	2,743,490	2,029,717	2,029,717	2,350,160
cash and cash equivalents at the end of the period	2,743,490	2,029,717	2,350,160	2,287,531	4,923,965
Net changes in cash and cash equivalents for the period	(449,029)	(713,773)	320,443	257,814	2,573,805

Source: audited financial statements for financial years 2018G, 2019G and 2020G and unaudited preliminary financial statements for the three-month period ending on March 31, 2021G.

Key performance indicators	Indicator Unit	Financial year ending on December 31, 2018G (Audited)	Financial year ending on December 31, 2019G (Audited)	Financial year ending on December 31, 2020G (Audited)	Financial period ending on March 31, 2021G (Unaudited)
Revenue growth rate	%	N/A	6.3%	29.1%	45.0%
Growth rate of Net Profit / (Loss)	%	N/A	-514.0%	235.5%	284.8%
Margin gross profit / (loss)	%	27.28%	23.34%	27.04%	29.67%
Net profit margin	%	1.16%	-4.53%	4.75%	4.04%
sales and marketing expenses as a percentage of revenue	%	13.46%	16.90%	10.86%	10.71%
General and administrative expenses as a percentage of revenue	%	10.58%	10.42%	8.97%	10.22%
Return on assets	%	1.08%	-4.65%	3.82%	0.91%
Return on equity	%	1.26%	-5.82%	7.51%	1.72%
Total current assets / total current liabilities	times	9.15 times	5.76 times	2.34 times	2.3 times

Source: company information

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1 Terms and Definitions

The following table shows a list of the terms and definitions used throughout this Prospectus:

Term or Abbreviation	Definition
Company or Issuer	SADR Logistics Services, Saudi Joint-stock Company
Management	Company's Executive Management
Kingdom	Kingdom of Saudi Arabia
Bylaws	Company's Bylaws
Ministry of Commerce	Ministry of Commerce (formerly Commerce and Investment) in the kingdom of Saudi Arabia.
Rules on the Offer of Securities and Continuing Obligations	Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority pursuant to Resolution No. 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017G) in accordance with the Capital Market Law passed by Royal Decree No. (M/30) dated 02/6/1424H, and amended by CMA Board Resolution No. 1-104-2019 dated 01/06/1442H (corresponding to 14/01/2021G).
Board or Board of Directors and Board Members	Company's Board of Directors, whose names are stated in Page (e) and (31).
Advisors	Advisors to the Company whose names appear on Pages (f) and (g).
CMA or Authority	The Capital Market Authority of the Kingdom of Saudi Arabia.
CML	Capital Market Law issued under Royal Decree No. (M/30) dated 02/6/1424H (corresponding to 31/07/2003G), as amended.
Saudi Exchange (Tadawul)	The Saudi Exchange Company (Tadawul), established pursuant to the of Councils of Ministers Resolution dated 29/02/1428H (corresponding to 19/03/2007G), in implementation of the Capital Market Law, a closed Saudi Joint Stock company, and the only entity authorized to operate as a stock exchange in the Kingdom of Saudi Arabia, where it lists and trades securities.
Saudi Stock Exchange, Stock Exchange, Stock Market, Exchange, or Tadawul	Saudi Exchange for trading of securities
Tadawul	Automated system for trading securities.
Companies Law	Companies Law promulgated by Royal Decree No. (M/3) dated 28/1/1437H (corresponding to 10/11/2015G), enter in force on 25/07/1437H (corresponding to 02/05/2016G) as amended by Royal Decree No. (M/79) dated 25/07/1439H (corresponding to 11/04/2018G).
General Assembly	Shareholders General Assembly Meeting
Ordinary General Assembly Meeting	Shareholders Ordinary General Assembly Meeting
EGM	Shareholders Extraordinary General Assembly Meeting
Government	Government of the Kingdom of Saudi Arabia.

Corporate Governance Regulations	Saudi Corporate Governance Regulations issued by the CMA's Board pursuant to Resolution No. (8-16-2017) dated 16/5/1438H (corresponding to 13/2/2017G), in accordance with the Companies Law promulgated by Royal Decree No. (M/3) dated 28/1/1437H, as amended by the CMA Board Resolution No. 3-57-2019 dated 15/09/1440H (corresponding to 20/05/2020G).
Related Parties	Means, under the Rules on the Offer of Securities and Continuing Obligations and the Glossary of terms used in the regulations of the Capital Market Authority as issued by the CMA Board Resolution No. 4-11-2004 dated 20/08/1425H (corresponding to 04/10/2004G) as amended by CMA Board Resolution No. 1-104-2019 dated 01/02/1441H (corresponding to 30/09/2019G). 1) Affiliates of the Issuer. 2) Substantial shareholders in 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 relatives of the persons referred to in (1, 2, 3, 4, or 5) above. 7) Any company controlled by any person referred to in (1, 2, 3, 4, 5, or 6) above.
Listing rules	Listing Rules issued by the Saudi Stock Exchange ("Tadawul") and approved by virtue of CMA Board Resolution No. 3-123-2017 dated 09/4/1439H (corresponding to 27/12/2017G), as amended by Resolution No. 1-104-2019 dated 01/02/1441H (corresponding to 30/09/2019G), and amended by Resolution No. 1-22-2021 dated 12/07/1442H (corresponding to 24/02/2021G).
International Financial Reporting Standards (IFRS)	A set of accounting standards and interpretations thereof issued by the International Financial Reporting Standards Board. (International Financial Reporting Standards Board).
Financial Year/Years	The period during which the result of facility's activity is presented, where the beginning and end of this period are specified in the Company's articles of association or bylaws. The Company's financial year ended on December 31.
Localization / Saudization	Replacement of expatriate workers by Saudi citizens in private sector jobs.
Saudi Riyal or Riyal	The official currency of the Kingdom of Saudi Arabia.
Saudi Organization for Chartered and Professional Accountants (SOCPA)	Saudi Organization for Chartered and Professional Accountants
General Organization for Social Insurance	General Organization for Social Insurance in the Kingdom of Saudi Arabia
Ministry of Human Resources and Social Development	Ministry of Human Resources and Social Development (formerly Ministry of Labour and Social Development) in the Kingdom of Saudi Arabia.
Working day	Any business day except for Fridays and Saturdays, any day that is an official holiday in the Kingdom of Saudi Arabia, or any day on which banks are closed in accordance with applicable laws and other government procedures.

Labor Law	The Saudi Labor Law issued by Royal Decree No. M/51 dated 23/08/1426H (corresponding to 27/09/2005G), amended by Royal Decree No. M/5 dated 07/01/1442H (corresponding to 08/26/2020G).
MOMRA	Ministry of Municipal, Rural Affairs and Housing of Saudi Arabia, is the ministry responsible for urban planning in the kingdom of Saudi Arabia.
H	Hijri calendar.
G	Gregorian calendar.
Securities Depository Center Company / "Edaa"	a closed joint stock company wholly owned by the Saudi Exchange Company (Tadawul). It was established in 2016 under the Saudi Companies Law as issued by Royal Decree No. M/3 dated 28/01/1437H (corresponding to 11/11/2015G).
Vision 2030	The national strategic economic program that aims at reducing dependence on oil and petrochemicals, diversifying the Saudi economy, and developing public services.
Value Added Tax (VAT)	On 02/05/1438H (corresponding to 30/01/2017G), the Cabinet decided to approve the unified VAT agreement for Gulf Cooperation Council (GCC) countries, which came into force on 01 January 2018G, as a new tax added to the system of taxes and other fees to be implemented by Specific industries in the Kingdom, and in the GCC countries. The amount of this tax is 5%, where a number of products have been excluded from it (such as basic foods, services related to health care and education). The Kingdom's government decided to increase the value-added tax rate from 5% to 15% starting from 01 July 2020G.
Rights or Pre-emptive Rights	Tradable securities that entitle its holders the right to subscribe to New Shares upon approval of the capital increase. It is an earned right for all Registered Shareholder and each right entitles its holder to subscribe to one share of the New Shares at the Offer Price. Rights will be deposited after the extraordinary general assembly on capital increase has convened on 27/04/1443H (corresponding to 02/12/2021G). These rights will appear in the Registered Shareholders' portfolios under a new right-related symbol. The Registered Shareholders will be informed of the deposit of the Rights in their portfolios, through announcement on Tadawul and by Tadawulati services as provided by Depository Center and by SMS sent by corporate brokers.
Indicative Value of a Right	The difference between the market value of a company's share during the trading period and the offering price.
Trading Price of the Right	The trading price of a Right as determined by the supply and demand mechanism in the market. Therefore, it may differ from the indicative value of a right.
Underwriter	FALCOM Financial Services
Lead Manager	FALCOM Financial Services
Offering Period	The period that starts on 02/05/1443 (corresponding to 06/12/2021G) and ends on 12/05/1443H (corresponding to 16/12/2021G).
Offer/Subscription Price	SAR 10 per share
Rump Shares	Remaining Shares which were not subscribed for during the Offering Period.
Rump Offering	Rump Shares Unsubscribed by Eligible Persons shall be offered to Institutional Investors by offering them during Rump Offering Period.

Rump Offering Period	The period starts from 10:00 AM on Tuesday 17/05/1443H (corresponding to 21/12/2021G) and continue until 5:00 PM on Wednesday 18/05/1443H (corresponding to 22/12/2021G).
New Shares	Fifteen million (15,000,000) ordinary shares, which will be issued to increase the Company's capital.
Eligibility factor	The result of dividing the number of new shares by the number of existing shares of the company
Eligible persons	All Rights holders, whether Registered Shareholders or those who have purchased the Rights during the Trading Period.
Substantial Shareholders	As at the date of this prospectus, the company's substantial shareholders (who are holding 5% or more of the Company's capital) are: Mohammed Abdullah Abdulkarim Al Samaani, who holds (425,000) four hundred and twenty-five thousand shares, i.e. (17.00%) of the company's shares prior to the offering, Bandar Mohammed Abdullah Al Samaani, who holds (288,156) two hundred and eighty eight thousand one hundred and fifty six shares, i.e. (11.52%) of the company's shares prior to the offering, and Abdullah Mohammed Abdullah Al Samaani, who holds (151,583) one hundred and fifty one thousand five hundred and eighty three shares, i.e. (6.06%) of the company's shares prior to the offering.
The Public	<p>According to the CMA rules and regulations, the Public means any person other than the following:</p> <ol style="list-style-type: none"> 1) Affiliates of the Issuer. 2) Substantial shareholders in 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 relatives of the persons referred to in (1, 2, 3, 4, or 5) above. 7) Any company controlled by any person referred to in (1, 2, 3, 4, 5, or 6) above. <p>Persons working together and, collectively, holding 5% or more of the share class to be listed.</p>
Net Proceeds	Net Proceeds of Offering after deduction of offering expenses.
Person	Natural person.
Prospectus	This document prepared by the Company in relation to the underwriting of rights shares.
Listing	Listing securities on the primary market or - where the context allows - submitting a listing application to Tadawul.
Registered Shareholders	Shareholders who own shares at the end of the trading day of the Extraordinary General Assembly on capital increase and are registered in the Company's Shareholders Register held with the Depository Center at the end of the second trading day following the Extraordinary General Assembly on capital increase dated 01/05/1443H (corresponding to 05/12/2021G)
New Investors	General Individual and institutional investors - with the exception of the Registered Shareholders - who have purchased the Rights Issue during the Trading Period.

Shares	The company's two million and five hundred thousand (2,500,000) ordinary shares, with a nominal value of ten (10) Saudi Riyals per share.
Brokers	Capital market institutions licensed by the Capital Market Authority to conduct the activity of dealing in securities in the capacity of an agent.
Institutional Investors	<p>Includes a number of institutions, as follows:</p> <ol style="list-style-type: none"> 1. Government entities and Government owned companies, whether investing directly or through a portfolio manager, or any international entity recognized by the CMA, the Exchange or any other stock exchange recognized by CMA or the Depository Center. 2. Mutual funds established in the Kingdom and publicly offered besides private funds which invest in the securities listed in the Saudi Stock Exchange, if such is permitted by the fund's terms and conditions and subject to the provisions and restrictions provided in the Investment Fund Regulations. 3. Persons authorized to deal in securities as principals, provided that the financial adequacy requirements are observed. 4. Customers of a capital market institution to conduct management activities, provided that such capital market institution has been appointed on terms upon which it may make decisions regarding the acceptance of the Offering subscription and investment in Tadawul on behalf of the customer without obtaining prior approval. 5. Any legal persons that may open an investment account in the Kingdom and an account with the Depository Center, taking into consideration the rules and regulations that apply on investments by listed companies in securities provided that the participation by such company shall not cause any conflict of interest. 6. GCC Investors with Legal Personality, including companies and funds established in the GCC countries. 7. Qualified foreign investors. and <p>A final legal beneficiary in a swap agreement concluded with capital market institution, in accordance with the terms and regulations of the swap agreements.</p>
Subscriber	Anyone who subscribes to the offered shares.
Shareholder	Owner or holder of shares as of any specified time.
GCC	The Gulf Cooperation Council.
General Authority of Meteorology and Environmental Protection	Government agency responsible for the environment in the kingdom of Saudi Arabia, along with its role in the field of Meteorology.
General Environmental Law	General Environmental Law in the kingdom of Saudi Arabia issued by Royal Decree No. (M / 34) dated 28/07/1422H (corresponding to 15/10/2001G).
Compound Annual Growth Rate (CAGR)	A method used to calculate the growth rate of a particular item over a specified period of time.

Domestic Product	Gross domestic product of Saudi Arabia. It is the market value of all final goods and services recognized locally and have been produced within a specific period of time.
Pandemic or Corona Virus "Covid-19"	It is a contagious viral disease known as the Coronavirus and abbreviated "Covid-19", as it began to spread in most countries of the world, including the Kingdom of Saudi Arabia, at the beginning of the year 2020G, and as a result, the World Health Organization classified it as a pandemic.
Zakat, Tax and Customs Authority (ZATCA)	Zakat, Tax and Customs Authority (formerly General Authority of Zakat and Tax), a government agency affiliated with the Minister of Finance, which is the body entrusted with the work of collecting Zakat, taxes and customs duties.
Underwriting Agreement	The underwriting agreement between the Company and underwriters.
Rules for Qualified Foreign Financial Institutions Investment in Listed Securities	The Rules that regulate the investment in securities by non-Saudi institutions based outside the Kingdom as issued by the Board of the Capital Market Authority pursuant to its Resolution No. 1-42-2015 dated 15/07/1436H (corresponding to 04/05/2015G) as amended by Resolution No. 3-65-2019 dated 14/10/1440H (corresponding to 17/06/2019G).
Unemployment Insurance (Saned)	It is a GOSI scheme that is based on the patronage of the Saudi worker and his family during the period of unemployment. It is applied to all Saudis under the age of fifty-nine who are subject to pension under Social Insurance Law. This Law was issued by Royal Decree No. (M/18) dated 12/03/1435H and came into force as of 01/11/1435H in case of establishments that follow Hijri Calendar and as of 01/09/2014G in case of establishments that follow the Gregorian calendar.
NITAQAT Scheme	A program of the Ministry of Human Resources and Social Development. It is a program to motivate enterprises to employ Saudis. It was approved by Resolution No. (4040) dated 28/01/1432H (corresponding to 09/10/2011G) based on Cabinet Resolution No. (50) dated 13/05/1415H (corresponding to 27/10/1994G), and the program evaluates the performance of the facility on specific ranges basis (Platinum, green, yellow and red) according to the activity and industry under which the company falls. Such NITAQAT Scheme was amended by Resolution NO. (63717) dated 29/03/1441H (corresponding to 26/11/2019G), where the yellow range was canceled from NITAQAT and all facilities in the yellow band were transferred to the red band and the red band standards contained in the NITAQAT Scheme guide were applied to these facilities.

2 Risk factors

All prospective investors should carefully consider all information contained in this Prospectus, pay particular attention to the risk factors described below, before deciding whether to subscribe for the Rights Shares. The risk factors described below may not include all the risks that the Company may encounter, as there could be other risks currently unknown to, or considered immaterial by, the Company, which may preclude its operations. The Company's business, financial position, results of operations, cash flows, and prospects could be adversely materially affected if any of the following risks materialize.

The Board Members further declare that, to the best of their knowledge and belief, there are no material risks the omission of which would affect decisions taken by Shareholders as of the date of this Prospectus, except as disclosed in this Section. An investment in the Rights Shares is only suitable for investors who are capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which might result from such an investment. Prospective investors who have doubts about subscription in the Rights Shares should consult a financial adviser licensed by CMA for advice on such investments.

In the event that any of the risks that the Company currently believes to be material do occur, or if any other risks that the Company fails to identify or does not currently consider to be material do occur, the market value of the Shares could decrease and prospective investors could lose all or part of their investment.

The risks described below are presented in an order that does not reflect their importance. Additional unknown risks or those deemed immaterial may have the impacts described in this Prospectus.

1-2 Risks of Company's Activity and Operations

1-1-2 Risks of Inability to Implement the Strategy

The Company's ability to increase its revenues and improve its profitability depends on the effective implementation of its business plans and successful implementation of its strategy including, but not limited to, improvement of current activities in which the Company operates or entering new activities. The Company's ability to expand its business in the future depends on its ability to continue implementing and improving its operational, financial and administrative information systems in an efficient and timely manner, as well as on its ability to increase, train, motivate and maintain its workforce. Moreover, any business expansion plans that the Company intends to undertake in the future will be subject to the estimated costs and the schedule of implementation set for them and may need additional funding to complete any expansion plans. If the Company is unable to implement the expansion plans according to the schedule set for them with the estimated costs of the project or in the event that the desired profitability of these projects is not achieved, due to various reasons, including a change in the market situation at the time of implementation of these projects or a defect in the feasibility study, the Company's competitive position as well as its results of operations and profitability will be adversely affected.

The Company's ability to implement its current strategy is subject to various factors, including what is outside its control, and there are no guarantees that no defect, failure or sudden interruption in the work of production lines will occur during the expansion process, or that the employees appointed by the Company or the systems, procedures and controls it adopts will be sufficient to support future growth and expansion and successfully achieve its strategy, and in the event that the Company fails to implement any part of its strategy for any reason, this will have a material adverse impact on the Company's business, results of operations, financial condition and prospects.

2-1-2 Risks of Liquidity

Risks of liquidity are represented in the company's inability to meet its obligations related to current financial liabilities as they become due. The company's trading ratio reached 9.15 times on December 31, 2018G, and 5.76 times on December 31, 2019G, and 2.34 times on December 31, 2020G, and 2.30 times on March 31, 2021G. The company's cash conversion cycle reached 208 days as on December 31, 2018G, 173 days as on December 31, 2019G, and 157 days as on December 31, 2020G, and 190 days as on March 31, 2021G. There is no guarantee that the company will be able to meet its obligations on the due dates. Liquidity risks can also result from the inability to sell current financial assets at an amount close to their fair value quickly, and the company does not guarantee that no emergency or sudden events will occur that may require immediate liquidity, which will have a material adverse impact on the Company's business, results of operational and financial operations.

3-1-2 Risks of Credit

Credit risk arises when one party is unable to fulfill a specific financial obligation to the other party. The balance of trade receivables, advance payments and other receivables amounted to about (11,072,429) in 2018G, (12,603,460) in 2019G, (16,553,042) in 2020G, and (20,606,389) for the three-month period ending on March 31, 2021G, representing about (26.01%), (30.77%), (24.53%) and (31.23%) of the company's total assets for the same periods, respectively. The Company may face credit risk in several temporary or permanent cases, including the existence of debit balances from clients (For more information, please refer to Subsection (6-6) "Balance sheet" of Section (6) "Financial Information and Management's Discussion and Analysis" of this Prospectus), and failure of other creditors to fulfill their obligations towards the Company, in addition to other cases when the Company is exposed to credit risks.

The company cannot guarantee that the parties it deals with will not fail to fulfill their obligations, nor can it accurately predict their future ability to fulfill such obligations. In the event that creditors fail to pay the company's dues, this will have a material adverse impact on the Company's business, financial operation, and results of its operations.

4-1-2 Risks of Guarantees

The company entered into a credit facility agreement with Alinma Bank under Kafalah Program, on 06/19/1442H (corresponding to 03/01/2021G). Pursuant to the contract, several guarantees are provided to fulfill all obligations that may arise if the company uses the facilities available to it under this agreement. Under this agreement, a credit sale agreement was concluded, stipulating that the company shall provide a promissory note to Alinma Bank as a guarantee. The agreement also stipulated that the bank must be notified of any possible change in the legal form or ownership percentage in the company before making the change. In the event that the bank accepts to continue the relationship with the company in its new form, the company shall provide all necessary documents within fifteen (15) days from the required change and sign all contracts and additional documents with the bank to continue the relationship. The company obtained a no-objection letter from Alinma Bank on 30/09/2021G.

The company also entered into several credit sale agreements, and these agreements included conditions to provide guarantees to fulfill all and any of the obligations that may arise on the company in the event that purchase orders are requested under this agreement, and these guarantees included a promissory note. Until this moment; The company has provided at least 7 promissory notes with a value exceeding (7) million Saudi riyals to suppliers of materials and services under credit sale agreements or under a credit facility agreement.

The company also entered into another credit facility agreement with the Arab National Bank on 03/01/1443H (corresponding to 11/08/2021G). Pursuant to the contract, several guarantees are provided to fulfill all obligations that may arise if the company uses the facilities available to it under this agreement; one of such obligations is providing a promissory note with the value of facilities, i.e.

five million (5,000,000) Saudi riyals, in addition to an electronic guarantee document issued by Kafalah Program for financing small and medium enterprises, amounting to four million seven hundred and fifty thousand (4,750,000) Saudi riyals. The agreement also stipulates the bank's right to request any other guarantees that the bank may require. The agreement stipulated that the company maintains its financial, administrative and legal position and the ownership of the facility and avoids changing its activity. An agreement for selling and purchasing goods for the purpose of securitization (tawarruq) has been entered into under this agreement.

The company's failure to pay the value of such notes and their cancellation may cause significant financial losses to the company, which may lose its suppliers and material supplies, and this will have a material adverse impact on the Company, financial condition, operational position, results of operations, future position and prospects.

5-1-2 Risks of Contingent Liabilities

Some contingent liabilities may arise on the Company, such as costs related to Zakat and taxes, in addition to any other obligations or costs related to the Company's activity, e.g. staff end of service benefits. In case these liabilities are realized, they will adversely and substantially affect the Company's financial condition, financial position, results of operations and prospects.

6-1-2 Risks of Failure to Obtain and Renew Required Licenses, Permits and Certificates

The Company is required to obtain and maintain the various regulatory permits, licenses and approvals regarding its activities. These licenses include, but not limited to, Company registration certificates issued by Ministry of Commerce, Chamber of Commerce membership certificates, trademark registration certificate, Saudization certificates, Zakat certificates, and VAT registration certificate, (For more information, please refer to Subsection (1-9-10) "Table of approvals and licenses" of Section (10) "Legal Information" of this Prospectus). It is worth noting that the company has an operating license issued by the Saudi Authority for Industrial Cities and Technology Zones (Modon) No. (5961441150008932) dated 20/08/1414H and it expired on 04/01/1442H. The company submitted a renewal request under no. (5961441150008932), which has not been completed until the date of this Prospectus. Apart from that, all licenses, permits and certificates have been obtained by the company and are still valid till the date.

In case of the Company's inability to renew its current licenses, permits and certificates, or to obtain any licenses necessary for its business, or if any of its licenses are suspended or expired, or if any of those licenses were renewed on conditions that are not appropriate for the Company, or in the event that the Company is unable to obtain the additional licenses, permits and certificates that may be required of it in the future, this may expose the Company to cease and stop its operations, e.g. Company closure or freezing all services obtained from supervisory authorities (e.g. renewing licenses and certificates, issuing visas, residence permits, and transferring sponsorships ... etc). This will result in disruption of Company's operations and incurring additional costs and financial penalties according to the relevant regulations, and consequently, which would have a material adverse impact on the Company's business, results of operations, financial condition and prospects.

7-1-2 Risks of Company's Articles of Association

The company's bylaws, regulations and policies are subject to the provisions of Companies Law issued on 28/01/1437H (corresponding to 11/11/2015G), and amended by Royal Decree No. (M/79) dated 25/07/1439H (corresponding to 11/04/2018G), according to which the company's articles of association shall be in accordance with the form approved by the Ministry of Commerce and provisions of the Companies Law. The last time the company amended its articles of association on 16/11/2020G; This modification resulted in a difference in the reference to some articles in the same law, including the reference to what was stipulated in Article Twenty-two that the board's remuneration consists of what was stipulated in Article forty-six of articles of association; while according to the last amendment, the article number has been changed to become forty-seven, and the reference for Article thirty-five

is that EGM shall be held according to Article thirty of articles of association; while according to the last amendment, the article number has changed to become the thirty-first. While the company is obligated, under Companies Law, that the company's articles of association specify the method of remunerating board members, the company's articles of association did not stipulate the method of remunerating the Board members and did not include any reference to separate decisions or policies that stipulate the remuneration of Board members. The Board's remuneration was provided in the policies, standards and procedures for membership of the Board of directors and sub-committees approved in the minutes of EGM held on 12/03/1442H (corresponding to 10/29/2020G).

The company, in its transitional general assembly meeting held on 02/16/1438H (corresponding to 11/16/2016G), voted on amending Article Five related to the company's head office, to move it from Riyadh to Qassim (Buraidah), however, this change has not been reflected in the articles of association till the moment.

The company's inability to properly amend its articles of association to reflect all the mandatory changes and requirements, according to the Companies Law may expose it to legal penalties and fines in accordance with Article Two Hundred and Thirteen. This penalty shall not exceed (500,000) five hundred thousand riyals, without prejudice to a stricter penalty imposed by any other law. Whoever neglects, violates, or fails to comply with the regulations and decisions related to the company's work and activities and fails to comply with the instructions, circulars or controls issued by the Ministry of Commerce, without giving a reasonable reason therefor, shall be fined and such fine or penalty shall be doubled in case of recurrence of such violation. The Ministry of Commerce may consider, in case another amendment is performed while keeping these issues unchanged - as evidence - intentionally - in the company's articles of association or bylaws, or other documents of the company, it as misleading information or incompliance with the provisions of companies law. Therefore, whoever signs or publishes these documents with his knowledge of that - without prejudice to any severer penalty stipulated in another law - shall be punished with imprisonment for a period not exceeding one year and a fine not exceeding (1,000,000) one million riyals, or both penalties, and such penalty shall be doubled if repeated, which will have adverse and material impact on the company's business, results of operations, financial position and prospects.

8-1-2 Risks of Reliance On Key Personnel and Executive Management

The Company and its future plans for success depend on the expertise and competencies of its executive management and key employees. The Company aims to attract and employ qualified individuals to ensure the efficiency and quality of business through effective management and proper operation. There is no assurance that the Company can retain the services of its employees. The Company may also need to increase the salaries to ensure retention of employees or attract new staff with appropriate qualifications and expertise. Accordingly, if the Company loses any of the senior executives or qualified employees and is unable to recruit replacements with the same level of experience and qualifications at appropriate cost, this would have a material adverse impact on the Company's business, results of operations and prospects.

9-1-2 Risks of Employee Mistakes or Misconduct

The Company cannot guarantee that it can deter employee's misconduct or mistakes, such as embezzlement, deliberate mistakes, fraud, theft, forgery, misuse of its properties and act on its behalf without obtaining the required administrative authorizations. Consequently, these actions may entail consequences and responsibilities for the Company, or statutory penalties, or financial liability, which will negatively affect the reputation of the Company. Therefore, the Company cannot guarantee that employees' misconduct or mistakes will not materially and negatively affect its financial condition, results of its operations and prospects.

10-1-2 Risks of Availability of Funding in Future

The Company may need to obtain loans and bank facilities to finance future expansion plans. It is worth noting that obtaining financing depends on the Company's capital, financial position, cash flows, guarantees provided, and credit record. The Company

does not give any assurance or guarantee that it will obtain the appropriate financing if the need arises. Therefore, the inability of the Company to obtain funding for its needs from financing sources, or to get financing at acceptable preferential terms commensurate with the Company, will have a negative impact on the Company's performance, operational activities and future plans.

11-1-2 Risks of Company's Liabilities Increase

The increase in the Company's liabilities may pose a risk to the general financial position of the Company and its financial solvency, as the total liabilities percentage reached (20.11%) of total assets as of December 31, 2018G, (49.09%) as of December 31, 2019G, (13.99%) as of December 31, 2020G, and (47.04%) as of March 31, 2021G. Accordingly, the increase in the Company's liabilities will adversely affect its financial position and increase financing costs. If that occurs, it will be difficult for the Company to fulfill its obligations, and will have a negative impact on the Company's business, financial position, results of operations and prospects. (For more information, please refer to subsection (6-6) "Balance sheet" of Section (6) "Financial Information and Management's Discussion and Analysis" of this Prospectus).

12-1-2 Risks of Accounts Receivable

The balance of trade accounts receivable, advance payments and other receivables amounted to (SAR 11,072,429) as on December 31, 2018G, (SAR 12,603,460) as on December 31, 2019G, (SAR 16,553,042) as on December 31, 2020G, and (SAR 20,606,389) as on March 31, 2021G. The unpaid accounts receivable for more than 90 days represent about (23.47%), (45.73%) and (29.51%) of the balance of trade accounts receivable and other advance payments as on December 31, 2018G, 2019G and 2020G, respectively.

The delay in collecting accounts receivable will have a negative impact on availability of liquidity for the company's needs, expenses and cash flows, which will have an adverse impact on the company's business, financial position, results of operations and prospects. (For more information, please refer subsection (7-6-6) "Trade receivables, advance payments and other receivables" of subsection (6-6) "Balance sheet" of Section (6) "Financial Information and Management's Discussion and Analysis" of this Prospectus).

13-1-2 Risks of Operating Systems and Information Technology

The Company relies on IT systems to manage its business and facilities, which exposes the Company to the risks of failure of such systems, e.g. system collapse, failure of antivirus systems, hacking Company's systems, electronic viruses, natural disasters, fires, communication errors, or lack of skilled labors necessary to operate and manage these systems. If the Company fails to maintain and develop IT systems or in the event of any malfunctions in their functions, occurrence of major defect or frequent failure, this will adversely affect the Company's business and its financial and operational results.

14-1-2 Risks of Changes in Important Accounting Standards and New Standards

The Company's audited financial statements for the financial years ending on December 31, 2018G, 2019G and 2020G, and the notes attached thereto, have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the Kingdom of Saudi Arabia and other standards and versions approved by the Saudi Organization for Chartered and Professional Accountants (SOCPA). The Company is obligated in this case to apply amendments or changes to these standards from time to time. Therefore, any changes in these standards or the mandatory application of some new standards could adversely affect the financial statements and, consequently, the Company's financial results and financial condition.

15-1-2 Risks of non-compliance with Saudization requirements

Compliance with the Saudization requirements is a legal requirement issued by the Ministry of Human Resources and Social Development in the Kingdom, whereby all companies operating in the Kingdom, including the Company, are obligated to employ a certain percentage of Saudi employees among their total employees and to maintain that percentage. According to the Nitaqat program issued by the Ministry of Human Resources and Social Development, the Saudization rate as at the date of this Prospectus is about (26.36%) and the Company is classified within the "High Green" range. Although it is currently committed to the required Saudization rates, the Company, in the event that it does not continue to maintain these rates or in the event that the Ministry of Human Resources and Social Development decides to impose more stringent Saudization policies in the future, and it is unable to comply with the requirements of the Ministry of Human Resources and Social Development, it will be subject to penalties imposed by government agencies, such as suspension of applications for work visas and sponsorship transfer for non-Saudi workers, which will have negative and significant impact on the Company's business, financial condition, results of operations and prospects. (For more information, please refer to subsection (12-3) "Employees and Saudization" of Section (3) "Overview of the Company and Nature of its Business" of this Prospectus).

16-1-2 Risks of Occurrence of Natural Disasters

Damages caused to the Company's facilities as a result of natural disasters, such as floods, earthquakes, and other nature accidents, with no insurance coverage, may cause the Company to incur large and huge costs, and severely affects the Company's ability to perform its operations, and thus decrease its operational results and compromise its compliance with clients' needs. Natural disasters, occurring and damaging the Company's facilities, with no insurance coverage, will have a negative material impact on the Company's business, results of operations, financial condition and prospects.

17-1-2 Risks of Non-compliance with the Quality Standards and Specifications required by Customers

The Company seeks to maintain the satisfaction of its customers by continuing to provide the same level of quality of its products. However, in the event that the Company is unable to continue providing its products with the same level of quality, this will adversely affect its reputation, and thus make customers reluctant to deal with it. This will negatively affect the Company's sales and accordingly its operational and financial operations.

18-1-2 Risks of Lawsuits and Claims

In the normal course of its business, the Company may be exposed to lawsuits and litigation relating to its activities. The company cannot guarantee that no disputes will not arise between the company and other parties dealing with it, or between the company and policyholders. As a result, the Company may be subject to legal claims made by government bodies and departments, as well as investigations inside the Kingdom. In such cases, the Company cannot predict the results of these claims, disputes, or lawsuits, and cannot guarantee that such claims will not have material impact on its business, financial position and results of operations. In addition, the company cannot accurately anticipate the size of cost of such claims or judicial procedures that may be filed by or against the company or the final results of such claims or judgments, including damages and penalties. Therefore, any negative consequences of such cases will negatively affect the company.

The company asserts that it has not been exposed, in the course of carrying out its business, to cases or lawsuits filed by some policyholders related to its operations, or disputes and claims related to its products and services. However, the company cannot guarantee that it will not be exposed to any cases or lawsuits in the future. As at the date of this Prospectus, the Company has not filed any lawsuits or claims against third parties except for what is mentioned in this Prospectus (for more details, please refer to subsection (10-13) "Disputes and Lawsuits" of Section (10) "Legal Information").

19-1-2 Risks of Potential Zakat Dues and Additional Claims

The Company has settled its position regarding Zakat and tax till the year ending on December 31, 2020G, when the company has obtained a Zakat Certificate valid till April 30, 2022G. The final assessment of Zakat for these years is still under review by Zakat, Tax and Customs Authority till the date of this Prospectus. (For more information, please refer to Paragraph (6) "Obligations According to the Requirements of the General Authority for Zakat and Income", of subsection (4-9-10) "Continuing obligations imposed by government agencies on the company as a "license holder"" of Section (10) "Legal Information" of this Prospectus.

Based on the Company's Zakat position stated above, the company cannot predict whether the Zakat, Tax and Customs Authority will accept their zakat estimates for the above-mentioned financial years for which Zakat, Tax and Customs Authority has not yet issued zakat assessments for it, or will require it to pay any Zakat differences in the future for these years, and if the Zakat, Tax and Customs Authority actually requires the company to pay such differences, this will negatively affect the company's profits, results of its operations, financial position and prospects.

20-1-2 Risks of Fluctuations in Interest Rates and Financing costs

The company has credit facilities with Alinma Bank, on 06/19/1442H (corresponding to 03/01/2021G) with a limit of (10,000,000) ten million Saudi riyals only, and an interest of (4%) in case of credit sale financing, which it did not use during the first quarter of 2021G. Under this agreement, subsidiary agreements have been concluded. The company also has credit facilities compatible with Shariah regulations with the Arab National Bank under Kafalah Program, on 03/01/1443H (corresponding to 11/08/2021G) with a limit of (5,000,000) five million Saudi riyals only and a profit margin of (4%) in case of credit financing.

However, the company may need to obtain additional loans and bank facilities to finance its expansion plans in the future. It is worth noting that obtaining financing depends on the company's capital, financial position, cash flows, guarantees provided, and its credit record. The company does not give any assurance or guarantee that it will obtain the appropriate financing if the need arises. Therefore, the company's inability to obtain the required finance from financiers, or financing on preferential terms acceptable thereto, which will have adverse impact on the company's performance, operations and future plans.

It is also worth noting that the Board of Directors, in its meeting held on December 22, 2020G, approved a request for credit facilities, in accordance with the interests of the company and to increase sales during 2021, provided that it is will not exceed (10,000,000) ten million Saudi riyals and an interest rate of no more that (5%). Accordingly, the company has entered into a credit facility agreement with Alinma Bank. While the credit facilities agreement with the Arab National Bank was entered into to finance the purchase of a factory in the second industrial area in Riyadh affiliated with the Saudi Authority for Industrial Cities and Technology Zones, which was purchased on 02/26/1443H (corresponding to 10/03/2021G).

The rise in financing costs will expose the company to incurring high financing costs, which will negatively affect its future profitability and its ability to meet and pay its obligations to the financiers. In addition, the high rates of financing costs, whether fixed or variable (i.e. the costs calculated based on Saudi interbank borrowing rate, or what is known as "SAIBOR" or the interbank borrowing rate in London or what is known as "LIBOR") that is due to the company's financiers will lead to an increase in the cost of finance needed by the company to finance its business, which may affect its profitability rates and financial results.

21-1-2 Risks of Reliance On Main Raw Materials

Iron, which is obtained from SABIC and Al-Rajhi Steel Industries and Powder Coatings, is the main raw material used by the company in its products. In case of any disruption in supplying any of these materials (whether the reasons are related to the

supplier, shortage in the market, natural disasters, high prices of materials or changes in commercial policy or environmental requirements) the company will not be able to produce its products, or will not produce at the same competitive advantage as it is today. As a result, the company's operations will be significantly negatively affected, and consequently the prices of the company's products and sales and its ability to meet customers' demands with the required quality, price and time, which will have a material impact on its financial position and results of operations.

22-1-2 Risks of Reliance On Key Suppliers

The company depends on major internal and external suppliers for supplying necessary raw materials and necessities needed for its operations. The cost of revenue compared to revenue from the company's top five suppliers amounted to 37%, 15%, 19% and 10% for the years on December 31, 2018G, 2019G, 2020G, and for the three months ending on March 31 2021G respectively. For iron ores, which form the basis for the manufacturing process, the company relies on the Saudi Basic Industries Corporation "SABIC", where purchases are made on time for supply with payment facilities granted by SABIC. In case the main suppliers are affected and unable to provide the company's requirements, the company's operations may be adversely and materially affected. Despite the many alternatives, prices and conditions may be inappropriate compared to the current situation, which affects the prices of company's products and sales and its ability to meet customer demands with the required quality, price and time.

23-1-2 Risks of Protection of Trademark and Equity

The Company's ability to market its services and products and develop its business depends on the use of its name, logo and trademark, which support its business and its competitive position and give it a clear distinction in the market among customers. The Company has registered its trademark with the competent authorities (please refer to subsection (12-10) "Trademarks and property rights" of Section (10) "Legal Information" of this Prospectus). Any breach of equity or unlawful use of the Company's trademark will affect the Company's reputation, and may force it to enter into costly court procedures and dedicate efforts of some of its administrative employees for these procedures in order to protect its trademark. If the Company fails to protect its trademark effectively when renewing the registration certificate or track similar marks, this will adversely affect its value, and will negatively affect the Company's business, results of operations, financial condition and prospects.

24-1-2 Risks of Adequacy of Insurance Coverage

The company does not maintain any insurance cover that covers all risks that the company may be exposed to. It is possible that events will occur in the future against which the company is not insured at all. In these cases, the company will incur losses that will adversely affect its business and results of operations. In addition, there is no guarantee that the Company will be able to obtain competitive insurance policies with a scope of insurance coverage and on commercially acceptable terms, or its ability to renew these documents at all later. In the event of lack of or insufficient insurance for the various areas of the company's business, this will have a material adverse impact on its business, financial position, results of operations and prospects.

25-1-2 Risks of Contracts with Third Parties

The Company has entered into a number of contracts and agreements with third parties (please refer to Subsection (11-10) "Summary of Material Contracts" of Section (10) "Legal Information" of this Prospectus). Accordingly, the Company is exposed to the risk of inability or unwillingness of the contracting parties to fulfill their contractual obligations. They may violate their

obligations for any reason, including consequences of bankruptcy, lack of financial solvency, or disruption of its operations. The risks arising from dealing with these parties become more acute in light of difficult market conditions.

It is also not possible to confirm that these parties will be up to the Company's aspirations. In the event that the Company or the contracting parties are unable to comply with the terms of these contracts, or in the event of any future disputes or issues, and the Company loses these disputes, this will adversely and substantially affect the Company's financial condition, cash flows, and operating results.

26-1-2 Risks of reliance on non-Saudi employees

The percentage of non-Saudi employees as at the date of this Prospectus constitutes about (73.64%) of the total employees in the Company, which may affect the Company's business results, financial position and operational results negatively if it is unable to maintain its non-Saudi cadres or find replacements for them with the same skills and required expertise or if a change occurs in the policies and regulations of the Ministry of Human Resources and Social Development, resulting in an increase in the rate of Saudization of the sector. Since the Company relies on a high percentage of non-Saudi employees, which will lead to an increase in government fees that the Company bears for every non-Saudi employee in terms of work licenses and residence permits, which leads to an increase in the costs of the Company in general, and thus negatively affects its business, financial performance and results of operations.

27-1-2 Risks of Equipment, Operational Costs and Work Disruption

The Company has special machinery and equipment used for production of its products, and they are critical for the successful operation of its facilities. Therefore, the Company relies on the reliable and consistent operation of these equipment and machines to achieve its financial goals and prospects. Any unexpected malfunction of machines or equipment or any prolonged maintenance thereof would disrupt the Company's production and weaken its ability to produce sufficient quantities of products on an ongoing basis or to ensure the quality of products in a way that meets the demands of its customers. Such failure may have a negative impact on the Company's business, prospects and results of operations.

Any delay in the repair and maintenance of equipment or any shortage of water or electricity supply would greatly disrupt the Company's operations and this in turn may have a negative impact on the Company's prospects, results of operations and financial condition. In addition, the company's operating costs may rise significantly as a result of factors beyond its control. The most prominent operating costs include the cost of raw materials such as iron, wood and plastic.

28-1-2 Risks of Having Some Assets on Leased Lands

The Company relies on rented sites, where the company's factory is located in Buraidah, first industrial zone, which is owned by Saudi Authority for Industrial Cities and Technology Zones "Modon". The lease contracts for these sites are fixed-term contracts in nature, as it cannot be guaranteed that sovereign decisions, or from government agencies or lessors will not be issued to amend the terms and conditions related to the leasing of lands, especially those related to the rent due, whether during their validity period or upon renewal, which have impact on the Company's position in terms of costs. In the event that unexpected additional costs are imposed by the lessor to be incurred by the Company, this will have a negative impact on the Company's business, results of operations and financial condition. In addition, whereas the company has offices leased from other parties in other areas (Please refer to Subsection (4-11-10) "Lease contracts" of Section (10) "Legal information" of this prospectus), the Company may not be

able to renew the Lease contracts of the leased sites at all or to renew them but on terms that are not preferential to the Company compared to the existing terms of the lease contracts. These contracts are also subject to changes in the purpose of the property and in case the Company decides or is forced to move to another location as a result of not renewing the lease contracts as described above, the Company does not guarantee that it will be able to move its facilities to the new locations within a short or appropriate period. Also, such transfer process will lead to incurring unexpected capital expenditures by the Company, which will adversely affect its business continuity, results of operations and financial condition.

29-1-2Risks of Coronavirus Outbreak (Covid-19)

At the beginning of 2020G, an infectious viral disease known as (Corona Virus, abbreviated "Covid-19") began to spread in most Countries of the world, including the Kingdom of Saudi Arabia, and as a result the World Health Organization classified it on March 11, 2020G as a pandemic, and called for taking necessary preventive measures to confront this virus and limit its spread. Accordingly, the Government of Saudi Arabia hastened to take strict decisions in this regard, resulting in, but not limited to, imposing a partial or total curfew in some cities and governorates of the Kingdom, closing airports and commercial complexes and all activities within them, with the exception of food stores and pharmacies, and reducing the number of working hours for some sectors and forcing some of them to work remotely. When the total curfew was imposed, work was limited to home delivery requests only.

The precautionary decisions taken by Saudi government to limit the outbreak of Covid-19 affected all economic sectors. Although a vaccine for the virus is available, there is no expected date for the end of the negative effects resulting from this epidemic until the date of this Prospectus. Therefore, the company cannot estimate the size of losses resulting from the spread of this epidemic and does not guarantee that there will be future consequences therefor that may negatively and materially affect the company's business, new projects, financial position and the results of its future operations.

30-1-2Risks of Company's Reputation

The reputation of the Company is very important to attract new clients, retain them and establish a strong relationship with counterparties. The Company's reputation can be harmed in future as a result of several factors, including but not limited to, reviewing or amending its financial results, legal or regulatory actions against the Company, or behavior any of its employees, who may cause the Company to violate the applicable legal requirements. The company's reputation is also linked to the company's previous name, "Al-Samaani Factory for Metal Industries Company", The company had previously announced on 01/06/1442H (corresponding to 01/14/2021G) that the company's name had been changed to SADR Logistics Services Company. Changing the company's name may lead to a slight difference in the number of the company's clients in the event that these customers are unable to distinguish that SADR Company is the same company as former Al-Samaani Factory for Metal Industries Company. The damage to the Company's reputation will adversely affect its business, financial condition, results of operations, profitability of share and prospects.

31-1-2Risks of Environmental, Health and Safety Laws and Regulations

The company's operations are subject to many laws and regulations related to environmental protection, health and safety in the Kingdom, which increasingly impose strict standards that the company must comply with on an ongoing basis. The costs of complying with those laws and regulations and the resulting fines may be significant, and compliance with new and strict standards may require incurring additional capital expenses or modifications in operating practices. Failure to comply with the requirements of such laws and regulations may result in civil and criminal penalties, termination of licenses or operations, and

lawsuits by third parties. Accidents related to the environment, health and safety may arise outside the control of the company, which may negatively affect the company's reputation or the operation of its basic facilities, which will in turn have a negative impact on the company's business prospects, results of operations and financial position.

32-1-2 Risks of Withdrawing the Industrial License

The company operates through its factory, which manufactures and supplies all types of iron, wooden and plastic pallets, and shelves, in order to contribute to the manufacture of structural metal products in accordance with industrial license No. (421102109011) dated 05/02/1442H by the Ministry of Industry and Mineral Resources. The company, in the Kingdom, must comply with the conditions and instructions imposed by the Ministry of Commerce on companies holding industrial licenses. The licensee to practice an industrial activity must immediately apply to the Ministry of Commerce after starting the establishment of the factory to complete the industrial data by providing information on the total financing, production capacity, materials, machinery and labor required so that the Ministry of Commerce can provide the necessary support, according to the terms of the license. The Ministry may cancel the license in the following cases:

1. Non-compliance with Saudi standard specifications in force in the Kingdom. If the specifications are not available, there should be coordination between the project owner and the Arab Organization for Standardization, Metrology and Quality to select the most appropriate international specifications that meet the purpose until the issuance of a Saudi specification.
2. Failure to take the necessary measures to preserve the environment from pollution.
3. Failure to obtain the approval of the competent municipality and to comply with the instructions issued in the event that the factory is established outside the licensed industrial cities.
4. Inclusion of other partners before obtaining the approval of the Ministry of Commerce.
5. Raising funds or changing the ownership of the license before obtaining approval of the Ministry of Commerce.
6. Failure to comply with Ministerial Resolution No. (902/1404AH) dated 03/21 / 1404H issued by the Ministry of Interior (Civil Defense) regarding the application of regulatory rules for the concept of industrial safety and security in all industrial establishments.
7. Non-compliance with the minimum total funding required to grant industrial licenses in accordance with the industrial activity.
8. Failure of the license holder to apply for renewal before the end of its term, as the license in this case is considered null and void.

All industrial companies licensed by the Ministry of Commerce must submit a request to amend their license in accordance with any amendments to their data, including, for example, ownership, capital increase, trade name modification, increase in the number of workers, or others. In case the license is withdrawn, the company will not be able to continue its activity. This will have a negative and material impact on the company's business, results of operations, financial position and share prices.

33-1-2 Risks of Sites Occupied by the Company with No Lease Agreements

The company's ability to conduct its activities depends on the sites it occupies to carry out those activities, and the company owns sixteen different sites to conduct its activities and related businesses, including those occupied by the company and mentioned in subsection (11-10) summary of material contracts) the company occupies two additional sites to conduct its activity that are not associated with the written Lease contracts, but rather by taking possession, verbal agreement and payment of the annual amounts

incurred therefrom, but the company has no contract that proves its right to occupy the two sites. Below is a list of those sites and businesses on them compared to the rest of the sites:

Table: The sites occupied by the company, with no lease contracts and the size of its business

SR	Location	Rental value	Business on sites	Size of business on sites compared to other sites		
				Year	Sales of both sites in Al Mansouria	Percentage to total company sales
1.	Riyadh - Al Mansouria	SAR 25,500 per year	It is used as (yard) for wood storing and trade, where the company purchases wooden pallets and store them in the yards, renovates them and resells them to customers outside Al-Mansuriya area in Riyadh and all the cities of the Kingdom.	2020G	2.870.316	5%
				2019G	4.349.530	10%
2.	Riyadh - Al Mansouria	SAR 26,715 per year		2018G	6.480.782	16%

Source: The Company

Under the verbal agreement to occupy such sites by the Company, the Company has the right to use these sites in accordance with the actions described above, where no special conditions, restrictions, benefits or preferences are required. There is no license for using these sites for storing. (For more information on renting these sites, please refer to the subsection (Section (5-11-10) "Other Sites occupied by the Company"). While, in accordance with the verbal agreement with the lessor, the Company has the right to occupy these sites and operate through them, the lack of written lease contracts proving the company's right to occupy these sites and to continue carrying out its activities through them will expose it to the risk of terminating the verbal agreements at any moment, and consequently, withdrawing these sites from the company and even filing a lawsuit against the company for infringement of property by any of the persons of this capacity, which will result in the disruption of the company's operations and incur additional costs and financial losses to compensate the persons of capacity according to the relevant regulations, and thus will negatively affect the company's business, results of operations, financial position and prospects.

34-1-2 Risks of non-Existence of Internal Audit Manager

The company does not have an internal audit manager until the date of this prospectus. The company has appointed IRSAA Business Solutions to perform the internal auditing. This was decreed by resolution of Audit Committee for a period of one year starting from 10/08/2021G and ending on 10/08/2022G. One of the most important tasks of Internal Audit Department is to issue periodic reports to the Audit Committee, summarizing the results of all audit tasks, risk assessments and the company's internal control systems, which aim to confirm and alert against the most important risks immediately and implement corrective measures to mitigate the impact of such risks on the company. In case of deficient internal audit, the company will be exposed to operational, administrative, financial and control risks, e.g. weakness or non-compliance with the company's bylaws, which will have a negative impact on the company's business, results of its operations, financial position and prospects.

35-1-2 Risks of Working Capital Management

Liquidity risk arises when the company is unable to meet its obligations related to financial liabilities as they become due, as the percentage of total current assets to total current liabilities reached 9.15 times as on December 31, 2018G, 5.76 times as on December 31, 2019G, 2.34 times as on December 31 2020G, and 2.3 times as on March 31, 2021G. The company's financial liabilities consist of loans, payables and accrued expenses, and the company may not be able to meet its obligations on the due dates. Liquidity risks can also result from the inability to sell financial assets quickly and at an amount close to their fair value, and any emergency or sudden events may occur that may require immediate liquidity, which negatively affects the company's business, and thus the results of its financial and operational operations.

36-1-2 Risks of Different Locations of the Factory and Company Offices

The success of the company depends to a large extent on maintaining the performance of its business and managing the logistics services efficiently. The company's main factory is located in the city of Buraidah, while the company has other offices and premises in different cities. In the event of any business disruption or interruption or difficulty in managing Logistics services as a result of the company's premises in different locations from its main factory, this will affect the company's revenues and profitability, which will in turn have adverse and material impact on the company's business, results of its operations, financial position and prospects.

2-2 Risks of Market and Industry

1-2-2 Risks of the Kingdom Economic Performance

The Company's future performance depends on a number of factors related to the economic conditions in the Kingdom in general, including, but not limited to, inflation factors, GDP growth, average per capita income, and so on. The Kingdom's macro and partial economy depends mainly on oil and oil industries, which still control a large share of the GDP. Accordingly, any unfavorable fluctuations that occur in oil prices will have a direct and substantial impact on the plans and growth of the Kingdom's economy in general and on the government spending rates, which would adversely affect the Company's financial performance as its work within the Kingdom's economic system and its impact by the government spending rates.

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

2-2-2 Risks of Political and Economic Instability in the Middle East

Many countries in the Middle East suffer from political or security instability at the present time. There are no guarantees that the economic and political conditions in those countries or any other countries will not have a negative impact on the Kingdom's economy and thus on the ability of the Company's clients to renew their relationship with it and the inability of the Company to obtain new clients. This will adversely affect the Company's business, results of operations, financial condition and future prospects.

3-2-2 Risks of Companies Law and Corporate Governance Regulations

In its management and the conduct of its various business and activities, the company is subject to provisions of Companies Law issued on 28/01/1437H (corresponding to 11/11/2015G), as amended by Royal Decree No. (M/79) dated 25/07/1439H (corresponding to 11/04/2018G). The CMA Board, pursuant to Resolution No. (8-127-2016) dated 16/1/1438H (corresponding to 10/17/2016G), issued the regulatory controls and procedures, in implementation of Companies Law for Listed Joint-Stock Companies, as amended by CMA Board's Resolution No. (2019-57-3) dated 09/15/1440H (corresponding to 20/05/2019G). In addition, CMA's Board issued, pursuant to Resolution No. (2017-16-8) dated 16/5/1438H (corresponding to 13/2/2017G), the Corporate Governance Regulations, as amended by CMA Board's Resolution No. (2019-57-3) dated 09/15 1440H (corresponding to 20/05/2019G). The Companies Law and Corporate Governance Regulations impose some new requirements related to regulation and corporate governance that the company must comply with. The Companies Law has also imposed stricter penalties for violating its provisions and rules, which are mandatory for all companies, and therefore the company, board members, or executive management, will possibly be subject to such penalties of fines, or imprisonment, or both (for example, the Companies stipulates that any director, official, board member, auditor, or liquidator who records false or misleading statements shall be punished with imprisonment for a period not exceeding 5 years and a fine not exceeding five million Saudi riyals) in the event of non-compliance with these provisions and rules.

A corporate governance guide was developed and approved by the EGM meeting held on October 29, 2020G. The company's general assembly, in its meeting held on 01/16/1443H (corresponding to 08/24/2021G), also approved the amendment of the company's corporate governance regulation. In the event that the company is unable to comply with the Corporate Governance Regulations, it may be subject to penalties, which will adversely affect its business, results of operations and prospects.

In case of any conflict between the company's bylaws and Companies Law or Corporate Governance Regulations, and the company is unable to comply with Companies Law and all mandatory articles of the Corporate Governance Regulations, this will expose it to legal penalties and fines.

In case the company fails to comply with all articles of companies law and all mandatory articles of the Corporate Governance Regulation in the future, or in case some or all of the indicative articles in the Corporate Governance Regulation become mandatory, and the company has not implemented and complied therewith, this will expose it to penalties and fines, which will have adverse and material impact on the company's business, results of operations, financial position and prospects.

4-2-2 Risks of Non-compliance with Existing Laws and Regulations and/or Issuance of New Laws and Regulations

The Company is subject to the supervision of a number of government agencies in the Kingdom, and therefore the Company is subject to the risks of changes in the laws, regulations, circulars and policies in the Kingdom. The legislative and regulatory environment in the Kingdom is witnessing the issuance of many laws and regulations, which are continuously developed and improved. The costs of complying with these regulations are high. In the event of changes to the existing laws or regulations or the issuance of new laws or regulations, this will lead to the Company incurring additional unexpected financial expenses for the purposes of complying with those regulations and meeting the requirements of these laws, or it may be subject to penalties and fines imposed by the competent supervisory authorities in the event of non-compliance with these regulations and systems on an ongoing basis. This will adversely affect the Company's business, results of operations, financial condition and prospects.

5-2-2 Risks of Penalties by the Competent Regulatory Authorities

Since the Company's business is subject to many regulations and instructions issued by the Capital Market Authority and a number of other government agencies, the Company is subject to penalties and fines in the event of non-compliance with or delay in fulfilling any of these laws, regulations and instructions or not keeping pace with the new ones by the Company. The Company may be exposed to a number of penalties and violations by the Capital Market Authority, including suspending some or all of its business or trading on its shares, which will adversely and fundamentally affect its business, financial condition and prospects. Accordingly, in the event that one of the competent authorities conducted inspection visits and detected any violations or failure to implement the rules and regulations to which the Company is subject, the Company may be subject to violations and fines, and it will incur operating expenses that will materially affect its business, results of operations, financial condition and prospects.

6-2-2 Risks of Increased Competition

The shelving sector in the Kingdom, Arabian Gulf area, and other countries in the Middle East region is highly competitive. The company expects this competition to increase and intensify in the future. The company also faces a variety of competitive challenges, including:

- Anticipating the changing needs of the end consumer and the company's responsiveness.
- Place competitive prices for the products to compete with Chinese companies.

Increased competition may lead to price pressures, reduced gross profit margins and a decrease in the company's market share. This will affect the company's business, financial condition, results of operations and prospects.

7-2-2 Risks of Value Added Tax (VAT)

The Kingdom issued a VAT system, which came into effect on January 1, 2018G. This system imposes an added value of (5%) on a number of products and services. The Saudi government decided to increase the VAT rate from (5%) to (15%), which began to be applied from 1 July 2020G. Accordingly, the Company must adapt to the changes resulting from the application of the VAT and the increase thereto. However, any violation or wrong application of the tax system by the Company's management will expose them to fines, penalties or damage to their reputation. This will also increase costs and operating expenses, which could reduce the competitive position of the Company and the level of demand for their products, which will have a negative and material impact on the Company's financial condition, results of operations and prospects.

8-2-2 Risks of Government Fees Applicable to non-Saudi Employees

The Kingdom's government has taken measures and procedures to regulate the employment of foreign workers in accordance with the Labor Law and Residency Regulations, through which it seeks to take measures against foreign companies and employees who do not work for their sponsoring employer or do jobs inconcistent with their job titles according to their residency licenses. According to the residence permits of foreign employees working for the company and comparing them with their actual jobs, it was found that the job titles of all employees in the company match with titles in their work contracts at the present time. In the event that the company does not comply with the applicable regulations and instructions in this regard, this will expose the company to a fine ranging from (10,000) ten thousand Saudi riyals to (20,000) twenty thousand Saudi riyals for each violating worker, in accordance with the resolution of the Minister of Human Resources No. (178743).) dated 27/09/1440H related to the schedule of violations and penalties for violating the provisions of Labor Law, and therefore this will negatively affect the company's activity and business results.

The Saudi government approved a number of resolutions aimed at implementing comprehensive reforms in the Saudi labor market by imposing additional charges on every non-Saudi employee who works for Saudi institutions as of 01/01/2018G, at the rate of four hundred (400) Saudi Riyals per month for each non-Saudi employee in 2018G, increasing to six hundred (600) Saudi Riyals per month in 2019G then Eight hundred (800) Saudi Riyals per month in 2020. This will lead to an increase in the government fees that the Company will pay for its non-Saudi employees, and thus an increase in the Company's costs in general, which will adversely and substantially affect its business, financial performance and the results of operations. The total value of non-Saudi employee fees amounted to (841,623) Saudi Riyals in 2018G, (1,031,856) Saudi Riyals in 2019G, and (256,923) Saudi Riyals in 2020G.

It is worth noting, that on 01/25/1441H (corresponding to 9/24/2019G), the Council of Ministers, headed by the Custodian of the Two Holy Mosques, agreed that the state would bear the financial compensation for expatriate workers for a period of five years in accordance with paragraphs (1.a) and (2.a) of Paragraph (Second) of Cabinet Resolution No. (197) dated 23/03/1438H (corresponding to December 22, 2016G), for industrial establishments holding an industrial license as of 02/02/1441H (corresponding to 01/10/2019G), and accordingly, the company is exempted from financial consideration on its expatriate workers for a period of five years, which began in the second quarter of 2020G, and upon the expiry of such period, where fees are paid by the state, by the end of the first quarter of 2025G, or in the event of cancellation this resolution, or non-renewal thereof, the company will be liable to pay these fees, which will lead to an increase in government fees that the company will pay for its non-Saudi employees, and thus an increase in the company's costs in general, which will negatively affect its business, financial performance and results of operations.

In addition, the government has also approved fees for the issuance and renewal of residency for dependents and companions of non-Saudi employees (dependent fees), which have become effective as of 07/01/2017G, noting that they have gradually increased from one hundred (100) Saudi Riyals per month for each dependent in 2017G, to reach up to four hundred (400) Saudi Riyals per month for each dependent in the year 2020G. Therefore, the increase in the fees for issuing and renewing the residency that the non-Saudi employee will bear on behalf of his family may lead to an increase in the cost of living for him, which will lead him to look for work in other countries where cost of living is lower. If such case, the Company will face difficulty in maintaining its non-Saudi employees, which may force it to bear directly these costs or part of them, on behalf of non-Saudi employees, or indirectly by raising wages of its non-Saudi employees, which will lead to an increase in the Company's costs, and thus will have a negative and material impact on its business, financial performance and results of operations.

9-2-2 Risks of Fluctuations in Exchange Rates

The risk of currency exchange rate is represented in the fluctuation of the foreign exchange rate, which the companies mostly face when they have business relationships with international parties that require them to deal with them in their currency. The Company's external suppliers are dealt with in foreign currencies. Thus, the Company faces the risk of foreign exchange rate, and any unexpected large fluctuations in exchange rates will affect the costs of imported materials, which in turn will adversely affect the Company's financial performance.

The Company's operations are mostly conducted in the Saudi Riyal as its sales are across all Saudi cities. In the event the Company collects any amounts from the sale of its products or foreign dealings in foreign currencies, it may encounter exchange risks and unexpected major fluctuations in exchange rates, which would have a material adverse impact on the Company's financial performance.

10-2-2 Risks of Price Adjustment of Energy, Electricity, Water and Related Services Products

The Council of Ministers issued its decision on December 28, 2015G to raise energy prices (including fuel), electricity consumption tariffs, water sales pricing, and upgrading sanitation services for the residential, commercial and industrial sectors, as part of the policies related to raising the efficiency of government support in the Kingdom, which affected the related operating expenses of the Company. There are no guarantees that there will not be decisions related to raising prices again, which will negatively affect production costs, the Company's business, financial condition, results of operations and prospects.

11-2-2 Risks of Environmental Regulations and Standards

The company's business involves some risks that would expose it to legal liability under the environmental regulations set by Saudi Authority for Industrial Cities and Technology Zones "Modon". The process of manufacturing metal shelves requires the use of "hydrochloric acid" for cleaning surfaces of iron products before the final painting process. It is known as "chemical treatment process", where parts of iron are dipped in an acid bath, and accordingly there is a possibility of sewage of substances with high acidity, which leads to raising the pH of the sewage and this may cause erosion of sewage networks and treatment plants, which will expose the company to penalties or to bear costs. The company's business is subject to some laws and regulations concerned with environmental protection by the Saudi Authority for Industrial Cities and Technology Zones "Modon" which may change from time to time; in the event that the company does not comply with those regulations. With current or future environmental regulations, the company will have to incur unexpected operating and capital expenses to comply with existing and new requirements or standards. The company has internal procedures developed with the company operating the sewage stations, which aim to treat the materials of the factory and bring them to the break-even point before discharging them on the network to ensure the protection of the network and the sewage station. In the event that the Company does not comply with the applicable environmental laws and regulations, the relevant authorities will apply fines, and under these circumstances the Company will have to reduce or stop its operations, repair sites or take other corrective measures or pay compensation of up to 20,000 Saudi riyals for each violation. Which will adversely affect the company's business, prospects, results of operations and financial condition.

12-2-2 Fluctuations in the Prices of Raw Materials

Revenues and profits for the shelving industry depend to some extent on raw materials, e.g. iron, plastic and wood. The prices of these materials depend on global commodity markets driven by global supply and demand. Since global markets are subject to wide and rapid fluctuations in many cases, the prices of iron, plastic and wood have witnessed great fluctuations in recent years, and may be subject to additional fluctuations in the future.

The Company does not control the factors that affect the prices of basic commodities. Therefore, the actual changes in supply and demand, market instability, speculation by market traders, and political conditions may affect prices or the accuracy of assumptions or prospects for shelving industry. Accordingly, any increase in the prices of the raw materials will result in the Company incurring additional production costs which will have a negative impact on the Company prospects, business, results of operations and financial condition in general.

The company purchases raw materials through purchase orders or short-term supply contracts, and the company's business is greatly affected by the availability of raw materials that are used in manufacturing its products. The unavailability of raw materials,

or the company's inability to obtain them temporarily or permanently, or the company's inability to manage inventory effectively will impede the company's operations, which will have a negative impact on the company's business, results of its operations and financial position.

13-2-Risks of Fluctuations in Supply and Demand in Local and Regional Markets

The fluctuations of economic conditions in the Kingdom and neighboring countries are a major factor for fluctuations in the levels of supply and demand in the Company's field of work. The retail and consumables sector, and other sectors that constitute a major factor in increasing the level of demand for the manufacturing Company products, e.g. shelves..etc., have been affected. This will affect the Company's production and sales volume in the event of a decrease in the demand for consumables, which would limit the expansion of these sectors in establishing new sales or distribution points that need storage and warehouse equipment such as shelves or even expanding the capacity of the existing stores and warehouses.

14-2-Risks of Incentives Provided to Support the Industrial Sector

The Company benefited from the incentives provided by the government to investors to support manufacturing in the kingdom, support the infrastructure and provide lands, energy and water at low cost in the industrial cities. The company benefited from Cabinet Resolution No. (74) dated (25/01/1441H) to exempt industrial establishments, holding industrial licenses, from the financial compensation imposed on expatriate workers for a period of five years. These incentives played an important role in the success of the company's business, and any suspension of these incentives will have a negative impact on the company's business, financial condition, results of operations and prospects.

3-2 Risks of Offered Securities

1-3-2 Risks of Potential Fluctuation in the Price of Rights

The market price of the rights may be subject to heavy fluctuations due to a change in factors affecting the Company's Share. This fluctuation may be large due to the difference between the permissible daily fluctuation rate (representing (10%) more or less than closing price of the previous day) with respect to rights, compared to the permissible daily fluctuation rate for the Company's shares. The rights trading price depends on the trading price of the Company's shares and the market's view of the shares' fair price. These factors could adversely affect the rights trading price.

2-3-2 Risks of Potential Fluctuations in the Share Price

The market price of the Rights, during the trading period, may not be an indication of the market price of the Company's shares after the Offering. Likewise, the Company's share price may not be stable and may be greatly affected due to fluctuations resulting from market conditions related to the company's current rights or shares. These fluctuations may also result from several factors, including but not limited to, stock market conditions, the company's poor performance, inability to implement the Company's future plans, entry of new competitors into the market, change in experts and analysts' view or estimates regarding the stock market, and any announcement of the Company or any of its competitors related to strategic mergers and acquisitions or alliances.

The sale of large quantities of shares by shareholders or the belief that such a sale is likely to occur will adversely affect the price of the Company's shares in the market. In addition, shareholders may not be able to sell their shares in the market without adversely affecting the share price. There is no guarantee that the market price of the Company's shares would not be lower than

the Offering Price. In such case, and after investors' subscription to the new shares, their subscription cannot be canceled or modified. Accordingly, investors may incur losses. In addition to the foregoing, there is no guarantee that a shareholder will be able to sell his shares at a price equal to or higher than the Offering Price after subscribing to the new shares.

3-3-2 Risks of non-Profitability or Selling of Rights

There is no guarantee of share profitability through trading the same at a higher price. It should be noted that there is no assurance of having sufficient demand in the market to exercise priority rights or receive compensation from the Company. Also, the investor who did not subscribe or sell their rights, and the holders of fractional shares, may not obtain any consideration if the sale was made during the Offering Period at the Offering Price.

4-3-2 Risks of Future Data

The Company's future results and performance data cannot be actually anticipated and may differ from those provide herein. The Company's achievements and ability to develop will determine the actual results, which cannot be expected or identified. The inaccuracy of data and results is one of the risks that the shareholder should know in order not to affect their investment decision. In the event that future results and performance data differ significantly from those provided herein, this would lead to losing part or all of the shareholders' investment in the Company's shares.

5-3-2 Risks of Possibility of Issuing New Shares

The issuance of any new shares by the Company depends on the approval of the Extraordinary General Assembly of shareholders. If the Company decides to issue new shares as rights to increase its capital, and the Extraordinary General Assembly of shareholders approves this decision, and the shareholders have not exercised their rights by subscribing to the new shares, the ownership of shares will decrease proportionally. In addition to relevant consequences of voting rights and receiving profits, which will affect the market price of the share.

6-3-2 Risks of Lack of Demand for the Company's Rights and Shares

There is no guarantee that there will be sufficient demand for the Company's Rights during the Trading Period, in order to enable the holder of such Rights (whether a Registered Shareholder or a new investor) to sell the Rights and realize a profit, or enable them to sell these Rights at all. There is also no guarantee that there will be sufficient demand for Company's Shares by the Institutional Investors during the Rump Offering. In case the Institutional Investors do not subscribe to the rump shares at a high price, the compensation amount may not be sufficient in order to be distributed to the holders with unexercised Rights or holders of fractional shares. Moreover, there can be no guarantee that there will be sufficient market demand for the new shares purchased by an investor either through exercise of the Rights, during the Rump Offering or in the open market.

7-3-2 Risks of Potential Dilution of Ownership

If the rights holders do not subscribe fully to the new shares, their ownership and voting rights will be reduced. There is also no guarantee that in case the registered rights holder wishes to sell their rights during the trading period, the proceeds they receive will be sufficient to compensate them in full for the decrease in their ownership in the capital of the Company as a result of increasing its capital. There is also no guarantee that there will be a compensation amount distributed to the eligible shareholders who have not exercised their right to subscribe or to the holders of fractional shares in the event that the investment institutions

during the Rump period do not submit a higher price offers for the rump shares, or that the compensation amount (if any) is sufficient to compensate the decrease in the percentage of ownership in the Company's capital.

8-3-2 Risks of Failure to Exercise the Rights in a timely manner

The subscription period starts on 02/05/1443H (corresponding to 06/12/2021G) and ends on 12/05/1443H (corresponding to 16/12/2021G). The Right holders and the financial brokers/agents representing them must take appropriate measure to follow all necessary instructions before the subscription period expires. If the eligible shareholders fail to properly exercise the subscription rights by the end of the subscription period, based on their ownership of rights, there is no guarantee that there will be a compensation amount distributed to the eligible shareholders who have not subscribed or who have not properly performed subscription procedures, or holders of the fractional shares.

9-3-2 Risks of Distribution of Dividends

The future dividends depend on a number of factors, including the Company's future profits, financial position, capital needs, its distributable reserves, the credit strength available to the Company, general economic conditions and other factors that the members of the Company's Board of Directors consider from time to time to be of great importance. Although the Company intends to distribute annual dividends to its shareholders in the event of profits, it does not guarantee that any dividends on the shares will be actually distributed, nor does it provide any guarantee regarding the amount that will be distributed in any particular year. The distribution of dividends is subject to certain restrictions and conditions stipulated in the Company's Articles of Association.

10-3-2 Risks of Speculation in Rights

Speculation in the Rights is subject to risks that could cause material losses. The permissible daily fluctuation range for the priority Rights trading price exceeds the permissible daily fluctuation range for the market price (which is represented by (10%) up and down from the previous day's closing price). There is also a direct relationship between the Company's share price and the right's indicative value. Accordingly, the daily price limits (i.e. the daily fluctuation range) for Rights trading will be affected by the daily price limits for stock trading. In the event that the shareholder does not sell the Rights before the end of the Trading Period, then he will have two options either to exercise these Rights to subscribe to the New Shares before the end of the Subscription Period, or not to exercise. In the event that the Rights are not exercised, the investor may be subject to a loss or decrease in the value of his investment portfolio, or a profit in the event that shares are sold during the rump period at a price higher than the Offering Price. Therefore, investors should review the full details of the listing and trading mechanism of new Rights and shares and how they operate, and should be familiar with all the factors affecting them, in order to ensure that any investment decision is based on full knowledge and awareness. (Please refer to Section (13) "Details on Shares and Offering Terms and Condition" of this Prospectus).

11-3-2 Risks of Non-publication of Financial Statements and Information.

According to Article 63 of the Rules on Offering Securities and Continuing Obligations: The issuer must prepare and examine its preliminary financial statements in accordance with the accounting and auditing standards approved by the Saudi Organization for Chartered and Professional Accountants (SOCPA), and disclose them to the public within a period not exceeding 30 days from

the end of the financial period covered by those statements. The issuer must also prepare and review its annual financial statements in accordance with the accounting and auditing standards approved by the Saudi Organization for Chartered and Professional Accountants (SOCPA), and disclose them to the public within a period not exceeding three months from the end of the annual financial period covered by those statements. The issuer must disclose these financial statements within a period of not less than 21 calendar days prior to the date of the issuer's annual general assembly meeting. As per Article 36 of the listing rules, the Saudi Stock Exchange may suspend the trading of the issuer's securities when the issuer does not comply with the deadlines specified for disclosing its periodic financial information in accordance with the relevant implementing regulations and if the suspension of the trading of securities continues for a period of (6) months without the issuer taking any measures appropriate to correct that suspension, then the CMA may cancel the listing of the securities. In the event that trading in the issuer's securities is suspended, this will negatively affect the completion of the Offering process and, consequently, affect the Company's financial position and future prospects.

3 Overview of the Company and Nature of its Business

1-3 Company Overview

SADR Logistics Services (hereinafter referred to as the "Company" or "SADR") was incorporated as a sole corporation under the name "Al Samaani Factory for Metal Industries Company" owned by Mohammed Abdullah Al Samaani, under Commercial Registration No. (1131012302) dated 20/08/1414H (corresponding to 31/01/1994G), with a capital of one hundred thousand (100,000) Saudi Riyals.

On 23/03/1437H (corresponding to 04/01/2016) the corporation was converted to a limited liability company under the name "Al-Samaani Factory for Metal Industries Company", with a capital of Six Million and Five Hundred Thousand (6,500,000) Saudi Riyals. On 15/01/1438H (corresponding to 16/10/2016G) based on the partners' decision and according to Ministerial Resolution No. (Q/26) dated 03/02/1438H (corresponding to 03/11/2016G), Al-Samaani Factory for Metal Industries Company was converted from a limited liability company to a Saudi closed joint stock company with a capital of nine million (9,000,000) Saudi Riyals. On 29/05/1438H (corresponding to 26/02/2017G), the company's shares were listed on the parallel market "Nomu" and were traded, with a capital of eleven million two hundred and fifty thousand (11,250,000) Saudi Riyals. The shares subscribed by qualified investors through the offering were two hundred and twenty five thousand (225,000) ordinary shares with a nominal value of ten (10) Saudi Riyals per share, which constitutes 20% of the company's capital post the offering. The Extraordinary General Assembly "EGM" approved, in its meeting held on 22/07/1438H (corresponding to 19/04/2017G), the capital increase from nine million (9,000,000) Saudi Riyals to eleven million two hundred and fifty thousand (11,250,000) Saudi Riyals. On 25/07/1439H (corresponding to 11/04/2018G), the EGM agreed to increase the company's capital by granting free shares (bonus shares) to shareholders on the basis of one free share for every three shares held, therefore the increase would be from eleven million two hundred and fifty thousand (11,250,000) Saudi Riyals, divided into one million and one hundred and twenty-five thousand (1,125,000) ordinary shares, with a nominal value of ten (10) Saudi Riyals per share, to fifteen million (15,000,000) Saudi Riyals, divided into one million and five hundred thousand (1,500,000) ordinary shares, with a nominal value of ten (10) Saudi Riyals per share. On 04/11/1441H (corresponding to 25/06/2020G), the EGM approved the company's capital increase by granting free shares (bonus shares) to shareholders from fifteen million (15,000,000) Saudi Riyals, divided to one million and five hundred thousand (1,500,000) ordinary shares, with a nominal value of ten (10) Saudi Riyals per share, to twenty-five million (25,000,000) Saudi Riyals, divided into two million and five hundred thousand (2,500,000) ordinary shares, with a nominal value of ten (10) Saudi Riyals per share, paid in full. On 01/06/1442H (corresponding to 14/01/2021G), the company's name was announced to be changed in accordance with EGM approval in its meeting held on 12/03/1442H (corresponding to 29/10/2020G), where it was approved to amend Article (2) of the company's articles of association, regarding the company's name, from Al-Samaani Factory for Metal Industries Company to SADR Logistics Services. On 26/04/1443H (corresponding to 01/12/2021G) shareholders' EGM approved the capital increase from twenty-five million (25,000,000) Saudi Riyals, divided into two million and five hundred thousand (2,500,000) ordinary shares, with a nominal value of ten (10) Saudi Riyals per share, so the capital reached one hundred and seventy-five million (175,000,000) Saudi Riyals, divided into seventeen million and five hundred thousand (17,500,000) ordinary shares, with a nominal value of ten (10) Saudi Riyals.

The company's head office is located in the city of Buraidah, and its address is King Abdul Aziz Road - The First Industrial City, 26 St., Building 7227, Postal Code: 51431, PO Box: 1364, Kingdom of Saudi Arabia.

2-3 The company history and the most important developments in its capital structure

- SADR Logistics Services was incorporated in 1414H (corresponding to 31/01/1994G) as a sole corporation under the name “Al Samaani Factory for Metal Industries Company” owned by Mohammed Abdullah Al Samaani, with a capital of one hundred thousand (100,000) Saudi Riyals, and was registered in Buraidah City under Commercial Registration No. (1131012302) dated 20/08/1414H (corresponding to 31/01/1994G).
- On 23/03/1437H (corresponding to 04/01/2016) the corporation was converted to a limited liability company under the name “Al-Samaani Factory for Metal Industries Company”, with a capital of Six Million and Five Hundred Thousand (6,500,000) Saudi Riyals.
- On 15/01/1438H (corresponding to 16/10/2016G) based on the partners’ decision and according to Ministerial Resolution No. (Q/26) dated 03/02/1438H (corresponding to 03/11/2016G), Al-Samaani Factory for Metal Industries Company was converted from a limited liability company to a Saudi closed joint stock company with a capital of nine million (9,000,000) Saudi Riyals.
- On 29/05/1438H (corresponding to 26/02/2017G), the company’s shares were listed on the parallel market “Nomu” and traded, with a capital of eleven million two hundred and fifty thousand (11,250,000) Saudi Riyals. The shares subscribed by qualified investors through the offering were two hundred and twenty five thousand (225,000) ordinary shares with a nominal value of ten (10) Saudi Riyals per share, which constitutes 20% of the company’s capital post the offering.
- The Extraordinary General Assembly “EGM” approved, in its meeting held on 22/07/1438H (corresponding to 19/04/2017G), the capital increase from nine million (9,000,000) Saudi Riyals to eleven million two hundred and fifty thousand (11,250,000) Saudi Riyals.
- On 25/07/1439H (corresponding to 11/04/2018G), the EGM agreed to increase the company’s capital by granting free shares (bonus shares) to shareholders on the basis of one free share for every three shares held, therefore the increase would be from eleven million two hundred and fifty thousand (11,250,000) Saudi Riyals, divided into one million and one hundred and twenty-five thousand (1,125,000) ordinary shares, with a nominal value of ten (10) Saudi Riyals per share, to fifteen million (15,000,000) Saudi Riyals, divided into one million and five hundred thousand (1,500,000) ordinary shares, with a nominal value of ten (10) Saudi Riyals per share.
- On 04/11/1441H (corresponding to 25/06/2020G), the EGM approved the company’s capital increase by granting free shares (bonus shares) to shareholders from fifteen million (15,000,000) Saudi Riyals, divided to one million and five hundred thousand (1,500,000) ordinary shares, with a nominal value of ten (10) Saudi Riyals per share, to twenty-five million (25,000,000) Saudi Riyals, divided into two million and five hundred thousand (2,500,000) ordinary shares, with a nominal value of ten (10) Saudi Riyals per share, paid in full.
- On 01/06/1442H (corresponding to 14/01/2021G), the company’s name was announced to be changed in accordance with EGM approval in its meeting held on 12/03/1442H (corresponding to 29/10/2020G), where it was approved to amend Article (2) of the company’s articles of association, regarding the company’s name, from Al-Samaani Factory for Metal Industries Company to SADR Logistics Services.
- On 26/04/1443H (corresponding to 01/12/2021G) shareholders’ EGM approved the capital increase from twenty-five million (25,000,000) Saudi Riyals, divided into two million and five hundred thousand (2,500,000) ordinary shares, with a nominal value of ten (10) Saudi Riyals per share, so the capital reached one hundred and seventy-five million (175,000,000) Saudi Riyals, divided into seventeen million and five hundred thousand (17,500,000) ordinary shares, with a nominal value of ten (10) Saudi Riyals.

3-3 Company's Main Activities

The company operates under commercial registration no. (1131012302) dated 20/08/1414H (corresponding to 31/01/1994G). The company's activities are as follows:

- Manufacturing wooden pallets.
- Manufacturing ready-made iron structures.
- Manufacturing finished and semi-finished metal products by forging, pressing, or casting and rolling.
- Manufacturing plastic furniture for all purposes.

Under the license of the Ministry of Industry and Mineral Resources no. (421102109011) dated 02/05/1442H which expires on 14/01/1445H, the Company's main activity is manufacturing structural metal products (2511).

Pursuant to the Company's articles of associations, the main activities are as follows:

- Manufacturing industries and their branches pursuant to the industrial licenses.
- Construction and building.
- Transport, storage and refrigeration.
- Financial, business and other services.
- Social, collective and personal services.
- Trade.
- Information technology.
- Security and safety.
- Agriculture and fishing.
- Mines, Petroleum and their branches.
- Electricity, gas, water and their branches.

The Company may carry out all works necessary to achieve its purposes, and it shall perform its activities in accordance with Companies Law, the provisions, laws and regulations in force in the kingdom of Saudi Arabia after obtaining the necessary licenses from the competent authorities, if any.

The company operates through its main factory in Buraidah, head office in Riyadh and branches in Dammam and Buraidah, (For more information, please refer to Section (10) "Legal Information")

4-3 Company vision

The company seeks, through its experiences and values, to consolidate its brand and be a leader in its products. It aims to provide the best solutions to meet the needs of its customers in the field of storage and handling through strict adherence to quality, health and safety standards.

5-3 Company Mission

Provide the best solutions in storage and handling systems in accordance with international standards of quality and to be a leader in its field in the Gulf and Middle East market.

6-3 Company Strategy

- Geographical expansion across the Kingdom
- Growth through expansion of services and products
- Reach the customer across all channels
- Understand the customers' needs and serve them as required
- Provide integrated solutions for warehouses and logistics services

7-3 Company's strengths and competitive advantages

- Flexibility in supplying dates according to customer needs
- Diversity of suppliers inside the Kingdom or abroad
- The company's brand in the market as it has been operating for more than 12 years in the field of manufacturing shelves
- Meet customers' needs with a wide range of products and flexible designs to suit their needs

8-3 Substantial Shareholders

The table below sets out shareholding of Substantial Shareholders as of the date of this Prospectus:

Table No. (1): Substantial Shareholders

SR	Shareholder	Shareholding	Number of shares
1	Mohammed Abdullah Abdulkarim Al Samaani	17%	425.000
2	Bandar Mohammed Abdullah Al Samaani	11.52%	288.000
3	Abdullah Mohammed Abdullah Al Samaani	6.06%	151.500

Source: The Company

9-3 Company branches

The company provides and markets its various industrial products and services through its head office in the city of Buraidah, and its branches in Dammam, Riyadh, and Buraidah, and below are the details of branches:

Table No. (2): Company branches

S R	Registered name	City	Commercial Registration No.	Activity	Issue Date	Expiry Date
1	Al Samaani Factory for Metal Industries Company	Damma m	205011543 4	Wholesale and retail trade in shelves and pallets	08/05/1439H (corresponding to 25/01/2018G)	08/05/1443H (corresponding to 12/12/2021G)
2	Al Samaani Factory for Metal Industries Company	Buraidah	113103561 0	Importing industrial materials and equipment, importing nuts, metal shelves, production materials, and importing manual forklifts and wood.	12/07/1432H (Corresponding to 14/06/2011G)	09/09/1443H (corresponding to 10/04/2022G)
3	Al Samaani Factory for Metal Industries Company	Buraidah	113102305 1	General contracting for buildings, maintenance, cleaning and restoration of buildings, gypsum works, decoration	02/02/1428H (corresponding to 20/02/2007G)	09/09/1443H (corresponding to 10/04/2022G)

				of buildings, and works of water and sewage networks.		
4	Al Samaani Factory for Metal Industries Company	Riyadh	1010947309	Wholesale of meat products, Wholesale of fish products, Wholesale of coffee and tea products, Wholesale of food and beverages, Frozen food warehouses.	27/06/1439H (corresponding to 15/03/2018G)	27/06/1443H (corresponding to 30/01/2022G)

Source: The Company

10-3 Companies in which the company holds shares

The company does not own any investments in companies, whether inside the Kingdom or abroad, and the company does not own any subsidiary company.

11-3 Business interruption

There was no disruption in the Company's business that may impact or has significantly impacted the financial condition during the last twelve (12) months.

12-3 Employees and Saudization

As at the date of this Prospectus, the company's rating as per Nitaqat program is (high green), and pursuant to Saudization certificate issued by Ministry of Human Resources and Social Development under no. (20002107000420), the Company has realized the required Saudization rate.

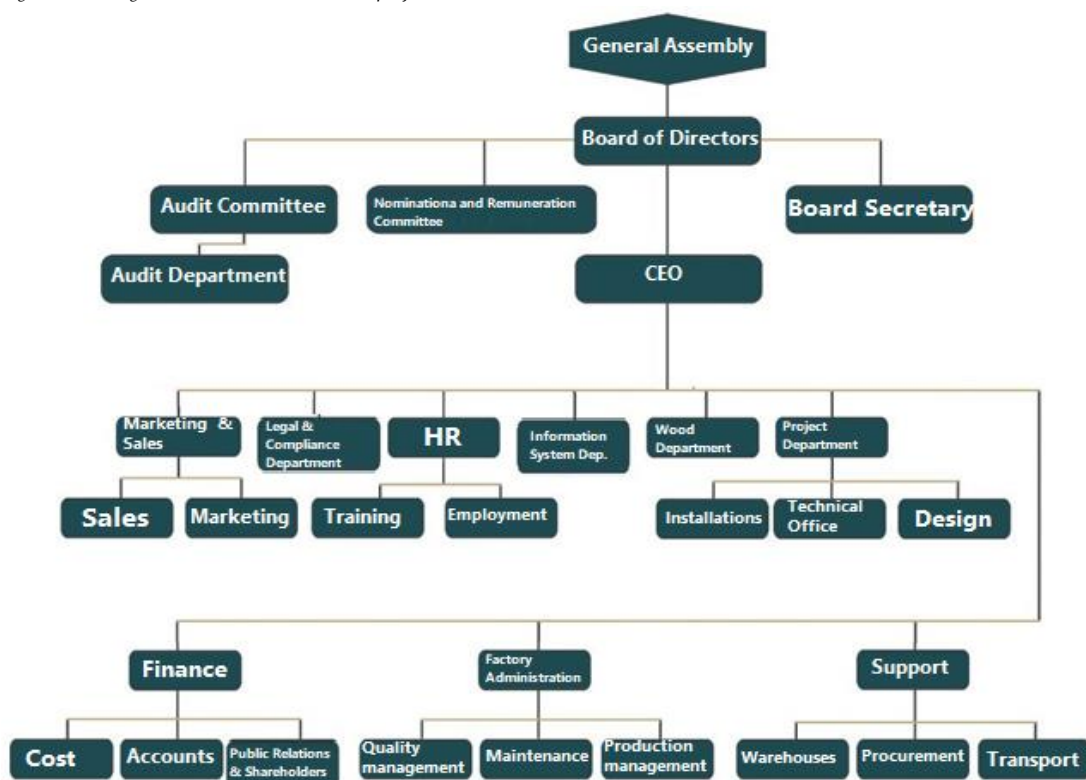
DEPARTMENT	2018G		2019G		2020G		MARCH 31, 2021G	
	Saudis	Non-Saudis	Saudis	Non-Saudis	Saudis	Non-Saudis	Saudis	Non-Saudis
EXECUTIVE DEPARTMENT	2	0	2	0	2	0	2	0
FINANCE DEPARTMENT	4	4	5	4	4	4	4	5
QUALITY DEPARTMENT	4	1	4	1	4	1	4	1
HUMAN RESOURCES DEPARTMENT	8	0	8	0	11	0	12	0
PROCUREMENT DEPARTMENT	4	2	4	3	8	3	8	2
MARKETING DEPARTMENT	10	10	10	10	12	10	13	10
TECHNICAL DEPARTMENT	3	3	3	3	3	3	3	3
WOOD DEPARTMENT	1	15	1	15	2	16	2	19
PROJECT DEPARTMENT	4	3	4	3	5	3	6	3
PRODUCTION DEPARTMENT	2	92	2	95	3	103	4	133
IT DEPARTMENT	0	0	0	0	0	1	0	1
TOTAL	42	130	43	134	54	144	58	177
			177		198		235	

4 Organizational structure of the Company

1-4 Organizational structure

The following figure shows the organizational structure of the company:

Figure no. (1): Organizational Structure of the Company



2-4 Board of directors

The following table shows the members of the company's board of directors:

Table No. (3): Board members:

Board Members							
The company's board of directors appointed on 16/01/1443H (corresponding to 24/08/2021G)							
Name	Position	Membership Status	Appointment Date	Nationality	Age	Shares	
						Direct**	
						No.	Percentage
Mohammed Abdullah Al Samaani	Chairman	Non-Executive Non-Independent	16/09/2021G	Saudi	65	425,000	17%
Bandar Mohammed Al Samaani	CEO And Deputy Chairman of the Board of Directors	Executive Non-Independent	16/09/2021G	Saudi	44	288,156	11.52%
Khaled Suleiman Abdullah Al Mudaifer	Board Member	Non-Executive Independent	16/09/2021G	Saudi	52	0	0
Tariq Saad Abdulaziz Al-Tuwaijri	Board Member	Non-Executive Independent	16/09/2021G	Saudi	42	1	0.00004%
Khaled Abdulaziz AlBakri	Board Member	Non-Executive Independent	16/09/2021G	Saudi	43	0	0

Source: The Company

*The General Assembly approved, in its meeting held on 16/01/1443H (corresponding to 24/08/2021G), the appointment of the board members for the next session, for a period of three years starting on September 16, 2021G and ending on September 15, 2024G. /04/2019G.

** The Board members have no indirect ownership in the company as at the date of this prospectus.

The Company complies with the Companies Law and CMA's Corporate Governance Regulation, whereas the Company's bylaws stipulate that the number of board members shall be five members elected by EGM for a period not exceeding three years. The Company also complies with Article (16) of the Corporate Governance Rules, which provides that the majority of board members shall be non-executive, and that the independent members of the board shall not be less than two members or one third of the total number of board members, whichever is higher.

3-4 Company's Committees

The following is a description of the company's committees, their responsibilities and current members of each committee:

1-3-4 Audit Committee

The audit committee shall comprise of three (3) members. The members of Audit Committee were appointed by the (Ordinary) General Assembly Meeting held on 16/01/1443H (corresponding to 24/08/2021G). The Audit Committee was formed for

the current session, for three (3) years starting from September 16, 2021G and ending on September 15, 2024G. The below table shows the committee members as of the date of this prospectus:

Table No. (4): Members of the Audit Committee

Position	Name
Independent board member	Khaled Suleiman Al Mudaifer
Independent board member	Tariq bin Saad al-Tuwaijri
External financial member	Yazeed Bin Hussam Alhayaaf

Source: The Company

Summary Roles and Responsibilities of Audit Committee:

The Audit Committee is responsible for monitoring the company's business and verifying the integrity of its reports, financial statements and internal control systems. The committee's tasks, as stated in the company's corporate governance guide, include the following:

- a. Financial reports:
 1. Study the company's initial and annual financial statements before submitting them to the Board of Directors and provide its opinion and recommendation in this regard, to ensure their integrity, fairness and transparency.
 2. Provide a technical opinion - at the request of the Board of Directors – on whether the Board's report and the company's financial statements are fair, balanced and understandable and include information that allows shareholders and investors to evaluate the company's financial position, performance, business model and strategy.
 3. Examine any important or unfamiliar issues included in the financial reports.
 4. Careful examination of any issues raised by chief financial officer or whoever assumes his/her duties, compliance officer, or auditor.
 5. Verify the accounting estimates used in the company and provide its opinion and recommendation to the Board of Directors in this regard.
- b. Internal audit:
 1. Examine and review the company's internal and financial control and risk management systems.
 2. Examine the internal audit reports and follow up the implementation of corrective actions for the notes contained therein.
 3. Oversee and supervise the performance and activities of the internal auditor and internal audit department of the company - if any - to verify the availability of necessary resources and their effectiveness in performing the jobs and tasks assigned to them. If there is no internal auditor, the committee must submit its recommendation to the Board regarding the need for appointing an internal auditor.
 4. Recommend the Board of Directors to appoint an internal audit unit or department director or internal auditor and suggest his remuneration.

c. Auditor:

1. Recommend the Board of Directors to nominate and dismiss auditors, determine their salary, and evaluate their performance, after verifying their independence and reviewing the scope of their work and terms of their contract.
2. Verify the independence of the company's auditor and his work and verify whether he/she provides technical or administrative works outside the scope of audit work and provide its views in this regard.
3. Answer the company's auditor's inquiries.
4. Examine the auditor's report and his/her notes on the financial statements and follow up on the actions taken in this regard.

d. Ensure compliance:

1. Review the results of reports of supervisory authorities and verify that the company has taken the necessary actions in this regard.
2. Verify the company's compliance with relevant laws, regulations, policies and instructions.
3. Review the contracts and transactions to be conducted by the company with related parties and provide its views in this regard to the Board of Directors.
4. Raise the issues it deems necessary to be acted upon to the Board of Directors and provide its recommendations for the actions to be taken.

4-4 Executive Department

The table below shows the details of the company's executive management:

Table No. (5): Executive management

Name	Position	Date of Appointment	Nationality	Age	Shares			
					Direct		Indirect****	
					Number	Percentage	No.	Percentage
Bandar Mohammed Abdullah Al Samaani	Managing director	14/03/2021G	Saudi	44	288.000	11.52%	-	-
Abdulrahman Ibrahim Hamad Al-Hadlaq	Chief Executive Officer (CEO)	14/03/2021G	Saudi	31	0	0	0	0
Ahmed Mostafa Mostafa Kortam	Chief Executive Financial Officer (CEFO)	18/04/2012G	Egyptian	39	0	0	0	0

Mohammed Rahmatullah	Quality Department Officer	01/12/2019G	Indian	35	0	0	0	0
Maha bint Fahad bin Nafisa	Human Resources Specialist	15/09/2019G	Saudi	24	0	0	0	0
Sayed Ahmed Mohamed Sayed Ahmed	Procurement Department Officer	08/03/2021G	Sudanese	62	0	0	0	0
Ahmed Abdullatif Amin Habib	Marketing Department Manager	16/10/2010G	Egyptian	40	0	0	0	0
Ahmed Mohammed Al-hassaneen Al-Helou	Technical Department Manager	25/10/2014G	Egyptian	33	0	0	0	0
Tamer Mohsen Hassan Naseer	Wood Department Manager	15/09/2018G	Egyptian	39	0	0	0	0
Rami Abdullah Mohammed Issa	Project Department Manager	12/12/2019G	Egyptian	36	0	0	0	0
Arslan Sadiq Arslan	Production Department Officer	02/04/2014FG	Pakistani	32	0	0	0	0
Wael Abul-Hassan Shazli Abul-Hassan	IT Department Manager	01/03/2020G	Egyptian	35	0	0	0	0

Source: The Company

5-4 Compensation and Remuneration of Board Members and Senior Executives

Nomination and Remuneration Committee shall suggest the compensation and remuneration received by board members and senior executives. The table below shows details of the salaries, bonuses and allowances received by the board members and top five executive managers during the past three years:

Table No. (6): Remunerations and Allowances received by board members and senior executives

(In Saudi Riyals)	Financial year ending on December 31, 2018G	Financial year ending on December 31, 2019G	Financial year ending on December 31, 2020G
Board Members	418.825	268.739	449,028
Remunerations for Senior Executives	1.077.230	1.317.338	1,395,494
Total	1.496.055	1.586.077	1.844.522

Source: The Company

5 Employees

1-5 Current employee stock ownership programs before the application for registration and offering the rights subject to this Prospectus

As at the date of this Prospectus, the Company has no employee stock ownership program.

2-5 Arrangements granting employees a share in the Capital

As of the date of this Prospectus, there are no arrangements for granting employees a share in the capital.

6 Financial Information and Management's Discussion and Analysis

1-6 Introduction

The following discussion and analysis of the financial condition and the results of operations are based on the Company's audited financial statements for the financial years ending on December 31, 2018G, 2019G and 2020G, and the notes enclosed thereto. Ibrahim Ahmed Al-Bassam & Partners Co. has audited the Company's financial statements for the years ending on December 31, 2018G, 2019G, and 2020G, and Examined the unaudited condensed financial statements for the three-month period ending on March 31, 2021G, in accordance with International Financial Reporting Standards (IFRS) approved in the Kingdom of Saudi Arabia, and other standards and issuances approved by Saudi Organization for Chartered and Professional Accountants (SOCPA) (International Financial Reporting Standards approved in the Kingdom of Saudi Arabia).

They are based and should be read in conjunction with the company's audited financial statements for the financial years ending on December 31, 2018G, 2019G and 2020G, the unaudited condensed financial statements for the three-month period ending on March 31, 2021G, and the notes attached thereto (hereinafter referred to as the "financial statements"), attached to this Prospectus.

Neither Ibrahim Ahmed Al-Bassam & Partners Co. nor any of its subsidiaries or sister companies have any stake or interest of any kind in the Company, which may affect its independence. It has given its written consent and has not withdrawn it with regard to the publication of its name, logo, and statement in this Prospectus as the Company's auditor for the above-mentioned years.

All numbers contained in this section are displayed in Saudi Riyals unless stated otherwise. The amounts were rounded up to the nearest whole number and percentages are rounded to the nearest decimal point. Therefore, a calculation of the percentage increase/decrease based on amounts presented in tables within this Section (shown in thousands) may not be exactly equivalent to the corresponding percentages as stated in tables. In addition, for the purposes of this section "Financial Information and Management's Discussion and Analysis" of management discussion and analysis of the financial position and results of operations, the financial information for the financial years ending on December 31, 2018G, 2019G, 2020G, and the three-month period ending on March 31, 2020 has been used from the comparative financial information presented in the financial statements for the years ending on December 31, 2019G, 2020G and March 31, 2021G, respectively.

This section may include forward-looking statements related to the Company's prospects based on the Management's current plans and expectations regarding the Company's growth, results of operations and financial conditions, which may involve uncertain risks and expectations. The Company's actual results may also differ significantly from those expectations as a result of multiple future factors and events including those discussed in this section of the Prospectus or elsewhere, particularly those contained in section (2) "Risk Factors".

2-6 Directors' Declarations on Financial Statements

Board members declare that:

1. All substantive facts relating to the Company and its financial performance have been disclosed in this Prospectus, and that there is no information, documents or other facts that, if not omitted, the statements contained in this Prospectus will become misleading.
2. The financial information contained in this Prospectus has been extracted from the Company's audited financial statements for the financial years ended on December 31, 2018G, 2019G and 2020G, in addition to the unaudited

condensed financial statements for the three-month period ended on March 31, 2021G, and the notes attached thereto without any substantial modification, and that they contain financial information provided on a consolidated basis in a format that is consistent in accordance with the financial statements approved by the Company on annual basis in accordance with the International Financial Reporting Standards (IFRS).

3. The Company does not have any holdings in contractual securities or other assets whose value is subject to fluctuations or whose value is difficult to ascertain, which may negatively affect the assessment of the financial position.
4. The Company is not aware of any seasonal or activity-related economic factors that may have an impact on the Company's business and financial situation except as disclosed in section (2) "Risk Factors" of this Prospectus
5. The Company has no information on any government, economic, financial, monetary, political policies or other factors that have substantially affected or may affect (directly or indirectly) the Company's operations except as disclosed in this section of this Prospectus
6. The company did not witness any capital adjustments during the three years immediately preceding the date of submitting the application for registration and offering the securities subject to this prospectus, except for what was disclosed in this section of the prospectus.
7. That the Company does not have any capital covered by an option right as of the date of this Prospectus.
8. Except for what was disclosed in section "4.1.2" "Risks of Guarantees", the Company does not have any issued, existing, or approved debt instruments that have not been issued, term loans, mortgage or unsecured loans, or personal secured loans.

The Company has no contingent liabilities, guarantees, or any significant fixed assets that it intends to purchase or lease, other than what has been disclosed in this section and Section "4.1.2" (Risks of Guarantees) and Section (Use of Proceeds and Future Projects)

9. That the Company does not have any loans or other indebtedness, including short selling from bank accounts. They also declare that there are no warranty obligations (including personal or unsecured with personal guarantees, secured or unsecured by a mortgage) or obligations under acceptance, acceptance credit, or lease-purchase obligations except as disclosed in Section "4.1.2" (Risks of Guarantees) of this Prospectus.
10. The Company has inflicted losses during the financial period ending on March 31, 2020G. Except for what is disclosed in this Prospectus, there has been no substantial negative change in the Company's financial and commercial position during the three financial years immediately preceding the date of submitting the application for registration and offering the securities subject to this prospectus, in addition to the end of the period covered by Auditor's Report until the prospectus is approved.
11. Except for what is disclosed in this Prospectus, no commissions, discounts, brokerage fees, or any non-monetary compensation were granted by the Company to any board members, senior executives, or those responsible for offering the securities, who did not obtain any of such payments during the three years immediately preceding the date of submitting the application for registration and offering the securities subject to this prospectus, in relation to the issuance or offering of any securities.
12. Other than what is stated in pages (E, 39) of this Prospectus, the board members or any of their relatives do not have any shares or interest of any kind in the Company.

3-6 Summary of Significant Accounting Policies

The following is a summary of significant accounting policies followed in preparation of these financial statements:

1-3-6 Basis of preparation

A. Statement of Compliance

The financial statements have been prepared on the historical cost basis, except for cases where IFRSs require another basis of measurement as disclosed in the Summary of Significant Accounting Policies No. (1.3) of this Prospectus.

B. New standards, amendments to standards and interpretations adopted by the Company

(B.1) Impact of the initial application of wage cuts related to the Covid-19 pandemic in amendment of IFRS 16

On May 28, 2020G, the IASB issued an amendment to IFRS 16 Lease Contracts related to the Covid-19 pandemic, as a practical method, as the lessee may choose not to assess whether the rent reduction related to COVID-19 from the lessor is an amendment to the lease agreement. A lessee making this choice accounts for any change in rent payments resulting from a rent reduction related to COVID-19 in the same way it would interpret the change under IFRS 16, if the change is not an amendment to the lease.

The practical method applies only to rent reductions that occur as a direct result of COVID-19 and only if all of the following conditions are met:

- The change in lease payments results in a modified lease consideration that is substantially the same as, or less than, the lease consideration immediately prior to the change.
- Any reduction in rent payments affects only payments due commencing on or before 30 June 2021G (the rent reduction will fulfill this condition if it results in a reduction in rent payments on or before 30 June 2021G and an increase in rent payments after 30 June 2021); and
- No material changes in the other terms and conditions of the lease agreement.

In the current year, the Company has applied the following amendments to the standards and interpretations of International Financial Reporting Standards issued by the Saudi Organization for Auditors and Accountants and approved in the Kingdom of Saudi Arabia, which are effective for an annual period beginning on or after January 1, 2020G. Its application had no material impact on the disclosures or on the amounts included in these financial statements.

Amendments to the Standard	Description	Applicable for years beginning on or after	Summary of the Amendments
IAS (1) and IAS (8)	Definition of Materiality	January 1, 2020G	The amendments introduce a new definition of materiality and clarify that materiality will depend on the nature or volume of information, either individually or in combination with other information, in the context of the financial statements.
IFRS (3)	Business definition	January 1, 2020G	The amendment makes clear that, in order to be considered as business, an integrated set of

				activities and assets must include, at least, substantive inputs and processes that together contribute significantly to the ability to create outputs. Furthermore, it demonstrates that business can exist without including all the inputs and processes needed to create the output.
Revised Financial Reporting Conceptual Framework	Amendments to the conceptual framework references in IFRS, updated definitions and recognition criteria for assets and liabilities clarification of some important concepts.	January 1, 2020G		The revised conceptual framework includes some new concepts, updated definitions and criteria for recognition of assets and liabilities, and clarifies some important concepts.
IFRS 7 and (9) and IAS (39)	Correction of interest rate measurement	January 1, 2020G		Fundamental review and correction of the key rate measurement is carried out globally. The IASB is engaged in a two-stage process to amend its guidance to help a smoother transition away from the interbank offered rate.

New revised standards and interpretations published but are not yet effective

At the date of adoption of these financial statements, the Company had not applied the following new and revised IFRSs published but not yet effective:

Amendments to the Standard	Description	Applicable for years beginning on or after	Summary of the Amendments
IFRS (9), (7), (4), (16) and IAS 39	Interest Rate Measurement Correction - Phase 2	January 1, 2021G	These amendments modify the specific hedge accounting requirements to allow hedge accounting for the affected hedge to continue during the uncertainty period before the affected hedge items or hedging instruments are adjusted to current interest rate standards as a result of the ongoing interest rate benchmark reforms. The amendments also introduce new disclosure requirements to IFRS 7 for hedging relationships that are subject to the exceptions made by the amendments to IFRS 9.
IAS 37	Unfair contracts – Cost of fulfilling the contract	January 1, 2022G	The amendments specify that the “cost of fulfilling” a contract includes “costs that are directly related to the contract.” These amendments apply to contracts for which the entity has not yet fulfilled all of its obligations at the beginning of the annual reporting period in which the entity first applies the amendments.

IFRS (16), (9), (1) and IAS (41)	Annual Amendments to International Financial Reporting Standards (cycle 2018G - 2020)	January 1, 2022G	<p>IFRS 16: The amendment removes the illustration of reimbursement for improvements to rental properties</p> <p>IFRS 9: The amendment clarifies that when the "10 percent" test is applied to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender. The amendment shall apply prospectively to adjustments and exchanges that occur on or after the date on which the entity first applies the amendment.</p> <p>IAS (41): The amendment cancels the IAS (41) requirement for entities to exclude tax cash flows when measuring fair value.</p> <p>IFRS 1: The amendment provides an additional exemption for a subsidiary that after its first application becomes after the parent company with respect to accounting for cumulative translation difference.</p>
IAS (16)	Property, plant and equipment: Proceeds before its intending on use	January 1, 2022G	The amendments prohibit deduction from the cost of any item of property, plant and equipment and any proceeds from the sale of items produced before that asset is available for use. In addition, the amendments also clarify the meaning of "test whether the asset is working properly".
IFRS (3)	Reference to the conceptual framework	January 1, 2022G	The amendment as a whole updated IFRS 3 to refer to the 2018G conceptual framework instead of the 1989 framework.
IAS (1)	Classify liabilities as current or non-current	January 1, 2023G	The amendment clarifies what is meant by a right to defer settlement, that the right to defer must exist at the end of the reporting period, and that this classification is not affected by the possibility that an entity will exercise its right of deferment, only if the derivative is embedded in a convertible liability that is itself an equity instrument and the terms of compliance will not affect its classification

5-1 New standards, amendments to standards and interpretations adopted by the Company (continued)

New revised standards and interpretations published but not yet effective (continued)

Amendments to the Standard	Description	Applicable for years beginning on or after	Summary of the Amendments
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Amendments to IFRS (10) and IAS (28)	Sale or contribution of assets between an investor and a partner or joint venture	N/A	The amendments to IFRS (10) and IAS (28) deal with situations in which there is a sale or contribution of assets between an investor and an associate or joint venture. Specifically, the amendments state that profits or losses result from the loss of control over a subsidiary.
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Management expects that interpretations and amendments to these new standards will be applied in the Company's financial statements when they are applicable, and the application of these interpretations and amendments may not have any material impact on the Company's financial statements in the initial application period.

2-3-6 Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of these instruments. Financial assets and financial liabilities are initially measured at fair value.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or discounted from the fair value of the financial assets and financial liabilities, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit or loss are recognized directly in the statement of profit or loss and other comprehensive income.

Financial Assets

Financial assets are classified into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, financial assets available for sale, and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All sales and purchases of financial assets are recognized in the normal way or not recognized on the basis of the transaction date. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or custom in the market.

For future measurement purposes, financial assets are classified into the following categories upon initial recognition:

Effective interest rate / effective yield method

The effective interest rate/yield method is a method of calculating the amortized cost of a debt instrument and of allocating the interest/return income over the relevant period. The effective interest/return rate is the rate used to discount estimated future cash amounts (including all fees and points paid).

Depreciation of financial assets

Financial assets, other than financial assets at fair value through statement of profit or loss and other comprehensive income, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered impaired when there is

objective evidence that the estimated future cash flows of the investment have been affected as a result of one or more events that occurred after the initial recognition of the financial assets.

For equity investments available for sale, a significant or prolonged decline in the fair value of the securities below its cost is considered objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- Significant financial problems for the issuer or counterparty; or
- A breach of contract, such as a default or failure to pay interest or principal payments;
- It is possible that the debtor will go bankrupt or enter financial reorganization; or
- The disappearance of the active market for those financial assets due to financial problems.

For certain classes of financial assets, such as trade receivables, the assets are assessed for impairment on a collective basis even if they are assessed not to be impaired separately.

Objective evidence of impairment of a portfolio of receivables may include the Company's past experience in collecting payments, an increase in the number of delayed payments in the portfolio over the average credit period, as well as observable changes in global and local economic conditions that correlate with default on receivables.

For financial assets recognized in amortized cost, the amount of impairment loss incurred is the difference between the asset's book value and the present value of estimated future cash flows discounted at the financial asset's original effective interest/return rate.

For financial assets recognized in cost, the amount of impairment loss is measured as the difference between the asset's book value and the present value of estimated future cash flows, discounted at the current market rate of return for similar financial assets.

The book value of the financial assets is reduced through the impairment loss directly for all financial assets except for trade receivables where the book value is reduced through the use of provisions account. When the trade receivable is considered uncollectible, it is reduced against the provision account. Subsequent recoveries of amounts previously written off are credited against the provisions account. Changes in the book value of the designated account are recorded in the statement of profit or loss and other comprehensive income.

For financial assets measured at amortized cost, if, in a subsequent period, the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is derecognized through the statement of profit or loss and other comprehensive income to the extent that the book value of the investment, at the date the impairment was derecognized, does not exceed what it would have been if the impairment had not been recognized.

Exclusion of financial assets

The Company derecognizes financial assets when the contractual rights to the cash flows from the asset expire, or when it transfers the financial assets and substantially all the risks and interests of ownership of the assets to another party.

If the Company neither transfers nor retains substantially all the equity risks and interests and continues to control the transferred assets, the Company records its retained interest in the assets and related liabilities for amounts it may have to pay.

If the Company retains substantially all the risks and interests of ownership of the transferred financial assets, the Company continues to recognize the financial assets and also recognizes a secured borrowing against the proceeds received.

When the entire financial assets are disposed of, the difference between the book value of the assets and the sum of the consideration received and accounts receivable and the cumulative gain or loss that has been recognized in other comprehensive income and accumulated in equity is recognized in the statement of profit or loss and other comprehensive income.

On disposal of an incomplete financial asset, (e.g., when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous book value of the financial asset between the part that has continued to be recognized under continuing involvement and the part that is no longer recognized on the basis of the relative fair values of those portions at the date of transfer. The difference between the book value allocated to the portion that is no longer recognized and the amount of consideration received for the portion that is no longer recognized and any cumulative gain or loss assigned to it that has been recognized in other comprehensive income is recognized in the statement of profit or loss and other comprehensive income. The cumulative profits or loss recognized in other comprehensive income is allocated between the portion that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those portions.

Financial liabilities and equity instruments

Classification as financial liabilities or equity

Financial liabilities and equity instruments issued by the Company are classified as either financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of financial liabilities and equity instruments.

Equity Tools

An equity instrument is any contract that evidences a remaining share in an entity's assets after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received after deducting direct issuance costs.

Financial Liabilities

Financial liabilities are classified as either financial liabilities at fair value through statement of profit or loss and other comprehensive income or 'other financial liabilities'.

Other financial liabilities

Other financial liabilities (including loans and trade and other payables) are initially and effectively measured at amortized cost using the effective interest/yield method.

The effective interest/return method is a method of calculating the amortized cost of a financial liability and allocating interest expense over the relevant period. The effective interest/return rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs,

and other premiums or discounts) over the expected life of the financial liability; or (where applicable) a shorter period, to net book value at initial recognition.

Derecognition of financial liabilities

The Company derecognizes financial liabilities only when the Company's liabilities are discharged, canceled or expired. The difference between the book value of the financial liabilities disposed of and the consideration paid and receivable is recognized in the statement of profit or loss and other comprehensive income.

3-3-6 Property, Plant and Equipment

All other assets are initially recognized at acquisition cost, including any directly attributable costs of returning the assets to the site and condition necessary to enable the same to operate in the manner intending on by the Company Management. These assets are subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any.

When the major components of property, plant and equipment items have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the statement of profit or loss and other comprehensive income and calculated on a straight-line basis over the estimated useful lives of each item of property, plant and equipment. The following are the estimated depreciation rates for the assets that will be depreciated:

<u>Description</u>	<u>Ratio</u>
Buildings and structures	5 % -15%
Leasehold improvements	5% or the rental period, whichever is less
Plant and equipment	12%
Motor vehicles	25%
Tools	20%
furniture and fixtures	15-25%

Non-current assets are audited for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss (if any) is recognized at the amount by which the book value of the asset exceeds its recoverable amount. Bearing in mind that, the recoverable amount is an asset's fair value less costs to sell and its residual value in use, whichever is higher.

Assets under construction that are not ready for their intending on purpose are not depreciated.

Repair and maintenance expenses are charged to the statement of profit or loss and other comprehensive income. Repair and maintenance expenses that significantly increase the value of the assets or extend their useful life are capitalized.

The depreciation method, residual value estimates and useful lives are audited annually.

Any item of property and equipment and any significant part initially recognized is derecognised upon disposal or when no future interests are expected from its use or disposal. Any gain or loss arising on derecognition of an asset (calculated as the difference

between the net disposal proceeds and the book value of the asset) is recognized in the statement of profit or loss and other comprehensive income when the asset is derecognised. The book value of an asset is immediately reduced to its recoverable amount if the asset's book value is greater than its estimated recoverable amount.

4-3-6 Capital work in progress

Capital work-in-progress is recognized at cost less any impairment losses. All expenses related to specific assets incurred during the start-up and construction period are charged to the installation. The cost of stock is transferred to the appropriate category of property, plant and equipment when it is ready for use. Project cost includes purchase costs and costs attributable directly and indirectly to bringing the project to use.

5-3-6 Intangible assets

An intangible asset is initially recognized at cost equal to the fair value of the consideration given at the time the asset was acquired.

Intangible assets with finite useful lives are recognized in cost less accumulated amortization and accumulated impairment losses. Amortization is calculated using the straight-line method to allocate the cost of the assets over their useful life. Currently, the Company has a computer program as an intangible asset that is amortized over a period of 7-10 years.

Intangible assets that do not have a useful life are recognized in cost less impairment in value, if any.

Profits and losses on disposal of intangible assets are recognized in the statement of profit or loss and other comprehensive income.

Impairment of tangible and intangible assets

The Company makes an assessment at each financial statement date to ensure that there is evidence of a decline in the value of an asset. If such evidence exists, or when annual impairment testing is necessary, the Company estimates the asset's recoverable amount, which is the higher of the asset's fair value or cash-generating unit less costs to sell and its value in use. They are identified for an individual asset unless the asset generates cash inflows that are largely independent of other assets or groups of assets. Moreover, if the book value of the asset increases, it is reduced to the recoverable amount. In assessing the present value, the estimated future cash flows are discounted to their present value using a pre-tax discount rate (Pre-Zakat / Tax) that reflects current market assessments of the time value of money and the risks inherent in the asset.

The Company calculates impairment on the basis of detailed budgets and forecasts which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecasts usually cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to future cash flows after the budget period.

Impairment losses in continuing operations are recognized in the statement of profit or loss and other comprehensive income within the categories of expenses and in line with the function of the asset whose value has decreased.

Regardless of whether there is any indication of impairment, the Company also tests intangible assets that do not have finite useful lives (including goodwill) and intangible assets that are no longer available for use after ascertaining impairment in their value annually by comparing its book value and its recoverable amount. An impairment test may be conducted at any time during an annual period, provided that it is conducted at the same time each year. Different intangible assets can be tested for impairment

at different times, however, if these intangible assets were originally recognized during the current financial period, this tangible asset is tested before the end of the current annual period.

The impairment of goodwill is determined by estimating the recoverable amount of each cash-generating unit to which the goodwill relates. When the recoverable amount of the cash-generating unit is less than its book value, an impairment loss is recognized. Impairment losses relating to goodwill cannot be derecognized in future periods.

For assets, other than those mentioned above, at the end of each financial reporting period an assessment shall be made to ensure that there is evidence that previously recognized impairment losses no longer exist or have decreased. If such evidence exists, the Company estimates the recoverable amount of the asset or cash-generating unit. A previously recognized impairment loss is derecognized only if there has been a change in the assumptions used to determine the asset's recoverable amount since the date the last impairment loss was recognized. This derecognition is limited so that the book value of the asset does not exceed its recoverable amount or the book value that would have been determined, net of depreciation, had no impairment loss been recognized in prior years. This derecognition is recognized in the statement of profit or loss and other comprehensive income.

6-3-6 Borrowing Cost

Finance costs on loans that are directly used to finance the construction of the assets are capitalized during the period of time required to complete the assets and prepare them for their intending on use. Other borrowing costs are expensed in the period in which they are incurred and are included in 'Finance Cost' in the statement of profit or loss.

7-3-6 Stock

Stock include full production, production in progress, raw materials, warehouse supplies and spare parts, and are stated at the cost or net recoverable value, whichever is lower. Cost includes the cost of materials and all expenses directly attributable to the manufacturing process as well as an appropriate amount of other costs, based on normal operating capacity. The cost of finished products includes the cost of raw materials, labor and appropriate production overheads. The cost of stock is determined using the weighted average method.

Net recoverable value consists of the estimated selling price in the ordinary course of business, less incremental production costs to complete and selling and distribution expenses.

The Company reviews the book value of stocks on a regular basis and, when required, the stocks are written down to their net recoverable amount or provision for obsolescence is established if there is any change in the usage pattern and/or physical appearance of the relevant stock.

8-3-6 Cash and cash equivalent

For the purposes of preparing the statement of cash flows, the item of cash and cash equivalents consists of cash in hand, current accounts, deposits with banks and other short-term highly liquid investments with original maturities within three months or less from the date of acquisition, which can be easily converted into a specific amount of cash and are subject to immaterial risks of change in the value, demand liabilities and overdrafts that are paid on demand are deducted.

9-3-6 End of Service benefits

wages and salaries liabilities, including non-cash interests, accrued leave and tickets, which are expected to be paid in full within twelve months after the end of the period in which the employees render the related services, are recognized in respect of employee services up to the end of the reporting period and are measured at the amounts expected to be paid when settling liabilities. The current employee interest liabilities are presented in the Balance sheet.

Other liabilities related to long-term employee benefits

Other liabilities relating to long-term employee benefits (including interests for continuing service, long service leave and annual leave that are not expected to be paid in full within twelve months after the end of the period in which the employees provide the relevant long service) are measured at the present value of the expected future payments to be made. They are made regarding the services provided by employees until the end of the financial statements preparation period using the expected credit unit method, and they are recorded as non-current liabilities, taking into account the expected future wage and salary levels, employee resignations, workforce reduction rates, and service periods. Future payments are discounted using market yields at the end of the reporting period on high-quality government or corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of adjustments to changes in actuarial assumptions are recognized in the statement of profit or loss and other comprehensive income.

Liabilities are shown as current liabilities in the Balance sheet. The Company does not have an unconditional right to defer payment for at least 12 months after the reporting period, regardless of the actual payment date.

The net assets or retirement liabilities recognized in the Balance sheet relating to the post-employment defined benefit plan represents the fair value of the plan assets, if any, less the present value of the expected defined benefit obligation at the reporting date.

The provision for employees' end of service benefits is calculated according to the expected unit cost method in accordance with IAS 19 "Employee Benefits", taking into account the Labor Law in the Kingdom of Saudi Arabia, the provision is recognized based on the present value of the defined interest liabilities. The present value of the defined interest liability is calculated using assumptions about the average annual percentage of salary increase, the average length of employment of employees and the appropriate discount rate. The assumptions used are calculated on a consistent basis for each period and reflect management's best judgment. The discount rates are based on the best available estimates of market returns currently available at the date of the financial statements by reference to the Saudi Arabia commission rate swaps curve or other basis, as applicable.

The cost of the defined interest liability is calculated on a year-to-date basis using actuarial retirement costs at the end of the fiscal year, adjusted for significant market fluctuations and any significant one-time events. The actuarial liability is extending on based on assumptions at the beginning of the year. If there are significant changes in assumptions or arrangements during the period, these liabilities must be re-measured.

Remeasurement profits and losses arising from adjustments and changes in actuarial assumptions are recognized in the period in which the items of profit or loss and other comprehensive income occur. Changes in the present value of the defined benefit obligation arising from plan modifications or workforce reductions are recognized directly in the statement of profit or loss and other comprehensive income as past service costs.

Current and past service costs relating to post-employment benefits are recognized immediately in the statement of profit or loss and other comprehensive income, while the increase in the liability is recognized at the discount rates used as finance costs. Any changes in the net liabilities as a result of actuarial valuations and changes in assumptions are remeasured in profit or loss and other comprehensive income.

The Company's plan is exposed to actuarial risks such as deduction risk and salary risk.

The last actuarial valuation of the present value of the end of service benefits provision was made on December 31, 2020G.

10-3-6Provisions

A provision is recognized if, as a result of past events, it appears that the Company has a present legal or contractual obligation, the amount of which can be reliably estimated, and it is probable that an outflow of economic interests will be required to settle the obligation. Provisions are reviewed at each Balance sheet date and adjusted to reflect current best estimates.

11-3-6Contingent Liabilities

All contingent liabilities arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not entirely within the control of the Company, or all present liabilities arising from past events but not proven for the following reasons: (i) there is no possibility that an outflow of resources inherent in economic interests will be required to settle the obligation; or

(ii) the amount of the obligation cannot be measured with sufficient reliability, all of them must be evaluated at each Balance sheet date and disclosed in the Company's financial statements among contingent liabilities.

12-3-6Loans

Borrowings are initially recognized at fair value, net of transaction costs incurred. The loans are subsequently stated at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method.

13-3-6Revenue Recognition

Good Sale

Revenue is recognized at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer. This is based on the principle that revenue is generated when a good is controlled or a service is transferred to a customer. Revenue is measured at the fair value of the recipient or receivable, subject to contractually defined terms of payment and excluding taxes or duties. Revenue arrangements are evaluated against specific criteria to determine whether the Company is acting as a principal or agent. The specific recognition criteria described below must be met before revenue is recognized. In the absence of specific criteria, the above policy will apply and revenue will be recorded as earned and receivable.

Sales revenue

The Company recognizes revenue when controlling products sold and transfers to a customer, which will be considered in the context of the five-step approach and application of applicable shipping terms.

Return Rights

When a contract with a customer provides for the right to return the goods within a specified period, the Company calculates the right to return when the customer requests it and the contractual conditions are met.

Service revenue

Revenue is the fair value of the consideration received or receivable for rendering services in the ordinary course of business. Revenue is shown net of sales/value-added taxes, rebates, and discounts. If the Company provides interest-free credit to a buyer, revenue is recognized at the present value of future payments.

The Company recognizes revenue when the amount of revenue can be measured reliably, or it is probable that future economic interests will flow to the entity.

Distribution of performance liabilities

In some cases, the Company defines delivery services as separate from the sale of merchandise. This is done when delivery is the buyer's place and delivery services are provided to the buyer's location. The Company allocates a portion of the total transaction price for the provision of services based on its best estimate of a similar service.

Variable Pricing - Initial Pricing

Some products may be sold in some markets with variable pricing arrangements. These arrangements specify that an initial price is charged to the customer at the time control over the Products is transferred, while the final price of the products can only be determined with reference to a period of time ending on after such time. In such cases, and regardless of the formula used to determine the initial and final prices, revenue is recorded at the time of the transfer of control of the products in an amount representing the expected final amount of consideration received by the Company.

Where a company records "Receivables" for the initial price, subsequent changes in the estimated final price should not be recorded as revenue until the actual final price has been determined (as long as these changes are caused by changes in the market price/market price index of the products). However, upon subsequent re-measurement it may be considered a financial asset at fair value. This remeasurement may be recorded as separate income.

All other changes to the initial price are recorded against revenue with an additional receivable under a contract asset or contract liability. This contract asset or liability is recognized against the receivable at the time the actual final price is determined.

14-3-6Sales and marketing expenses and general and administrative expenses

Sales and marketing expenses and general and administrative expenses include direct and indirect costs that are not specifically part of cost of revenue. Allocations between cost of revenue, Sales and Marketing Expenses and general and administrative expenses, when necessary, are made on a consistent basis.

15-3-6Value Added Tax

Revenues, expenses and assets are recognized after deducting value-added tax except for:

- Where VAT incurred on the purchase of assets or services is not recoverable from the GAZT, in which case the transaction tax is recognized as part of the asset purchase cost or as part of the expense items, where applicable; and
- Accounts receivable and payable that have been included with the transaction tax amount.

The net amount of VAT recoverable from, or payable to the General Authority of Zakat and Income is included as part of accounts receivable or payable in the Balance sheet.

16-3-6Zakat

In accordance with the regulations of the General Authority for Zakat and Tax ("the Authority"), the Company is subject to Zakat. The Company's Zakat provision is recognized and charged to the statement of profit or loss and other comprehensive income. Additional Zakat liabilities, if any, related to assessments on previous years are calculated by the General Authority for Zakat and Income in the period in which the final assessments are issued.

The Company deducts taxes on some transactions with parties residing in the Kingdom of Saudi Arabia according to the Tax Laws in the Kingdom of Saudi Arabia.

The Company is primarily eligible to pay Zakat only. Since the derecognition of the timing differences, if any, is not expected to have any material impact on the amount of Zakat in the foreseeable future, and therefore no deferred tax liability or asset is recognized in these financial statements.

17-3-6Transactions and balances in foreign currencies

Transactions in foreign currencies are converted into Saudi Riyals using the exchange rate prevailing on the date of the transactions. Foreign exchange profits and losses resulting from the settlement of these transactions and from the remeasurement of monetary items denominated in foreign currency at the exchange rates prevailing at the end of the year are recognized in the statement of profit or loss and other comprehensive income.

Non-monetary items at the end of the year are not retranslated and measured at historical cost (translated using the exchange rates at the date of the transaction), except for non-monetary items measured at fair value that are translated using the exchange rates at the date when the fair value was determined.

18-3-6Sectoral Reports

A. Operational sector

The operating segment is a component of the Company that carries out activities from which it may generate revenues and incur expenses, including revenues and expenses related to transactions with other components of the Company. All sectors' results are periodically evaluated by the operating decision maker to make decisions and assess the performance of the resources allocated to each segment and the financial information available separately.

Sectors results that are reported to the operating decision maker include items directly attributable to the segment as well as those that can be allocated on an appropriate basis. Head office expenses, research and development costs, related assets/liabilities, and Zakat assets and liabilities.

The Company's products are manufactured in the Kingdom of Saudi Arabia and have operational sectors, (iron - wood - cranes - logistics - other). Each sector has reached the quantitative limits referred to in IFRS 8 Segmental Reporting Standard. With the exception of the logistics sector, which started from the third quarter of 2020G under long-term contracts and is expected to exceed the quantitative limits in 2021G. Accordingly, reports on the operational sectors were disclosed in the attached financial statements.

B. Geographical sector

A geographical sector is a group of assets, operations or entities engaged in profitable activities in a particular economic environment that are subject to risks and returns different from those operating in other economic environments.

19-3-6Earnings per share

The Company presents basic and diluted earnings per share for the common stock. Basic earnings per share from net profit (loss) is calculated by dividing the statement of profit or loss and other comprehensive income attributable to the Company's ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is determined by adjusting the statement of profit or loss and other comprehensive income attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all contingent reduced ordinary shares.

20-3-6Cash dividends and non-cash dividends to shareholders

Cash or non-cash distributions to shareholders are recognized as liabilities when the distribution is approved, and according to the Companies Law in the Kingdom of Saudi Arabia, dividends are approved when approved by the shareholders. The amount distributed is deducted directly from equity and recognized as a liability.

21-3-6Significant accounting estimates and assumptions

a) Significant accounting estimates and judgments

The preparation of financial statements in accordance with International Financial Reporting Standards applied in the Kingdom of Saudi Arabia requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are audited on an ongoing basis. Adjustments that result in a revision of accounting estimates, their effect is shown in the audit period and future periods affected by these adjustments.

b) Uncertainty of estimates

The following is information about significant areas of estimation, uncertainties and significant judgments in applying accounting policies that have a significant effect on the amounts recognized in the financial statements:

Provision for employees' end of service indemnity

The present value of the obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. In addition, the specific obligation requires assumptions to be made for future results which mainly include an increase in salary and interests, and the discount rate used to convert future cash flows to their present value. Any changes in these assumptions will affect the book value of the liability.

Estimation of useful life, depreciation/depreciation rate, depreciation method and residual values of property, plant and equipment and intangible assets

Management reviews its estimates of the useful lives of depreciable assets, the depreciation/amortization rate, the depreciation method and the residual value used in calculating depreciation at each reporting date based on the expected usage of the assets. The uncertainties in these estimates relate to technological obsolescence that may alter the usefulness of the assets.

Zakat provision

When estimating the current Zakat payable by the Company, the management takes into consideration the applicable laws and decisions/rulings of the General Authority for Zakat and Income on some of the previous issues.

Impairment of non-financial assets

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. The uncertainty of estimates relates to assumptions about future operating results and the determination of an appropriate discount rate.

Impairment of financial assets

A provision for impairment of financial assets is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the agreement. Significant financial difficulties facing the customer, the possibility of the customer entering into bankruptcy or financial restructuring, and default or delay in payments are all indicators of objective evidence of impairment of trade receivables. For significant individual amounts, an assessment is made on an individual basis. Amounts that are not individually significant, but which are overdue, are assessed collectively and a provision recognized considering the length of time based on historical recovery rates.

Stock realizable values

Management estimates the net realizable values of stocks, considering the evidence that is most reliable at the time the estimates are used. Future stock realization may be affected by future technology or other market-driven changes that may reduce future selling prices.

Fair Value Measurement

Management uses valuation techniques to determine the fair value of financial instruments (when active market prices are not available). This includes making estimates and assumptions consistent with how market participants will price the instrument. Management bases its assumption on the observable financial statements as far as possible but this is not always available. In such

case, the Management uses the best available information. Estimated fair values may differ from the actual prices that would be achieved in a purely commercial transaction at the reporting date.

4-6 Risk Factors

The most important operational, financing and potential market risks facing the Company and the Company's policy in managing them are as follows:

A. Operational risks:

The most important of these risks is reliance on main raw materials, which is iron, and reliance on major suppliers of these materials, such as SABIC. The Company is working to diversify its suppliers inside and outside the Kingdom and adopt a purchasing policy that ensures the availability of raw materials necessary for production in a timely manner. The Company also faced operational risks represented in high costs government fees for labor related to operational activity and government initiatives for the industrial sector had a great impact in mitigating these risks and burdens on the Company during the financial year 2020G and the subsequent years.

B. Financial risks:

It is represented in the credit risk when one of the parties is unable to fulfill its financial liabilities and the Company works to manage credit risks by studying the granting of credit according to specific conditions and making provisions to meet expected credit losses. This represents a burden on the Company in terms of financing costs or the inability to pay liabilities if the Company uses these facilities, and the company's management works on using the facilities to the extent necessary while scheduling the resulting liabilities through the Company's cash management.

C. Market risk:

The risks of increased competition and the risks of fluctuations in the prices of raw materials are considered among the most important market risks facing the Company. The Company's management works to reduce the impact of competition by focusing on quality, customer satisfaction, product development and solutions provided for customers. The Company is also working on studying market prices for competitors and raw materials to predict price trends and adopting a purchasing policy that enables the Company to face the risks of raw materials price fluctuations.

D. Coronavirus:

At the beginning of 2020, the emergence of the new Corona virus and its consequent impact on the world's business sectors were confirmed. The Company's management has taken all necessary measures and measures to protect the company, its employees and those who deal with it. Despite those challenges that the company faced, like other companies, the Company's operations continued and were not significantly affected, because the Company has implemented the necessary policies to confront the crisis well and benefit from the initiatives and incentives provided by government agencies, and the Company's management does not believe that there is any factor due to the change in the pandemic conditions that may affect the company's operational operations during the coming period, and the company will disclose any fundamental changes in the future. if it occurs.

5-6 Operations results

1-5-6 Key Performance Indicators

The following table indicates the Company's key performance indicators for the fiscal years ending on December 31, 2018G, 2019G and 2020G, in addition to the three-month period ending on March 31, 2021

Table No. (7): Key Performance Indicators

	Unit	Financial year ending on December 31			Three-month period ending on March 31
		2018G Audited	2019G Audited	2020G Audited	2021G
Revenue growth rate	%	(%14.4)	%6.3	%29.1	%45.0
Net growth rate (loss)/profit	%	(%91.9)	(%514.0)	(%235.5)	284.8%
Gross profit margin	%	%27.3	%23.3	%27.0	%29.7
Margin (loss)/profit from operations	%	%2.3	(%3.7)	%6.3	%6.9
Net Margin (Loss)/Profit	%	%1.2	(%4.5)	%4.8	%4.0
(Loss)/profits per share	x	0.31	(0.76)	(1.03)	0.13
Current Assets/Current Liabilities	x	9.15	5.76	2.34	2.30
Total Assets/Total Liabilities	x	7.15	4.97	2.04	2.13
Return on assets	%	%1.1	(%4.6)	%3.8	%0.9
Return on equity	%	%1.3	(%5.8)	%7.5	%1.7

Source: Management Information. The symbol (x) shows that performance indicators are shown in numbers.

2-5-6 Income Statement

The following table indicates the Company's income statement for the fiscal years ending on December 31, 2018G, 2019G and 2020G.

Table No. (8): Income Statement

One thousand Saudi Riyals	Financial year ending on December 31			Increase/(decrease)		CAGR – 2018G – 2020G
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	
Revenues						
Revenues	39,531	42,036	54,283	%6.3	%29.1	%17.2
Revenue cost	(28,747)	(32,226)	(39,604)	%12.1	%22.9	%17.4
Gross profit	10,784	9,810	14,679	(%9.0)	%49.6	%16.7
Sales and Marketing Expenses	(5,321)	(7,102)	(5,895)	%33.5	(%17.0)	%5.3
General and administrative expenses	(4,182)	(4,381)	(4,868)	%4.8	%11.1	%7.9
Impairment losses on trade receivables	(822)	(50)	(542)	(%93.9)	%984.5	(%18.8)
Other revenues, net	447	159	49	(%64.4)	(%69.2)	(%66.9)
Profit/(loss) from operations	908	(1,564)	3,423	(%272.3)	%318.8	%94.2
Interests of Lease Liabilities	(59)	(41)	(420)	(%30.3)	%923.9	%167.2
Gain on investments recognized in fair value through profit or loss	500	516	415	%3.1	(%19.6)	(%8.9)
Net profit / (loss) before Zakat	1,349	(1,089)	3,417	(%180.7)	%413.8	%59.1
Zakat	(889)	(815)	(839)	(%8.4)	%2.9	(%2.9)
Net profit/(loss) for the year	460	(1,904)	2,579	(%514.0)	%235.5	%136.8

Source: The Company's audited financial statements for the fiscal years ending on December 31, 2018G, 2019G and 2020G.

Total revenue witnessed a slight increase by 6.3% from 39.5 million Saudi Riyals in 2018G to 42.0 million Saudi Riyals in 2019G, due to an increase in wood sales by 61.0% as a result of the expansion in the wood customer base and the entry of new customers to the Company and focus on manufacturing sales. A new sector manager has been appointed. Total revenues continued to increase by 29.1% from 42.0 million Saudi Riyals in 2019G to 54.3 million Saudi Riyals in 2020G. The increase was as a result of an increase in warehousing equipment sales, logistics sales and other services sales. The Company's management clarified that the increase in sales of storage equipment, specifically forklifts, during the year 2020G was the result of a contract with Seera Company (the three buildings) to supply forklifts, as the sales of this contract during the year 2020G amounted to 5.0 million Saudi Riyals. The increase in sales during the same year was affected by the Company entry into new sectors such as the logistics sector, where the sales of this sector during the year 2020G reached 4.5 million Saudi Riyals, in addition to entering the construction sector for the establishment of warehouses and refrigerators. The company also clarified that the Al Yahya Company Contract in particular, which is among the other services sector, contributed positively to sales during the year with an amount of 3.1 million Saudi Riyals.

The cost of revenue mainly consists of the cost of revenue from the iron sector, wood, storage equipment and logistics sector and other sectors. The increase in the cost of revenue during the year 2019G represented 12.1%, or the equivalent of 3.5 million Saudi Riyals, from 28.7 million Saudi Riyals to 32.2 million Saudi Riyals. The increase is due to the increase in the volume of revenues, which contributed to the increase in the value of revenue costs, in addition to the combination of sales from different sectors, where the sales of the wood sector grew, which led to an increase in the cost of sales for this sector by 3.0 million Saudi Riyals. The cost of revenue also recorded an additional increase of 22.9%, or the equivalent of 7.4 million Saudi Riyals, from 32.2 million Saudi Riyals in 2019G to 39.6 million Saudi Riyals in 2020G due to an increase in sales by 29.1%, which led to an increase in the cost of revenues by 22.9% as the cost of revenue for the new logistics sector increased by 3.6 million Saudi Riyals, the cost of sales for the storage equipment sector increased by 5.6 million Saudi Riyals and the cost of sales for the other services sector by 2.1 million Saudi Riyals.

Gross profit decreased by 9.0% from 10.8 million Saudi Riyals in 2018G to 9.8 million Saudi Riyals in 2019G in line with the increase in cost of revenue recorded during 2019G. Then the gross profit recorded an increase of 49.6%, or the equivalent of 4.9 million Saudi Riyals, from 9.8 million Saudi Riyals in the year 2019G to 14.7 million Saudi Riyals in the year 2020G. The increase in revenues at rates higher than the increase in the cost of revenues contributed to a significant increase in gross profit margins during the year 2020G compared to the previous year, where the Company recorded a gross profit margin of 27.3%, 23.3% and 27.0% for the years 2018G, 2019G and 2020G, respectively.

The Sales and Marketing Expenses included salaries, wages and the like. It also included transportation, export and installation expenses and sales and marketing commissions. The increase in Sales and Marketing Expenses was at 33.5% from 5.3 million Saudi Riyals in 2018G to 7.1 million Saudi Riyals in 2019G due to an increase in the costs of salaries, wages and the like due to the increase in the costs of salaries, wages and the like by 30.8% and this is due to increase in the item of hired labor for installation subcontractors and reliance thereon due to the increase in government costs of labor. Hired labor decreased in 2020 due to the decrease in government costs of labor as a result of government initiatives to exempt industrial establishments from the financial compensation for labor. The increase in transportation, export and installation costs resulting from the increase in the cost of the internal freight expenses item due to the increase in sales also contributed to the increase in Sales and Marketing Expenses in the same year. Then, Sales and Marketing Expenses decreased by 17.0%, or by 1.2 million Saudi Riyals, from 7.1 million Saudi Riyals in 2019G to 5.9 million Saudi Riyals in 2020G.

General and administrative expenses consist mainly of salaries, wages and the like, remuneration for members of the board of directors and committees, government, subscriptions and Tadawul fees. General and administrative expenses increased by 4.8% from 4.2 million Saudi Riyals in 2018G to 4.4 million Saudi Riyals in 2019G, as the increase in General and administrative expenses was associated with an increase in government fees for labor, salaries, wages, and the like, as a result of higher government labor costs and an increase in employee salaries. General and administrative expenses continued to increase in the year 2020G by 11.1%, or the equivalent of 0.5 million Saudi Riyals, to reach 4.9 million Saudi Riyals, due to the increase in government, subscriptions and Tadawul fees and remuneration for members of the board of directors, committees and other expenses in general.

Impairment losses on trade receivables relate to a decline in the value of a portfolio of receivables on a collective basis and are often affected by the Company's experience collecting payments, the increase in the number of delayed payments in the portfolio over the average credit period, as well as observable changes in global and local economic conditions that correlate with default on receivables. The impairment losses of trade receivables fluctuated during the period of the fiscal years ending on in 2018G, 2019G and 2020G, due to market fluctuations and increased competition in addition to the Corona pandemic, which led to the management's expansion in forward selling to increase the volume of transactions with customers, increase the customer base and increase sales.

Other revenues are revenues not related to the Company's main activities. Other revenues decreased by 64.4% from 0.5 million Saudi Riyals in 2018G to 159.4 thousand Saudi Riyals in 2019G primarily driven by non-recurring income items such as compensation for human resources granted by the government and other revenues. Other revenues continued to decline by 69.2% or by 110.3 thousand Saudi Riyals to reach 49.1 thousand Saudi Riyals affected by the decrease in other revenues in general.

The Company recorded a profit from operations of 0.9 million Saudi Riyals in 2018G, driven by net revenues recorded during the year. In 2019G, the Company recorded a loss from operations of 1.6 million Saudi Riyals as a result of the growth in the cost of revenues and Sales and Marketing Expenses, a result of the growth in the cost of revenues and selling and marketing expenses by a rate that exceeded the growth rate in revenues, as the cost of revenues and Sales and Marketing Expenses grew by 12.1% and 33.5%, respectively, compared to 6.3% growth in net revenue. The Company recorded a profit from operations of 3.4 million Saudi Riyals, mainly driven by a revenue growth of 29.1% from 42.0 million Saudi Riyals in 2019G to 54.3 million Saudi Riyals in 2020G. It is also due to an increase in the profit/(loss) margin from operations by 269.5%, from a loss of 3.7% as in 2019G to a profit of 6.3% as in 2020G.

The interests of Lease Liabilities were mainly related to the operating Lease contracts managed by the Company for different types of contracts, including the lease of Al Qassim Factory land and the lease of the Company's headquarters building in Riyadh, in addition to interest on loans and facilities obtained in 2017G. The interest of Lease Liabilities decreased by 30.3% from 58.8 thousand Saudi Riyals in 2018G to 41.0 thousand Saudi Riyals in 2019G due to the payment of all dues and interests on loans and banking facilities and all outstanding balances during 2018G, where the interests of Lease Liabilities during 2019G represented interest from the lease liability following the application of the IFRS No. (16). The interest on Lease Liabilities during the year 2020G increased by 923.9% from 41.0 thousand Saudi Riyals in 2019G to 420.2 thousand Saudi Riyals in 2020G, mainly driven by an increase in the balance of the lease liability resulting from the addition of the lease liability for KGL and Al Qassim warehouses.

Net (loss)/profit before Zakat decreased by 180.7% from 1.3 million Saudi Riyals in 2018G to a loss of 1.1 million Saudi Riyals in 2019G in line with the decrease in gross profit and loss from operations. The growth in net (loss) / profit before Zakat was mainly affected by the growth in revenues and was partially affected by the decrease in Sales and Operating Expenses.

Zakat expenses decreased by 8.4%, or 74.9 thousand Saudi Riyals, from 0.9 million Saudi Riyals in 2018G to 0.8 million Saudi Riyals in 2019G. This is mainly due to the losses recorded in 2019G, which led to the reduction of Zakat, as well as the decrease in Zakat expenses during the same year affected by an increase in fixed assets and the like and a decrease in investments, which led to a reduction in the Zakat base. Zakat expenses did not witness a fundamental change during the year 2020G, as it increased by 2.9% from 0.8 million Saudi Riyals in 2019G to 0.8 million Saudi Riyals in 2020G, driven by the increase in profits recorded during the year 2020G.

The net profit/(loss) for the year witnessed fluctuations during the three years, as it decreased by 514.0% from a profit of 459.8 thousand Saudi Riyals in 2018G to a loss of 1.9 million Saudi Riyals in 2019G mainly driven by the increase in the cost of revenues and Sales and Marketing Expenses. The net profit / (loss) for the year in 2020G achieved an increase of 235.5% or 4.5 million Saudi Riyals from a loss of 1.9 million Saudi Riyals to a profit of 2.6 million Saudi Riyals due to an increase in revenues and a decrease in Sales and Marketing Expenses.

3-5-6 Revenue by Sectors

The following table indicates the details of the Company's revenues by sectors for the financial years ending on December 31, 2018G, 2019G and 2020G.

Table No. (9): Revenues by Sectors

One thousand Saudi Riyals	Financial year ending on December 31			Increase/(decrease)		CAGR – 2018G – 2020G
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	
Iron revenue	28,318	27,993	28,105	(%1.2)	%0.4	(%0.4)
Wood revenue	6,481	10,437	9,695	%61.0	(%7.1)	%22.3
Storage equipment revenue	-	834	6,701	N/A	%703.4	N/A
Logistics revenue	-	-	4,493	-	N/A	N/A
Other revenues	4,731	2,772	5,290	(%41.4)	%90.8	%5.7
Total	39,531	42,036	54,283	%6.3	%29.1	%17.2

Source: The Company's audited financial statements for the facial years ending on December 31, 2018G, 2019G and 2020G.

The Company's activities and related services can be classified in general into five main sectors, which are iron, wood, storage equipment, logistics and other sectors, which are represented by plastics and other services.

The iron sector specializes in providing metal storage racks, iron pallets for storage, containers and industrial and commercial iron cages. Revenues from the iron sector constituted the largest share of the Company's total revenues, as iron revenues contributed 71.6%, 66.6% and 51.8% of the total revenues in 2018G, 2019G and 2020G, respectively. Iron revenues did not witness substantial fluctuations during the years 2018G, 2019G and 2020G.

Wood revenue refers to revenue from the wood sector represented by wood storage and freight pallets. Wood revenues increased by 61.0% from 6.5 million Saudi Riyals in 2018G to 10.4 million Saudi Riyals in 2019G, mainly because of the expansion of the activity in terms of the increase in the volume of productivity and the number of workers, and the expansion in the customer base

as the sector witnessed an increase in the number of customers, an increase in the quantities sold of wooden pallets and manufactured wooden crates, and the concrete efforts of the employees following the appointment of a manager for the wood sector. In 2020G, wood revenues decreased by 7.1% to reach 9.7 million Saudi Riyals, which is mainly due to the decrease in some wood pallet prices offered to some customers due to market conditions.

The revenues of the storage equipment sector have been reclassified, mainly due to the significant increase in the sales of storage equipment, specifically forklift sales, during the year 2020G, as the sector's sales represented 12.3% of the total sales, or more than 10.0% of the Company's total sales, so the reclassification was required. The storage equipment sector consists of forklift equipment, which is light and heavy hydraulic forklifts, and hand pallets, which represent manual cranes, packaging machines, etc. Revenues of storage equipment increased by 703.4% from 0.8 million Saudi Riyals in 2019G to 6.7 million Saudi Riyals in 2020G, mainly due contracting with Seera Company (the three buildings) to supply forklifts, where the sales of this contract reached to 5.0 million Saudi Riyals during the year 2020G.

The logistics sector is represented in providing storage and transportation services to third parties through long-term contracts with its customers. The Company started its investments and operational operations in this sector as of the third quarter of 2020G, as part of the Company's expansion plan, which aims to diversify the services, products and sectors in which the Company operates and offers to its customers. The logistics sector contributed 8.3% of the total revenue in 2020G.

Revenues from other sectors mainly consist of plastics, dismantling, installation, maintenance and galvanizing services. Revenues from other sectors decreased by 17.5% from 3.4 million Saudi Riyals in 2018G to 2.8 million Saudi Riyals in 2019G, after separating storage equipment revenues from other revenues to become presented in a separate sector. The decrease in revenues from other sectors is mainly due to the decrease in plastic revenues by 75.7% from 2.5 million Saudi Riyals in 2018G to 0.6 million Saudi Riyals in 2019G due to market conditions as the demand for the product decreased and competition with manufacturers increased as it is a commercial product for the Company. Other revenues increased by 90.8% from 2.8 million Saudi Riyals in 2019G to 5.3 million Saudi Riyals in 2020G resulting from building and construction revenues, which constituted 59.0% or equivalent to 3.1 million Saudi Riyals of total other revenues.

During the reporting period, the Company was involved in some one-off business transactions such as galvanizing, food, construction and transportation. These transactions contributed an average of 4.0% and 1.8% of total revenue and gross profit during the reporting period.

4-5-6 Geographical distribution of revenue

The following table indicates the details of the geographical distribution of the Company's revenues for the facial years ending on December 31, 2018G, 2019G and 2020G.

Table No. (10): Geographical Distribution of Revenues

One thousand Saudi Riyals	Financial year ending on December 31			Increase/(decrease)		CAGR – 2018G – 2020G
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	
Central provinces	25,737	20,082	26,980	(%22.0)	%34.3	%2.4
Western provinces	7,829	10,504	15,185	%34.2	%44.6	%39.3
Eastern provinces	5,740	10,336	11,679	%80.1	%13.0	%42.6
Bahrain	107	1,065	440	%898.7	(%58.7)	%103.1
UAE	85	11	-	(%87.6)	(%100.0)	(%100.0)
Kuwait	33	38	-	%16.3	(%100.0)	(%100.0)
Total	39,531	42,036	54,283	%6.3	%29.1	%17.2

Source: Management Information

The Company operates in various parts of the Kingdom of Saudi Arabia, the Kingdom of Bahrain, the United Arab Emirates and Kuwait. Revenues were distributed in terms of geographical distribution from different parts of the Kingdom, but the revenues obtained from the Central provinces were the largest in terms of revenue generation for the Company, representing 65.1%, 47.8% and 49.7% in the financial years 2018G, 2019G and 2020G, respectively. Revenues from the Central provinces decreased in 2019G to reach 20.1 million Saudi Riyals from 25.7 million Saudi Riyals, and this was due to the decrease in the number of sales representatives in the Central provinces as a result of changes in the sales team and the recruitment of new sales representatives.

Revenues from the Western provinces, the second largest region in terms of revenue generation for the Company, witnessed an increase during the years 2019G and 2020G by 34.2% and 44.6%, respectively. This is due to the increase in the number of sales representatives in the Western provinces, which led to the expansion of the customer base and spread, in addition to the concentration of sales of newly added sectors during the years 2019G and 2020G, including sales resulting from adding the food sector (among other sectors) and the logistics sector in the Western provinces, which positively affected the increase in sales in this region during the years 2019G and 2020G.

While the Eastern provinces achieves the third largest region in terms of revenue generation for the Company, representing 14.5%, 24.6% and 21.5% in the financial years 2018G, 2019G and 2020G, respectively. Eastern Province revenues increased by 80.1% and 13.0% in the years 2019G and 2020G to reach 11.7 million Saudi Riyals, due to an increase as a result of the increase in sales of the wood sector in the years 2019G and 2020G, as the increase in the sales of the wood sector is represented by customers in the Eastern provinces, such as (Tenaris – Dermabit – BASF – ASPAC...) manufacturing customers, and the increase in the Eastern provinces was also affected by the increase in the number of representatives in such provinces.

Revenues from the Bahrain region fluctuated during the years 2019G and 2020G, due to the general market conditions affected by the Corona virus pandemic, as outlets were closed between countries in 2020G, which negatively affected sales in such provinces during the year.

The percentage of revenues in the Emirates and Kuwait combined decreased by 58.8% from 117.5 thousand Saudi Riyals to 48.4 thousand Saudi Riyals, then decreased again by 100.0% to zero in 2020G, mainly due to general market conditions and the closure of outlets between countries in the desire to limit the spread of the Corona virus.

5-5-6 Cost of Revenue

The following table indicates the details of the Company's cost of revenue for the financial years ending on December 31, 2018G, 2019G and 2020G.

Table No. (11): Cost of Revenue

One thousand Saudi Riyals	Financial year ending on December 31			Increase/(decrease)		CAGR — 2018G — 2020G
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	
Cost of goods sold	(27,105)	(31,224)	(38,682)	%15.2	%23.9	%19.5
Stock control	(1,642)	(1,006)	(922)	(%38.7)	(%8.3)	(%25.1)
Eligible discounts	0	4	-	%1,238.8	(%100.0)	(%100.0)
Total	(28,747)	(32,226)	(39,604)	%12.1	%22.9	%17.4

Source: Management Information

Cost of revenue consists of cost of goods sold, adjustments to stock differences and discounts payable to customers.

The cost of revenue increased by 12.1% or by 3.5 million Saudi Riyals from 28.7 million Saudi Riyals in 2018G to 32.2 million Saudi Riyals in 2019G. The reported increase was in line with the increase in revenue between both years which led to an increase in goods costs. Cost of revenue increased again by 22.9%, or 7.4 million Saudi Riyals, from 32.2 million Saudi Riyals in 2019G to 39.6 million Saudi Riyals in 2020G. There increase in the year 2020G was in line with the increase in revenues during the period.

6-5-6 Cost of revenue by sectors

The following table indicates details of the cost of revenue based on the Company's sectors for the financial years ending on December 31, 2018G, 2019G and 2020G.

Table No. (12): Cost of Revenues by Sectors

One thousand Saudi Riyals	Financial year ending on December 31			Increase/(decrease)		CAGR — 2018G — 2020G
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	
Iron revenue cost	(19,263)	(20,685)	(17,257)	%7.4	(%16.6)	(%5.4)
Wood revenue cost	(5,652)	(8,653)	(8,178)	%53.1	(%5.5)	%20.3
Storage Equipment Revenue Cost	-	(754)	(6,371)	N/A	%744.6	N/A
Logistics revenue cost	-	-	(3,608)	-	N/A	N/A
Other revenue cost	(3,832)	(2,133)	(4,190)	(%44.3)	%96.5	%4.6
Total	(28,747)	(32,226)	(39,604)	%12.1	%22.9	%17.4

Source: The Company's audited financial statements for the facial years ending on December 31, 2018G and 2019-2020G.

The cost of revenues recorded between 2018G and 2020G was concentrated in the cost of iron, which represented 67.0%, 64.2% and 43.6% of the total cost of revenues in 2018G, 2019G and 2020G, respectively.

The cost of iron revenues increased by 7.4% or by 1.4 million Saudi Riyals from 19.3 million Saudi Riyals in 2018G to 20.7 million Saudi Riyals in 2019G, due to an increase in the prices of raw materials used in production by 12.0% or 1.4 million Saudi Riyals from 12.2 million Saudi Riyals to 13.6 million Saudi Riyals. The cost of iron revenues decreased again by 16.6% or by a value of 3.4 million Saudi Riyals from 20.8 million Saudi Riyals in 2019G to 17.3 million Saudi Riyals in the year 2020G.

The cost of revenue related to wood increased by 53.1%, or by 3.0 million Saudi Riyals, from 5.7 million Saudi Riyals in 2018G to 8.7 million Saudi Riyals in 2019G as a result of an increase in wood revenues by 61.0% during the year. Cost of revenues decreased again by 5.5%, or by 0.5 million Saudi Riyals, from 8.7 million Saudi Riyals in 2019G to 8.2 million Saudi Riyals in 2020G, after a decrease in revenues between the two years and as a result of a 7.1% decrease in wood revenues.

As mentioned earlier, the Storage Equipment segment was reclassified in 2019G. The cost associated with this product increased by 744.6%, or 5.6 million Saudi Riyals, from 0.8 million Saudi Riyals in 2019G to 6.4 million Saudi Riyals in 2020G. The increase was in line with the increase in revenues and as a result the sector was separated from other sectors as the cost of the storage equipment sector represented 16.1% of the total cost of sales for the year 2020G.

There were no activities and costs related to the logistics sector before 2020G, as the addition of this sector resulted in revenue costs of 3.6 million Saudi Riyals as in 2020G, and these costs constituted 9.1% of the total cost of revenue during the same year.

The cost of other revenues related to the revenues costs of plastics, dismantling, installation, maintenance and galvanizing services decreased by 44.3% or by a value of 1.7 million Saudi Riyals from 3.8 million Saudi Riyals in the year 2018G to 2.1 million Saudi Riyals in the year 2019G due to the separation of the cost of storage equipment revenues that includes the cost of forklift from the cost of other revenues, where the cost of sales of storage equipment sector represented 38.4%, or the equivalent of 1.5 million Saudi Riyals, of the total cost of other revenues as in 2018G. The decrease in the cost of other revenues was also affected by the decrease in revenues generated by other sectors. The cost also increased by 96.5%, or 2.1 million Saudi Riyals, from 2.1 million Saudi Riyals in 2019G to 4.2 million Saudi Riyals in 2020G. Whereas, the movement throughout the period was affected by investment in a new sector, which is the construction sector, which represents 2.7 million Saudi Riyals of the total cost of other revenues for the year 2020G.

7-5-6 Gross profit / (loss) by sectors

The following table indicates the Company's total profit / (loss) in terms of sectors for the facial years ending on December 31, 2018G, 2019G and 2020G.

Table No. (13): Gross Profit / (Loss) by Sectors

One thousand Saudi Riyals	Financial year ending on December 31			Increase/(decrease)		CAGR – 2018G – 2020G
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	
Iron sector	9,055	7,307	10,848	(%19.3)	%48.5	%9.4
Wood sector	829	1,784	1,516	%115.1	(%15.0)	%35.3
Storage equipment sector	-	80	330	N/A	%314.0	N/A
Logistics sector	-	-	885	-	N/A	N/A
Other sectors	900	640	1,100	(%28.9)	%71.9	%10.6
Total	10,784	9,810	14,679	(%9.0)	%49.6	%16.7

Source: Management Information

The gross profit margin for the iron sector was at an average rate of the highest between 2018G and 2020G, where it scored 32.2% during the mentioned period, followed by other sectors and then the wood sector by 21.0% and 15.2%, respectively.

The total profit related to the iron sector decreased by 19.3% from 9.0 million Saudi Riyals in 2018G to 7.3 million Saudi Riyals in 2019G, then increased by 48.5% from 7.3 million Saudi Riyals in 2019G to 10.8 million Saudi Riyals in 2020G. The movement of the sector's gross profit was in line with the movement of revenues and cost of revenues.

The gross profit of the wood sector increased by 115.1% or by 1.0 million Saudi Riyals from 0.8 million Saudi Riyals in the year 2018G to 1.8 million Saudi Riyals in 2019G as a result of the increase in sales in the same year. Gross profit decreased again by 15.0% to 1.5 million Saudi Riyals in the year 2020G after the noticeable decrease in sales. The movement of the gross profit margin was in line with the movement of the gross profit, as the gross profit margin increased from 12.8% in the year 2018G to 17.1% in the year 2019G, then decreased again to 15.6% in the year 2020G.

As for the storage equipment sector, the gross profit increased by 314.0% from 79.8 thousand Saudi Riyals in 2019G to 330.3 thousand Saudi Riyals in 2020G. The increase was because of the increase in the sector's sales from 0.8 million Saudi Riyals in 2019G to 6.7 million Saudi Riyals in 2020G, which led to an increase in gross profit. The gross profit margin decreased from 9.6% in the year 2019G to 4.9% in the year 2020G. The decrease in the gross profit margin was as a result of the significant increase in the cost of revenues recorded by the storage equipment sector between 2019G and 2020G, which amounted to 744.6% compared to the increase in revenues, which amounted to 703.4% between both periods mentioned.

The logistics sector recorded a gross profit equivalent to 0.9 million Saudi Riyals, and recorded the third highest gross profit margin during the year 2020G following the iron sector and other sectors, where the mentioned sectors recorded a profit margin of 38.6% and 20.8% during the same year, respectively.

Gross profit related to other sectors decreased by 28.9% from 0.9 million Saudi Riyals in 2018G to 0.6 million Saudi Riyals in 2019G, then increased by 71.9% from 0.6 million Saudi Riyals in 2019G to 1.0 million Saudi Riyals in 2020G. The movement of the sector's gross profit was in line with the movement of revenues and cost of revenues.

The gross profit margin of the iron sector was 32.0%, 26.1%, 38.6%, 22.7% and 42.5% in the financial years 2018G, 2019G, 2020G, and the first quarter of 2020G and 2021G, respectively. The fluctuations in the margins of the iron sector have the greatest impact on the Company's gross margins, due to the large contribution of the sector i.e., 76.3% of the total gross profit.

The fluctuation in iron sector margins is mainly due to manpower costs driven by the increase in work permit fees in fiscal year 19, government support in the form of an exemption from work permit fees and the SANID initiative in fiscal year 20.

Gross margin improved to 42.5% in first quarter of 2021G mainly due to higher margin projects with Miro Trading Company and the Ministry of Finance.

8-5-6 Sales and Marketing Expenses

The following table indicates details of the Company's Sales and Marketing Expenses for the fiscal years ending on December 31, 2018G, 2019G and 2020G.

Table No. (14): Sales and Marketing Expenses

One thousand Saudi Riyals	Financial year ending on December 31			Increase/(decrease)		CAGR – 2018G – 2020G
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	
Salaries, wages, etc.	2,007	2,625	2,518	%30.8	(%4.0)	%12.0
Transport, export and installations	1,176	1,917	1,267	%63.0	(%33.9)	%3.8
Sales and marketing commissions	372	556	544	%49.3	(%2.2)	%20.9
Governmental fees	216	431	206	%99.3	(%52.1)	(%2.3)
Sales supplies	354	409	368	%15.7	(%10.0)	%2.0
Rents	402	377	311	(%6.3)	(%17.5)	(%12.1)
Consumption and amortization	299	285	224	(%4.7)	(%21.1)	(%13.3)
Maintenance and cleaning	130	197	239	%51.3	%21.4	%35.5
Social insurance	60	-	-	(%100.0)	-	(%100.0)
Depreciation of the right to use assets	-	-	45	-	N/A	N/A
Medical insurance and treatment	-	37	44	N/A	%19.7	N/A
Electricity, water and communications	-	25	42	N/A	%65.7	N/A
Advertising	114	85	10	(%25.4)	(%87.7)	(%69.8)
Others	191	159	75	(%16.8)	(%52.8)	(%37.3)
Total	5,321	7,102	5,895	%33.5	(%17.0)	%5.3

Source: The Company's audited financial statements for the fiscal years ending on December 31, 2018G, 2019G and 2020G.

Sales and Marketing Expenses consisted mainly of salaries, wages and the like, which represented 37.7%, 37.0% and 42.7% of the total Sales and Marketing Expenses in 2018G, 2019G and 2020G, respectively. Salaries, wages and the like increased by 30.8% or by a value of 0.6 million Saudi Riyals from 2.0 million Saudi Riyals in 2018G to 2.6 million Saudi Riyals in 2019G due to an increase in the item of hiring foreign labor by an amount of 613.4 thousand Saudi Riyals. Salaries and wages decreased again by 4.0% or by 0.1 million Saudi Riyals from 2.6 million Saudi Riyals in 2019G to 2.5 million Saudi Riyals in the year 2020G due to the decrease in hired labor in 2020G due to the decrease in hired labor as a result of government initiatives to exempt industrial establishments from financial compensation for labor.

Transportation, export and installation expenses include inward and outward customs freight, postage freight and transportation fees. Transportation, export and installation expenses increased by 63.0% or by 0.7 million Saudi Riyals from 1.2 million Saudi Riyals in 2018G to 1.9 million Saudi Riyals in 2019G after an increase in the volume of imports in general. These expenses decreased again by 33.9% or by the amount of 0.6 million Saudi Riyals from 1.9 million Saudi Riyals in 2019G to 1.3 million Saudi Riyals in the year 2020G as a result of the closure of outlets due to the Corona pandemic.

Sales and marketing commission expenses represented on incentives paid to motivate employees working in the sales and marketing department. These expenses increased by 49.3% or by 0.2 million Saudi Riyals from 0.4 million Saudi Riyals in 2018G to 0.6 million Saudi Riyals in 2019G after the sales revenue increased from 39.5 million Saudi Riyals in 2018G to 42.0 million Saudi Riyals in 2019G. Sales and marketing commission expenses decreased by 2.2% from 0.6 million Saudi Riyals in 2019G to 0.5 million Saudi Riyals in 2020G.

Government fees are incurred in the issuance of exit and re-entry, recruitment and residence visas, and the issuance of work permits and driving licenses. Government fees increased by 99.3%, or the equivalent of 0.2 million Saudi Riyals, from 0.2 million

Saudi Riyals in the year 2018G to 0.4 million Saudi Riyals in the year 2019G, as a result of the exit of many employees and the appointment of others from outside the Kingdom. These expenses decreased again by 52.1% or by 0.2 million Saudi Riyals from 0.4 million Saudi Riyals in 2019G to 0.2 million Saudi Riyals as a result of a decrease in work permits and recruitment visas as a result of a decrease in the issuance of permits related to the manpower during the Corona pandemic period.

Expenses related to sales supplies consist of gasoline and diesel, oil change equipment and siphons, on samples of currency, and office supplies and stationery. Expenses of sales supplies increased by 15.7% from 353.6 thousand Saudi Riyals in 2018G to 409.0 thousand Saudi Riyals in 2019G as a result of the increase in fuel and oil prices and the increase in supplies used in project installations. Then these expenses decreased by 10.0% to reach 367.9 thousand Saudi Riyals in 2020G due to the ban periods imposed in the Kingdom and due to reduction of fuel prices during the Corona pandemic period.

The rental expenses include the rents of the buildings of Al Azizia warehouse, Al Mansouria warehouse, the Jeddah warehouse, the administrative headquarters, the Dammam branch, the Jeddah branch, the administration staff accommodation, the installing workers accommodation, the rents of vehicles used in projects for the supply and installation of metal shelves, and the machinery and equipment used in projects for the supply and installation of metal shelves. Rental expenses decreased by 6.3%, or the equivalent of 25.2 thousand Saudi Riyals, from 401.9 thousand Saudi Riyals in 2018G to 376.6 thousand Saudi Riyals in 2019G, as a result of reducing some rents due to real estate market conditions. Rental expenses continued to decline by 17.5%, or the equivalent of 66.0 thousand Saudi Riyals, to reach 310.6 thousand Saudi Riyals, as a result of a decrease in building rents by 36.5% from 329.2 thousand Saudi Riyals in 2019G to 208.9 thousand Saudi Riyals in 2020G, and this is primarily due to a reduction in the values of rentals due to the Corona pandemic.

Depreciation and amortization expenses classified under the category of Sales and Marketing Expenses are related to fixed assets and intangible assets in the service of sales and marketing activity, sales outlets in branches and warehouses of finished products, which include buildings, furniture, fixtures, motor vehicles and computers used by the sales and marketing team. These expenses remained relatively constant between 2018G and 2019G. On the other hand, these expenses decreased by 21.1%, or the equivalent of 60.0 thousand Saudi Riyals, from 284.6 thousand Saudi Riyals in the year 2019G to 224.4 thousand Saudi Riyals in the year 2020G as a result of the decreases in the mentioned motor vehicles, which amounted to 197.7 thousand Saudi Riyals.

Social insurance expenses were reclassified during the years 2019G and 2020G to become part of government labor costs item.

Amortization of right to use assets has been added to Sales and Marketing Expenses due to the application of IFRS 16 on lease, which requires the right to use assets to be amortized over the useful life of the asset and the lease term, whichever is shorter, on a straight-line basis.

Medical insurance and treatment expenses consist of medical insurance policy fees for company employees and medical disclosure fees. These expenses did not witness material changes during the analysis period.

Electricity, water and communications expenses increased by 22.6 thousand Saudi Riyals in 2018G to 25.3 thousand Saudi Riyals and 41.9 thousand Saudi Riyals in 2019G and 2020G, respectively, as a result of the increase in electricity and water consumption tariff prices.

Advertising expenses decreased during the years 2018G, 2019G and 2020G, from 113.9 thousand Saudi Riyals in 2018G to 10.4 thousand Saudi Riyals in 2020G, mainly due to the absence of external or internal exhibitions during the year 2020G as a result of the outbreak of the Corona virus.

Other expenses consist of vehicle and property insurance, bank fees, tenders, traffic licenses, traffic violations, professional fees and consultancy. Other expenses decreased by 16.8% from 191.4 thousand Saudi Riyals in 2018G to 159.3 thousand Saudi Riyals in 2019G, then these expenses decreased by 52.8% to reach 75.2 thousand Saudi Riyals in 2020G, and the decrease in both years was the result of reclassifying some items.

9-5-6 General and administrative expenses

The following table indicates details of the Company's General and Administrative Expenses for the facial years ending on December 31, 2018G, 2019G and 2020G.

Table No. (15): General and administrative expenses

One thousand Saudi Riyals	Financial year ending on December 31			Increase/(decrease)		CAGR — 2018G — 2020G
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	
Salaries, wages, etc.	2,164	2,631	2,906	%21.6	%10.4	%15.9
Remuneration of board members and committees	270	340	458	%25.7	%34.8	%30.2
Consumption and amortization	119	120	147	%0.7	%22.6	%11.1
Government, subscriptions and Tadawul fees	192	353	476	%83.4	%35.0	%57.3
Social insurance	169	-	-	(%100.0)	-	(%100.0)
Professional fees and consultancy	345	147	200	(%57.4)	%36.2	(%23.8)
Depreciation of the right to use assets	-	186	174	N/A	(%6.5)	N/A
Maintenance and cleaning	95	96	58	%1.9	(%40.3)	(%22.0)
Medical insurance and treatment	36	79	57	%119.0	(%27.4)	%26.1
Labor government fees	-	123	56	N/A	(%54.7)	N/A
Transfer, relocation and tasks	102	75	22	(%27.1)	(%71.1)	(%54.1)
Electricity, water and communications	69	49	53	(%28.0)	%7.4	(%12.0)
Rents	291	33	45	(%88.5)	%36.0	(%60.5)
Materials, supplies and stationery	-	19	11	N/A	(%40.6)	N/A
Others	329	130	206	(%60.5)	%58.1	(%21.0)
Total	4,182	4,381	4,868	%4.8	%11.1	%7.9

Source: The Company's audited financial statements for the facial years ending on December 31, 2018G, 2019G and 2020G.

General and administrative expenses mainly include salaries and wages of employees, remuneration for directors, depreciation and amortization, government, subscriptions, Tadawul, professional, and consultancy fees, right to use assets depreciation and other expenses.

General and administrative expenses increased by 4.8% from 4.2 million Saudi Riyals in 2018G to 4.3 million Saudi Riyals in 2019G, and the increase was affected by the increase in general and administrative expenses resulting from the increase in salaries and wages and the like, as these expenses increased by 21.6% from 2.2 million Saudi Riyals in 2018G to 2.6 million Saudi Riyals in 2019G as a result of the annual salary increase and new appointments to administrative positions during the year.

General and administrative expenses in 2019G witnessed a decrease in rental expenses by 88.5% from 290.7 thousand Saudi Riyals in the year 2018G to 33.3 thousand Saudi Riyals in the year 2019G. In contrast, the depreciation expenses of the right to use assets increased by 185.0 thousand Saudi Riyals in the year 2019G and this was due to the application of the IAS (16).

General and administrative expenses increased by 11.1% in the year 2020G, from 4.4 million Saudi Riyals in 2019G to 4.9 million Saudi Riyals in the year 2020G, as a result of an increase in the costs of salaries and wages of employees, bonuses for members of the board of directors and committees, government, subscriptions and Tadawul fees by 0.3 million Saudi Riyals and 0.1 million Saudi Riyals and 0.1 million Saudi Riyals, respectively. It is noteworthy that the same period witnessed a decrease in government fees for labor by 67.2 thousand Saudi Riyals, mainly due to an increase in Tadawul fees due to the transition to the main market and the increase in administrative appointments in 2020G, and the lack of management's direction during the pandemic to reduce salaries or lay off employees.

10-5-6 Trade receivables impairment losses

The decline in the value of trade receivables is affected by the Company's previous experience of collection, the increase in the number of delayed payments in a portfolio over the average credit period, as well as by changes in global and local economic conditions that correlate with default on receivables. The impairment of trade receivables losses decreased by 93.9% from 0.8 million Saudi Riyals in 2018G to 50.0 thousand Saudi Riyals in 2019G as a result of an increase in collection operations, as most of the customers' overdue indebtedness from previous years was collected in 2019G. The Impairment of trade receivables losses increased again by 984.5% or by 0.5 million Saudi Riyals to reach 0.5 million Saudi Riyals. The increase was driven by the increase in customers' indebtedness, due to market conditions, and many customers stumbled due to the impact of the Corona pandemic, and the tendency of most customers to ask for forward sales and increase sales, which led to an increase in indebtedness and an increase in the balance of impairment of trade receivables losses in the year 2020G.

11-5-6 Other revenues

The following table indicates the details of the Company's other revenues for the financial years ending on December 31, 2018G, 2019G and 2020G.

Table No. (16): Other revenues

One thousand Saudi Riyals	Financial year ending on December 31			Increase/(decrease)		CAGR – 2018G – 2020G
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	
HR compensation	190	-	-	(%100.0)	-	(%100.0)
Other revenues	281	193	51	(%31.3)	(%73.8)	(%57.6)
Exchange rate change losses	-	(1)	1	N/A	%172.5	N/A
Capital losses	-	(3)	2	N/A	%180.3	N/A
Other expenses	(24)	(30)	(4)	%27.2	(%85.1)	(%56.4)
Total	447	159	49	(%64.4)	(%69.2)	(%66.9)

Source: The Company's audited financial statements for the fiscal years ending on December 31, 2018G, 2019G and 2020G.

Other revenues mainly comprise revenues and expenses not related to the Company's main activities. Other revenues decreased by 64.4% from 0.5 million Saudi Riyals in 2018G to 159.4 thousand Saudi Riyals in 2019G mainly driven by non-recurring income

items such as compensation for human resources granted by the government and other revenues as a result of the decrease in the settlement of credit balances from customers.

Other revenues continued to decline in the year 2020G by 69.2% or by 110.3 thousand Saudi Riyals from 159.4 thousand Saudi Riyals in the year 2019G to 49.1 thousand Saudi Riyals in the year 2020G, affected by the decrease in other revenues that include returns from motor vehicles insurance, rent to others, settlement of credit balances from customers, and settlements of workers and suppliers' dues, as these revenues decreased by 73.8% from 193.3 thousand Saudi Riyals in 2019G to 50.7 thousand Saudi Riyals in the year 2020G, driven by a decrease in rental income for others, and this was in the wake of the initial application of the rent reduction related to the Covid-19 pandemic, as an amendment to IFRS (16) issued on May 28, 2020G.

12-5-6Interests of Lease Liabilities

The interests of Lease Liabilities were mainly related to the operating Lease contracts managed by the Company for different types of contracts, including the lease of Al Qassim Factory land and the lease of the Company's headquarters building in Riyadh, in addition to interest on loans and facilities obtained in 2017. The management clarified that during the year 2020G, the contract for KGL warehouses and Al-Qassim warehouses was added to the total operational contracts. The interest on Lease Liabilities is calculated based on the weighted average increase in the lessee's financing rate applicable to the lease liability on January 1, 2019G at 5.0%.

Interest on Lease Liabilities decreased by 30.3% from 58.8 thousand Saudi Riyals in 2018G to 41.0 thousand Saudi Riyals in 2019G due to the payment of all dues and interests on loans and banking facilities and all outstanding balances during 2018G, where the financing costs during 2019G represented interest of a lease liability following the application of IFRS 16.

The interest of Lease Liabilities during the year 2020G increased by 923.9% from 41.0 thousand Saudi Riyals in 2019G to 420.2 thousand Saudi Riyals in 2020G, mainly driven by an increase in the balance of the Lease Liabilities as a result of adding the Lease Liabilities for KGL warehouses and Qassim warehouses.

13-5-6Profits on investments recognized in fair value through profit or loss

Profits related to investments recognized in fair value in investment returns were associated with Derayah Trading Finance Fund and Trading Finance Fund, where the Company invested 13.5 million Saudi Riyals, 10.7 million Saudi Riyals and 5.6 million Saudi Riyals as in 2018G, 2019G and 2020G, respectively.

Profits from the aforementioned investments fluctuated during the years 2018G, 2019G and 2020G, as a result of the varying value of investments and returns on investments during the mentioned period.

14-5-6Zakat

Zakat expenses decreased by 8.4%, or 74.9 thousand Saudi Riyals, from 0.9 million Saudi Riyals in 2018G to 0.8 million Saudi Riyals in 2019G. This is mainly due to the losses recorded in 2019G, which led to the reduction of Zakat, as well as the decrease in Zakat expenses during the same year affected by an increase in fixed assets and the like and a decrease in investments, which led to a reduction in the Zakat base. Zakat expenses did not witness a fundamental change during the year 2020G, as it increased by 2.9% from 0.8 million Saudi Riyals in 2019G to 0.8 million Saudi Riyals in 2020G, driven by the increase in profits recorded during the year 2020G.

15-5-6 Net (loss) profit for the year

The net (loss)/profit for the year witnessed fluctuations during the three years, as it decreased by 514.0% from 459.8 thousand Saudi Riyals in 2018G to 1.9 million Saudi Riyals in 2019G mainly driven by the increase in cost of revenues and Sales and Marketing Expenses. In 2020G, the net (loss) / profit achieved an increase of 235.5% or 4.5 million Saudi Riyals from a loss of 1.9 million Saudi Riyals to a profit of 2.3 million Saudi Riyals due to an increase in revenues and a decrease in Sales and Marketing Expenses.

6-6 Balance sheet

The following table provides a summary of the Company's Balance sheet as of December 31, 2018G, 2019G and 2020G.

Table No. (17): Summary of the Balance sheet

One thousand Saudi Riyals	Financial year ending on December 31			Increase/(decrease)		CAGR — 2018G — 2020G
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	
Non-current assets	6,200	6,447	29,546	%4.0	%358.3	%118.3
Current assets	36,363	34,511	37,923	(%5.1)	%9.9	%2.1
Total assets	42,562	40,957	67,469	(%3.8)	%64.7	%25.9
Total equity	36,607	32,723	34,348	(%10.6)	%5.0	(%3.1)
Non-current liabilities	1,981	2,238	16,887	%13.0	%654.5	%192.0
Current liabilities	3,975	5,996	16,235	%50.9	%170.7	%102.1
Total liabilities	5,955	8,235	33,121	%38.3	%302.2	%135.8
Total equity and liabilities	42,562	40,957	67,469	(%3.8)	%64.7	%25.9

Source: The Company's audited financial statements for the fiscal years ending on December 31, 2018G, 2019G and 2020G.

Assets witnessed a slight decrease of 3.8% from 42.6 million Saudi Riyals as on December 31, 2018G to 41.0 million Saudi Riyals as on December 31, 2019G, due to a decrease in current assets. In 2020G, total assets increased by 64.7% to 67.5 million Saudi Riyals as on December 31, 2020G, mainly due to the increase in non-current assets.

Equity consisted mainly of the share capital of the Company. The decrease in equity in 2019G was largely affected by the decrease in retained earnings. In 2020G, equity increased by 5.0% from 32.7 million Saudi Riyals as on December 31, 2019G to 34.3 million Saudi Riyals as on December 31, 2020G, as a result of the increase in capital and the increase in retained earnings.

The liabilities consisted mainly of non-current liabilities and current liabilities. Total liabilities during the year ending on December 31, 2019G increased by 38.3%, and the increase was mainly driven by current liabilities. Then it increased again by 302.2% from 8.3 million Saudi Riyals as on December 31, 2019G to 33.1 million Saudi Riyals as on December 31, 2020G. The increase is mainly due to an increase in non-current liabilities.

1-6-6 Non-current assets

The following table indicates the non-current assets as on December 31, 2018G, 2019G and 2020G.

Table No. (18): Non-current Assets

One thousand Saudi Riyals	Financial year ending on December 31			Increase/(decrease)		CAGR — 2018G — 2020G
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	
Property, plant and equipment	5,610	5,041	7,091	(%10.1)	%40.7	%12.4
Intangible assets	590	650	561	%10.1	(%13.7)	(%2.5)
Right to use assets	-	756	21,895	N/A	%2,794.4	N/A
Total non-current assets	6,200	6,447	29,546	%4.0	%358.3	%118.3

Source: The Company's audited financial statements for the fiscal years ending on December 31, 2018G, 2019G and 2020G.

Property, plant and equipment constituted the main component of the Company's non-current assets, as this component represented 90.5%, 78.2% and 24.0% of the total non-current assets as on December 31, 2018G, December 31, 2019G and December 31, 2020G respectively.

The slight increase recorded by non-current assets in 2019G was 4.0% from 6.2 million Saudi Riyals as on December 31, 2018G to 6.4 million Saudi Riyals as on December 31, 2019G, following recording the right to use assets amounting to 756.5 thousand Saudi Riyals as on December 31, 2019G.

The year 2020G witnessed a significant increase in non-current assets by 358.3% from 6.4 million Saudi Riyals as on December 31, 2019G to 29.5 million Saudi Riyals as on December 31, 2020G, as the increase was mainly driven by the increase in right to use assets balances during such period.

2-6-6 Property, plant and equipment

The following table indicates the details of the net book value of property, plant and equipment as of December 31, 2018G, 2019G and 2020G.

Table No. (19): Property, plant and equipment

One thousand Saudi Riyals	Financial year ending on December 31			Increase/(decrease)		CAGR — 2018G — 2020G
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	
Buildings and structures	1,593	1,542	3,524	(%3.2)	%128.5	%48.7
Leasehold improvements	304	313	292	%2.9	(%6.9)	(%2.1)
Machinery and equipment	2,861	2,348	2,517	(%17.9)	%7.2	(%6.2)
Motor vehicles	359	371	173	%3.3	(%53.3)	(%30.5)
Tools	137	136	240	(%1.2)	%77.0	%32.2
Furniture	355	331	345	(%6.8)	%4.1	(%1.5)
Net book value	5,610	5,041	7,091	(%10.1)	%40.7	%12.4

Source: The Company's audited financial statements for the fiscal years ending on December 31, 2018G, 2019G and 2020G.

Property, plant and equipment mainly comprises of plant and equipment and its book value represents 51.0%, 46.6% and 35.5% of the net book value of property, plant and equipment as at December 31, 2018G, December 31, 2019G and December 31, 2020G respectively. Followed by buildings and structures, where their book value represents 28.4%, 30.6% and 49.7% of the net book value of property, plant and equipment as on December 31, 2018G, December 31, 2019G and December 31, 2020G, respectively.

The value of property, plant and equipment witnessed a decrease of 10.1% as on December 31, 2019G as the Company made several disposals, where it recorded a disposal worth 244.0 million Saudi Riyals and was mainly related to the motor vehicles sold by the Company, most of which were completely depreciated.

On the other hand, the value of property, plant and equipment increased by 40.7% as on December 31, 2020G, from 5.0 million Saudi Riyals as on December 31, 2019G to 7.1 million Saudi Riyals as on December 31, 2020G, mainly affected by the investments made by the Company across all types of property, plant and equipment, in addition to the transfer of fixtures and buildings from stock in order to expand the activity of logistics services and to invest in third-party storage refrigerators and their fittings.

3-6-6 Intangible assets

The following table indicates the details of the net book value of intangible assets as on December 31, 2018G, 2019G and 2020G.

Table No. (20): Intangible Assets

One thousand Saudi Riyals	Financial year ending on December 31			Increase/(decrease)		CAGR — 2018G — 2020G
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	
Software	51	650	561	%1,180.6	(%13.7)	%232.5
Intangible assets in progress	539	-	-	(%100.0)	-	(%100.0)
Net book value	590	650	561	%10.1	(%13.7)	(%2.5)

Source: The Company's audited financial statements for the fiscal years ending on December 31, 2018G, 2019G and 2020G.

Intangible assets as at December 31, 2018G, December 31, 2019G and December 31, 2020G mainly consisted of expenses associated with information systems and information programs that are amortized using the straight-line method to allocate the cost of assets over a period of 7 to 10 years.

It should be pointed out that the intangible assets in progress recorded by the Company on December 31, 2018G are mainly related to the development of the enterprise resource planning (ERP). Expenses related to the aforementioned programs were capitalized within software as of December 31, 2019G.

The net book value of intangible assets increased by 10.1% or with a value of 59.7 thousand Saudi Riyals from 589.8 thousand Saudi Riyals as on December 31, 2018G to 649.5 thousand Saudi Riyals as on December 31, 2018G as a result of some increases that occurred in the ERP program by an amount of 81.2 thousand Saudi Riyals Saudi. Then, the net book value of tangible assets decreased by 13.7%, or by a value of 88.8 thousand Saudi Riyals in the year 2020G, to reach 560.7 thousand Saudi Riyals, affected by the continuous amortization of assets.

4-6-6 Right to use assets

The following table indicates the right to use assets as of December 31, 2018G, 2019G and 2020G.

Table No. (21): Right to Use Assets

One thousand Saudi Riyals	Financial year ending on December 31			Increase/(decrease)		CAGR — 2018G — 2020G
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	
Right to use assets:						
Lease Liabilities on January 1 st	-	882	947	N/A	%7.5	N/A
Advance rent as on December 31, 2018G — reclassification	-	66	-	N/A	(%100.0)	N/A
Additions during the year	-	-	24,018	-	N/A	N/A
Balance at December 31	-	947	24,966	N/A	%2,535.0	N/A
Accumulated depreciation:						
Balance on January 1	-	-	(191)	-	N/A	N/A
Depreciation charged to the year	-	(191)	(2,880)	N/A	%1,407.9	N/A
Balance at December 31	-	(191)	(3,071)	N/A	%1,507.9	N/A
Net book value at December 31	-	756	21,895	N/A	%2,794.4	N/A

Source: The Company's audited financial statements for the fiscal years ending on December 31, 2018G, 2019G and 2020G.

The Company has applied IFRS 16 – Lease contracts with retrospective effect from 1 January 2019G, but it has not restated the comparative figures for 2018G. Therefore, the reclassifications and adjustments arising from the new lease rules were recognized in the opening Balance sheet on 1 January 2019G.

The right to use assets that was recorded between December 31, 2019G and December 31, 2020G are related to various assets acquired by the Company under operating Lease contracts. These assets include the Company's headquarters building in Riyadh, Al Qassim factory and warehouse, and KGL warehouse. Most of these contracts extend for a period of up to 18 years.

The net book value of the right to use leased assets increased by 21.1 million Saudi Riyals from 0.8 million Saudi Riyals as on December 31, 2019G, to 21.9 million Saudi Riyals as on June 30, 2020G. The aforementioned increase was as a result of the expansion works carried out by the Company in line with the product diversification strategy. Where the Company added lease contracts for KGL warehouse and Al-Qassim warehouse at a value of 21.2 million Saudi Riyals and 0.2 million Saudi Riyals, respectively, to store the products of the logistic sector.

5-6-6 Current assets

The following table indicates the current assets as on December 31, 2018G, 2019G and 2020G.

Table No. (22): Current Assets

One thousand Saudi Riyals	Financial year ending on December 31			Increase/(decrease)		CAGR — 2018G — 2020G
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	
Stock	9,075	9,205	13,432	%1.4	%45.9	%21.7
Trade receivables, advance payments and other receivables	11,072	12,603	16,553	%13.8	%31.3	%22.3
Investments at fair value through profit or loss	13,472	10,673	5,588	(%20.8)	(%47.6)	(%35.6)
Cash and cash equivalent	2,743	2,030	2,350	(%26.0)	%15.8	(%7.4)
Total current assets	36,363	34,511	37,923	(%5.1)	%9.9	%2.1

Source: The Company's audited financial statements for the fiscal years ending on December 31, 2018G, 2019G and 2020G.

Trade receivables, advance payments and other receivables constituted the main component of the Company's current assets, as such component represented 30.5%, 36.5% and 43.6% of the total current assets as on December 31, 2018G, December 31, 2019G and December 31, 2020G, respectively.

The slight decrease in current assets in 2019G by 5.1% from 36.4 million Saudi Riyals as on December 31, 2018G to 34.5 million Saudi Riyals as on December 31, 2019G was affected by the significant decrease in investments recognized in fair value through profit or loss amounting to 2.8 million Saudi Riyals as on December 31, 2019G as a result of reducing the investments listed at fair value and directing cash to invest in the assets of the logistics sector, financing working capital and distributing cash dividends to shareholders.

The year 2020G witnessed a significant increase in current assets by 9.9% from 34.5 million Saudi Riyals as on December 31, 2019G to 37.9 million Saudi Riyals as on December 31, 2020G, as the increase was mainly driven by an increase in stock by 45.9% or equivalent to 4.2 million Saudi Riyals and an increase in receivables. The trade receivable, advance payments and other receivables increased by 31.3%, or the equivalent of 4.0 million Saudi Riyals, and this increase corresponds to a decrease in investments recognized in fair value through profit or loss by 5.0 million Saudi Riyals.

6-6-6 Stock

The following table indicates the stock details as of December 31, 2018G, 2019G and 2020G.

Table No. (23):: The Stock

One thousand Saudi Riyals	Financial year ending on December 31			Increase/(decrease)		CAGR – 2018G – 2020G
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	
Raw materials	3,888	5,067	7,411	%30.3	%46.3	%38.1
Full production	3,890	3,303	5,009	(%15.1)	%51.7	%13.5
Spare parts and supplies	1,141	762	1,090	(%33.3)	%43.1	(%2.3)
Production in progress	146	338	420	%131.1	%24.5	%69.6
Goods on the way	69	-	-	N/A	-	(%100.0)
Total	9,134	9,469	13,930	%3.7	%47.1	%23.5
Less: provision for obsolete stock	(59)	(264)	(498)	%345.4	%88.7	%189.9
Total	9,075	9,205	13,432	%1.4	%45.9	%21.7

Source: The Company's audited financial statements for the fiscal years ending on December 31, 2018G, 2019G and 2020G.

The stock consisted mainly of raw materials and full production, which represented 85.7%, 90.9% and 92.5% of the total stock as on December 31, 2018G, December 31, 2019G and December 31, 2020G, respectively.

The balance of the total stock increased by 1.4%, or by 0.1 million Saudi Riyals, from 9.1 million Saudi Riyals as on December 31, 2018G, to 9.2 million Saudi Riyals as on December 31, 2019G. The increase between both periods was driven by an increase in the value of raw materials by 30.3% from 3.9 million Saudi Riyals to 5.0 million Saudi Riyals as a result of purchasing iron raw materials in order to create a strategic stock due to the trend of rising iron market prices.

The increase in total stock continued by 45.9% or by the amount of 4.2 million Saudi Riyals from 9.2 million Saudi Riyals as on December 31, 2019G to 13.4 million Saudi Riyals as on December 31, 2020G as a result of an increase in all materials in general as a result of the increase in the prices of all raw materials during this period Due to the Corona pandemic and the closure of outlets, which resulted in a lack of supply and an increase in prices, which led to an increase in the value of stock.

The following table indicates the details of the movement of the provision for idle stock as on December 31, 2018G, 2019G and 2020G.

Table No. (24): Movement of Provision for Idle Stock

One thousand Saudi Riyals	Financial year ending on December 31			Increase/(decrease)		CAGR – 2018G – 2020G
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	
Balance at the beginning of the year	59	59	264	-	%345.4	%111.0
Earned during the year	-	205	234	N/A	%14.4	N/A
Balance at the end of the year	59	264	498	%345.4	%88.7	%189.9

Source: The Company's audited financial statements for the fiscal years ending on December 31, 2018G, 2019G and 2020G.

The Company allocated a provision for idle stock between December 31, 2018G and December 31, 2020G, and the provision was associated with the type of idle stock. In general, the Company's management policy is to reserve a provision for idle stock in the event of any change in the usage pattern and physical form of the relevant stock, and the provision deduction rates vary according to the type of stock.

The value of idle stock provision increased during the period between December 31, 2018G and December 31, 2019G by 345.4%, or by 204.7 thousand Saudi Riyals, from 59.3 thousand Saudi Riyals as on December 31, 2018G to 263.9 thousand Saudi Riyals as on December 31, 2019G, in order to follow the policy of calculating the value of the provision based on quality technical reports and idle stock status.

The value of the provision for idle stock continued to increase from 263.9 thousand Saudi Riyals as on December 31, 2019G to 498.1 thousand Saudi Riyals as on December 31, 2020G as a result of the technical study that was carried out on the idle stock in accordance with the Company's policy.

It is worth noting that the above idle stock provision is deducted from idle stock for more than 360 days, which amounted to 3.0 million Saudi Riyals and constituted 21.0% of the total stock as on December 31, 2020G. The largest part of the idle stock was related to raw materials, as it constituted 15.0% of the total idle stock as on December 31, 2020G.

7-6-6 Trade receivables, advance payments and other receivables

The following table indicates the details of trade receivables, advance payments and other receivables as on December 31, 2018G, 2019G and 2020G.

Table No. (25): Trade receivables, advance payments and other receivables

One thousand Saudi Riyals	Financial year ending on December 31			Increase/(decrease)		CAGR – 2018G – 2020G
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	
Trade receivables	10,764	10,813	15,394	%0.5	%42.4	%19.6
Advance payments from suppliers	338	1,567	330	%364.1	(%78.9)	(%1.1)
Revenue due	-	1,039	2,115	N/A	%103.6	N/A
Prepaid Subscriptions	639	366	47	(%42.8)	(%87.1)	(%72.8)
Expenses paid in advance	199	182	155	(%8.3)	(%15.1)	(%11.7)
Workers' advances	65	143	384	%118.1	%169.4	%142.4
Good Performance guarantee	96	90	-	(%6.5)	(%100.0)	(%100.0)
Advance rents	255	66	60	(%74.1)	(%9.3)	(%51.5)
Letters of guarantee cover	439	11	237	(%97.5)	%2,057.9	(%26.5)
	12,794	14,276	18,722	%11.6	%31.1	%21.0
Less:						
Impairment of receivable losses provision	(1,722)	(1,672)	(2,169)	(%2.9)	%29.7	%12.2
Total	11,072	12,603	16,553	%13.8	%31.3	%22.3

Source: The Company's audited financial statements for the fiscal years ending on December 31, 2018G, 2019G and 2020G.

Trade receivables, advance payments and other receivables mainly consist of trade receivables from customers of the Company. It also includes advances from suppliers, employee advances, and accrued revenues.

Trade receivables are amounts receivable from domestic and government customers with whom the Company deals. These amounts did not witness much fluctuation between December 31, 2018G and December 31, 2020G. Trade receivables increased by 0.5% or an amount of 49.2 thousand Saudi Riyals from 10.8 million Saudi Riyals as on December 31, 2018G to 10.8 million Saudi Riyals as on December 31, 2019G, while the trade receivables increased by 42.4% or 4.6 million Saudi Riyals from 10.8 million Saudi Riyals as on December 31, 2019G to 15.4 million Saudi Riyals as on December 31, 2020G. The increase was in line with the high level of activity between both years, which led to an increase in revenues between 2018G and 2019G.

Advances from suppliers are advances paid to suppliers for contracts to purchase raw materials to be received from suppliers in later periods. These balances increased by 364.1% or by 1.2 million Saudi Riyals as a result of an increase in the purchase of raw materials to create a strategic stock due to the tendency of the iron market to rise. On the other hand, it decreased in 2020G by 78.9% from 1.6 million Saudi Riyals to 0.3 million Saudi Riyals, and this decrease was driven by the Company's policy of forward purchase due to the Corona pandemic.

Accrued revenue increased by 103.6% or by 1.0 million Saudi Riyals from 1.0 million Saudi Riyals as on December 31, 2019G to 2.1 million Saudi Riyals as on December 31, 2020G as a result of the increase in the volume of projects in 2020G and the accrued revenues in accordance with IFRS (15) – Recognition of Revenues from projects according to project completion percentages.

advance contributions represented contributions to work licenses for property insurance. These subscriptions decreased from 0.6 million Saudi Riyals as on December 31, 2018G to 47.2 thousand Saudi Riyals as on December 31, 2020G as a result of reducing work permit fees by the government for industrial companies.

Advance payments expenses did not witness material fluctuations during the years ending on December 31, 2018G, December 31, 2019G and December 31, 2020

The Company grants its employees advances in the normal course of business. These receivables attributable to employees' advances increased by 118.1% or by a value of 77.0 thousand Saudi Riyals from 65.3 thousand Saudi Riyals as on December 31, 2018G to 0.1 million Saudi Riyals as on December 31, 2019G, with an additional increase of 169.4% or with a value of 0.2 million Saudi Riyals to 0.3 million Saudi Riyals as of December 31, 2020G. The continuous increase in receivables attributable to employees' advances between December 31, 2018G and December 31, 2020G was affected by the Company's policy applied to employees' advances.

Prepaid rents decreased during the years ending on December 31, 2018G, December 31, 2019G and December 31, 2020G as a result of the application of IFRS 16 for lease contracts.

Letters of guarantee and primary letters of guarantee issued by local banks were submitted to government agencies and private parties. These guarantees increased in 2020G by 0.2 million Saudi Riyals as a result of the guarantees, amounting to 181.8 thousand Saudi Riyals, issued to the Kuwait Oil Tanker Company, and a value of 44.5 thousand Saudi Riyals to the Ministry of Finance.

The following table indicates the details of the movement of the receivable's impairment losses provision as on December 31, 2018G, 2019G and 2020G.

Table No. (26): Movement of receivable's impairment losses provision

One thousand Saudi Riyals	Financial year ending on December 31			Increase/(decrease)		CAGR – 2018G – 2020G
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	
Balance at the beginning of the year	529	1,722	1,672	%225.7	(%2.9)	%77.9
The impact of the application of IFRS 9 on retained earnings on January 1, 2018	464	-	-	(%100.0)	-	(%100.0)
Earned during the year	822	50	542	(%93.9)	%984.5	(%18.8)
Write off during the year	(92)	(99)	(45)	%7.8	(%54.4)	(%29.9)
Balance at the end of the year	1,722	1,672	2,169	(%2.9)	%29.7	%12.2

Source: The Company's audited financial statements for the fiscal years ending on December 31, 2018G, 2019G and 2020G.

The trade receivables impairment losses did not witness material fluctuations between December 31, 2018G and December 31, 2020G. The value of the provision decreased by 2.9%, or by 49.4 thousand Saudi Riyals, from 1.7 million Saudi Riyals as on December 31, 2018G, to 1.7 million Saudi Riyals as on December 31, 2019G. The provision returned and increased by 29.7%, or 0.5 million Saudi Riyals, to 2.2 million Saudi Riyals as of December 31, 2020G. These slight fluctuations were related to the policy of calculating the debts provision in accordance with IFRS 9 based on expected loss on collection of debts.

8-6-6 Investments recognized in fair value through profit or loss

The following table indicates the details of the investments recognized in fair value through profit or loss as on December 31, 2018G, 2019G and 2020G.

Table No. (27): Investments recognized in fair value through profit or loss

One thousand Saudi Riyals	Financial year ending on December 31			Increase/(decrease)		CAGR – 2018G – 2020G
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	
Cost						
Balance at the beginning of the year	16,852	13,472	10,673	(%20.1)	(%20.8)	(%20.4)
Additions during the year	15,000	4,935	-	(%67.1)	(%100.0)	(%100.0)
Disposals during the year	(18,881)	(8,250)	(5,500)	(%56.3)	(%33.3)	(%46.0)
Investment profits	500	516	415	%3.1	(%19.6)	(%8.9)
Balance at the end of the year	13,472	10,673	5,588	(%20.8)	(%47.6)	(%35.6)

Source: The Company's audited financial statements for the fiscal years ending on December 31, 2018G, 2019G and 2020G.

The investments listed at fair value through profit or loss represent investments in Derayah Trade Finance Fund and Trading Finance Fund, where the Company invested 13.5 million Saudi Riyals, 10.7 million Saudi Riyals and 5.6 million Saudi Riyals as in 2018G, 2019G and 2020G, respectively. These balances varied during the years 2018G, 2019G and 2020G, as a result of additions and exclusions.

Derayah Trade Finance Fund balance constituted 100.0%, 62.8% and 24.6% of the total investments as on December 31, 2018G, December 31, 2019G and December 31, 2020G. The Company recovered an amount of 4.0 million Saudi Riyals in 2019G and invested the same in the Dollar Trading Fund, which led to a decrease in the balance from 13.5 million Saudi Riyals as on December 31, 2019G to 6.7 million Saudi Riyals as on December 31, 2019G. The decrease in the balance of Derayah Trade Finance Fund continued by 79.5% from 6.7 million Saudi Riyals as on December 31, 2019G to 1.4 million Saudi Riyals on December 31, 2020G, and this decrease was driven by a recovery of 5.5 million Saudi Riyals and was added to the balance of cash and cash equivalents.

Starting in 2019G, the Dollar Trading Fund accounted for 37.2% and 75.4% of the total investments as on December 31, 2019G and December 31, 2020G. As a result of the high return from such fund compared to the Riyal Investment Fund, part of the investments was directed to this fund. This investment witnessed an increase of 6.2% from 4.0 million Saudi Riyals as on December 31, 2019G to 4.2 million Saudi Riyals as on December 31, 2020G, as the Company achieved profits from investing in the Dollar Trading Fund of 0.2 million Saudi Riyals.

The profit margin from these investments varied monthly, as the profit margins of Derayah Trade Finance Fund in 2018 ranged between 4.0% and 4.8%, while in 2019, the fund recorded profit margins between 3.6% and 14.3%. In 2020, margins were recorded between 2.6% and 4.2%. The profit margins of the Dollar Trading Fund were between 0.9% and 8.2%, and between 5.2% and 7.4% as on December 31, 2019 and December 31, 2020.

9-6-6 Cash and cash equivalents

The following table indicates the details of cash and cash equivalents as on December 31, 2018G, 2019G and 2020G.

Table No. (28): Cash and cash equivalents

One thousand Saudi Riyals	Financial year ending on December 31			Increase/(decrease)		CAGR – 2018G – 2020G
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	
Banks – current accounts	2,681	1,977	2,021	(%26.3)	%2.2	(%13.2)
Custody cash	-	46	305	N/A	%560.3	N/A
Cash on hand	62	7	25	(%89.1)	%263.7	(%37.0)
Total	2,743	2,030	2,350	(%26.0)	%15.8	(%7.4)

Source: The Company's audited financial statements for the fiscal years ending on December 31, 2018G, 2019G and 2020G.

Cash and cash equivalents consist of cash in hand, cash in banks and custody cash.

Cash in banks is the main component of cash and cash equivalents, and cash in banks is referred to the current accounts that are deposited in the accounts of the various banks that the Company deals with and through which payments and withdrawals are made.

Cash on hand represents the cash balances held in the factory's treasury in Buraidah –treasury of the headoffice. Cash in hand is used for petty cash.

The movement of cash and cash equivalents fluctuated between the years 2018G and 2020G. Total cash and cash equivalents decreased by 26.0%, or the equivalent of 0.7 million Saudi Riyals, from 2.7 million Saudi Riyals as on December 31, 2018G, to 2.0 million Saudi Riyals as on December 31, 2019G. The decrease was affected by cash flows from financing activities, which amounted to 2.5 million Saudi Riyals in 2019G after the Company distributed profits equivalent to 2.3 million Saudi Riyals.

Total cash and cash equivalents increased by 15.8%, or 0.3 million Saudi Riyals, from 2.0 million Saudi Riyals as on December 31, 2019G, to 2.4 million Saudi Riyals as on December 31, 2020G. The increase was affected by the cash flows used in investment activities, which amounted to 4.3 million Saudi Riyals in 2020G, after the Company sold some investments recognized in fair value through profit or loss obtained in previous years.

10-6-6 Non-current liabilities

The following table indicates the non-current liabilities as at December 31, 2018G, 2019G and 2020G.

Table No. (29): Non-Current Liabilities

One thousand Saudi Riyals	Financial year ending on December 31			Increase/(decrease)		CAGR – 2018G – 2020G
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	
Lease Liabilities	-	539	14,500	N/A	%2,589.8	N/A
Employees end of service interests	1,981	1,699	2,386	(%14.2)	%40.4	%9.8
Total	1,981	2,238	16,887	%13.0	%654.5	%192.0

Source: The Company's audited financial statements for the fiscal years ending on December 31, 2018G, 2019G and 2020G.

Non-current liabilities consist of two main components, which are Lease Liabilities and employee service benefits.

The slight increase recorded by non-current liabilities in 2019G by 13.0% from 2.0 million Saudi Riyals as on December 31, 2018G to 2.2 million Saudi Riyals as on December 31, 2019G was affected by adding the lease liability component of 0.5 million Saudi Riyals as on December 31, 2019G as a result Implementation of IFRS 16 – Lease Contracts.

The year 2020G witnessed a noticeable increase in non-current liabilities by 654.5% from 2.2 million Saudi Riyals as on December 31, 2019G to 16.9 million Saudi Riyals as on December 31, 2020G, as the increase was mainly driven by the increase in liabilities during the period.

11-6-6Lease Liabilities

The following table indicates the book value of the Lease Liabilities as on December 31, 2018G, 2019G and 2020G and the movement during the year.

Table No. (30): Lease Liabilities

One thousand Saudi Riyals	Financial year ending on December 31			Increase/(decrease)		CAGR — 2018G — 2020G
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	
Balance on January 1	-	882	711	N/A	(%19.3)	N/A
Additions during the year	-	-	24,018	-	N/A	N/A
Charged during the year	-	41	420	N/A	%923.9	N/A
Less: rent payments during the year	-	(212)	(2,787)	N/A	%1,217.5	N/A
Less: Adjusted Profit	-	-	(18)	-	N/A	N/A
Balance at December 31	-	711	22,345	N/A	%3,042.3	N/A
Less: Lease Liabilities – current portion	-	172	7,844	N/A	%4,460.6	N/A
Lease Liabilities – non-current portion	-	539	14,500	N/A	%2,589.8	N/A
Total	-	711	22,345	N/A	%3,042.3	N/A

Source: The Company's audited financial statements for the fiscal years ending on December 31, 2018G, 2019G and 2020G.

Lease Liabilities amounting to 0.7 million Saudi Riyals and 22.3 million Saudi Riyals on December 31, 2019G and December 31, 2020G were related to various liabilities that the Company obtained under operating Lease contracts. These liabilities include liabilities related to the rents of the Company's headquarters building in Riyadh, Al-Qassim Factory and Warehouse and KGL warehouse.

The balances of the Lease Liabilities fluctuated as a result of the additions to the lease contracts previously mentioned in section (1.1.3.5.1) relating to the right to use assets.

Non-current Lease Liabilities represented 75.8% and 64.9% of the total Lease Liabilities during both financial years ending on December 31, 2019G and December 31, 2020G, respectively.

12-6-6Employees' end of service benefits

The following table indicates the movement of the employees' end of service provision as of December 31, 2018G, 2019G and 2020G.

Table No. (31): Employees' end of Service Benefits

One thousand Saudi Riyals	Financial year ending on December 31			Increase/(decrease)		CAGR — 2018G — 2020G
	2018G	2019G	2020G	December	December	
	(Audited)	(Audited)	(Audited)	2019G	2020G	
Present value at the beginning of the year	1,142	1,981	1,699	%73.5	(%14.2)	%22.0
Service cost and benefit	402	473	539	%17.7	%14.1	%15.9
Payments during the year	(41)	(485)	(56)	%1,086.4	(%88.4)	%17.3
Liability actuarial losses/(interests)	478	(269)	204	(%156.4)	%175.7	(%34.7)
Present value at the end of the year	1,981	1,699	2,386	(%14.2)	%40.4	%9.8

Source: The Company's audited financial statements for the fiscal years ending on December 31, 2018G, 2019G and 2020G.

The Company adopts an end-of-service benefits plan for employees in accordance with the applicable Saudi labor laws. The accruals are determined according to the actuarial valuation using the projected unit cost method in accordance with IAS No. (19) - Employee Benefits, taking into account the Labor Law in the Kingdom of Saudi Arabia. The balance did not witness any drastic fluctuations between December 31, 2018G and December 31, 2019G. On the other hand, the balance increased from 1.7 million Saudi Riyals on December 31, 2019G to 2.4 million Saudi Riyals on December 31, 2020G, as the service cost and interest allocated by a company during the year 2020G and actuarial (interests) / losses for the liability increased by 14.1% and 175.7% compared to the previous year as a result of an increase in the salaries of employees, the number of employees, the number of years of service and the estimates of the actuary in accordance with IAS (19).

13-6-6Current Liabilities

The following table indicates current liabilities as on December 31, 2018G, 2019G and 2020G.

Table No. (32): Current Liabilities

One thousand Saudi Riyals	Financial year ending on December 31			Increase/(decrease)		CAGR — 2018G — 2020G
	2018G	2019G	2020G	December	December 2020G	
	(Audited)	(Audited)	(Audited)	2019G		
Lease Liabilities - Current Portion	-	172	7,844	N/A	%4,460.6	N/A
Trade and other payables	3,111	5,010	7,350	%61.0	%46.7	%53.7
Zakat provision	864	815	1,041	(%5.7)	%27.7	%9.8
Total	3,975	5,996	16,235	%50.9	%170.7	%102.1

Source: The Company's audited financial statements for the fiscal years ending on December 31, 2018G, 2019G and 2020G.

Trade and other payables constituted the main component of the Company's current liabilities, as this component represented 78.3%, 83.5% and 45.3% of the total current liabilities as on December 31, 2018G, December 31, 2019G and December 31, 2020G, respectively.

The increase recorded by current liabilities in 2019G was by 50.9% from 4.0 million Saudi Riyals as on December 31, 2018G to 5.9 million Saudi Riyals as on December 31, 2019G was affected by the significant increase in trade and other payables amounting to 1.9 million Saudi Riyals as on December 31 2019G as a result of the Company's policy of deferred purchase and the opening of facilities with suppliers.

The year 2020G witnessed a significant increase in current liabilities by 170.7% from 6.0 million Saudi Riyals as on December 31, 2019G to 16.2 million Saudi Riyals as on December 31, 2020G, as the increase was mainly driven by an increase in the current portion of the Lease Liabilities by 4,460.6% or equivalent to 7.7 million Saudi Riyals, with an increase in trade other payables receivables by 46.7%, or the equivalent of 2.3 million Saudi Riyals.

14-6-6 Lease Liabilities – current portion

Short-term Lease Liabilities with a maturity of less than one year recorded 24.2% and 35.1% of the total Lease Liabilities during the two financial years ending on December 31, 2019G and December 31, 2020G, respectively.

15-6-6 Trade and other payables

The following table indicates the details of trade and other payables as on December 31, 2018G, 2019G and 2020G.

Table No. (33): Trade and other payables

One thousand Saudi Riyals	Financial year ending on December 31			Increase/(decrease)		CAGR – 2018G – 2020G
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	
Trade payables	1,775	2,565	5,144	%44.5	%100.6	%70.2
Advance customer payments	287	1,318	499	%359.4	(%62.2)	%31.8
Employees' dues	287	327	628	%13.7	%92.2	%47.8
Remunerations and allowances for members of the board of directors and committees	-	314	386	N/A	%22.8	N/A
Accrued commissions	111	216	272	%95.3	%25.8	%56.7
VAT due	115	215	103	%87.6	(%51.9)	(%5.0)
Accrued Expense	53	38	318	(%28.2)	%733.0	%144.5
Bank amounts under settlement	-	17	-	N/A	(%100.0)	N/A
Deferred revenues	483	-	-	(%100.0)	-	(%100.0)
Total	3,111	5,010	7,350	%61.0	%46.7	%53.7

Source: The Company's audited financial statements for the fiscal years ending on December 31, 2018G, 2019G and 2020G.

Trade and other payables consist principally of trade payables, customer advance payments and employee receivables. Trade payables had the largest share of the total trade and other payables of the Company.

The balance of trade and other payables increased by 61.0% from 3.1 million Saudi Riyals as in 2018G to 5.0 million Saudi Riyals as on December 31, 2019G due to an increase in the balance of customer advance payments by 1.0 million Saudi Riyals and trade payable balance of 0.9 million Saudi Riyals. In 2020G, the balance of trade and other payables increased from 5.0 million Saudi Riyals as on December 31, 2019G to 7.3 million Saudi Riyals as on December 31, 2020G as a result of an increase of 2.6 million Saudi Riyals in the balance of trade payables. It is worth noting that the increase in trade payables from 2.6 million Saudi Riyals as on December 31, 2019G to 5.1 million Saudi Riyals as on December 31, 2020G as a result of outstanding trade receivables amounting to 1.4 million Saudi Riyals, 0.9 million Saudi Riyals and 0.5 million Saudi Riyals for ACE Future Contracting Company, Megbel Abdulrahman Saleh Al Khalaf Sons Trading LLC, and Khader Salem Darwish Khader Establishment, respectively.

16-6-6 Amounts due to related parties

The following table indicates the details of the amounts due to related parties as on December 31, 2018G, 2019G and 2020G.

Table No. (34): Amounts due to related parties

One thousand Saudi Riyals		The volume of transactions as in the financial year ending on December 31			Balance as of the financial year ending on December 31		
Nature of relationship	Nature of the transaction	2018G (Audited)	2019G (Audited)	2020G (Audited)	2018G (Audited)	2019G (Audited)	2020G (Audited)
Board of Directors / Review Committee / Higher Management Members	Bonuses and provisions Salaries, wages, etc.	249	368	477	-	314	386
Executive Management	End of service	-	153	102	-	-	-
Total					-	314	386

Source: The Company's audited financial statements for the facial years ending on December 31, 2018G, 2019G and 2020G.

Transactions with related parties mainly represent salaries, bonuses, provisions and end of service for members of the Board of Directors, committees and executive management between December 31, 2018G, 2019G and 2020G.

The balance payable to related parties, which amounted to 385.9 million Saudi Riyals as of December 31, 2020G, is the remuneration and provisions of the members of the Board of Directors and committees, and it has been added within the balances of trade and other payables.

17-6-Zakat provision

The following table indicates the movement of the Zakat provision for the facial years ending on December 31, 2018G, 2019G and 2020G.

Table No. (35): Movement of Zakat Provision

One thousand Saudi Riyals	Financial year ending on December 31			Increase/(decrease)		CAGR — 2018G — 2020G
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	
Balance at the beginning of the year	481	864	815	%79.5	(%5.7)	%30.1
Charged for the year	889	815	839	(%8.4)	%2.9	(%2.9)
Zakat settlements	-	4	(2)	N/A	(%142.0)	N/A
Payments during the year	(507)	(868)	(611)	%71.2	(%29.6)	%9.8
Balance at the end of the year	864	815	1,041	(%5.7)	%27.7	%9.8

Source: The Company's audited financial statements for the facial years ending on December 31, 2018G, 2019G and 2020G.

The Zakat provision represented the expenses credited to the General Authority of Zakat and Income. The Zakat charged for the year represents the Zakat calculated based on the net income of the Company.

The provision decreased by 5.7% or by an amount of 49.0 thousand Saudi Riyals, from 863.6 thousand Saudi Riyals as on December 31, 2018G to 814.6 thousand Saudi Riyals as on December 31, 2019G, as a result of the increase in Zakat paid by 71.2% compared to the previous year. The provision increased by 27.7% or an amount of 49.0 thousand Saudi Riyals from 814.6 thousand Saudi Riyals as on December 31, 2019G to 1,040.6 thousand Saudi Riyals as on December 31, 2019G, driven by a decrease in Zakat paid from 868.0 thousand Saudi Riyals in 2019G to 610.8 thousand Saudi Riyals in year 2020G.

The Company submitted its returns to the General Authority of Zakat and Tax until December 31, 2019G, and the Company obtained a certificate from the General Authority of Zakat and Tax, which valid until April 30, 2021G.

18-6-Equity

The following table indicates the equity as on December 31, 2018G, 2019G and 2020G.

Table No. (36): Equity

One thousand Saudi Riyals	Financial year ending on December 31			Increase/(decrease)		CAGR — 2018G — 2020G
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	
Capital	15,000	15,000	25,000	-	%66.7	%29.1
Statutory reserve	1,324	1,324	1,582	-	%19.5	%9.3
Share Premium	14,478	14,478	-	-	(%100.0)	(%100.0)
Actuarial reserve	(649)	(379)	(583)	(%41.5)	%53.8	(%5.2)
Retained earnings	6,453	2,300	8,349	(%64.4)	%263.1	%13.7
Total equity	36,607	32,723	34,348	(%10.6)	%5.0	(%3.1)

Source: The Company's audited financial statements for the fiscal years ending on December 31, 2018G, 2019G and 2020G.

19-6-Capital

The capital amounted to 25.0 million Saudi Riyals as on December 31, 2020G, compared to 15.0 million Saudi Riyals as on December 31, 2018G and 2019G, as the Company's capital increased after the recommendation of the Board of Directors in a meeting held on November 20, 2019G and the decision of the Extraordinary General Assembly held on 25 June 2020G, which included the approval to increase the Company's capital by 10.0 million Saudi Riyals by granting free shares amounting to 10.0 million Saudi Riyals. Where the amount of the share premium, which was applicable to all shareholders of the Company, was capitalized and the number of shares increased from 1.5 million shares as on December 31, 2019G to 2.5 million shares as on December 31, 2020G, with the aim of supporting the Company's capital base, which contributes to increasing growth rates and expanding its business in the coming years and maintaining financial solvency.

The Board of Directors decided in a meeting held on January 03, 2021G, to recommend to the Extraordinary General Assembly to increase the Company's capital by offering initial shares of 150.0 million Saudi Riyals. This decision was made to enable the Company to implement its strategic and operational plans and to support the expansion of logistics services. In this regard, the Company is required to obtain the approvals of the relevant official authorities and the Extraordinary General Assembly.

20-6-Statutory reserve

According to the Companies Law, the Company transfers 10.0% of the net income to the statutory reserve until it reaches 30.0% of the capital value and the Company cannot dispose thereof, however, it can be used to cover the losses of the Company or increase its capital after obtaining the approval of the Shareholders General Assembly.

The Company did not make a transfer to the legal reserve in 2019G as a result of the losses recorded during the year. In the year 2020G, the Company transferred an amount of 257.9 thousand Saudi Riyals, bringing the total statutory reserve to 1.4 million Saudi Riyals, and this amount represents 6.3% of the total capital of the Company.

21-6-Share Premium

The following table indicates the Share Premium as of December 31, 2018G, 2019G and 2020G.

Table No. (37): Share Premium

One thousand Saudi Riyals	Financial year ending on December 31			Increase/(decrease)		CAGR — 2018G — 2020G
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	
Share Premium	15,300	15,300	-	-	(%100.0)	(%100.0)
Issue fees	(822)	(822)	-	-	(%100.0)	(%100.0)
Total	14,478	14,478	-	-	(%100.0)	(%100.0)

Source: The Company's audited financial statements for the fiscal years ending on December 31, 2018G, 2019G and 2020G.

Proceeds from the subscription process amounted to 17.5 million Saudi Riyals, including 2.3 million Saudi Riyals as capital and the rest was a share premium of 15.3 million Saudi Riyals. The expenses resulting from the issue amounted to 0.8 million Saudi Riyals and were deducted from the issue premium.

Thus, the amounts included in the share premium amounted to 14.5 million Saudi Riyals as on December 31, 2018G and December 31, 2019G. On the other hand, in 2020G, the share premium decreased to zero as a result of capitalizing an amount of 10.0 million Saudi Riyals to the capital and was granted to shareholders, and the Company also transferred an amount of 4.5 million Saudi Riyals to the balance of retained earnings.

22-6-6 Actuarial reserve

Defined end-of-service benefits are calculated annually by qualified actuaries using the projected unit method in accordance with IAS 19 - Employee Benefits, taking into account the Labor Law in the Kingdom of Saudi Arabia. Re-measurement amounts, if any, are recognized in equity in the statement of changes in equity and the corresponding increase or decrease is charged to other comprehensive income, which consists of actuarial profits and losses resulting from defined end-of-service benefits.

23-6-6 Retained earnings

Retained earnings decreased by 64.4% or by the amount of 4.1 million Saudi Riyals from 6.5 million Saudi Riyals as on December 31, 2018G to 2.3 million Saudi Riyals as on December 31, 2019G. The mentioned decrease was mainly driven by the loss recorded by the Company between the years 2018G and 2019G in addition to distribution of dividends of 2.3 million Saudi Riyals during the year 2019G. The accumulated profits decreased again by 263.1% or by the amount of 6.0 million Saudi Riyals from 2.3 million Saudi Riyals as in December 2019G to 8.3 million Saudi Riyals as in December 2020G after the Company recorded a profit of 2.6 million Saudi Riyals.

7-6 Statement of Cash Flows

The following table indicates the statement of cash flows as on December 31, 2018G, 2019G and 2020G.

Table No. (38): Statement of Cash Flows

One thousand Saudi Riyals	Financial year ending on December 31			Increase/(decrease)		CAGR — 2018G — 2020G
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	
Net cash (used in) / generated from operational activities	4,433	(853)	(451)	(%119.3)	(%47.2)	N/A
Net cash generated from investment activities	1,656	2,601	4,308	%57.1	%65.6	%61.3
Net cash used in financing activities	(5,639)	(2,462)	(3,537)	(%56.4)	%43.7	(%20.8)
Net change in cash and cash equivalents	449	(714)	320	(%259.0)	%144.9	(%15.5)
Cash and cash equivalents at the beginning of the year	2,294	2,743	2,030	%19.6	(%26.0)	(%5.9)
Cash and cash equivalents at the end of the year	2,743	2,030	2,350	(%26.0)	%15.8	(%7.4)

Source: The Company's audited financial statements for the fiscal years ending on December 31, 2018G, 2019G and 2020G.

1-7-6 Statement of cash flows from operational activities

The following table indicates the statement of cash flows from operational activities as on December 31, 2018G, 2019G and 2020G.

Table No. (39): Statement of cash flows from operational activities

One thousand Saudi Riyals	Financial year ending on December 31			Increase/(decrease)		CAGR — 2018G — 2020G
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	
Net (loss)/profit before Zakat	1,349	(1,089)	3,417	(%180.7)	%413.8	%59.1
Adjustments:						
Depreciation of property, plant and equipment	1,127	1,199	1,156	%6.4	(%3.6)	%1.3
Amortization of intangible assets	6	22	68	%264.4	%217.7	%240.3
Amortization of the right to use assets	-	191	2,880	N/A	%1,407.9	N/A
Sale of property, plant and equipment loss	-	3	(2)	N/A	(%180.2)	N/A
Financing costs	-	41	420	N/A	%923.9	N/A
End of service benefits provision	402	473	539	%17.7	%14.1	%15.9
Idle stock provision	-	205	234	N/A	%14.4	N/A
Profits from investments recognized in fair value through profit or loss	(500)	(516)	(415)	%3.1	(%19.6)	(%8.9)
Adjusted profit of Lease Liabilities	-	-	(18)	-	N/A	N/A
Zakat adjustments	-	4	(2)	N/A	(%142.0)	N/A
Provision for trade receivables impairment losses	822	50	542	(%93.9)	%984.5	(%18.8)
Changes in:						
Stock	2,058	(335)	(6,452)	(%116.3)	%1,828.3	N/A
Trade receivables, advance payments and other receivables	226	(1,647)	(4,492)	(%827.2)	%172.7	N/A
Trade and other payables	(224)	1,899	2,340	(%948.6)	%23.2	N/A
Due to related parties	(285)	-	-	(%100.0)	-	(%100.0)
End of service benefits paid	(41)	(485)	(56)	%1,086.4	(%88.4)	%17.3
Zakat paid	(507)	(868)	(611)	%71.2	(%29.6)	%9.8
Net cash (used in)/generated from operational activities	4,433	(853)	(451)	(%119.3)	(%47.2)	N/A

Source: The Company's audited financial statements for the fiscal years ending on December 31, 2018G, 2019G and 2020G.

Cash flows from operational activities fluctuated during the fiscal years ending on 2018G, 2019G and 2020G mainly due to the movement in net profit/(loss) before Zakat, stock, trade receivable balances, advance payments and other receivables, trade and other payables and amortization of right to use assets.

A cash outflow of 0.9 million Saudi Riyals was recorded in 2019G compared to a positive outflow of 4.4 million Saudi Riyals in 2018G. Mainly affected by an increase in trade receivable balances, advance payments and other receivables and net losses before Zakat recorded between 2018G and 2019G.

A cash outflow of 0.5 million Saudi Riyals was recorded in the financial year 2020G. This movement in cash from operational activities was mainly affected by the increase in stock balances and due to the cash outflows from the increase in trade, advance payments and other receivable balances during the year.

2-7-6 Statement of cash flows from investment activities

The following table indicates the statement of cash flows from investment activities as of December 31, 2018G, 2019G and 2020G.

Table No. (40): Statement of cash flows from investment activities

One thousand Saudi Riyals	Financial year ending on December 31			Increase/(decrease)		CAGR — 2018G — 2020G
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	
Investments at fair value through profit or loss	(15,000)	(4,935)	-	(%67.1)	(%100.0)	(%100.0)
Proceeds from investments recognized in fair value through profit or loss	18,881	8,250	5,500	(%56.3)	(%33.3)	(%46.0)
Additions of property, plant and equipment	(2,079)	(648)	(1,245)	(%68.9)	%92.2	(%22.6)
Proceeds from the sale of property, plant and equipment	-	15	52	N/A	%248.6	N/A
Additions of intangible assets	(146)	(81)	-	(%44.4)	(%100.0)	(%100.0)
Net cash generated from investment activities	1,656	2,601	4,308	%57.1	%65.6	%61.3

Source: The Company's audited financial statements for the fiscal years ending on December 31, 2018G, 2019G and 2020G.

The cash generated from investment activities witnessed an increase during the period between 2018G and 2020G. The Company recorded cash in from investment activities by 1.7 million Saudi Riyals, 2.6 million Saudi Riyals, and 4.3 million Saudi Riyals in the years 2018G, 2019G and 2020G, respectively. The said movement was associated with the movement of proceeds from investments recognized in fair value through profit or loss.

3-7-6 Statement of cash flows from financing activities

The following table indicates the statement of cash flows from financing activities as on December 31, 2018G, 2019G and 2020G.

Table No. (41): Statement of cash flows from financing activities

One thousand Saudi Riyals	Financial year ending on December 31			Increase/(decrease)		CAGR — 2018G — 2020G
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	
Lease payments	-	(212)	(2,787)	N/A	%1,217.5	N/A
Paid off short-term loans	(3,952)	-	-	(%100.0)	-	(%100.0)
Dividends	(1,688)	(2,250)	(750)	%33.3	(%66.7)	(%33.3)
Net cash used in financing activities	(5,639)	(2,462)	(3,537)	(%56.4)	%43.7	(%20.8)

Source: The Company's audited financial statements for the fiscal years ending on December 31, 2018G, 2019G and 2020G.

The Company recorded cash out from financing activities amounting to 5.6 million Saudi Riyals in the year 2018G, due to the Company's payment of all term loans. As for 2019G and 2020G, cash outflows were mainly affected by payments of operating Lease Liabilities.

4-7-6 Contingent liabilities and obligations

The following table indicates a summary of the contingent liabilities and obligations of the Company as on December 31, 2018G, 2019G and 2020G.

Table No. (42): Contingent liabilities and obligations

One thousand Saudi Riyals	Financial year ending on December 31			Increase/(decrease)		CAGR — 2018G — 2020G
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	
Capital liabilities	81	-	-	N/A	-	(%100.0)
Contingent liabilities	885	-	-	N/A	-	(%100.0)
Total	966	-	-	N/A	-	(%100.0)

Source: The Company's audited financial statements for the fiscal years ending on December 31, 2018G, 2019G and 2020G and management information.

The recorded liabilities as at December 31, 2018G are related to contingent liabilities and capital liabilities. These liabilities constitute contingent liabilities arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not entirely within the Company's control, or present liabilities arising from past but unproven events.

The Management clarified that the contingent liabilities consisted of the unhedged portion of the letters of guarantee. Moreover, the recorded capital liabilities and liabilities constitute contracts for the purchase of equipment and productive fixed assets.

The Company has no contingent liabilities as of December 31, 2020G, and the letters of guarantee issued as on December 31, 2020G are covered in cash at 100.0% and against a cash cover of 0.2 million Saudi Riyals and it has been listed in the account of trade receivables, advance payments and other receivables.

8-6 Financial information, management discussion and analysis for the three-month period ending on March 31, 2021G

1-8-6 Income Statement

The following table indicates the Company's income statement for the three months ending on March 31, 2020G and 2021G.

Table No. (43): Income Statement

One thousand Saudi Riyals	Financial year ending on December 31		Increase/(decrease) March 2021G
	2020G Unaudited	2021G Unaudited	
Revenues	10,262	14,877	%45.0
Revenue cost	(7,916)	(10,463)	%32.2
Gross profit	2,346	4,414	%88.1
Sales and Marketing Expenses	(1,500)	(1,594)	%6.3

General and administrative expenses	(1,155)	(1,520)	%31.6
Impairment losses on trade receivables	-	(267)	N/A
Other revenues/(expenses), net	41	(0)	(%100.5)
(Loss)/profit from operations	(268)	1,033	%485.3
Lease Liabilities interests	(12)	(269)	%2,194.1
Profits from investments recognized in fair value through profit or loss	130	43	(%66.7)
Net (loss)/profit before Zakat	(150)	808	%637.1
Zakat	(175)	(206)	%17.8
Net (loss)/profit for the year	(325)	601	%284.8

Source: Unaudited condensed financial statements for the three-month period ending on March 31, 2021G and Management Information.

Revenues increased by 45.0% from 10.3 million Saudi Riyals in the three-month period ending on March 31, 2020G to 14.9 million Saudi Riyals in the three-month period ending on March 31, 2021G. This is due to the increase in revenues generated from all sectors, in addition to recording revenues from the logistics sector by 3.3 million Saudi Riyals in the three-month period ending on March 31, 2021G.

The cost of revenue increased by 32.2% from 7.9 million Saudi Riyals in the three-month period ending on March 31, 2020G to 10.5 million Saudi Riyals in the corresponding period of 2021G. The increase in the cost of revenues was in line with the increase in revenues during the same period.

Sales and Marketing Expenses increased by 6.3% from 1.5 million Saudi Riyals in the three-month period ending on March 31, 2020G to 1.6 million Saudi Riyals in the corresponding period of 2021G due to the natural increase in some items such as salaries and commissions.

General and administrative expenses increased by 31.6% from 1.2 million Saudi Riyals during the period ending on March 31, 2020G to 1.5 million Saudi Riyals during the period ending on March 31, 2021G. This is due to the increase in wages and administrative salaries and the appointment of a CEO / Abdulrahman Al-Hadlaq, in addition to the appointment of some administrative staff.

The Company recorded a decrease in the amount of trade receivables by 0.3 million Saudi Riyals in the three-month period ending on March 31, 2021G.

Other revenues of 41.0 thousand Saudi Riyals in the three-month period ending on March 31, 2020G was transferred to other expenses amounting to 216 Saudi Riyals in the three-month period ending on March 31, 2021G.

The interest on Lease Liabilities increased from 12.0 thousand Saudi Riyals during the period ending on March 31, 2020G to 0.3 million Saudi Riyals during the period ending on March 31, 2021G. This is due to the existence of a lease contract for logistics warehouses in Jeddah with the Al Morabitoon Al Khaleejiah Company.

The decrease in profits from investments between the three-month period ending on March 31, 2020G and 2021G is due to the variation in the value of investments and returns on investments during the mentioned periods.

Zakat expense increased by 17.8% from 175 thousand Saudi Riyals in the three-month period ending on March 31, 2020G to 206 thousand Saudi Riyals in the corresponding period of 2021G.

2-8-6 Revenue by sectors

The following table indicates the details of the Company's revenues by sectors for the three-month periods ending on March 31, 2020G and 2021G.

Table No. (44): Revenues by Sectors

One thousand Saudi Riyals	Financial year ending on December 31		Increase/(decrease) March 2021G
	2020G Unaudited	2021G Unaudited	
Iron revenue	7,119	7,234	%1.6
Wood revenue	2,398	2,951	%23.0
Storage equipment revenue	357	555	%55.4
Logistics revenue	-	3,307	N/A
Other revenues	388	830	%114.1
Total	10,262	14,877	%45.0

Source: Management Information.

Iron revenues did not witness material fluctuations in the three-month period ending on March 31, 2021G, compared to the same period of 2020G.

Wood revenues increased by 23.0% from 2.4 million Saudi Riyals during the period ending on March 31, 2020G to 3.0 million Saudi Riyals during the period ending on March 31, 2021G. This is due to an increase in the number of sales for the first quarter of 2021G compared to the first quarter of 2020G by 29%, as a result of the increase in the customer base during the first quarter of 2021G.

Storage equipment revenues increased by 55.4% from 0.4 million Saudi Riyals during the period ending on March 31, 2020G, to 0.6 million Saudi Riyals during the period ending on March 31, 2021G. This is due to an increase in the number of sales for the first quarter of 2021G compared to the first quarter of 2020G by 50%, in addition to an increase in the average selling price by 4% as a result of marketing such product more.

The Company recorded revenues from logistics services amounting to 3.3 million Saudi Riyals in the three-month period ending on March 31, 2021G, as the Company started its investments and operations in this sector as of the third quarter of 2020G within the framework of the Company's expansion plan, which aims to diversify the services, products and sectors in which the company operates and provide it to its customers

Other revenues increased by 114.1% from 0.4 million Saudi Riyals in the three-month period ending on March 31, 2020G to 0.8 million Saudi Riyals during the corresponding period of 2021G. This is due to the Company's entry into projects to construct and supply refrigerators during the first quarter of 2021G, which led to an increase in other revenues.

3-8-6 Geographical distribution of revenue

The following table indicates the details of the Company's geographical distribution of revenues for the three-month periods ending on March 31, 2020G and 2021G.

Table No. (45): Geographical Distribution of Revenues

One thousand Saudi Riyals	Financial year ending on December 31		Increase/(decrease)

	2020G	2020م	March 2021G
Central provinces	3,859	5,958	%54.4
Western provinces	2,692	5,603	%108.1
Eastern provinces	3,711	2,068	(%44.3)
Northern region	-	797	N/A
Southern region	-	115	N/A
UAE	-	336	N/A
Total	10,262	14,877	%45.0

Source: management information.

Central provinces revenues increased by 54.4% from 3.9 million Saudi Riyals in the three-month period ending on March 31, 2020G, to 6.0 million Saudi Riyals in the corresponding period of 2021G. This was as a result of the increase in the projects implemented in 2021G from the year 2020G as a result of the increase in demand in the market, in addition to the Company's tendency to increase the number of sales representatives in the Central provinces from the first quarter of 2020G and adding projects to construct and equip refrigerators stationed in the Central provinces.

Western provinces revenues increased by 108.1% from 2.7 million Saudi Riyals during the period ending on March 31, 2020G to 5.6 million Saudi Riyals during the period ending on March 31, 2021G due to entering the logistics sector from the end of 2020G, as the sales of this sector were concentrated in the Western provinces in such period.

Eastern provinces revenues decreased by 44.3% from 3.7 million Saudi Riyals during the period ending on March 31, 2020G, to 2.1 million Saudi Riyals during the period ending on March 31, 2021G. This is due to lower demand due to market conditions in the Eastern Province.

The Company recorded revenues from the Northern and Southern provinces of 0.8 million Saudi Riyals and 0.1 million Saudi Riyals, respectively, during the three-month period ending on March 31, 2021G. These revenues recorded in these two provinces are due to ().

The recorded revenues from the United Arab Emirates amounted to 0.3 million Saudi Riyals in the three-month period ending on March 31, 2021G, with the export of wood pallets to the Nasiriyah Company based in the United Arab Emirates.

4-8-6 Revenue Cost

The following table indicates the details of the Company's revenue cost for the three months ending on March 31, 2020G and 2021G.

Table No. (46): Revenue Cost

One thousand Saudi Riyals	Financial year ending on December 31		Increase/(decrease)
	2020G Unaudited	2021G Unaudited	March 2021G
Cost of goods sold	7,862	10,508	%33.7
Stock control	54	(46)	(%184.3)
Total	7,916	10,463	%32.2

Source: Management Information

The cost of revenue increased by 32.2% from 7.9 million Saudi Riyals in the three-month period ending on March 31, 2020G to 10.5 million Saudi Riyals in the corresponding period of 2021G. The increase in the cost of revenues was in line with the increase in revenues during the same period.

5-8-6 Cost of revenue by sectors

The following table details the cost of revenue based on the Company's sectors for the three months ending on March 31, 2020G and 2021G.

Table No. (47): Cost of Revenues by Sectors

One thousand Saudi Riyals	Financial year ending on December 31		Increase/(decrease)
	2020G Unaudited	2021G Unaudited	March 2021G
Iron revenue cost	5,504	4,163	(%24.4)
Wood revenue cost	1,818	2,649	%45.7
Storage equipment revenue cost	327	466	%42.5
Logistics revenue cost	-	2,635	N/A
Other revenue cost	267	549	%106.0
Total	7,916	10,463	%32.2

Source: Management Information

The Company recorded an increase in iron revenues during the period ending on March 31, 2021G compared to the corresponding period of 2020G, while the cost of revenues from this sector decreased by 24.4% from 5.5 million Saudi Riyals during the period ending on 31 March 2020G to 4.2 million Saudi Riyals during the corresponding period of the year 2021G, where the decrease in the cost of iron revenues was driven by a decrease in the government financial compensation for labor.

The cost of wood revenues increased by 45.7% from 1.8 million Saudi Riyals in the three-month period ending on March 31, 2020G to 2.6 million Saudi Riyals during the corresponding period of 2021G due to the increase in wood revenues by 23.0% during the same mentioned period.

The increase in the cost of storage equipment revenues by 42.5% from 0.3 million Saudi Riyals during the period ending on March 31, 2020G to 0.5 million Saudi Riyals during the corresponding period of 2021G, in line with the increase in the revenues of storage equipment during the same mentioned period.

The Company recorded a cost of logistics revenue of 2.6 million Saudi Riyals in the three-month period ending on March 31, 2021G, as the Company started its investments and operations in this sector as of the third quarter of 2020G.

The cost of other revenues increased by 106.0% from 0.3 million Saudi Riyals during the period ending on March 31, 2020G to 0.5 million Saudi Riyals during the period ending on March 31, 2021G, after other revenues increased by 114.1% during the same period.

6-8-6 Gross profit / (loss) by sectors

The following table indicates the Company's total profit / (loss) by sectors for the three months ending on March 31, 2020G and 2021G.

Table No. (48): Gross Profit / (Loss) by Sectors

One thousand Saudi Riyals	Financial year ending on December 31		Increase/(decrease)
	2020G Unaudited	2021G Unaudited	March 2021G

Iron Sector	1,615	3,072	%90.2
Wood Sector	580	302	(%48.0)
Storage equipment sector	30	89	%196.6
Logistics Sector	-	672	N/A
Other sectors	121	281	%131.9
Total	2,346	4,414	%88.1

Source: Management Information

The total profit achieved from the iron sector increased by 90.2% from 1.6 million Saudi Riyals during the period ending on March 31, 2020G to 3.1 million Saudi Riyals during the period ending on March 31, 2021G. The increase was driven by the increase in revenues and the decrease in the cost of revenues from this sector during the same period.

Gross profit from the wood sector decreased by 48.0% from 0.6 million Saudi Riyals in the three-month period ending on March 31, 2020G to 0.3 million Saudi Riyals in the corresponding period of 2021G. The profit movement was in line with the revenue movement of this sector during the same mentioned period.

The total profit achieved from the storage equipment sector increased by 196.6% from 30.0 thousand Saudi Riyals in the period ending on March 31, 2020G to 80.0 thousand Saudi Riyals during the corresponding period in 2021G due to the increase in the sector's revenues during the same period.

The increase in other revenues was by 131.9% during the period ending on March 31, 2021G compared to the same period of 2020G, in line with the increase in other revenues during the same mentioned period.

7-8-6 Sales and Marketing Expenses

The following table indicates details of the Company's Sales and Marketing Expenses for the three-month periods ending on March 31, 2020G and 2021

Table No. (49): Sales and Marketing Expenses

One thousand Saudi Riyals	Financial year ending on December 31		Increase/(decrease) March 2021G
	2020G Unaudited	2021G Unaudited	
Salaries, wages, etc.	645	753	%16.8
Transport, export and installations	280	351	%25.1
Sales and marketing commissions	119	206	%73.8
Governmental fees	89	13	(%85.6)
Sale supplies	94	91	(%3.8)
Rents	54	35	(%34.8)
Consumption and amortization	69	35	(%49.3)
Maintenance and cleaning	88	31	(%64.6)
Medical insurance and treatment	11	16	%50.1
Depreciation of the right to use assets	11	11	(%1.0)
Electricity, water and communications	11	5	(%58.6)
Advertising	3	11	%234.7
Others	25	36	%43.1

Total	1,500	1,594	%6.3
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Source: Management Information

Salaries, wages and the like increased by 16.8% from 0.6 million Saudi Riyals in the three-month period ending on March 31, 2020G to 0.8 million Saudi Riyals in the corresponding period of 2021G. This is due to the natural increase in salaries and wages, which is an annual increase for employees.

Transportation, export and installation expenses increased by 25.1% from 0.3 million Saudi Riyals in the three-month period ending on March 31, 2020G to 0.4 million Saudi Riyals in the corresponding period of 2021G after an increase in the volume of imports in general.

Sales and marketing commissions increased by 73.8% from 0.1 million Saudi Riyals in the three-month period ending on March 31, 2020G to 0.2 million Saudi Riyals in the corresponding period of 2021G. This is due to the increase in sales for the first quarter of 2021G compared to the first quarter of 2020G, in addition to the increase in foreign commissions.

Government fees decreased by 85.6% from 89.0 thousand Saudi Riyals in the three-month period ending on March 31, 2020G to 13.0 thousand Saudi Riyals in the three-month period ending on March 31, 2021G due to the decrease in the financial consideration for work licenses by the Kingdom.

Expenses related to sale supplies decreased by 3.8% from 94.0 thousand Saudi Riyals in the three-month period ending on March 31, 2020G to 91 thousand Saudi Riyals in the three-month period ending on March 31, 2021G due to the ban periods imposed in the Kingdom and to the reduction of fuel prices during the Corona pandemic period.

Rental expenses decreased by 34.8% from 54.0 thousand Saudi Riyals in the three-month period ending on March 31, 2020G to 35.0 thousand Saudi Riyals in the corresponding period of 2021G as a result of the reduction in rent values due to the impact of the Corona pandemic.

Depreciation and amortization expense decreased by 49.3% from 69.0 thousand Saudi Riyals in the three-month period ending on March 31, 2020G to 35.0 thousand Saudi Riyals in the corresponding period of 2021G. This is due to the presence of some assets that were completely depreciated in 2020G.

Maintenance and cleaning expenses decreased by 64.6% from 88.0 thousand Saudi Riyals in the three-month period ending on March 31, 2020G to 31.0 thousand Saudi Riyals in the corresponding period of 2021G. The decline was in the normal course of business for the Company.

Expenses of medical insurance, treatment and social insurance increased by 50.1% from 11.0 thousand Saudi Riyals in the three-month period ending on March 31, 2020G to 16.0 thousand Saudi Riyals in the corresponding period of 2021G due to the increase in the minimum wage for Saudis and also due to the annual increase in salaries and their decrease in the previous year due to the SANID initiative with the conditions of the Corona pandemic.

The right to use asset depreciation expense did not witness material fluctuations in the three-month period ending on March 31, 2021G, compared to the same period of 2020G.

Electricity, water and communications expenses decreased by 58.6% from 11.0 thousand Saudi Riyals in the three-month period ending on March 31, 2020G to 5.0 thousand Saudi Riyals in the corresponding period of 2021G, as the decrease is considered within the normal course of the Company's business.

Advertising expenses increased from 3.0 thousand Saudi Riyals in the three-month period ending on March 31, 2020G to 11.0 thousand Saudi Riyals in the corresponding period of 2021G, mainly due to the organization of a number of external or internal exhibitions during the first quarter of the year 2021G as a result of the decline of the Corona virus.

Other expenses increased by 43.1% from 25.0 thousand Saudi Riyals in the three-month period ending on March 31, 2020G to 36.0 thousand Saudi Riyals in the three-month period ending on March 31, 2021G due to the increase in internal transportation costs with the increase in fuel prices from the Kingdom.

8-8-6 General and administrative expenses

The following table indicates details of the Company's general and administrative expenses for the three-month periods ending on March 31, 2020G and 2021

Table No. (50): General and administrative expenses

One thousand Saudi Riyals	Financial year ending on December 31		Increase/(decrease) March 2021G
	2020G Unaudited	2021G Unaudited	
Salaries, wages, etc.	802	1,176	%46,7
Consumption and amortization	37	35	(%4,9)
Government, subscriptions and Tadawul fees	102	59	(%42,0)
Professional fees and advice	56	41	(%27,1)
Depreciation of the right to use assets	43	48	%11,9
Maintenance and cleaning	10	17	%73,7
Governmental fees	34	15	(%55,7)
Medical insurance and treatment	12	22	%91,8
Transfer, relocation and tasks	8	6	(%19,3)
Electricity, water and communications	11	16	%42,4
Rents	11	29	%160,5
Materials, supplies and stationery	3	1	(%51,0)
Others	28	59	%108,7
Total	1,155	1,524	%31,9

Source: Management Information

Salaries, wages and the like increased by 46.7% from 0.8 million Saudi Riyals in the three-month period ending on March 31, 2020G to 1.2 million Saudi Riyals in the three-month period ending on March 31, 2021G due to the natural increase in salaries and wages, which is an annual increase for employees.

Depreciation and amortization expense did not witness material fluctuations in the three-month period ending on March 31, 2021G compared to the three-month period ending on March 31, 2020G.

Government fees, subscriptions and Tadawul decreased by 42.0% from 0.1 million Saudi Riyals in the three-month period ending on March 31, 2020G to 59.0 thousand Saudi Riyals in the three-month period ending on March 31, 2021G. This is due to the low financial compensation for work licenses by the KSA.

Professional and consultancy fees decreased by 27.1% from 56.0 thousand Saudi Riyals in the three-month period ending on March 31, 2020G to 41.0 thousand Saudi Riyals in the three-month period ending on March 31, 2021G. This is due to the presence of legal consultations for the logistics project in the year 2020G.

Amortization of the right to use assets did not witness material fluctuations in the three-month period ending on March 31, 2021G, compared to the three-month period ending on March 31, 2020G.

The increase in maintenance and cleaning expenses was by 73.7% from 10.0 thousand Saudi Riyals in the three-month period ending on March 31, 2020G to 17.0 thousand Saudi Riyals in the three-month period ending on March 31, 2021G in the course of the Company's normal business.

Government fees decreased by 55.7% from 34,000 Saudi Riyals in the three-month period ending on March 31, 2020G to 15,000 Saudi Riyals in the three-month period ending on March 31, 2021G, after the government transaction fees decreased.

Medical insurance and treatment expenses increased by 91.8% from 12.0 thousand Saudi Riyals in the three-month period ending on March 31, 2021G to 22.0 thousand Saudi Riyals in the three-month period ending on March 31, 2020G as a result of the renewal of a number of insurance agreements and a relative increase occurred in the number of employees.

Expenses for transportation, relocation and tasks did not witness material fluctuations in the three-month period ending on March 31, 2021G, compared to the three-month period ending on March 31, 2020G.

The expenses of electricity, water, and communications did not witness material fluctuations in the three-month period ending on March 31, 2021G, compared to the three-month period ending on March 31, 2020G.

Rental expenses increased by 160.5% from 11.0 thousand Saudi Riyals in the three months period ending on March 31, 2021G to 29.0 thousand Saudi Riyals. It should be noted that rent expenses, which were relatively low in the three-month period ending on March 31, 2020G, were the result of a general reduction in rents after the spread of the Corona pandemic. Rents returned and rose relatively in the three-month period ending on March 31, 2021G, after the Corona pandemic relatively declined.

Expenses for materials, supplies and stationery witnessed no fundamental fluctuations during the three-month period ending on March 31, 2020G and the three-month period ending on March 31, 2021G.

Other expenses increased by 108.7% from 28.0 thousand Saudi Riyals in the three-month period ending on March 31, 2020G to 59.0 thousand Saudi Riyals in the three-month period ending on March 31, 2021G due to the increase in the item of motor vehicle lease for administrators in 2021G.

9-8-6 Impairment of trade receivables losses

The Company recorded trade receivables impairment losses by 0.3 million Saudi Riyals in the three-month period ending on March 31, 2021G.

10-8-6 Other revenues

The following table indicates the details of the Company's other revenues for the three-month periods ending on March 31, 2020G and 2021

Table No. (51): Other revenues

One thousand Saudi Riyals	Financial year ending on December 31		Increase/(decrease)
	2020G	2021G	March 2021G
	Unaudited	Unaudited	
HR compensation	2	14	%691.2
Profit / (loss) exchange rate change	13	(1)	(%106.0)
Profits/(losses) from sale of property, plant and equipment	2	(14)	(%671.8)
Other revenues / (expenses)	23	(0)	(%100.1)
Total	41	(0)	(%100.5)

Source: Management Information

Other revenues of 41.0 thousand Saudi Riyals in the three-month period ending on March 31, 2020G was transferred to other expenses by 216 Saudi Riyals in the three-month period ending on March 31, 2021G due to losses from the sale of property, plant and equipment amounting to 14.0 thousand Saudi Riyals during the period ending on 31 March 2021G.

11-8-6 Interests of Lease Liabilities

The interest on Lease Liabilities increased from 12.0 thousand Saudi Riyals during the period ending on March 31, 2020G to 0.3 million Saudi Riyals during the period ending on March 31, 2021G. This is due to the existence of a lease contract for the logistics warehouses in Jeddah with Al Morabitoon Al Khaleejiah Company.

12-8-6 Profits from investments recognized in fair value through profit or loss

Table No. (52): Profits from investments recognized in fair value through profit or loss

One thousand Saudi Riyals	Financial year ending on December 31	Financial period ending on March 31	Increase/(decrease)
	2020G	2021G	March 2021G
	Unaudited	Unaudited	
Balance at the beginning of the year	10,673	5,588	(%47.6)
Disposals during the year	((5,500	((5,631	%2.4
Investment profits	415	43	(%89.6)
Total	5,588	-	(%100.0)

Source: Management Information

The decrease in profits from investments between the three-month period ending on March 31, 2020G and 2021G is due to the varying value of investments and returns on investments during the mentioned periods. The mentioned profits decreased by 89.6% from 0.1 million Saudi Riyals in the three-month period ending on March 31, 2020G to 43 thousand Saudi Riyals in the three-month period ending on March 31, 2021G after excluding the largest part of the investments, so that the balance of these investments amounted to zero as on March 31, 2021G.

13-8-6 Zakat

Zakat expense increased by 17.8% from 175 thousand Saudi Riyals in the three-month period ending on March 31, 2020G to 206 thousand Saudi Riyals in the corresponding period of 2021G.

14-8-6 Net (loss) profit for the period

The Company recorded a net profit of 0.6 million Saudi Riyals in the three-month period ending on March 31, 2021G, compared to a net loss of 0.3 million Saudi Riyals in the corresponding period of 2020G due to an increase in revenues by 45.05% from 10.3 million Saudi Riyals in the period ending on March 31, 2020G to 14.9 million Saudi Riyals in the period ending on March 31, 2021G.

9-6 Balance sheet

The following table provides a summary of the Company's Balance sheet as of December 31, 2020G and March 31, 2021

Table No. (53): Balance sheet

One thousand Saudi Riyals	Financial year ending on	Financial period ending	Increase/(decrease)
	December 31	on March 31	
	2020G Unaudited	2021G Unaudited	March 2021G
Non-current assets	29,546	27,377	(%7.3)
Current assets	37,923	38,614	%1.8
Total assets	67,469	65,990	(%2.2)
Total equity	34,348	34,949	%1.8
Non-current liabilities	16,887	14,275	(%15.5)
Current liabilities	16,235	16,766	%3.3
Total liabilities	33,121	31,041	(%6.3)
Total equity and liabilities	67,469	65,990	(%2.2)

Source: Unaudited condensed financial statements for the three-month period ending on March 31, 2021G and Management Information.

Total assets decreased by 2.2% from 67.5 million Saudi Riyals as on December 31, 2020G to 66.0 million Saudi Riyals as on March 31, 2021G due to the decrease in non-current assets.

Total equity increased by 1.8% from 34.3 million Saudi Riyals as on December 31, 2020G to 34.9 million Saudi Riyals as on March 31, 2021G. This is due to the increase in retained earnings after recording a net profit of 0.6 million Saudi Riyals during the three-month period ending on March 31, 2021G.

Total liabilities decreased by 6.3% from 33.1 million Saudi Riyals as of December 31, 2020G to 31.0 million Saudi Riyals as of March 31, 2021G. This is due to the decrease in non-current liabilities.

1-9-6 Non-current assets

The following table indicates the non-current assets as on December 31, 2020G and March 31, 2021

Table No. (54): Non-current Assets

One thousand Saudi Riyals	Financial year ending on	Financial period ending on	Increase/(decrease)
	December 31	on March 31	
	2020G Unaudited	2021G Unaudited	March 2021G
Property, plant and equipment	7,091	6,993	(%1.4)
Intangible assets	561	531	(%5.2)
Right to use assets	21,895	19,853	(%9.3)
Total non-current assets	29,546	27,377	(%7.3)

Source: Unaudited condensed financial statements for the three-month period ending on March 31, 2021G and Management Information.

Property, plant and equipment and right to use assets constituted 98.1% of the total non-current assets as on March 31, 2021G.

2-9-6 Property, Plant and Equipment

The following table indicates the details of the net book value of property, plant and equipment as on December 31, 2020G and March 31, 2021

Table No. (55): Property, plant and equipment

One thousand Saudi Riyals	Financial year ending on	Financial period ending on March 31	Increase/(decrease)
	December 31	31	
	2020G Unaudited	2021G Unaudited	March 2021G
Buildings and structures	3,524	3,431	(%2.6)
Leasehold Improvements	292	286	(%1.9)
Plant and equipment	2,517	2,535	%0.7
Motor Vehicles	173	153	(%11.9)
Tools	240	240	%0.1
Furniture and fixtures	345	348	%0.9
Net book value	7,091	6,993	(%1.4)

Source: Management Information

The net book value of property, plant, and equipment did not witness material fluctuations between December 31, 2020G and March 31, 2021G.

The Company has acquired the following assets:

Description of the activity of the deal asset	A 5516 square meter factory consisting of an administration building, a storage area and a production hall. The factory will be used to manufacture and produce the Company's products.
Deal Details	The plant was purchased by public auction and the purchase price paid off.
Deal Value	4.792 million Saudi Riyals.
Terms of the Deal	Payment of the value of the factory by public auction and contracting for a period of 20 years for leasing from the Saudi Authority for Industrial Cities and Technology Zones.
How to finance the deal	The transaction was financed by the Company's facilities with the Arab National Bank.
Date of conclusion of the deal	26/02/1443H Corresponding to 03/10/2021G

3-9-6 Intangible Assets

The following table indicates the details of the net book value of intangible assets as on December 31, 2020G and March 31, 2021

Table No. (56): Intangible Assets

One thousand Saudi Riyals	Financial year ending on	Financial period ending on March	Increase/(decrease)
	December 31	31	
	2020G Unaudited	2021G Unaudited	March 2021G
Software	561	531	(%5.2)
Net book value	561	531	(%5.2)

Source: Unaudited condensed financial statements for the three-month period ending on December 31, 2021G and management information.

The net book value of intangible assets decreased by 5.2% from 0.6 million Saudi Riyals as on December 31, 2020G to 0.5 million Saudi Riyals as on March 31, 2021G due to recording the amortization expense during the three-month period ending on March 31, 2021G.

4-9-6 Right to use assets

The following table indicates the right to use assets as on December 31, 2020G and March 31, 2021G.

Table No. (57): Right to Use Assets

One thousand Saudi Riyals	Financial year ending on December 31 2020G Unaudited	Financial period ending on March 31 2021G Unaudited	Increase/(decrease) March 2021G
Right to use assets:			N/A
Lease Liabilities on January 1	947	24,966	%2,535.0
Advance rent as on December 31, 2018G - Reclassification	-	-	N/A
Additions during the year	24,018	-	(%100.0)
Balance at December 31	24,966	24,966	-
Accumulated Depreciation:			N/A
Balance on January 1	(191)	3,071	%1,707.9
Depreciation charged to the year/period	(2,880)	2,042	%170.9
Balance at December /March 31st	(3,071)	5,113	%266.5
Net book value as at December 31/March	21,895	19,853	(%9.3)

Source: Management Information

The net book value of the right to use leased assets decreased by 9.3% from 21.9 million Saudi Riyals as of December 31, 2020G to 19.8 million Saudi Riyals as of March 31, 2021G due to depreciation of the right to use assets without adding new lease contracts.

5-9-6 Current assets

The following table indicates current assets as on December 31, 2020G and March 31, 2021

Table No. (58): Current Assets

One thousand Saudi Riyals	Financial year ending on December 31 2020G Unaudited	Financial period ending on March 31 2021G Unaudited	Increase/(decrease) March 2021G
Stock	13,432	13,083	(%2.6)
Trade receivables, advance payments and other receivables	16,553	20,606	%24.5
Investments at fair value through profit or loss	5,588	-	(%100.0)
Cash and cash equivalent	2,350	4,924	%109.5
Total current assets	37,923	38,614	%1.8

Source: unaudited condensed financial statements for the three-month period ending on March 31, 2021G and Management Information

Stocks, trade receivables, advance payments and other receivables constituted 87.2% of the total current assets as on March 31, 2021G.

6-9-6 Stock

The following table indicates the stock details as on December 31, 2020G and March 31, 2021

Table No. (59): Stock

One thousand Saudi Riyals	Financial year ending on December 31	Financial period ending on March 31	Increase/(decrease)
	2020G Unaudited	2021G Unaudited	March 2021G
Raw materials	7,411	7,399	(%0.2)
Full production	5,009	4,705	(%6.1)
Spare parts and supplies	1,090	1,060	(%2.8)
Production in progress	420	418	(%0.6)
Total	13,930	13,581	(%2.5)
Less: Idle stock provision	(498)	(498)	-
Total	13,432	13,083	(%2.6)

Source: Unaudited condensed financial statements for the three-month period ending on March 31, 2021G and management information.

The stock did not witness material fluctuations between December 31, 2020G and March 31, 2021G. The following table indicates the details of the movement of the idle stock provision as on December 31, 2020G and March 31, 2021

Table No. (60): Movement of Stock Provision

One thousand Saudi Riyals	Financial year ending on December 31	Financial period ending on March 31	Increase/(decrease)
	2020G Unaudited	2021G Unaudited	March 2021G
Balance at the beginning of the year/period	264	498	%88.7
Earned during the year/period	234	-	(%100.0)
Balance at the end of the year/period	498	498	-

Source: Unaudited condensed financial statements for the three-month period ending on March 31, 2021G and Management Information.

There was no change in the idle stock provision balance between December 31, 2020G and March 31, 2021G.

7-9-6 Trade receivables, advance payments and other receivables

The following table indicates the details of trade receivables, advance payments and other receivables as on December 31, 2020G and March 31, 2021

Table No. (61): Trade receivables, advance payments and other receivables

One thousand Saudi Riyals	Financial year ending on December 31	Financial period ending on March 31	Increase/(decrease)
	2020G Unaudited	2021G Unaudited	March 2021G
Trade receivables	15,394	21,754	%41.3
Advance payments from suppliers	330	668	%102.5
Accrued revenues	2,115	-	(%100.0)
Prepaid Subscriptions	47	76	%62.0
Expenses paid in advance	155	88	(%43.0)
Workers' advances	384	334	(%13.0)
Advance rents	60	66	%10.5
Letters of guarantee cover	237	56	(%76.6)
	18,722	23,043	%23.1
Less:			N/A
Accounts receivable impairment losses provision	(2,169)	(2,436)	%12.3
Total	16,553	20,606	%24.5

Source: Unaudited condensed financial statements for the three-month period ending on March 31, 2021G and Management Information.

Trade receivables increased by 41.3% from 15.4 million Saudi Riyals as of December 31, 2020G to 21.8 million Saudi Riyals as of March 31, 2021G. This is due to the increase in forward sale as a result of market conditions, which led to an increase in trade receivables.

Payments made by suppliers increased by 102.5% from 0.3 million Saudi Riyals as on December 31, 2020G to 0.7 million Saudi Riyals as on March 31, 2021G due to market conditions and the increase in raw materials prices, which led to the need to change the payment policy for cash payment in line with the market.

The Company did not record accrued revenue as on March 31, 2021G due to the fact that the accrued revenue is revenue of a percentage of projects' completion, in accordance with the Standard. In the event that the value of the unpaid invoices due to the customer is greater than the value of the accrued revenues, the invoices account will be closed in the deferred revenues.

Prepaid subscriptions increased by 62.0% from 47 thousand Saudi Riyals as on December 31, 2020G to 76 thousand Saudi Riyals as on March 31, 2021G. This is due to the completion of the advance expenses that are paid at the end of 2020G and are renewed at the beginning of the year and are consumed until the end of the year. Therefore, an increase appears in the first quarter over the end of 2020G.

Prepaid expenses decreased by 43.0% from 155 thousand Saudi Riyals as on December 31, 2020G to 88 thousand Saudi Riyals as on March 31, 2021G. This is due to the decrease in the consumed expense from the value of the medical insurance policy along with the Motor insurance policy until 31/03/2021G, which led to a decrease in the expenses provided.

The balance of employees' advances did not witness material fluctuations between December 31, 2020G and March 31, 2021G.

The balance of the letters of guarantee cover decreased by 76.6% from 237 thousand Saudi Riyals as on December 31, 2020G to 56 thousand Saudi Riyals as on March 31, 2021G due to the recovery of the amount of the letter of guarantee amount of the beneficiary, the Kuwaiti company.

The following table indicates the details of the movement of the provision for accounts receivable impairment losses as on December 31, 2020G and March 31, 2021

Table No. (62): Movement of provision for accounts receivable impairment losses

One thousand Saudi Riyals	Financial year ending on December 31	Financial period ending on March 31	Increase/(decrease)
	2020G Unaudited	2021G Unaudited	March 2021G
Balance at the beginning of the year	1,672	2,169	%29.7
Earned during the year	542	267	(%50.8)
Write off during the year	(45)	-	(%100.0)
Balance at the end of the year/period	2,169	2,436	%12.3

Source: unaudited condensed financial statements for the three-month period ending on March 31, 2021G and management information

The provision for receivables impairment losses increased by 12.3% from 2.2 million Saudi Riyals as of December 31, 2020G to 2.4 million Saudi Riyals as of March 31, 2021G. The increase was in line with the increase in the balance of trade receivables as on March 31, 2021G.

8-9-6 Investments recognized in fair value through profit or loss

The following table indicates the details of investments recognized in fair value through profit or loss as on December 31, 2020G and March 31, 2021

Table No. (63): Investments recognized in fair value through profit or loss

One thousand Saudi Riyals	Financial year ending on	Financial period ending on March	Increase/(decrease)
	December 31	31	
	2020G Unaudited	2021G Unaudited	March 2021G
Balance at the beginning of the year	10,673	5,588	(%47.6)
Disposals during the year	(5,500)	(5,631)	%2.4
Investment profits	415	43	(%89.6)
Balance at the end of the year/period	5,588	-	(%100.0)

Source: Unaudited condensed financial statements for the three-month period ending on March 31, 2021G and Management Information

The balance of investments recognized in fair value through profit or loss decreased from 5.6 million Saudi Riyals as of December 31, 2020G to zero as of March 31, 2021G due to disposals during the period ending on March 31, 2021G.

9-9-6 Cash and cash equivalents

The following table indicates the details of cash and cash equivalents as on December 31, 2020G and March 31, 2021

Table No. (64): Cash and cash equivalents

One thousand Saudi Riyals	Financial year ending on December 31	Financial period ending on March 31	Increase/(decrease)
	2020G	2021G	
	Unaudited	Unaudited	March 2021G
Banks - Current Accounts	2,021	4,537	%124.5
Petty cash	305	383	%25.7
cash on hand	25	3	(%86.1)
Total	2,350	4,924	%109.5

Source: Unaudited condensed financial statements for the three-month period ending on December 31, 2021G and Management Information

Total cash and cash equivalents increased by 109.5% from 2.4 million Saudi Riyals as on December 31, 2020G to 4.9 million Saudi Riyals as on March 31, 2021G. This is mainly due to proceeds from investments recognized in fair value through profit or loss during the three-month period ending on March 31, 2021G.

10-9-6 Non-current liabilities

The following table indicates the non-current liabilities as of December 31, 2020G and March 31, 2021

Table No. (65): Non-Current Liabilities

One thousand Saudi Riyals	Financial year ending on	Financial period ending on March	Increase/(decrease)
	December 31	31	
	2020G Unaudited	2021G Unaudited	March 2021G
Lease Liabilities	14,500	11,773	(%18.8)
Employees' end of service benefits	2,386	2,502	%4.8
Total	16,887	14,275	(%15.5)

Source: Unaudited condensed financial statements for the three-month period ending on March 31, 2021G and Management Information

Lease Liabilities constituted 82.5% of the total non-current liabilities as on March 31, 2021G.

11-9-6Lease Liabilities

The following table indicates the book value of the Lease Liabilities as on December 31, 2020G and March 31, 2021

Table No. (66): Lease Liabilities

One thousand Saudi Riyals	Financial year ending on	Financial period ending	Increase/(decrease)
	December 31	on March 31	
	2020G Unaudited	2021G Unaudited	March 2021G
Balance on January 1	711	22,345	%3,042.3
Additions during the year	24,018	-	(%100.0)
Charged during the year	420	269	(%36.0)
Less: Rent payments during the year	(2,787)	(2,791)	%0.1
Less: Adjusted Profit	(18)	-	(%100.0)
Balance at December 31	22,345	19,823	(%11.3)
Less: Lease Liabilities – current portion	7,844	11,773	%50.1
Lease Liabilities – non-current portion	14,500	8,049	(%44.5)
Total	22,345	19,823	(%11.3)

Source: Unaudited condensed financial statements for the three-month period ending on March 31, 2021G and Management Information

The balance of Lease Liabilities decreased by 18.8% from 14.6 million Saudi Riyals as on December 31, 2020G to 11.8 million Saudi Riyals as on March 31, 2021G due to the payment of Lease Liabilities and the non-addition of new contracts.

12-9-6Employees' end of service benefits

The following table indicates the movement of the employees' end-of-service provision as on December 31, 2020G and March 31, 2021

Table No. (67): Employees' End of Service Benefits

One thousand Saudi Riyals	Financial year ending on	Financial period ending	Increase/(decrease)
	December 31	on March 31	
	2020G Unaudited	2021G Unaudited	March 2021G
Present value at the beginning of the year	1,699	2,386	%40.4
Service cost and benefit	539	126	(%76.6)
Payments during the year	(56)	(10)	(%81.6)
Liability actuarial losses/(interests)	204	-	(%100.0)
Balance at the end of the year/period	2,386	2,502	%4.8

Source: Unaudited condensed financial statements for the three-month period ending on March 31, 2021G and Management Information

The balance of employees' end of service benefits did not witness material fluctuations between December 31, 2020G and March 31, 2021G.

13-9-6Current Liabilities

The following table indicates current liabilities as on December 31, 2020G and March 31, 2021

Table No. (68): Current Liabilities

One thousand Saudi Riyals	Financial year ending on	Financial period ending	Increase/(decrease)
	December 31	on March 31	
	2020G Unaudited	2021G Unaudited	March 2021G
Lease Liabilities – Current portion	7,844	8,049	%2.6
Due to related parties	386	508	%31.7
Trade and other payables	6,964	7,165	%2.9
Zakat provision	1,041	1,043	%0.3
Total	16,235	16,766	%3.3

Source: Unaudited condensed financial statements for the three-month period ending on March 31, 2021G and Management Information

The current portion of Lease Liabilities, trade payables and other creditors constituted 90.7% of the total current liabilities as on March 31, 2021G.

14-9-6 Lease Liabilities – current portion

The current portion of Lease Liabilities did not witness material fluctuations between December 31, 2020G and March 31, 2021G.

15-9-6 Trade and other payables

The following table indicates the details of trade and other payables as on December 31, 2020G and March 31, 2021

Table No. (69): Trade and other payables

One thousand Saudi Riyals	Financial year ending	Financial period ending	Increase/(decrease)
	on December 31	on March 31	
	2020G Unaudited	2021G Unaudited	March 2021G
Trade payables	5,144	3,428	(%33.4)
Customers advance payments	499	581	%16.5
Employees' entitlements	628	671	%6.8
Accrued Commission	272	185	(%32.1)
Accrued VAT	103	659	%537.5
Accrued expenses	318	203	(%36.1)
Bank amounts under settlement	-	6	N/A
Deferred revenue	-	1,433	N/A
Total	6,964	7,165	%2.9

Source: Unaudited condensed financial statements for the three-month period ending on March 31, 2021G and Management Information

Trade payables decreased by 33.4% from 5.1 million Saudi Riyals as of December 31, 2020G to 3.4 million Saudi Riyals as of March 31, 2021G. This is primarily due to the payment of portion of the accounts payable liabilities, in addition to a change in the cash payment policy, due to market conditions and the high prices of raw materials in order to provide and purchase raw materials at the lowest possible price.

Customer advance payments increased by 16.5% from 0.5 million Saudi Riyals as on December 31, 2020G to 0.6 million Saudi Riyals as on March 31, 2021G. This is due to the increase in forward sale due to market conditions, and to maintain stability and increase sales volume.

Employees' entitlements did not witness material fluctuations between December 31, 2020G and March 31, 2021G.

The accrued commissions decreased by 32.1% from 0.3 million Saudi Riyals as on December 31, 2020G to 0.2 million Saudi Riyals as on March 31, 2021G due to the payment of the receivable related to the period February 31, 2020G, in addition to a decrease in sales in the first quarter of 2021G compared to the last quarter of 2020G.

The accrued value added tax increased by 537.5% from 0.1 million Saudi Riyals as on December 31, 2020G to 0.7 million Saudi Riyals as on March 31, 2021G due to the increase in the value-added rate from 5% to 15% during the third quarter of 2020G.

Accrued expenses decreased by 36.1% from 0.3 million Saudi Riyals as on December 31, 2020G to 0.2 million Saudi Riyals as on March 31, 2021G. This is due to the payment of portion of the accrued expenses in the first quarter, and there were no accrued expenses during such period, which led to a decrease in the accrued expenses by 36.1% from 2020G to 2021G.

The Company recorded deferred revenues of 1.4 million Saudi Riyals as on March 31, 2021G, which were related to projects that were not fully completed, as only completed projects are recognized in accordance with IASs.

16-9-6 Related Party Transactions

The following table indicates details of the main transactions of related parties for the three-month periods ending on March 31, 2020G and 2021

Table No. (70): Main transactions of related parties

One thousand Saudi Riyals	Three-month period ending on March 31	Three-month period ending on March 31
	2020G	2020G
Board member remuneration	95	123
Board and committee attendance allowances	4	50
Salaries, wages, etc.	248	445

Source: Unaudited condensed financial statements for the three-month period ending on March 31, 2021G and Management Information

Transactions with related parties mainly include salaries, bonuses and allowances of members of the board of directors, committees and executive management. The value of these transactions is constantly changing in the normal course of business.

The value of board members' remuneration increased from 95,000 Saudi Riyals in the three-month period ending on March 31, 2020G to 123 thousand Saudi Riyals in the three-month period ending on March 31, 2021G. The value of these transactions is usually influenced by the results achieved by the Company and by the decisions of senior management regarding the value of the remuneration to be granted.

The value of the board of directors and committee attendance allowances increased from 4,000 Saudi Riyals in the three-month period ending on March 31, 2020G to 50 thousand Saudi Riyals in the three-month period ending on March 31, 2021G as a result of the increase in the number of meetings held between both mentioned periods.

The value of salaries, wages and the like increased from 248,000 Saudi Riyals in the three-month period ending on March 31, 2020G to 445 thousand Saudi Riyals in the three-month period ending on March 31, 2021G as a result of the increase in the number of employees included in the executive management team.

The provision for Zakat did not witness material fluctuations between December 31, 2020G and March 31, 2021G.

17-9-6Equity

The following table indicates the equity as on December 31, 2020G and March 31, 2021

Table No. (71): Equity

One thousand Saudi Riyals	Financial year ending on	Financial period ending on March	Increase / (decrease)
	December 31	31	
	2020G	2021G	March 2021G
	Unaudited	Unaudited	
Capital	25,000	25,000	-
Statutory reserve	1,582	1,582	-
Actuarial reserve	(583)	(583)	-
Retained earnings	8,349	8,950	%7.2
Total equity	34,348	34,949	%1.8

Source: Unaudited condensed financial statements for the three-month period ending on March 31, 2021G and Management Information

Total equity increased by 1.8% from 34.3 million Saudi Riyals as on December 31, 2020G to 34.9 million Saudi Riyals as on March 31, 2021G. This is due to the increase in retained earnings after recording a net profit of 0.6 million Saudi Riyals during the three-month period ending on March 31, 2021G.

18-9-6Statement of Cash Flows

The following table indicates the statement of cash flows for the three months ending on March 31, 2020G and 2021G.

Table No. (72): Cash Flows

One thousand Saudi Riyals	Three-month period ending on March 31		Increase / (decrease)
	2020G	2021G	
			March 2021G
Net cash (used in) / generated from operational activities	422	(55)	(%112.9)
Net cash generated from investment activities	(164)	5,419	%3,396.8
Net cash used in financing activities	-	(2,791)	N/A
Net change in cash and cash equivalents	258	2,574	%898.3
Cash and cash equivalents at the beginning of the year	2,030	2,350	%15.8
Cash and cash equivalents at the end of the period	2,288	4,924	%115.3

Source: Unaudited condensed financial statements for the three-month period ending on March 31, 2021G and Management Information

19-9-6Statement of cash flows from operational activities

The following table indicates the statement of cash flows from operational activities for the three months ending on March 31, 2020G and 2021G.

Table No. (73): Cash Flows from Operational Activities

One thousand Saudi Riyals	Three-month period ending on March 31		Increase / (decrease)
	2020G	2021G	March 2021G
Net (loss)/profit before Zakat	(150)	808	%637.1
Adjustments:			
Depreciation of property, plant and equipment	287	309	%8.0
Amortization of intangible assets	17	16	(%8.6)
Amortization of the right of use of assets	59	2,042	%3,357.6
Lease contracts interests	12	269	%2,194.1
Loss/(profit) sale of property, plant and equipment	(2)	14	(%671.9)
Provision for end of service benefits	95	126	%32.6
Exchange differences	(13)	-	%100.0
Provision for trade receivables impairment losses	-	267	N/A
Profits from investments recognized in fair value through profit or loss	(130)	(43)	(%66.7)
Changes in:			N/A
Stock	(464)	349	%175.1
Trade receivables, advance payments and other receivables	696	(4,320)	(%721.0)
Trade and other payables	269	201	(%25.3)
Due to related parties	(208)	123	%158.8
Paid end of service benefits	(44)	(10)	(%76.8)
Zakat paid	-	204	N/A
Net cash (used in) / generated from operational activities	422	(55)	(%112.9)

Source: Unaudited condensed financial statements for the three-month period ending on March 31, 2021G and Management Information

The net cash generated from operational activities amounted to 0.4 million Saudi Riyals in the three-month period ending on March 31, 2020G to net cash used from operational activities amounted to 0.1 million Saudi Riyals in the corresponding period of 2021G. This is primarily due to an increase in trade and other receivables.

20-9-6Statement of cash flows from investment activities

The following table indicates the list of cash flows from investment activities for the three months ending on March 31, 2020G and 2021

Table No. (74): Cash Flows from Investment Activities

One thousand Saudi Riyals	Three-month period ending on March 31		Increase / (decrease)
	2020G	2021G	March 2021G
Proceeds from disposal of property, plant and equipment	31	-	(%100.0)
Additions to property, plant and equipment	(195)	(211)	%8.2
Proceeds from investments recognized in fair value through profit or loss	-	5,631	N/A
Net cash generated from/ (used in) investment activities	(164)	5,419	%3,396.8

Source: Unaudited condensed financial statements for the three-month period ending on March 31, 2021G and Management Information

The net cash used in investment activities amounted to 0.2 million Saudi Riyals in the three-month period ending on March 31, 2020G to net cash generated from investment activities amounting to 5.4 million Saudi Riyals in the three-month period ending on March 31, 2021G due to the proceeds from investments recognized in fair value through profit or loss.

21-9-6 Statement of cash flows from financing activities

The following table indicates the statement of cash flows from financing activities for the three months ending on March 31, 2020G and 2021

Table No. (75): Cash Flows from Financing Activities

One thousand Saudi Riyals	Three-month period ending on March 31		Increase / (decrease)
	2020G	2021G	March 2021G
Lease payments	-	(2,791)	N/A
Net cash used in financing activities	-	(2,791)	N/A

Source: Unaudited condensed financial statements for the three-month period ending on March 31, 2021G and Management Information

The Company recorded lease payments amounting to 2.8 million Saudi Riyals in the three-month period ending on March 31, 2021G, which was associated with the payment of the Lease Liabilities due.

22-9-6 Contingent liabilities and obligations

The Company has no capital liabilities or capital liabilities as of March 31, 2021G.

7 Use of the Offering Proceeds and Future Projects

1-7 Net Offering Proceeds

The total Offering Proceeds of Rights Issue are estimated at a value of one hundred and fifty million Saudi Riyals (SAR 150,000,000), of which an amount of about three million and five hundred thousand Saudi Riyals (SAR 3,500,000) will be paid, to cover the offering costs, which include the fees of the Financial Advisor, the Lead Manager, the Underwriter, the Legal Advisor, the Professional Financial Care Advisor and the expenses of marketing, printing, distribution, and feasibility study, in addition to Tadawul expenses and other expenses related to the subscription.

Net Offering Proceeds will amount to about one hundred forty-six million and five hundred thousand Saudi Riyals (SAR 146,500,000), which will be used to invest in logistics services (transportation and warehousing for others), and to develop the operational sectors (machines, equipment and supplies). The shareholders will not receive any of the proceeds arising from the offering.

The Company will also disclose to the public on the Saudi Stock Exchange (Tadawul) website when there is a difference of (5%) or more between the actual use of the Offering Proceeds versus what was disclosed in this Prospectus as soon as it becomes aware thereof. This is in accordance with paragraph (b) of Article (55) of the Rules on Offering Securities and Continuing Obligations, which states that “the issuer must, in the event of any deviation of 5% or more from the planned use of proceeds as set out in the relevant rights issue Prospectus, disclose each such case to the public in the relevant Prospectus as soon as it becomes aware thereof.

2-7 Use of Offering Proceeds

Net Offering Proceeds will be used mainly to enable the Company to implement its strategic and operational plans and to support the expansion of logistics services. The shareholders will not receive any of the proceeds arising from the offering.

The Company will use the total Offering Proceeds to finance the following:

- 1) **Covering the offering expenses:** About 3.5 million Saudi Riyals will be used to cover the costs of the offering, which include the fees of the Financial Advisor, the Lead Manager, the Underwriter, the Legal Advisor, the Professional Financial Care Advisor, expenses of marketing, printing and distribution, and feasibility study, in addition to Tadawul expenses and other expenses related to the subscription.
- 2) **Investment in logistics services (transportation and warehousing for others):** The Company intends to expand its activity by using part of the Offering Proceeds amounting to 128.5 million Saudi Riyals to acquire investment opportunities operating in the logistics sector, e.g. Fulfillment Center Warehouses with Chilling Storage for food and beverage products, warehouses with ambient temperature storage for the products of the retail sector, warehouses specialized in liquids storage of petroleum and chemical materials, and open warehouses for vehicles and heavy equipment, in addition to providing all services for electronic warehouses. The company will seek opportunities after the capital increase procedures are completed. Noting that before entering into any opportunity, the opportunity will be studied and ensured to be suitable for the Company, if so, it will be negotiated with the owners of opportunities to acquire the same, and the Company may invest cash in short-term investments until it is invested according to the Company's plans.

In the event that the Company is unable to acquire existing projects according to the above specifications, the Company will invest in logistics services by developing a new project as an alternative option. The target specifications for the project will be as follows:

S/N	Description	Purchasing Price
1	City	Riyadh
2	Location	Industrial Gate City on Al-Kharj Road
3	Area	54.000
4	Price per square meter	800
5	Total value including tax and handling fees	46.440.000
6	Height	13 meters to 16 meters
7	Storage energy	89 thousand pallets
	Construction cost	25.500.000
	Cost of machinery, equipment and related accessories	44.600.000
	Other costs	11.900.000
8	Total value including tax and pursuit	128.440.000
9	Services	Chilling Storage, Freezing Storage, Ambient Storage

Preliminary estimates of project costs are as follows:

Table of preliminary estimated costs of the project

Project Cost	Total 18 months
Land	46,440,000
Ambient Storage	42,768,000
Chilling Storage	22,356,000
Freezing storage	4,860,000
Total fixed costs	116,424,000
Indirect costs	10,772,760
Start-up and contingency costs	1,303,240
Total	128,500,000

Source: The Company

The following table indicates the timetable for implementation:

Project Cost	Fourth Quarter	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter	Total
	2021	2022	2022	2022	2022	2023	
Land	46,440,000						46,440,000
Costs of construction and development, plant, equipment, etc.	15,430,000	15,430,000	15,430,000	15,430,000	10,170,000	10,170,000	82,060,000
Total	61,870,000	15,430,000	15,430,000	15,430,000	10,170,000	10,170,000	128,500,000

Development of operational sectors (plant, equipment and supplies): These amounts will be used to renew the Company's current fixed assets or replace them with new assets, as an amount of 18 million Saudi Riyals has been allocated for this item. The following table indicates the assets that will be replaced by new assets:

The expected use of the offering proceeds to renew the Company's assets

Machines	Location	Expected use of the offering proceeds	Expected start date of renewal	Expected completion date of the renewal	Expected date of commissioning	Machine life	Depreciation rate
Operetta machine	Al-Qassim	6,600,000	First Quarter 2022	Second Quarter 2022	Third Quarter 2022	10 years	10%
Beam machine		7,500,000	First Quarter 2022	Second Quarter 2022	Third Quarter 2022	10 years	10%
Piercing machine		150,000	First Quarter 2022	Second Quarter 2022	Third Quarter 2022	5 years	20%
Grouting machine		350,000	First Quarter 2022	Second Quarter 2022	Third Quarter 2022	5 years	20%
Rail machine		350,000	First Quarter 2022	Second Quarter 2022	Third Quarter 2022	5 years	20%
Step beam machine		300,000	First Quarter 2022	Second Quarter 2022	Third Quarter 2022	5 years	20%

Paint line		2,500,000	Second Quarter 2022	Third Quarter 2022	Third Quarter 2022	10 years	10%
6 mm scissors		65,000	First Quarter 2022	Second Quarter 2022	Third Quarter 2022	5 years	20%
Bending on machine 6mm		70,000	First Quarter 2022	Second Quarter 2022	Third Quarter 2022	5 years	20%
80-ton piston		65,000	First Quarter 2022	Second Quarter 2022	Third Quarter 2022	5 years	20%
60-ton piston		50,000	First Quarter 2022	Second Quarter 2022	Third Quarter 2022	5 years	20%
Total		18,000,000					

Source: The Company

The following table indicates the use of the offering proceeds:

Table No. (76): Expected Use of Offering Proceeds

Value in Saudi Riyals	2023 – 2021						
	Fourth Quarter	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter	Total;
	2021	2022	2022	2022	2022	2023	
Issue fees	3,500,000	0	0	0	0	0	3,500,000
Investing in logistics (Transportation and storage for others)	61,870,000	15,430,000	15,430,000	15,430,000	10,170,000	10,170,000	128,500,000
Development of operational sectors (plant, equipment and supplies)	4,500,000	4,500,000	4,500,000	4,500,000	0	0	18,000,000
Total	69,870,000	19,930,000	19,930,000	19,930,000	10,170,000	10,170,000	150,000,000

Source: The Company

It should be noted that the above-mentioned items will be financed exclusively from the offering proceeds.

8 Expert Statements

Written approval has been obtained from all the consultants and auditors set forth in Pages (G) and (H) to include their names, logos, and statements in the form mentioned in this Prospectus, and such approvals have not been withdrawn as of the date of this Prospectus.

None of the above advisers - among the team providing the Company's services - or their employees or any of their relatives has any shareholding or interest of any kind in the Company up to the date of this Prospectus that may jeopardize their independence.

9 Declarations

As of at the date of this Prospectus, Board members declare that:

1. There was no disruption in the Company's business that may impact or has significantly impacted the financial condition during the last twelve (12) months.
2. No commissions, discounts, brokerage fees or other non-cash compensations were granted by the Company within the three years immediately preceding the application for listing the securities in connection with the issue or sale of any securities.
3. The Company has inflicted losses during the financial period ending on December 31, 2019G, and the financial period ending on March 31, 2020G. Except for what is disclosed in this Prospectus, there has been no substantial negative change in the Company's financial and commercial position during the three financial years immediately preceding the date of submitting the application for registration and offering the securities subject to this prospectus, in addition to the end of the period covered by Auditor's Report until the prospectus is approved.
4. Other than what is stated in pages (E, 39) of this Prospectus, the board members or any of their relatives do not have any shares or interest of any kind in the Company.
5. The Company did not and does not maintain treasury shares.
6. The company did not obtain the General Assembly's approval on the purchase of company's shares.

10 Legal Information

1-10 Company name

The company is registered in the Commercial Register of Joint Stock Companies in Buraidah city under the trade name "SADR Logistics Company".

2-10 Incorporation and Capital Developments

- SADR Logistics Company was incorporated in 1414H (corresponding to 31/01/1994G), under the name "Al Samaani Factory for Metal Industries Company" owned by Mohammed Abdullah Al Samaani, with a capital of (SAR 100,000) one hundred thousand Saudi riyals, in Buraidah, under Commercial Registration No. (1131012302).
- On 23/03/1437H (corresponding to 04/01/2016) the corporation was converted to a limited liability company under the name "Al-Samaani Factory for Metal Industries Company", with a capital of Six Million and Five Hundred Thousand (6,500,000) Saudi Riyals.
- On 15/01/1438H (corresponding to 16/10/2016G) based on the partners' decision and according to Ministerial Resolution No. (Q/26) dated 03/02/1438H (corresponding to 03/11/2016G), Al-Samaani Factory for Metal Industries Company was converted from a limited liability company to a Saudi closed joint stock company with a capital of (SAR 9,000,000) nine million Saudi riyals.
- On 29/05/1438H (corresponding to 26/02/2017G), the company's shares were listed on the parallel market "Nomu" and were traded, with a capital of (SAR 11,250,000) eleven million two hundred and fifty thousand Saudi Riyals. The shares subscribed by qualified investors through the offering were (225,000) two hundred and twenty five thousand ordinary shares with a nominal value of (10) ten Saudi riyals per share, which constitutes 20% of the company's capital post the offering.
- Pursuant to EGM resolution, in its meeting held on 22/07/1438H (corresponding to 19/04/2017G), it was approved to increase the capital from (SAR 9,000,000) nine million Saudi Riyals to (SAR 11,250,000) eleven million two hundred and fifty thousand Saudi Riyals.
- On 25/07/1439H (corresponding to 11/04/2018G), the EGM agreed to increase the company's capital by granting free shares (bonus shares) to shareholders on the basis of one free share for every three shares held, therefore the increase would be from (SAR 11,250,000) eleven million two hundred and fifty thousand Saudi Riyals, divided into (1,125,000) one million and one hundred and twenty-five thousand ordinary shares, with a nominal value of (10) ten Saudi Riyals per share, to (SAR 15,000,000) fifteen million Saudi riyals, divided into (1,500,000) one million and five hundred thousand ordinary shares, with a nominal value of (10) ten Saudi Riyals per share.
- On 04/11/1441H (corresponding to 25/06/2020G), the EGM approved the company's capital increase by granting free shares (bonus shares) to shareholders from fifteen million (15,000,000) Saudi Riyals, divided to one million and five hundred thousand (1,500,000) ordinary shares, with a nominal value of ten (10) Saudi Riyals per share, to twenty-five million (25,000,000) Saudi Riyals, divided into two million and five hundred thousand (2,500,000) ordinary shares, with a nominal value of ten (10) Saudi Riyals per share, paid in full.

- On 01/06/1442H (corresponding to 14/01/2021G), the company's name was announced to be changed in accordance with EGM approval in its meeting held on 12/03/1442H (corresponding to 29/10/2020G), where it was approved to amend Article (2) of the company's articles of association, regarding the company's name, from Al-Samaani Factory for Metal Industries Company to SADR Logistics Services.
- On 26/04/1443H (corresponding to 01/12/2021G), the EGM of shareholders approved the capital increase from (SAR 25,000,000) twenty-five million Saudi Riyals, divided into (2,500,000) two million five hundred thousand ordinary shares, with a nominal value of (10) ten Saudi riyals per share, so the company's capital becomes (SAR 175,000,000) one hundred and seventy-five million Saudi riyals, divided into (17,500,000) seventeen million and five hundred thousand ordinary shares, with a nominal value of (10) ten Saudi riyals.

3-10 Capital Amendment

The Company made several amendments to its articles of association after the approval of the shareholders in the Extraordinary General Assembly, as follows:

- The Company was incorporated as a sole corporation under the name "Al Samaani Factory for Metal Industries Company", with a capital of (SAR 100,000) one hundred thousand Saudi riyals, under Commercial Registration No. (1131012302) dated 20/08/1414H.
- On 23/03/1437H (corresponding to 04/01/2016) the corporation was converted to a limited liability company with a capital of (SAR 6,500,000) Six Million and Five Hundred Thousand Saudi Riyals.
- On 15/01/1438H (corresponding to 16/10/2016G) based on the partners' decision and according to Ministerial Resolution No. (Q/26) dated 03/02/1438H (corresponding to 03/11/2016G), the Company was converted from a limited liability company to a Saudi closed joint stock company with a capital of (SAR 9,000,000) nine million Saudi riyals.
- The Extraordinary General Assembly "EGM" approved, in its meeting held on 22/07/1438H (corresponding to 19/04/2017G), the capital increase from nine million (9,000,000) Saudi Riyals to eleven million two hundred and fifty thousand (11,250,000) Saudi Riyals.
- On 25/07/1439H (corresponding to 11/04/2018G), the EGM agreed to increase the company's capital by granting free shares (bonus shares) to shareholders on the basis of one free share for every three shares held, therefore the increase would be from eleven million two hundred and fifty thousand (11,250,000) Saudi Riyals, divided into one million and one hundred and twenty-five thousand (1,125,000) ordinary shares, with a nominal value of ten (10) Saudi Riyals per share, to fifteen million (15,000,000) Saudi Riyals, divided into one million and five hundred thousand (1,500,000) ordinary shares, with a nominal value of ten (10) Saudi Riyals per share.
- On 04/11/1441H (corresponding to 25/06/2020G), the EGM approved the company's capital increase by granting free shares (bonus shares) to shareholders from fifteen million (15,000,000) Saudi Riyals, divided to one million and five hundred thousand (1,500,000) ordinary shares, with a nominal value of ten (10) Saudi Riyals per share, to twenty-five million (25,000,000) Saudi Riyals, divided into two million and five hundred thousand (2,500,000) ordinary shares, with a nominal value of ten (10) Saudi Riyals per share, paid in full.

- On 26/04/1443H (corresponding to 01/12/2021G), the EGM of shareholders approved the capital increase from (SAR 25,000,000) twenty-five million Saudi Riyals, divided into (2,500,000) two million five hundred thousand ordinary shares, with a nominal value of (10) ten Saudi riyals per share, so the company's capital becomes (SAR 175,000,000) one hundred and seventy-five million Saudi riyals, divided into (17,500,000) seventeen million and five hundred thousand ordinary shares, with a nominal value of (10) ten Saudi riyals.

4-10 Company purposes

- Pursuant to commercial registration no. (1131012302), the company's activities are as follows:
 - Manufacturing wooden pallets.
 - Manufacturing ready-made iron structures.
 - Manufacturing finished and semi-finished metal products by forging, pressing, or casting and rolling.
 - Manufacturing plastic furniture for all purposes.
- Under the license of the Ministry of Industry and Mineral Resources no. (421102109011) dated 02/05/1442H which expires on 14/01/1445H, the Company's main activity is manufacturing structural metal products (2511).
- Pursuant to the Company's articles of associations, the main activities are as follows:
 - Manufacturing industries and their branches pursuant to the industrial licenses.
 - Construction and building.
 - Transport, storage and refrigeration.
 - Financial, business and other services.
 - Social, collective and personal services.
 - Trade.
 - Information technology.
 - Security and safety.
 - Agriculture and fishing.
 - Mines, Petroleum and their branches.
 - Electricity, gas, water and their branches.

The Company may carry out all works necessary to achieve its purposes, and it shall perform its activities in accordance with Companies Law, the provisions, laws and regulations in force in the kingdom of Saudi Arabia after obtaining the necessary licenses from the competent authorities, if any.

5-10 Company Duration

As per article (6) of the Company's articles of association, the Company's duration shall be (99) ninety-nine Gregorian years, commencing from the date of commercial registration, as a joint-stock company. The Company's duration may be thereafter extended by a resolution by an Extraordinary General Assembly meeting, one year, at least prior to the end of the current duration.

6-10 Board of directors

1-6-10 Board Composition

The company shall be managed in accordance with Article (18) of the Articles of Association by a Board of Directors consisting of five (5) members elected by the Ordinary General Assembly of Shareholders for a period not exceeding three (3) years. By way of an exception, the founders appointed the first Board of Directors for a period of five years starting from the date of the company's registration in the commercial registry as a Joint Stock Company. On 26/01/1438H (corresponding to 27/10/2016G), the Transformational General Assembly elected the board members for the first session, which started from the date of registration of the commercial registry on 08/02/1438H (corresponding to 08/11/2016G) and for a period of five years, which ended on 08/02/1443H (corresponding to 15/09/2021G). The company's General Assembly, in its meeting held on 16/01/1443H (corresponding to 24/08/2021G), agreed to elect the board members for the current session and its duration is (3) three Gregorian years, commencing on September 16, 2021G and ending on September 15, 2024G. The Board of Directors for the current session consisted of the following named members:

Table No. (77): Board members:

Board Members							
The company's board of directors appointed on 16/01/1443H (corresponding to 24/08/2021G)							
Name	Position	Membership status	Appointment Date	Nationality	Age	Shares	
						Direct**	
						Number	Percentage
Mohammed Abdullah Al Samaani	Chairman	Non-executive	16/09/2021G	Saudi	65	425.000	17%
Bandar Mohammed Al Samaani	CEO and Deputy chairman of board of directors	Executive Non-independent	16/09/2021G	Saudi	44	288.156	11.52%
Khaled Suleiman Abdullah Al Madaifer	Board member	Non-executive Independent	16/09/2021G	Saudi	52	0	0
Tariq Saad Abdulaziz Al-Tuwaijri	Board member	Non-executive Independent	16/09/2021G	Saudi	42	1	0.00004 %
Khaled Abdulaziz AlBakri	Board member	Non-executive Independent	16/09/2021G	Saudi	43	0	0

Source: The Company

*The General Assembly approved, in its meeting held on 16/01/1443H (corresponding to 24/08/2021G), the appointment of the board members for the next session, for a period of three years starting on September 16, 2021G and ending on September 15, 2024G. /04/2019G.

** The Board members have no indirect ownership in the company as at the date of this prospectus.

The Company complies with the Companies Law and CMA's Corporate Governance Regulation, whereas the Company's bylaws stipulate that the number of board members shall be five members elected by EGM for a period not exceeding three years. The Company also complies with Article (16) of the Corporate Governance Rules, which provides

that the majority of board members shall be non-executive, and that the independent members of the board shall not be less than two members or one third of the total number of board members, whichever is higher.

2-6-10 Chairman, Deputy Chairman and Secretary

The company is compliant with the Articles of Association and the Governance Regulations issued by CMA's Board of Directors in terms of mandatory appointment in these positions, where the Company's Board of Directors approved, on 16/09/2021G, the appointment of Mr. Hussein Ahmed Hussein as Secretary of the Board; below are the positions of Board of Directors:

Table No. (78): Board positions

Name of appointed person	Position
Mohammed Abdullah Al Samaani	Chairman
Bandar Mohammed Al Samaani	Deputy Chairman and Managing Director
Hussein Ahmed Hussein	Secretary of the board of directors

Source: The Company

As per the company's Articles of Association, the board of directors has the broad powers in managing the company, supervising its business and funds, managing its affairs, and drawing up the general policy that it follows to achieve the purpose for which it was established. They have the right to delegate some or all of their powers to other board members or to third parties to carry out specific work(s) after obtaining approval of the Board for all or part of the foregoing inside the Kingdom and abroad. The Board of Directors may increase, cancel or restrict some of the powers mentioned for the board Chairman, Deputy Chairman or the Managing Director mentioned in the Articles of Association. The Board of Directors may conduct the following business, for example, but not limited to:

1. Developing an internal bylaw for the business of the Board and the company, organizing the Board's meetings and resolutions and everything related to the workflow therein as well as setting a regulation organizing the work of the Ordinary and Extraordinary General Assembly, provided that the General Assembly approves the regulation for the work of the Ordinary and Extraordinary General Assembly.
2. Concluding all contracts and agreements, for example sales and purchase contracts, lease and rental contracts, and on behalf of the company, buying lands, real estate and other property of assets and movable and immovable funds necessary to achieve the company's purposes, paying the price, selling those movables, conveyance and accepting thereof, marginalizing, mortgaging and redemption of any the company's property before the courts and notaries Public, acceptance of sale, determination of price, acknowledgment of receipt, receipt, delivery, merging the instruments, division, sorting, receipt of instruments, updating and entering them into the comprehensive system, assignment of space shortages, deletion, addition, modification of boundaries, lengths, area, plot numbers, plans, instruments, their dates, neighborhood names, issuance of title deeds for all properties, POA contracts, concessions, and other documents, transactions and deals on behalf of the company and doing bids on its behalf.
3. Signing all types of contracts, documents and exhibits, including but not limited to Memorandum of Association "MOA", amendments, appendices and partners' resolution in the companies in which the

- company participates inside and outside the Kingdom, increasing and decreasing its capital, amending and dismissing directors, amending the management clause and entering and exiting partners, entering into existing companies, buying shares and stocks, paying the price, selling shares and stocks, receiving value and profits, assigning shares and stocks from the capital, whether in whole or in part, and accepting assignment of shares, stocks and capital. They have the right to attend its constituent, transformative, ordinary and extraordinary general assemblies or delegate whatever it deems appropriate to be present to discuss, vote in the name of the company, pay fees, receive registration certificates, extract commercial registries, renewal, addition, amendment, and write off of the procedures for its merger, transfer and liquidation before all competent authorities, change the legal entity to different entities, sign agreements, register trademarks and commercial agencies, assign them, register a patent, open files for the company, join and renew the Chamber of Commerce, sign all resolutions and documents required to open branches of the company and sign contracts that transform the company's branches into independent companies with a separate legal entity either limited liability companies or closed joint stock companies, sign all the documents required for this purpose, advertise in the official newspapers, interview all government agencies and sign all of the foregoing.
4. Appointing, dismissing and removing employees and workers, requesting visas, recruiting and contracting with them, determining their salaries and bonuses, issuing residency permits, exit and final return visas, and transferring and waiving the sponsorships.

3-6-10 Board Remuneration

The board remuneration shall be pursuant to the provisions of the company's Articles of Association and as per the policies, standards and procedures for membership in the Board of Directors and the emanating committees approved in the minutes of the company's Extraordinary General Assembly meeting held on 12/03/1442H (corresponding to 29/10/2020G) within the limits of what is stipulated in the Companies Law and its Regulations. The reports of the Board of Directors for 2019G (which was approved by the (Extraordinary) General Assembly on 04/11/1441H (corresponding to 25/06/2020G)) and 2018G (which was approved by the (Ordinary) General Assembly) On 04/09/1440H (corresponding to 09/05/2019G)), and in 2017G (which was approved by the (Ordinary) General Assembly on 25/07/1439H (corresponding to 11/04/2018G)) a statement for each the Board Members received during the financial year in terms of remunerations, allowances, expenses and other benefits. The abovementioned report also includes a statement of what the Board Members received in their capacity as employees or administrators, or what they received in return for technical, administrative or advisory work. It also includes a statement of the number of Board sessions and the number of sessions attended by each member from the date of the last meeting of the General Assembly. As per the policies, standards and procedures for board membership and company's emanating committees, the annual remuneration for Board Members for the services they perform is determined in accordance with the provisions of Chapter Two of the policies. In the event that the company achieves profits and the remuneration of the Board Members is a percentage of these profits: after the above, the remuneration of the Board Members shall be allocated at a rate not exceeding (10%) of the net profits, and the remainder, if any, shall be distributed to the shareholders as an additional share of the profits.

4-6-10 Board Meetings

Pursuant to Article twenty-four (24) of the company's Articles of Association, the Board meets at least twice a year at the invitation of the Chairman. The invitation shall be in writing, delivered by hand or sent by e-mail, and the Chairman of the Board shall call for a meeting whenever requested by two of the members or set specific times for the meeting, and the meeting is held either in attendance or through modern technology (online).

5-6-10 Board Committees

The Board of Directors has (3) three sub-committees that assist it in its functions. It is worth noting that the Board of Directors, in its meeting held on 09/09/2020G, decided that the company is no need to form a risk committee during the current period. The active committees today are as follows:

- Audit Committee

The audit committee shall comprise of three (3) members. The members of Audit Committee were appointed by the (Ordinary) General Assembly Meeting held on 16/01/1443H (corresponding to 24/08/2021G), for the current session, for three (3) years starting from September 16, 2021G and ending on September 15, 2024G. The below table shows the committee members:

Table No. (79): Members of the Audit Committee

Name	Position
Khaled Suleiman Al Mudaifer	Independent board member
Tariq bin Saad al-Tuwaijri	Independent board member
Yazeed Bin Hussam Alhanyaf	External financial member

Source: The Company

Audit Committee work regulation was approved by Ordinary General Assembly in its meeting held on 12/10/1438H (corresponding to 06/07/2017G) (Please see subsection (4.3.1) "Audit Committee" of subsection (4.3)" Company Committees" of Section (4) "The Company's Organizational Structure).

The Committee held (4) meetings during the financial year ending on December 31, 2018G, (4) meetings during the financial year ending on December 31, 2019G, and (4) meetings during the financial year ending on December 31, 2020G.

- Remuneration and Nomination Committee

The Nominations and Remunerations Committee is composed of three members. The members of the Nominations and Remunerations Committee were appointed by the Board of Directors in accordance with the Board's resolution in its meeting held on 16/09/2021G. The Nominations and Remunerations Regulation was approved at EGM meeting held on 29/10/2020G, and it consists of the following members:

Table No. (80): Members of the Nomination and Remuneration Committee:

Position	Name
Chairman	Khaled Suleiman Al Mudaifer
Member	Tariq Saad Al-Tuwaijri
Member	Khaled Abdulaziz AlBakri

Source: The Company

7-10 Executive Department

The position of CEO is currently occupied by Mr. Abdulrahman Al-Hadlaq, as of 14/03/2021G. The following table shows the details of the company's executive management.

Table No. (81): Executive Management

Name	Position	Nationality	Age	Date of appointment	Shares			
					Direct		Indirect	
					Number	Percentage	Number	Percentage
Bandar Mohammed Abdullah Al Samaani	Managing director	Saudi	44	14/03/2021G	288.000	11.52%	-	-
Abdulrahman Ibrahim Hamad Al-Hadlaq	Chief Executive Officer (CEO)	Saudi	31	14/03/2021G	0	0	0	0
Ahmed Mostafa Mostafa Kortam	Chief Executive Financial Officer (CEFO)	39	Egyptian	18/04/2012G	0	0	0	0
Mohammed Rahmatullah	Quality Department Officer	35	Indian	01/12/2019G	0	0	0	0
Maha bint Fahad bin Nafisa	Human Resources Specialist	24	Saudi	15/09/2019G	0	0	0	0
Sayed Ahmed Mohamed Sayed Ahmed	Procurement Department Officer	62	Sudanese	08/03/2021G	0	0	0	0
Ahmed Abdullatif Amin Habib	Marketing Department Manager	40	Egyptian	16/10/2010G	0	0	0	0
Ahmed Mohammed Al-hassaneen Al-Helou	Technical Department Manager	33	Egyptian	25/10/2014G	0	0	0	0
Tamer Mohsen Hassan Naseer	Wood Department Manager	39	Egyptian	15/09/2018G	0	0	0	0
Rami Abdullah Mohammed Issa	Project Department Manager	36	Egyptian	12/12/2019G	0	0	0	0

Arslan Sadiq Arslan	Production Department Officer	32	Pakistani	02/04/2014G	0	0	0	0
Wael Abul- Hassan Shazli Abul-Hassan	IT Department Manager	35	Egyptian	01/03/2020G	0	0	0	0

Source: The Company

8-10 Corporate Governance

In accordance with CMA's rules, regulations, and instructions, in particular, the Corporate Governance Regulations issued by CMA Board's Resolution No. (16/8/2017G) dated 05/16/1438H (corresponding to 13/02/2017G) based on Companies Law issued by Royal Decree No. (M/3), dated 28/01/1437H (corresponding to 10/11/2015G), as amended by CMA Board's Resolution No. (3-57-2019) dated 15/09/1440H (corresponding to 20/05/2019G), A corporate governance guide was developed and approved by EGM in its meeting held on 29/10/2020G, and the Company's General Assembly, in its meeting held on 01/16/1443H (corresponding to 08/24/2021G), approved the amendment of the Corporate governance Regulations.

9-10 Governmental approvals, licenses and certificates

1-9-10 Table of approvals and licenses

The company (including its branches) has obtained several regulatory and operational licenses and certificates from the competent authorities, and such licenses and certificates are renewed periodically, and any expired approvals or licenses are under renewal according to normal procedures. The board members acknowledge that the company has obtained all the necessary licenses and approvals to carry out its business on a continuous basis, and any expired approvals or licenses are under renewal, and they are not aware of any restrictions to renewing the expired ones. The following tables show the current licenses and certificates obtained by the company:

Table No. (82): Licenses and Approvals obtained by the company

Type of license	Purpose	License No.	Issue Date	Expiry Date	Issued by
Commercial Registration	Registration of the company in the Commercial Companies Register (Joint Companies)	1131012302	20/08/1414H (corresponding to 31/01/1994G)	18/07/1443H (corresponding to 19/02/2022G)	Ministry of Commerce - Commercial Registry Office in Buraidah
Saudization Certificate	To indicate that the company is compliant with the required Saudization percentage according to the Nitaqat program	20002107000420	18/12/1442H (corresponding to 28/07/2021G)	22/03/1443H (corresponding to 28/10/2021G)	Ministry of Human Resources and Social Development
Social Insurance Certificate	The company is compliant with the regulations of the General Organization for Social Insurance.	40002912	19/12/1442H (corresponding to 29/07/2021G)	19/01/1443H (corresponding to 27/08/2021G)	General Organization for Social Insurance (Buraidah)
Chamber of Commerce and Industry Membership Certificate	The company is compliant with commercial registration law, which requires the company to be a member of Chamber of Commerce and Industry	601000118989	12/07/1442H (corresponding to 24/02/2021G)	18/07/1443H (corresponding to 19/02/2022G)	Qassim Chamber
Chamber of Commerce and Industry Membership Certificate	The company is compliant with commercial registration law, which requires the company to be a member of Chamber of Commerce and Industry	449146	24/08/1439H (corresponding to 10/05/2018G).	27/06/1443H (corresponding to 30/01/2022G)	Riyadh Chamber
VAT Registration Certificate	The company is compliant with registration at Value Added Tax	310020810300003	02/12/1438H (corresponding to 24/08/2017G)	-	General Authority of Zakat and Tax
Zakat and Income Certificate	To indicate that the company submitted its return for the period	1110857447	04/12/1442H (corresponding to 14/07/2021G)	29/09/1443H (corresponding to 30/04/2022G)	General Authority of Zakat and Tax

	ending on December 31, 2020G				
Industrial Facility License	Carry out industrial activities	421102109011	02/05/1442H (corresponding to 17/12/2020G)	14/01/1445H (corresponding to 01/08/2023G)	Ministry of Industry and Mineral Resources
Operating license	Qualification license to conduct the facility's business within an area owned by Saudi Authority for Industrial Cities and Technology Zones "MODON"	596144115008932	-	04/01/1442H (corresponding to 23/08/2020G) - under renewal	Saudi Authority for Industrial Cities and Technology Zones "MODON"
Environmental permit to operate	A permit to approve carrying out the establishment's activities from an environmental point of view	17203	15/06/1441H (corresponding to 09/02/2020G)	10/06/1443H (corresponding to 13/01/2022G)	General Authority of Meteorology and Environmental Protection

Source: The Company

2-9-10 Licenses and approvals obtained by the company's branches:

Table No. (83): Licenses and Approvals obtained by the company's branches

Type of license	Purpose	License No.	Issue Date	Expiry Date	Address
Commercial Registration	Registration of the company in the Commercial Companies Register (Company Branch)	2050115434	08/05/1439H (corresponding to 25/01/2018G)	08/05/1443H (corresponding to 12/12/2021G)	Dammam
Commercial Registration	Registration of the company in the Commercial Companies Register (Company Branch)	1131035610	12/07/1432H (corresponding to 14/06/2011G)	09/09/1443H (corresponding to 10/04/2022G)	Buraidah
Commercial Registration	Registration of the company in the Commercial Companies Register (Company Branch)	1131023051	02/02/1428H (corresponding to 20/02/2007G)	09/09/1443H (corresponding to 10/04/2022G)	Buraidah
Commercial Registration	Registration of the company in the Commercial Companies Register (Company Branch)	1010947309	27/06/1439H (corresponding to 15/03/2018G)	27/06/1443H (corresponding to 30/01/2022G)	Riyadh

Source: The Company

3-9-10 Summary of approvals related to industrial products provided by the company in accordance with the applicable regulations:

Table No. (84): Industrial Products of the Company:

SR	Product Code	Product Description	Production Capacity	Unit
Manufacturing wooden products				
1	44152000	Wooden reels and pallets	700.0	Unit
2	44152000	Wooden pallets and loading boards	240.000.0	Unit
Manufacture and installation of metal products made from parts of the same unit and used in building, construction, and other similar metalworking				
3	76109090	Supermarket shelves and stands	8.000.0	Linear meter
Manufacture of freezing and refrigeration equipment and rooms				
4	84186940	Fixed freezing and refrigeration warehouses and rooms	15.000.0	Square meter
Manufacture of simple and complex lifting and handling machinery				
5	84261900	Cranes	1.100.0	Unit
Manufacture and installation of metal products made from parts of the same unit and used in building, construction, and other similar metalworking				
6	73089020	Metal shelves and accessories	60.000.0	Unit
7	73083000	Hangars, warehouses and iron awnings	8.500.0	Square meter
Manufacture of structural metal products and other parts thereof				
8	73084000	Iron structures and platforms	5.500.0	Unit
9	73084000	Various parts of metal structures and constructions	15.000.0	Unit
Manufacture of semi-finished plastic products, including (plates, strips, sheets, tapes, pipes, hoses, and their fittings... etc.)				
10	39202000	Plastic pallets	15.000.0	Unit
Manufacture of metal mounting clips, including (bolts, pins, nuts, and rings of all kinds)				
11	73269099	Iron rollers	2.000.0	Unit
Manufacture and installation of metal products made from parts of the same unit and used in building, construction, and other similar metalworking				
12	73089020	Storage and handling systems	10.5000.0	Unit

Source: The Company

4-9-10 Continuing obligations imposed by government agencies on the company as a "license holder"

The regulatory authorities below oblige the company to comply with some essential requirements as follows:

- Continuing obligations in accordance with the requirements of Saudi Authority for Industrial Cities and Technology Zones (MODON)
 - The company shall comply with the requirements of the Saudi Authority for Industrial Cities and Technology Zones (MODON) and has obtained an operating license No. (596144115008932) (For more information, please refer to section (9-10) "Governmental approvals, licenses and certificates" of Section (10) "Legal information" of this Prospectus).
 - under the above license, the company shall comply with the following terms and conditions:

- This license means permission to operate the facility and that the licensee to operate this facility is the real operator according to its legal entity, licenses and records. The facility owner may not assign the operation and license or any part thereof to others.
 - The company shall comply with the terms and obligations provided in this license and all laws, regulations, conditions, and instructions issued by MODON. The laws and regulations in force in Saudi Arabia shall be applied in cases that are not regulated by MODON.
 - The company shall renew this license within a period not exceeding 15 days after its expiry date.
2. Continuing obligations according to the requirements of Ministry of Industry and Mineral Resources
- The company shall comply with the requirements of Ministry of Industry and Mineral Resources and has obtained an industrial facility license under Resolution No. (421102109011) dated 02/05/1442H (corresponding to 17/12/2020G) (For more information, please refer to section (9-10) "Governmental approvals, licenses and certificates" of Section (10) "Legal information" of this Prospectus).
 - Pursuant to the above license, the company shall comply with the following:
 - Comply with provisions of the Unified Industrial Organization Law of the Arab Gulf Cooperation Council and its executive regulations.
 - Avoid making any expansion or modification of the products before obtaining the Ministry's approval.
 - Comply with updating factory data every six months through the ministry's website.
 - Comply with the approved specifications and standards or specifications adopted by the Saudi Standards, Metrology and Quality Organization (SASO).
 - Comply with provisions of the general environment law and its executive regulations to preserve the environment from pollution.
 - Comply with the laws, instructions and regulations of industrial safety, security and public health.
 - Accounts of the industrial project shall be regular in accordance with the accounting principles and the legal rules in force, and the ministry shall be provided with a balance sheet certified by a chartered accountant for each financial year.
 - Avoid abusing the benefits granted to the project.
 - Provide the Ministry with the complete and correct data it requires on the project.
 - Allow the Ministry's employees to enter the industrial project, check records, documents and accounts, monitor the production process and other project activities.
 - It is not permissible to establish, expand, develop an industrial project, change its products, or merge it with another industrial project.
3. Continuing obligations according to the requirements of General Authority of Meteorology and Environmental Protection (PME)
- The company shall comply with PME's requirements and has obtained an environmental permit to operate under issued resolution No. (17203) and the date of 15/06/1441H (corresponding to 09/02/2020G) (For more information, please refer to section (9-10) "Governmental approvals, licenses and certificates" of Section (10) "Legal information" of this Prospectus).
 - Pursuant to the above permit, the company shall meet the following environmental approval requirements for operation:

- Comply with PME-issued standards, criteria, and requirements.
 - Allow the Authority's technicians and specialists to enter the facility at any time.
 - In the event of any modification or change to the activity and functions of the facility, or to the quality of raw materials or production, or when making any expansion or addition to the project without prior notification to the Authority, this environmental approval shall be considered null.
 - The Authority shall be notified in advance of the desire to use or retrieve any industrial waste within the manufacturing process and inform its specialists about the technology and the method used in this regard.
 - Full compliance with the studies and technical reports submitted upon request for approval and the methods used for the disposal of non-recoverable waste by one of the Authority's qualified bodies in the field of industrial and hazardous waste disposal.
 - Comply with developing an environmental record for the facility and submit it when necessary to the Authority's specialists upon the inspection visit or the request for renewal of the environmental approval.
 - Comply with including contracts and invoices documented with the types and quantities of hazardous solid and liquid waste generated by the facility for the period of time prior to renewal from the bodies qualified by PME and to include the same in the facility's environmental record.
 - Comply with implementation of environmental monitoring plan and environmental management of the facility and the recommendations contained in the study and its annexes.
 - Comply with allocating warehouses and stores for keeping raw materials and produced materials in line with the nature, specifications, and degree of danger of materials according to the safe handling of materials.
 - Comply with implementing all the aforementioned requirements, and in the event of breaching thereof, the facility will be subject to penalties in accordance with the general environmental regulation.
4. Continuing obligations according to the requirements of Ministry of Commerce
- The company shall comply with commercial registration law in terms of registration with the Commercial Registry Department in the city of Buraidah, where the main factory is located under Certificate No. (1131012302), dated 20/08/1414H (corresponding to 31/01/1994G) which expires on 18/07/1443H (corresponding to 19/02/2022G).
 - The company shall also comply with Companies Law in terms of adopting the company's articles of association in line with the recent amendments made to the Companies Law, after obtaining a prior approval from the Ministry of Commerce on the draft articles of association and approval of shareholders' EGM. The company's last articles of association were approved by Corporate Governance Department (Ministry of Commerce) on 16/11/2020G. The company complied with the requirements of the Capital Market Authority and the Saudi Stock Exchange (Tadawul) in terms of uploading a copy of articles of association on the company's page on Tadawul website.
 - The company also complies with commercial registration law in terms of obtaining a membership certificate in the Chamber of Commerce and Industry (For more information, please refer to section (9-10) "Governmental approvals, licenses and certificates" of Section (10) "Legal information" of this Prospectus).
 - The company's branches also comply with completing the procedures for establishing their branches, and they comply with commercial registration law in terms of registration with the Commercial Registry Department, obtaining a membership certificate in the Chamber of Commerce and Industry for each branch (For more information, please refer

to section (9-10) "Governmental approvals, licenses and certificates" of Section (10) "Legal information" of this Prospectus).

5. Continuing obligations according to CMA's requirements

- CMA obliges listed companies to comply with Rules on the Offer of Securities and Continuing Obligations, special instructions issued CMA, and listing rules, in particular compliance with periodic disclosure of material and financial developments and the report of the Board of Directors. According to the Continuing Obligations Guide for Listed Companies, the annual financial results announced on (Tadawul) website shall be derived from the audited financial statements approved by the company's external auditor appointed by the assembly and approved by the Board of Directors, and the announcement forms included in the instructions for companies' announcements of their financial results must be adhered to, and the company must also provide a statement of all reasons and drives for the change in the financial results for the current financial year with the compared period so that the reasons include all items of the financial results announcement.
- It should be noted that on 23/01/1438H (corresponding to 24/10/2016G) the CMA issued its decision No. (1-130-2016) amending the procedures and instructions for companies which have their shares listed in the stock market and their accumulated losses amounted to (50%) or more than their capital, in view of the Companies Law. The name of the procedures was amended to become "Procedures and Instructions for Companies Listed in the Market and which have accumulated losses amounted to (20%) or more of their capital". They were put into effect as of 25/07/1438H (corresponding to 22/04/2017G).
- The Authority also obliged the companies listed in the market whose accumulated losses amounted to (50%) or more of the paid-up capital to disclose of their plan regarding application of Article (150) of the companies' law, on Tadawul website, before the date of 24/07/1438H (corresponding to 21/04/2017G).
- The Authority also obliged the companies listed in the market to follow the regulations of instructions regarding announcements of joint-stock companies whose shares are listed in the financial market issued pursuant to CMA Board's Resolution No. (4-8-2017) dated 26/04/1438H (corresponding to 24/01/2017G).
- As of the date of publishing this prospectus, the company has not violated any of the instructions set out above and is compliant with CMA Law and its implementing regulations. The Board members confirm that the company continues to comply with the requirements of the law, regulations and instructions of CMA and the Financial Market (Tadawul) until the date of this prospectus, and they also pledge to continue to comply therewith.

6. Continuing obligations according to the requirements of the Zakat, Tax and Customs Authority (ZATCA):

- The company, like other registered establishments and companies operating in Saudi Arabia, shall submit its zakat and tax returns within 120 days from the end of the financial year for the purpose of renewing the certificate issued by ZATCA. The company was registered as a taxpayer under the company's submission of its zakat return for the financial year ending on December 31, 2019G and it obtained a zakat certificate from ZATCA (For more information, please refer to section (9-10) "Governmental approvals, licenses and certificates" of Section (10) "Legal information" of this Prospectus).

- The company is compliant with VAT law and its implementing regulations and is registered with ZATCA according to a certificate issued by the Authority (For more information, please refer to section (9-10) "Governmental approvals, licenses and certificates" of Section (10) "Legal information" of this Prospectus).

7. Continuing obligations according to the requirements of the Ministry of Human Resources and Social Development (MHRSD)

- A file has been opened with MHRSD (Labour Office) with the unified No. (1273050-3) according to the Saudization certificate issued by MHRSD. As on the date of publishing this Prospectus, the company benefits from MHRSD electronic services, and a Saudization certificate has been issued to indicate that the company is compliant with the required Saudization percentage according to the Nitaqat program, which is (27.91%) and are in the high green band.

10-10 Company branches

Article (4) of the company's articles of association stipulates that the company may establish companies on its own (with limited liability or closed joint-stock, provided that the capital is not less than (5) million Riyals, and it may also hold shares in other existing companies or merge with them and have the right to participate with others in the establishment of joint-stock or limited liability companies, after fulfilling the requirements of applicable laws and regulations in this regard, according to the following:

List of branches:

Table No. (85): Branches and Municipal Licenses Obtained

SR	Company branches	Owner ID No.	Issue Date	Expiry Date	Municipal license	Detailed activity
1	Dammam	2050115434	12/06/1439H	10/06/1443H	40122531025	Integrated office management services activities
2	Riyadh	1010947309	30/06/1439H	29/06/1443H	3909622363	Headquarters

Source: The Company

11-10 Summary of Material Contracts

The Company concluded the following contracts and agreements and pledged, upon the conclusion thereof, that all dealings shall be executed on a purely commercial competitive basis to protect shareholders rights, and ensure voting on such contracts by general assembly, which should exclude the shareholders having interests in such contracts or deals. The company and its board members confirm their compliance with the restrictions of Companies law and the Corporate Governance Regulations for dealings with related parties in relation to those contracts.

The Company has many material agreements, including but not limited to the following:

1-11-10 Contracts and dealings with clients:

The company has several transactions with related parties, the most important of which are as follows:

- Contract for providing goods storage services

The company entered into a contract for providing goods storage services with the National Aquaculture Group on 29/10/1441H (corresponding to 21/06/2020G) for a period of (37) thirty-seven months starting from the effective date of the contract (01/07/2020G) and ending on (31/ 07/2023G); according to this contract, the company receives product storage and handling services in Jeddah, on condition that the cost of such services are calculated as follows (in addition to a lump sum as non-refundable contract fees):

Table No. (86): Goods Storage Services Contract

Service type	Price (SAR)
Fixed monthly total (whether full or less stored)	A monthly amount of (SAR 929,500) nine hundred and twenty-nine thousand five hundred Saudi riyals (excluding VAT) for each (SAR 14,300) fourteen thousand three hundred Saudi riyals per month.
Overtime charges beyond working hours and on weekends (Fridays)	(250) two hundred and fifty Saudi riyals per truck/container.
Handling fees (incoming or outgoing pallet)	(0.40) forty halalas (upon request).

- Environmental Services Contract

The company entered into an agreement with Afaq Environment Co. Ltd. on 11/06/1442H (corresponding to 24/01/2021G), for a period of one Gregorian year from the date of signing. Under the contract, the company receives transportation and disposal services for all industrial solid hazardous waste and hazardous liquid waste from the factory site, at the request of the company, according to an email or letter requesting to remove the violations in Buraidah.

- Refrigerator construction contract

The company entered into an agreement with Yousef Bin Sulaiman Al Yahya Warehousing Corporation on 08/04/1442H (corresponding to 23/11/2020G), and under the contract, refrigerators will be constructed and equipped in the company's warehouse in Hail, and the Corporation will assign a contractor specialized in building refrigerators (Ace Future Contracting Co.) to work therewith to implement the contract.

2-11-10 Credit Facility Agreements:

A. Alinma Bank

The company has a credit facility agreement with Alinma Bank, which was concluded on 19/06/1442H (corresponding to 01/03/2021G), and under such contract, several guarantees are provided to fulfill all obligations that may arise if the company uses the facilities provided under this agreement. In accordance with the undertakings of the agreement, the company shall notify Alinma Bank of any possible change in its legal form or ownership percentage, prior to making the change. Also, under this agreement, a credit sale agreement was concluded, stipulating that the company shall provide a promissory note to Alinma Bank as a guarantee.

B. Arab National Bank

The company entered into a credit facility agreement in compliance with Shariah regulations with the Arab National Bank under Kafalah program, on 03/01/1443H (corresponding to 11/08/2021G) under which multiple guarantees were provided to meet all

obligations that may arise if the company uses the facilities provided under this agreement. Under this agreement, a credit sale agreement was concluded, stipulating that the company shall provide a promissory note to Arab National Bank as a guarantee. In addition to an electronic warranty issued by the Kafalah program.

3-11-10 Credit Sale Agreements:

The company relies upon credit sale agreements to carry out its business and payments related thereto, so that the company has an agreement with suppliers of materials, and thus an account with the supplier, for the company, in an amount to be agreed upon, and then all company's requests are submitted through purchase orders, and such agreements are associated with providing guarantees for suppliers to ensure that the company fulfills all and any obligations that may arise in the event that the company directs purchase orders requests to suppliers, and one provision of these is providing promissory notes in favor of suppliers.

4-11-10 Lease contracts:

The company owns no real estates. As for the sites occupied by the company to conduct its activities, the company has concluded fourteen Lease contracts.

Below is a list of Lease contracts of the company's sites and important related details:

Table No. (87): Valid and renewed Lease contracts for the sites occupied by the company

SR	Location	Lessor	Rental value	Lease term
1.	Qassim	Ali Saleh al-sakhat	SAR 50,000 per year	Expires on 11/05/1446H (corresponding to 13/11/2024G).
2.	Qassim - first industrial city	Saudi Authority for Industrial Cities and Technology Zones "MODON"	SAR 31,524 per year	Expires on 16/01/1460H (corresponding to 21/02/2038G).
3.	Qassim - Labor Housing	Mohammed Hamad Al-Humaidhi Real Estate Office (represented by Abdullah Ibrahim bin Mohammed Al-Drees).	SAR 52,000 per year.	Expires on 28/08/1443H (corresponding to 31/03/2022G).
4.	Riyadh-administrative headquarters	Ali Salem Tal' Almutairi	SAR 205,500 per year	Expires on 21/08/1443H (corresponding to 24/03/2022G).
5.	Riyadh-Al Aziziya	Mohammed Abdullah Al Mutaiwee Trading Est (represented by Saud Abdullah Al Mutaiwee')	SAR 70,000 per year	Expires on 21/11/1442H (corresponding to 01/07/2021G) - under renewal.
6.	Riyadh-Administrators Houses	Abdulmajeed Mohammed Ibrahim Al-Sabeeh	SAR 18,000 per year	Expires on 20/01/1443H (corresponding to 28/08/2021G).
7.	Riyadh - Labor Housing	Nasser Abdullah Ghanem Al Samail	SAR 15,500 per year	Expires on 28/09/1443H (corresponding to 29/04/2022G).

8.	Jeddah - Al Aziziyah	Omar Abdullah Alalam Banafie	SAR 25,000 per year*	Expires on 13/01/1443H (corresponding to 21/08/2021G).
9.	Housh Al Aziziyah	Hamoud Maqbool Hamoud Al-Qarni	SAR 13,000 per year	01/03/1443H (corresponding to 07/10/2021G).
10.	Dammam - Exhibition	Abdullah Mohammed Abdullah Al-Arifi	SAR 46,000 per year	Expires on 01/12/1443H (corresponding to 30/06/2022G).
11.	Dammam - Labor Housing	Adel Hussein Ali Mohammed	SAR 7,680 per year	One Gregorian year starting from 06/06/2020G and ending on 05/06/2021G-under renewal.
12.	Jeddah – third industrial zone	Al Mourabitoun Gulf Co. Ltd (L.L.C)	9,850 square meters, so that the rent is: For the first year: 850 Saudi riyals per square meter. For the second year: 875 Saudi riyals per square meter. For the third year: 900 Saudi riyals per square meter.	38 Gregorian months, starting from 01/07/2020G and ending on 31/08/2023G.
13.	Riyadh - commercial use	Abdullah Abdulaziz Khalif Al-Arifi	SAR 1,207,500 per year.	Expires on 01/12/1443H (corresponding to 30/06/2022G).
14.	Riyadh - commercial use (2)	Makhzan Alarabiya Investment Company	SAR 2,800,000 per year.	Expires on 13/01/1446H (corresponding to 19/07/2024G).

Source: The Company

* Under the agreement, the annual rental value is (SAR 25,000), which was reduced last year to (SAR 20,000) only for COVID19-related circumstances.

5-11-10 Other sites occupied by the company

In addition to the sites occupied by the company mentioned in subsection (10-11) summary of material contracts (Lease contracts)), the company occupies two additional sites to conduct its activity that are not associated with the written Lease contracts, but rather by taking possession, verbal agreement and payment of the annual amounts incurred therefrom, but the company has no contract that proves its right to occupy the two sites or specifying the lease terms for both sites.

Below is a list of those sites and important related details:

Table No. (88): Sites occupied by the company with no Lease contracts


SR	Location	Lessor	Rental value	Lease term
.3	Riyadh - Al Mansouria	Princess Munira Bint Saud Al Kabeer Al Saud	SAR 25,500 per year	Expires on 10/06/1443H (corresponding to 13/01/2022G)
.4	Riyadh - Al Mansouria	Princess Munira Bint Saud Al Kabeer Al Saud	SAR 26,715 per year	Expires on 10/06/1443H (corresponding to 13/01/2022G)

12-10 Trademarks and property rights

In marketing its services and products, the company relies on its trade name registered in its commercial register, which is reflected in its logo, which supports its business and its competitive position, and gives it a clear distinction in the market among customers. The company has protected its intellectual property by registering its trademark with the Saudi Authority for Intellectual Property under No. (1442013202), Category No. (6) and under Vienna Classification No. (27,5,1.8) as shown in the table below.

The company has also applied to register a new trademark after changing the company's name and logo on 12/03/1442H to the name "SADR Logistics Services". By approving its application, the company will be entitled to place its new name and logo on the external facade of the building or offices occupied by the company, as approving the application will enable it to register the trademark and obtain necessary legal protection in accordance with trademark law.

Table No. (89): Trademarks owned by the Company

Protection expiry date	Protection commencement date	Registration Date	Registration No.	Owner of trademark	Trademark
01/08/1452H (corresponding to 30/08/2030G)	02/05/1442H (corresponding to 17/12/2020G)	28/09/1442H (corresponding to 10/05/2021G)	1442013202	Al Samaani Factory for Metal Industries Company	

13-10 Disputes and lawsuits

The company confirms that it has not been exposed, in the course of carrying out its business, to lawsuits or claims related to its operations, disputes, and claims related to the products and services it provides. As of the date of this Prospectus, the company has not filed any current lawsuits or claims against third parties, except for those shown in the table below:

Court	Lawsuit status	Defendant	Plaintiff
The Great Civil Court in Bahrain	<p>A judgment was rendered thereto on 30/03/2021G, obliging the defendant to pay:</p> <ul style="list-style-type: none"> - An amount of (SAR 422,568) four hundred and twenty-two thousand five hundred and sixty-eight Saudi riyals, and the legal interest of (1%) as of the date of rendering the judgment until full payment. - (20) twenty Bahraini dinars for attorney's fees. - Part of the lawsuit filing fees (BHD 948,622) nine hundred and eighty-four Bahraini dinars and six hundred and twenty-two fils. <p>For financial dues in implementation of a supply contract under which the company committed to deliver an automatic storage system and metal shelves to the defendant and handed over the entire project. However, the defendant refused to pay.</p>	Al Sanea & Partners Refreshments Co. LLC.	The company (its attorney: Mohamed Reda Buhusseini)
Jeddah Execution Court	The company has a judgment in its favor, obliging the defendant to pay an amount of (SAR 305,150) three hundred five thousand one hundred and fifty Saudi riyals, and a request has been submitted to the execution court to complete the execution of judgment.	Al Musaad Company for Building Materials Production	The Company

14-10 Material information that were changed since the Authority's approval of the last prospectus

The following is a summary of the most important information that was changed since the Authority's approval of the last prospectus, which was released on February 23, 2017G:

- Trade Name: The company's name was changed from Al-Samaani Factory for Metal Industries Company to SADR Logistics Services.
- Branches: The company's branches were established in Dammam and Riyadh in 2018G.
- Financial statements: The method of preparation was modified in line with the International Accounting Standards for Financial Reporting (IFRS).
- Bylaw: It was updated in line with the amendments to the new Companies Law and was approved at EGM held on October 29, 2020G.
- Governance: Approving internal governance regulations and policies related to the corporate governance in line with the provisions of corporate governance regulation issued by CMA. The corporate governance regulation was approved at EGM held on 12/03/1442H (corresponding to 10/29/2020G). In its meeting held on 01/16/1443H (corresponding to 08/24/2021G), EGM approved the amendment of company's governance regulation.
- Governance: The Board of Directors, in its meeting held on 16/09/2021G, approved the formation of Nominations and Remunerations Committee, in accordance with the requirements of Governance Regulations; the work regulation of the Remunerations and Nominations Committee was approved by EGM held on 12/03/1442H (Corresponding to October 29, 2020G).
- Conflict of interest and disclosure: The conflict of interest policy and the disclosure and transparency policy procedures were approved by EGM held on 03/12/1442H (corresponding to 10/29/2020G). The company's general assembly, in its meeting held on 01/16/1443H (corresponding to 08/24/2021G), also approved the amendment of the company's conflict of interest regulations.
- Board of Directors: The policy, criteria and procedures of membership in the Board and its emanating committees were approved by EGM held on 03/12/1442H (corresponding to 10/29/2020G). The company's general assembly, in its meeting held on 01/16/1443H (corresponding to 08/24/2021G), also approved the amendment of the policy, criteria and procedures of membership in the Board and its emanating committees.
- Board of Directors: The General Assembly of the company, in its meeting held on 01/16/1443H (corresponding to 08/24/2021G), approved the election of Board members for the current session, which extends for a period of (3) three years, starting on September 16, 2021G and ends on September 15, 2024G.
- Audit Committee: The General Assembly of the company, in its meeting held on 01/16/1443H (corresponding to 08/24/2021G), approved the formation of the Audit Committee for the current session, which extends for a period of (3) three years, starting from September 16, 2021G and ends on September 15, 2024G.

15-10 Declarations on legal information

Board members declare that:

- a) This version is compliant with relevant laws and regulations in Saudi Arabia.
- b) This version does not prejudice any of the contracts and agreements to which the company is a party.
- c) All material legal information related to the company has been disclosed in this prospectus.
- d) Other than what is stated in Section (10-13) Lawsuits, Claims and Regulatory Procedures and Section (2) Risk Factors, the Company is not subject to any lawsuits or legal actions that may, solely or jointly, have material effect on the Company's business or financial position.
- e) Board members are not subject to any lawsuits or legal procedures that may, solely or jointly, have material effect on the company's business or financial position.
- f) The company continues to comply with the Ministry of Commerce requirements until the date of this prospectus and undertakes to keep complying therewith.
- g) The company continues to comply with ZATCA requirements until the date of this prospectus and undertakes to keep complying therewith.
- h) The company continues to comply with MHRSD requirements until the date of this prospectus and undertakes to keep complying therewith.
- i) The company continues to comply with the requirements of law, regulations and instructions of the Capital Market and the Financial Market Authority (Tadawul) until the date of this prospectus and undertakes to keep complying therewith.

11 Underwriting

The Company entered into an underwriting agreement with the Underwriter (Falcom Financial Services Company), pursuant to which the Underwriter shall cover an offering fifteen million (15,000,000) Ordinary Shares, at an offer price of Ten Saudi Riyals (SAR 10) per share, representing 100% of Rights Shares offered for subscription ("Underwriting Agreement").

1-11 Underwriter

FALCOM Financial Services

Riyadh- Al Woroud District - Al Ulaya Street

P.O Box 884 Riyadh 11421

Kingdom of Saudi Arabia

Tel:+966 8004298888

Fax:+966 11 2054827

E-mail: Info@falcom.com.sa

Website: www.falcom.com.sa



2-11 Summary of the Underwriting Agreement

Pursuant to terms and conditions of the underwriting agreement:

- 1) The Company undertakes to the Underwriters that, on the allocation date, it will allocate and issue to the Underwriter all rights shares that have not been subscribed to by the Eligible Shareholders as additional shares at the Offer Price.
- 2) The Underwriter undertakes to the Company that it will, on the allocation date, purchase the number of Offer Shares not subscribed to by Eligible Shareholders, as additional shares at the Offer Price.
- 3) The Underwriter will receive a fixed financial consideration against underwriting the Offering which amount shall be paid from the Offering Proceeds.

12 Waivers

The Company has not submitted any request to CMA to be exempted from any requirements relating to the Offering.

13 Details on Shares and Offering Terms and Condition

The Company has filed an application for the registration and offering of the new shares to the CMA and to Tadawul for listing the new shares. All the requirements were fulfilled in accordance with the Rules on the Offer of Securities and Continuing Obligations and the Listing Rules.

All Eligible Shareholders and holders of acquired Rights must read the subscription terms and conditions carefully before electronic subscription, submission of the subscription application through a Broker, or filling out the Rump Offering application form. The submission of the Subscription Application or the signing and delivery of the Rump Offering Subscription application form constitutes acceptance of the mentioned terms and conditions.

1-13 Offering

The Offering is an increase in the Company's capital through issuing rights shares with a value of one hundred and fifty million (150,000,000) Saudi Riyals, divided into fifteen million (15,000,000) ordinary shares, with a nominal value of ten (10) Saudi Riyals per share and an offer price of ten (10) Saudi Riyals per share.

2-13 How to Apply for Subscription to the Rights (New Shares)

The Registered Shareholders and those wishing to subscribe to the Rights shall submit the subscription application during the Offering Period through the investment portfolio on trading platforms through which sale and purchase orders are entered, in addition to the possibility of subscribing through any other means provided by the Broker and shares Custodian in the Kingdom during the Offering Period. If there is a Rump Offering Period, Subscription Application Forms can also be submitted during such a period by Institutional Investors for any Rump shares only.

By subscribing, the subscriber:

- ✓ Agrees to subscribe for the Company's shares in the number of such shares specified in the Subscription Application Form.
- ✓ Declares that they have read the Prospectus and understood all of its contents.
- ✓ Accepts the Company's Bylaws and the terms mentioned in the Prospectus.
- ✓ Declares that it has not subscribed for the same shares under this offering and the Company has the right to reject all of their applications if it is proven that they submitted more than one application.
- ✓ Accepts the number of shares allocated thereto and all other subscription instructions and terms mentioned in the Prospectus and the Subscription Application Form.
- ✓ Warrants not to cancel or amend the Subscription Application Form after submitting it to the Broker.

3-13 Subscription Application

The Registered Shareholders wishing to exercise their full right and subscribe to all entitled Rights shall subscribe through the investment portfolio on trading platforms through which sale and purchase orders are entered, or through any other means provided by the Broker and shares Custodian.

The number of shares entitled to an Eligible Person will be calculated based on the number of Rights held thereby. The subscription monies that the subscriber must pay are calculated by multiplying the number of existing Rights owned prior to closing of the Subscription Period by ten (10) Saudi Riyals.

4-13 Trading Period, Subscription Period and Rump Offering Period

The Eligible Shareholders wishing to subscribe to the Rights shall submit the subscription application during the Offering Period, which begins on 02/05/1443 (corresponding to 06/12/2021G) and ends on 12/05/1443H (corresponding to 16/12/2021G). The EGM on capital increase held on 26/04/1443H (corresponding to 01/12/2021G) approved the recommendation of the Board of Directors to increase the Company's share capital through a Rights Issue. Under this Prospectus, fifteen million (15,000,000) ordinary shares will be offered for subscription in the Rights Issue, representing 600% of the Company's share capital prior to the offering, at an offer price of ten (10) Saudi Riyals per share, and nominal value of ten (10) Saudi Riyals, with a total offering value of one hundred and fifty million (150,000,000) Saudi Riyals. The new shares will be issued with at (1) share for every one Right to shareholders. Subscription of the rights offered to the shareholders registered in the Company's shareholders register as of the close of the second trading day following the date of the EGM on 01/05/1443H (Corresponding 05/12/2021G), and for eligible persons who have purchased the Rights during the trading period, including registered shareholders who have purchased additional rights in addition to the rights they already own.

If Eligible Persons have not exercised the Rights by the end of the Offering Period, the Rump shares resulting from non-exercise or sale of those rights will be offered to Institutional Investors in the Rump Offering Period.

Registered Shareholders may trade the Rights deposited in their portfolios via the Saudi Stock Exchange (Tadawul). These Rights are considered to be the acquired right of all shareholders registered in the Company's shareholders register as of the close of the second trading day following the date of the EGM on capital increase. Each Right grants its holder eligibility to subscribe for one new share at the offer price. The Rights will be deposited after the EGM. The Rights will appear in the portfolios of the Registered Shareholders under a new symbol specifying the Rights Issue. Then, Registered Shareholders will be informed of the deposit of the Rights in their portfolios.

The schedule for the sequence and details of the Rights issue process will be as follows:

- 1) **Eligibility Date:** End of trading on the day of the EGM on 26/04/1443H (corresponding to 01/12/2021G).
- 2) **Trading Period and Subscription Period:** The trading period and Subscription offering period start on 02/05/1443H (corresponding to 06/12/2021G). The trading period will end on 09/05/1443H (corresponding to 13/12/2021G), while the Subscription offering period will continue until the end of the day on 12/05/1443H (corresponding to 16/12/2021G).
- 3) **Rump Offering Period:** The Rump offering period starts on 17/05/1443H (corresponding to 21/12/2021G) at 10:00 AM until the following day at 5:00 PM on 18/05/1443H (corresponding to 22/12/2021G). During this period, the remaining shares will be offered to a number of Institutional Investors ("Investment Institutions"), provided that such Institutional Investors shall submit offers to purchase the Rump shares. The Rump shares shall be allocated to Institutional Investors with the highest offer, then to the next one, provided that price will not be less than the offer price, and the allocation of those shares to Institutional Investors submitting the same offer will be on pro-rata basis. Fractional shares shall be added to the Rump shares and treated in the same way. The subscription price of the new unsubscribed Shares for this period will be offered at the offer price, as the minimum price. In case the sale price of such shares is higher than the offer price, the difference (if any) shall be distributed as compensation to the Rightsholders who did not exercise their rights in the subscription in proportion to their respective rights.

- 4) **Final Allocation of Shares:** Shares will be allocated to each investor based on the number of Rights properly and fully exercised by them. As for those entitled to fractional shares, fractional shares will be collected and offered to Institutional Investors during the Rump offering period. The total offer price of the Rump shares shall be paid to the Company, and all the remaining proceeds resulting from the sale of Rump shares and fractional shares (in excess of Offer Price) shall be distributed to the Eligible Persons not later than 17/06/1443H (corresponding to 20/01/2022G).
- 5) **Trading of the New Shares on Tadawul:** Trading in the new shares will start on Tadawul upon the completion of all procedures relating to the registration, allocation, and listing of the new shares.

The Company applied to the CMA to register and offer the new shares, and the Company has also applied to the Saudi Stock Exchange (Tadawul) to accept its listing.

5-13 Allocations and Refunds

The Company and the Lead Manager will open an Escrow Account in which the proceeds will be deposited.

The Rights Issue shares shall be allocated to the Eligible Persons based upon the number of Rights that they properly and fully exercised. As for Shareholders entitled to fractional shares, these shall be accrued and offered to Institutional Investors during the Rump offering. The total offer price of the of Rump shares shall be paid to the Company, and all the remaining proceeds resulting from the sale of Rump shares and fractional shares (in excess of offer price) shall be distributed to the Eligible Persons not later than 17/06/1443H (corresponding to 20/01/2022G). Noting that investors who did not subscribe to or sell his/her rights, and those holding fractional shares, may not receive any consideration in case of sale at offer price during the rump share period. In the event that new shares remain unsubscribed to, they will be purchased by and allocated to the underwriter.

Final notice for the number of shares allocated to each Eligible Person without any charges or withholdings by the Lead Manager is expected to take place by depositing the shares into the accounts of subscribers. Eligible Persons shall contact the branch of the Broker through which the application is submitted for further information. Allocation of shares will be announced no later than 22/05/1443H (corresponding to 26/12/2021G).

Oversubscriptions (remaining proceeds from the Offering process exceeding the Offering Price) (if any), and the compensation amount (if any) will be refunded to the Eligible Persons who have not exercised their right to subscribe in whole or in part to the new shares and to those who are entitled to fractional shares without any deductions, no later than 17/06/1443H (corresponding to 20/01/2022G).

6-13 Supplementary Prospectus

The Company must submit to CMA a Supplementary Prospectus, in accordance with the requirements of the rules for the Offering of securities and Continuing Obligations, if the Company becomes aware at any time after the date of the publication of this Prospectus and before the completion of the Offering of any of the following:

- The existence of a significant change in material matters mentioned in this Prospectus.
- Any important issues have emerged that should have been included in this Prospects.

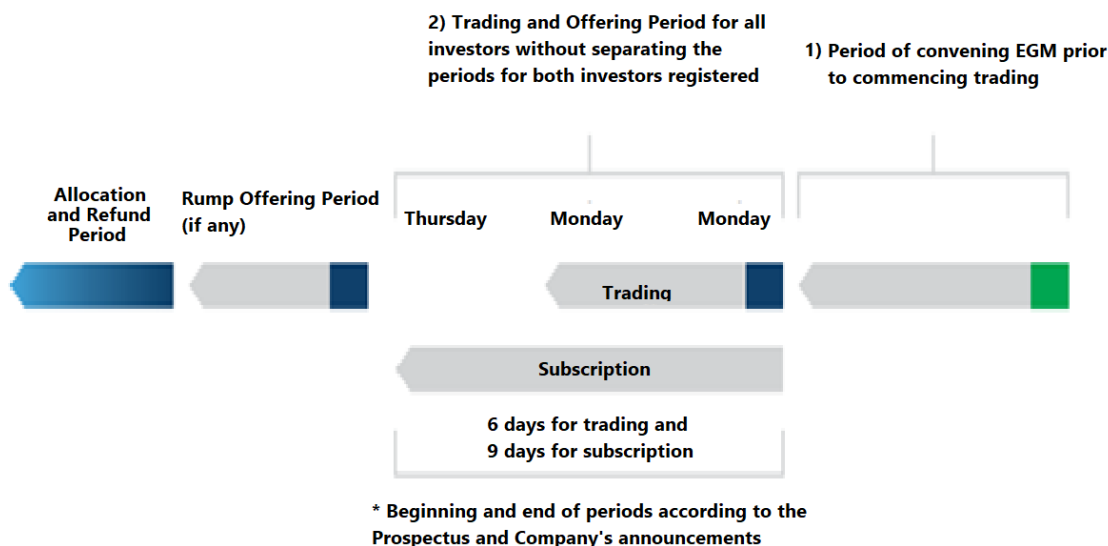
The investor who subscribed for the new shares prior to the publication of the Supplementary Prospectus may cancel or amend his/her subscription for these shares before the end of the Offering period.

7-13 Suspension or cancellation of the Offering

The Financial Market Authority may at any time issue a decision to suspend or cancel the Offering if it deems that the Offering may result in a breach of the stock market system, its implementing regulations, or the market's rules. In addition, the offer will be canceled if the extraordinary general assembly does not approve any of the details of the offer.

The following figure shows the mechanism for trading and underwriting traded rights:

Figure no. (2): The mechanism for trading and underwriting traded rights.



Source: Tadawul

8-13 Q&A related to Rights

What is a Rights Issue?

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

Who is granted the Rights?

The Rights shall be granted to Shareholders registered in the Company's Register as of the close of the second trading day of the EGM to increase the capital.

When are the Rights deposited?

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

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

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

How many Rights can be acquired by a Registered Shareholder?

The number of Rights to be acquired by a Registered Shareholder is subject to the number of Shares ratio held by the Registered Shareholder in the Company's Shareholders Register at the Depository as at the close of the second trading day after the EGM.

What is the Rights Issue eligibility factor?

It is the means by which the Registered Shareholder can determine the Rights it is entitled to in relation to its shareholding at the close of the second trading day following the date of the EGM. It is calculated by dividing the number of New Shares by the number of the Company's existing Shares. It is, therefore, (6) shares for each (1) share held by registered shareholders on eligibility date; for example, if a registered shareholder owns (1,000) shares on eligibility date, then (6000) shares will be allocated to him/her in consideration of his/her shareholding. every five shares).

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

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

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

The opening price of the Right is the difference between the closing price of the share on the day preceding the Rights listing and the Offer Price (the indicative value of the Right). For example, in case the the closing price of company's share is (SAR 300) and offer price is (SAR 10), then the opening price of the right will be (SAR 51.43).

Who is the Registered Shareholder?

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

Can Registered Shareholders subscribe for additional shares?

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

Is it possible for a registered shareholder to lose his/her eligibility to subscribe even if he/she has the right to attend the EGM and vote on raising the capital through a rights issue?

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

How does the Subscription take place?

Subscription Applications are submitted through portfolios in trading platforms, through which sale and purchase orders are entered. In addition, it is possible to subscribe through any other means provided by the broker and the custodian of shares.

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

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

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

The rights will be deposited in the same portfolio in which the shares of the company connected to the rights are deposited. For example, if a shareholder holds one thousand (1000) shares in the company (eight hundred (800) shares in portfolio (a) and two hundred (200) shares in portfolio (b)), then the total rights (amounting to (6000) rights), will be deposited, as each share will be entitled to (6) rights. Therefore, (4800) rights will be deposited in portfolio (a) and (1200) rights will be deposited in portfolio (b).

Are share certificate holders allowed to subscribe and trade?

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

Are additional Rights purchasers entitled to trade them once again?

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

Is it possible to sell a part of these Rights?

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

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

After settlement of the purchase of Rights (two business days), on condition that subscription to the rights will be during subscription period.

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

No. After the expiry of Trading Period, the Eligible Person may only exercise the right to subscribe for the Rights Shares or not. In case the Right is not exercised, the investor may be subject to loss or decrease in the value of his/her investment portfolio, or profit in case of selling the shares during the Rump Offering Period at a higher price than the offer price.

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

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

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

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

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

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

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

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

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

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

What are the Trading and Offering Periods?

Trading in and subscription for the Rights shall commence at the same time until the end of trading on the sixth day. However, the subscription shall continue until the ninth day, as stated in the Prospectus and the Company's issued announcements.

Is it possible to subscribe during the weekend?

No.

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

Yes. Investors can subscribe for the Rights Shares upon full purchase of Rights during the Trading Period.

Additional assistance:

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

For more information on the terms, conditions and instructions for the subscription, please refer to Section (13) "Details on Shares and Offering Terms and Condition" and other information contained herein.

9-13 Decisions and approvals according to which shares will be offered

The Company's Board of Directors recommended in its meeting held on 19/05/1442H (corresponding to 03/01/2021G) to increase the Company's capital through a Rights Issue by one hundred and fifty million (150,000,000) Saudi Riyals after obtaining the necessary regulatory approvals and EGM approval.

On 26/04/1443H (corresponding to 01/12/2021G), the EGM approved to increase the Company's share capital through a Rights Issue. The subscription will be through offering (15,000,000) fifteen million new ordinary shares (referred to as "Rights Shares" "New Shares) at an offer price of ten (10) Saudi Riyals per share (referred to as "Offer Price"), with a nominal value of ten (10) Saudi Riyals, to increase the company's capital from (SAR 25,000,000) twenty-five million Saudi riyals to (SAR 175,000,000) one hundred and seventy-five million Saudi riyals, and increase the number of shares from (2,500,000) two million five hundred thousand ordinary shares to (17,500,000) seventeen million five hundred thousand ordinary shares.

Saudi Stock Exchange (Tadawul) approved the request to list the new shares on 03/11/1442H (corresponding to 13/06/2021G),. it also approved to publish this prospectus and all supporting documents requested by the Authority on the date of its announcement on the Authority's website on 27/03/1443H (corresponding to 02/11/2021G).

10-13 Miscellaneous Terms

- The Subscription application form and all related terms, conditions and covenants hereof shall be binding upon and inure to the benefit of the parties to the subscription and their respective successors, permitted assignees, executors, administrators and heirs. Except as specifically indicated herein, neither the application nor any of the rights, interests or obligations arising pursuant thereto shall be assigned or delegated by any of the parties to the subscription without the prior written consent of the other party.
- These instructions, conditions and receipt of any Subscription application forms or related contracts shall be governed, construed and enforced in accordance with the laws of the Kingdom of Saudi Arabia. This Prospectus may be distributed in Arabic and English. In case of conflict between the two texts, the Arabic text of the Prospectus shall prevail.

11-13 Statement of any arrangements in place to prevent disposal of certain shares

There are no arrangements in place to prevent disposal of any shares.

14 Change in the share price as a result of capital increase

The closing price of the Company's share on the day of EGM is (439) Saudi Riyals, and it is expected to reach (71.30) Saudi Riyals at the opening of the following day, and this change represents a decrease of (83.76%). In the event that none of the shareholders registered in the Company's Shareholders Register at the Depository Center subscribed to at the end of the second trading day following the date of EGM, this will lead to a decrease in their ownership percentage in the Company.

Method for calculating the share price as a result of the capital increase is as follows:

First: Calculating the Company market value upon closing on the EGM day.

The number of shares at the end of the day of EGM x the closing price of the Company's share on the day of EGM = The market value of the Company at the close on the day of EGM.

Second: Calculating the share price at the opening of the following day of the EGM.

$$\frac{(\text{The market value of the Company at the close on the day of EGM} + \text{the value of the shares offered})}{(\text{the number of shares at the end of EGM day} + \text{the number of shares offered for subscription})} = \text{The expected share price at the opening of the following day of the EGM.}$$

15 Covenants relating to the Subscription

1-15 Overview of the Subscription Application and the Covenants

It is possible to subscribe using the trading platforms or through any other means provided by the agent to the investors.

The new shares will be subscribed to in one stage, according to the following:

- 1) During this period, all Registered Shareholders and New Investors will be allowed to subscribe to the New Shares.
- 2) The Registered Shareholder will be entitled to subscribe directly to the number of his / her shares or less than the number of his / her shares during the Subscription Period. If the Registered Shareholder buys new Rights, the Registered Shareholder will be able to subscribe to them by the end of the settlement period (two working days).
- 3) New investors will be entitled to subscribe to the new shares immediately after settling the rights purchase (two working days).
- 4) The subscription will be available electronically through investment portfolios in the trading platforms and applications, through which the sale and purchase of orders are entered, as well as through other channels and means provided by the broker.

Each Right entitles its holder to subscribe to one new share at the Offer Price. The subscriber to the new shares declares the following:

- His acceptance of all the subscription terms and conditions stated in this Prospectus.
- That he has read this Prospectus and all its contents carefully and understood its content.
- His acceptance of the Company By-Laws.
- He is committed not to cancel or amend the subscription application after its submission

2-15 Allocation Processes

The Rights Issue shares shall be allocated to the Eligible Persons based upon the number of Rights that they properly and fully exercised. As for Shareholders entitled to fractional shares, these shall be accrued and offered to Institutional Investors during the Rump offering. The total offer price of the of Rump shares shall be paid to the Company, and all the remaining proceeds resulting from the sale of Rump shares and fractional shares (in excess of offer price) shall be distributed to the Eligible Persons not later than 17/06/1443H (corresponding to 20/01/2021G). In the event that shares remain unsubscribed to, such shares will be purchased by and allocated to the underwriter.

Eligible Persons should contact the agent through which they were subscribed to obtain any additional information. Allocation of shares will be announced no later than 22/05/1443H (corresponding to 26/12/2021G).

3-15 Saudi Stock Exchange (Tadawul)

Tadawul system was established in 2001G as an alternative system for the electronic securities information system. The electronic stock trading started in the Kingdom in 1990G. The trading process is carried out through an integrated electronic system from the execution of the transaction to the settlement. Trading is conducted on each business day, from Sunday to

Thursday, at one go from 10 a.m. until 3:00 p.m., during which orders are executed. Beyond such times, orders are permitted to be inserted, amended, and cancelled from 9:30 a.m. until 10 a.m.

The transactions are executed through automatic order matching, and orders are received and prioritized according to the price. In general, market orders are executed first, which are the orders that have the best prices, followed by fixed-price orders, and in the event that several orders are entered at the same price, they are executed according to the timing of the entry.

The Tadawul system distributes a comprehensive range of information through different channels, most notably the Tadawul website, where up-to-date market information is provided immediately to information providers such as Reuters. Transactions are automatically settled within two business days (T + 2).

The Company must disclose all decisions, material, and important information through Tadawul. Tadawul is responsible for monitoring the market in order to ensure fairness of trading and efficiency of market operations.

4-15 Trading of Company shares on the Saudi Stock Exchange

An Application has been submitted to CMA to register and list the Rights in the Saudi Stock Exchange and a request has been submitted to the Stock Market (Tadawul) for their listing. This Prospectus has been approved and all requirements have been met.

Registration and the commencement of trading in the Rights in the Saudi Stock Exchange are expected after the final allocation of the Offering Shares is completed and will be announced on Tadawul website. The dates mentioned in this Prospectus are tentative and may be changed with the approval of CMA.

Although the existing shares are listed on the Saudi Stock Exchange and the Company's Shares are listed on Tadawul, the new shares can only be traded after the final allocation of shares has been approved and deposited in the subscribers' portfolios. Trading in the new shares is strictly prohibited before the allocation is approved.

Subscribers and bidders in the Rump Offering who engage in prohibited trading activities shall bear full liability for them and the Company shall not be liable in such a case.

16 Documents available for Inspection

The following documents will be available for review at the headquarters of the SADR Logistics Company, located in Buraidah, Industrial City, P.O Box no. 1364. postal code: 51431-Kingdom of Saudi Arabia, during official working days from Sunday to Thursday between 08:00 a.m. until 4:00 pm, starting from the first working day after the date of the invitation to convene EGM, provided that this period shall not be less than 14 days before the date of EGM. These documents will remain available for inspection until the end of the Offering:

Documents related to incorporation and Articles of Association:

- Commercial Registration.
- Company By-Laws.

Approvals related to shares capital increase:

- Board of Directors' decision recommending the increase of capital.
- A copy of the Capital Market Authority's approval on the Offering of Rights.
- The approval of the Saudi Stock Exchange Company (Tadawul) to list the rights shares.

Reports, letters and documents:

- Underwriting Agreement and Lead Manager Agreement.
- Written consents by the Financial Advisor, Lead Manager, Underwriters, Legal Advisor, and Auditors to use their names, logos and statements in the Prospectus.



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LOGISTICS SERVICES