

RIGHTS ISSUE PROSPECTUS

SAUDI INDUSTRIAL EXPORT COMPANY



Saudi Industrial Export Company is a Saudi Joint Stock Company established pursuant to the Ministerial Resolution number (954) dated 12/11/1410H (corresponding to 06/06/1990G) approving the license to establish the Company and the Commercial Registration Certificate number (1010077554) dated 25/11/1410H (corresponding to 19/06/1990G).

Offering of (17,280,000) seventeen million two hundred eighty thousand ordinary new shares with an offer price of SAR 10 per share through rights issue with a total value of SAR (172,800,000) one hundred seventy-two million eight hundred thousand Saudi Riyals, representing an increase of the Company's paid-up capital for about 800% so that the Company's new capital will become SAR (194,400,000).

Trading period: Starts from Monday 22/10/1443H (corresponding to 23/05/2022G), to Monday 29/10/1443H (corresponding to 30/05/2022G).

Subscription period: Starts from Monday 22/10/1443H (corresponding to 23/05/2022G), to Thursday 03/11/1443H (corresponding to 02/06/2022G).

Saudi Industrial Export Company (hereinafter referred to as "the Company" or "Sadirat") was established as a Saudi joint stock Company pursuant to Ministerial Resolution number (954) dated 12/11/1410H (corresponding to 06/06/1990G) and it was registered with the Ministry of Commerce under the Commercial Registration Certificate number (1010077554) issued in Riyadh city on 25/11/1410H (corresponding to 19/06/1990G). The head office of the Company in Riyadh city has been relocated starting from 02/07/1441H (corresponding to 26/02/2020G) to Ghadir Street, King Abdul Aziz Road, Ghadir View Plaza Building, third floor, P.O. Box 21977, Riyadh 11485. The current paid up capital of the Company is SAR (64,800,000) divided into (6,480,000) ordinary shares with a nominal value of SAR 10 per share and are fully-paid (referred to individually as "current share" and collectively as "current shares"). As of the date of this Prospectus, there are no major shareholders (who own 5% or more its shares) in the Company. On 22/05/1443H (corresponding to 26/12/2021G), the Company's Board of Directors recommended the increase of the Company's paid-up capital through a rights issue with the amount of SAR (172,800,000) One hundred seventy-two million eight hundred thousand Saudi riyals, conditioned on the approval of the Extraordinary General Assembly to decrease the Company's capital from (64,800,000) sixty-four million eight hundred thousand Saudi riyals to (21,600,000) twenty-one six hundred thousand Saudi riyals.

And on 06/07/1443H (corresponding to 07/02/2022G), the Capital Market Authority approved the company's request to reduce its capital from (64,800,000) sixty-four million eight hundred thousand Saudi riyals to (21,600,000) twenty-one million six hundred thousand Saudi riyals and thus reduce the number of shares is from (6,480,000) six million four hundred and eighty thousand shares to (2,160,000) two million one hundred and sixty thousand shares. And on 14/07/1443H (corresponding to 15/02/2022G), the Extraordinary General Assembly agreed to reduce the company's capital from (64,800,000) sixty-four million eight hundred thousand Saudi riyals to (21,600,000) twenty-one million six hundred thousand Saudi riyals and reducing the number of shares from (6,480,000) six million four hundred and eighty thousand shares to (2,160,000) two million one hundred and sixty thousand shares.

And on 14/08/1443H (corresponding to 17/03/2022G), the Capital Market Authority's approval was issued for the company's request to increase the company's capital, by offering rights-based shares at a value of (172,800,000) one hundred and seventy-two million eight hundred thousand Saudi riyals, from (21,600,000) twenty-one million six hundred thousand Saudi riyals to (194,400,000) one hundred and ninety-four million four hundred thousand Saudi riyals, thus increasing the number of shares from (2,160,000) two million and one hundred and sixty thousand shares to (19,440,000) nineteen million four hundred and forty thousand ordinary shares.

On 10/10/1443H (corresponding to 11/05/2022G), the Extraordinary General Assembly approved the increase of capital through a rights issue and the subscription consists in offering (17,280,000) seventeen million two hundred eighty thousand new ordinary shares (referred to as "Rights Issue Shares" or "New Shares") at the offering price of SAR 10 per share (referred to as the "Offering Price"), with a nominal value of SAR 10, in order to increase the Company's paid up capital from SAR (21,600,000) twenty one million six hundred thousand Saudi Riyals to SAR (194,400,000) one hundred ninety four million four hundred thousand Saudi Riyals and to increase the number of shares from (2,160,000) two million one hundred sixty thousand ordinary shares to (19,440,000) ordinary shares, and thus, after obtaining all the necessary regulatory approvals.

The rights issue shares will be issued as tradable securities (referred to collectively as "Rights Shares" and individually as "Rights Share") to shareholders who own shares at the end of trading on the day of the Extraordinary General Assembly that includes the approval of the capital increase (referred to as "Rights Issue Date") those registered in the Company shareholders' register with the Securities Depository Center (Edaa) at the end of the second trading day following the day of the Extraordinary General Assembly that includes the approval of the capital increase (referred to as the "Eligibility Date") and those registered at the Company's shareholders register at the Securities Depository Center (Edaa) at the end of the second trading day following the day of the Extraordinary General Assembly that includes the approval of the capital increase on 10/10/1443H (corresponding to 11/05/2022G) (referred to collectively as the "Registered shareholders" and individually as "Registered Shareholder") provided that the Rights Shares are deposited in the portfolios of the registered shareholders after the holding of the Extraordinary General Assembly, taking into consideration the settlement procedures of (8) rights shares for each 1 share of each of the shares of the Company. Each right share shall grant its holder eligibility to subscribe for 1 new share at the offer price.

The registered shareholders and other general investors (referred to as "New Investors") - who may trade rights and subscribe to new shares - will be able to trade and subscribe to the Right issue shares in the Saudi Stock Exchange (referred to as "Tadawul" or "Stock Exchange"). The trading period and the subscription period starts on Monday 22/10/1443H (corresponding to 23/05/2022G), the trading period ends on Monday 29/10/1443H (corresponding to 30/05/2022G) (referred to as "Trading Period"), while the subscription period continues until the end of Thursday 03/11/1443H (corresponding to 02/06/2022G) (referred to as the "Subscription Period"). It should be noted that the subscription period will end on Thursday 03/11/1443H (corresponding to 02/06/2022G). The subscription will start on the same day, while the trading period will continue until the end of the sixth day from the beginning of the period, while the subscription period will continue until the end of the ninth day from the beginning of the same period. The registered shareholders will be able to trade the Right issue during the trading period, by selling the obtained rights or part of them, or buying additional rights from the stock exchange. New investors may, during the trading period, buy rights from the stock exchange and sell the rights that are bought during the trading period.

The new shares could be subscribed to during the subscription period via a single phase as follows:

1. During this period, all registered shareholders and new investors will be able to subscribe to the new shares.
2. The registered shareholder will be allowed to subscribe directly for the number of his shares or less than the number of his shares during the subscription period; if he buys new rights, he will be allowed to subscribe to them after the end of the settlement period (2 working days).
3. New investors will be able to subscribe to the new shares immediately after settlement of such shares.
4. Subscription will be available online through the investment portfolio in Tadawul platforms and applications that are used to submit purchase and sale orders. Additionally, subscription shall be available through other available media and channels.

If there are any unsubscribed shares by the end of the subscription period (referred to as "Rump Shares"), then those shares will be offered to a number of institutional investors (referred to as "Institutional Investors") (and this offering is referred to as a "Rump offering"). Those institutional investors submit their offers to buy the Rump Shares, and those offers will be received starting from 10:00 a.m. on Tuesday 08/11/1443H (corresponding to 07/06/2022G) until 05:00 p.m. of Wednesday 09/11/1443H (corresponding to 08/06/2022G) (referred to as the "Rump Offering Period"). The Rump Shares will be allocated to the institutional investors with the highest offer, then the lowest and the lowest (provided that it is not less than the offering price), with shares being allocated on a pro rata basis, among those being the institutional investors that provided offers at the same price. As for fractional shares, they will be added to the Rump Shares and treated in a similar way, and the total offering price obtained from the Rump offering process will be paid to the Company, and the remaining proceeds of the offering process will be distributed without counting any fees or deductions (in excess of the offering price) to those entitled to it, each according to what he is entitled to maximum by 17/11/1443H (corresponding to 16/06/2022G). It should be noted that the investor who did not subscribe or sell his rights, and the owners of fractional shares, may not receive any consideration if the sale takes place during the remaining offering period at the offering price.

In the event that the institutional investors do not subscribe to all the Rump Shares and fractional shares, the remaining Shares will be allocated to the underwriter who will purchase them at the offering price (please see section 13 "Information related to shares and the provisions of the offering"). The final allocation for the new shares will be announced no later than 13/11/1443H (corresponding to 12/06/2022G) (referred to as the "Allocation Date") (please see section 13 "Information related to shares and the provisions of the offering").

Upon completion the offering, the Company's paid-up capital will become SAR (194,400,000) divided into (19,440,000) ordinary shares. After deducting the subscription expenses, the net proceeds of the offering will be used for enhancing the Company's financial position and developing its business as well as its activities and operations, in addition to increasing its ability to acquire new customers and to market its products and services (please refer to section 7 "Use of the Offering Proceeds and Future Projects").

All the shares of the Company are of one class, and no shareholder shall have any preferential rights. The new shares will be fully-paid and will equal exactly to the outstanding shares. Each share grants its holder the right to one vote, and each shareholder in the Company (hereinafter

referred to as the "Shareholder") has the right to attend and to vote during the general assembly meeting of the shareholders (referred to as the "General Assembly") (whether ordinary or extraordinary). Owners of the new shares shall be entitled to receive any dividends declared by the Company as of the date of the offering (if any).

The Company is considered one of the first companies whose shares were listed after obtaining the approval of both the Ministry of Commerce and the Central Bank of Saudi Arabia "SAMA" (the competent authority at the time), and this before the establishment of the Automated Shares Trading System (in 2001G) as an alternative system to the Electronic Securities Information System (ESIS) which worked under the supervision of the Stock Control Department at the Central Bank of Saudi Arabia "SAMA". The trading of the shares of the company started on 20/01/1414H (corresponding to 10/07/1993G) after lifting the ban on the founding shareholders' shares trading (being 720,000 shares) and following the registration with the Saudi Stock Registration Company (to prepare and preserve the shareholders' register, record the transfer of share ownership and provide the Stock Control Department with the daily activity report for the trading operations carried out on the shares of the Company). On 05/04/1439H (corresponding to 23/12/2017G), the Extraordinary General Assembly approved the recommendation of the Board of Directors to reduce the Company's paid capital through cancelling of (9,720,000) from the Company shares in order to extinguish the accumulated losses and this in compliance with Article 150 of the Saudi Companies Law. Following the capital reduction, the Company's paid-up capital becomes SAR (10,800,000) divided into (1,080,000) ordinary shares with a nominal value of SAR 10 per share, all of which are fully-paid in cash. On 29/01/1440H (corresponding to 09/10/2018G), the Extraordinary General Assembly approved the recommendation of the Board of Directors to increase the capital by (5,400,000) new ordinary shares through a rights issue so that the current paid up capital becomes SAR (64,800,000) divided into (6,480,000) ordinary fully-paid shares with a nominal value of SAR 10 per share. On 14/07/1443H (corresponding to 15/02/2022G), the Extraordinary General Assembly agreed to decrease the Company's capital from (64,800,000) sixty-four million eight hundred thousand Saudi riyals to (21,600,000) twenty-one million six hundred thousand Saudi riyals divided into (2,160,000) two million one hundred sixty thousand shares at a decrease percentage of (66.66%) and at a decrease rate of (2) shares for every (3) shares.

The Company's shares are currently traded on the Saudi Stock Exchange (referred to as "Tadawul" or "Stock Exchange"). The Company has submitted an application to the Capital Market Authority in the Kingdom of Saudi Arabia (hereinafter referred to as the "CMA") to register and offer new shares. It has also submitted a request to the Saudi Tadawul Company (Tadawul) to accept the listing of this new shares. All the required documents have been submitted and all the requirements of the relevant authorities have been fulfilled. It is expected that the new shares will start trading in the market within a short period after the completion of the process of allocating the new shares and returning the surplus (please refer to page (x) "Key dates and subscription procedures"). Trading in the new shares - after their registration and acceptance of their listing, as well as after starting trading in the market - will be available for citizens and legal residents of the Kingdom of Saudi Arabia, GCC nationals, Saudi and GCC investment companies and funds, in addition to foreign investors outside KSA (through Swap agreements or as qualified investors) and qualified foreign investors under the rules regulating the investment by qualified foreign institutional investors in the listed shares. Moreover, the qualified foreign investor and approved customer are entitled to trade in the Company shares according to the rules regulating the investment of qualified foreign financial institutions in listed securities.

This Prospectus must be read carefully and in full; the "Important Notice" section on page (i), the "Risk Factors" section 2 and the "Legal Information" section 10 of this Prospectus must be considered prior making an investment decision related to the rights or new shares.

THE OFFERING OF RIGHTS ISSUE SHARES UNDER THIS PROSPECTUS IS SUBJECT TO THE SHAREHOLDERS' APPROVAL OF THE CAPITAL INCREASE IN ACCORDANCE WITH THE RECOMMENDATION OF THE BOARD OF DIRECTORS AND THE COMPANY OBTAINING OF THE REGULATORY APPROVALS. A MEETING INVITATION FOR THE COMPANY'S EXTRAORDINARY GENERAL ASSEMBLY (EGA) HAS BEEN PUBLISHED ON 10/10/1443H (CORRESPONDING TO 11/05/2022G) TO APPROVE THIS RIGHTS ISSUE. THE SHAREHOLDERS SHOULD BE AWARE THAT IF THE APPROVAL IS NOT OBTAINED FOR THIS RIGHTS ISSUE, THE OFFERING WILL AUTOMATICALLY STOP, AND AT THAT TIME THIS PROSPECTUS WILL BE CONSIDERED VOID AND SHAREHOLDERS WILL BE NOTIFIED OF THIS.

Financial Advisor, Lead Manager
and Underwriter

الخير كابيتال
ALKHAIR CAPITAL

This Prospectus includes information provided as part of the application for registration and offer of securities in compliance with the rules on the offer of Securities and Continuing Obligations of the Capital Market Authority of the Kingdom of Saudi Arabia (referred to as the "Authority") and the application for listing of securities in compliance with the requirements of the listing rules of the Saudi Stock Exchange. The members of the Board of Directors whose names appear on page (iii) 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 information purposes 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."

This Prospectus is issued on 14/08/1443H (corresponding to 17/03/2022G).



GLOBAL TRADING HOUSE



صادرات
Sadirat 
الشركة السعودية للصادرات الصناعية
Saudi Industrial Export Company



Important Notice

This Prospectus (the “**Prospectus**”) contains full details about the Saudi Industrial Export Company and the Right issue shares offered for subscription. When submitting an application to subscribe in the new shares, investors will be treated on the basis that their requests are based on the information contained in the Prospectus, a copy of which can be obtained from the Company headquarters and from the Company lead manager or by visiting the Company website (www.siec.com.sa), the Financial Advisor’s website (www.alkhaircapital.com.sa), and the Capital Market Authority 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 Assembly for the capital increase. In the event that the Extraordinary General Assembly does not approve within six months from the date of the authority approval, for registering and offering the Right issue, such approval given by the authority shall be deemed to be canceled.

The Company has appointed (Al Khair Capital) as a financial advisor (referred to as “**Financial Advisor**”), underwriter (referred to as the “**Underwriter**”) and Lead Manager (referred to as the “**Lead Manager**”), in relation to the offering of Right issue shares to increase the Company’s paid-up capital in accordance with this Prospectus.

The Prospectus contains information provided according to the requirements of the rules on the offer of securities and continuing obligations issued by the CMA. The members of the Board of Directors whose names appear on page (iii) collectively and individually bear the full responsibility for the accuracy of the information contained in the Prospectus, and they confirm, according to their knowledge and belief, after conducting the possible studies and to the extent, there are no other facts that, not including them in the Prospectus, would make any statement contained in it misleading. The Capital Market Authority and the Saudi Tadawul Company (Tadawul) do not bear any responsibility for the contents of this Prospectus, and they do not give any assurances regarding its accuracy or completeness, and they expressly disclaim any responsibility whatsoever for any loss resulting from the offering mentioned in the Prospectus or from depending on any part thereof.

Although the Company has carried out all reasonable studies to verify the validity of the information contained in this Prospectus on the date of its issuance, part of the information contained in this Prospectus has been obtained from external sources, although the Company, any of the directors, members of its board directors, the financial advisor, or any of the Company’s advisors mentioned in page (v) have no reason to believe that this information is inaccurate in its essence, except that the information has not been independently verified. No commitment or statement may be made regarding the accuracy or completeness of this information.

The information contained in the Prospectus as on the date of its issuance is subject to change, especially that the Company financial position and the value of the shares may be negatively affected as a result of future developments such as inflation factors, interest rates, taxes, or other economic and political factors or other factors beyond the Company control (please see Section 2 “**Risk Factors**” of this Prospectus). Neither the delivery of this Prospectus nor any verbal or written information related to the Offer Shares, or their interpretation or reliance on them, in any form, shall be considered as a promise, confirmation, or acknowledgment regarding the realization of any revenues, results, or future events.

This Prospectus shall not be considered as a recommendation by the Company, its board members, or any of its advisors to participate in the subscription process for Right issue shares. The information contained in the Prospectus is of a general nature and has been prepared without taking into account individual investment objectives, financial condition or special investment needs. Each recipient of the Prospectus, before making an investment decision, is responsible for obtaining professional advice from a financial advisor licensed by the CMA regarding the subscription to assess the suitability of this investment and the information contained in the Prospectus for his goals, conditions and financial needs.

The registered shareholders and other public investors (“**new investors**”) - who may trade in rights and subscribe to the new shares - will be able to trade and subscribe to Right issue shares on the Saudi Stock Exchange (“**Tadawul**” or “**Stock Exchange**”). The trading period and the subscription period start on Monday 22/10/1443H (corresponding to 23/05/2022G), and the trading period ends on Monday 29/10/1443H (corresponding to 30/05/2022G) (the “**Trading Period**”), while the subscription period continues until the end of Thursday 03/11/1443H (corresponding to 02/06/2022G) (the “**Subscription Period**”). It should be noted that the trading period and the subscription period will start on the same day, with the trading period remaining till the sixth day while the subscription period continues until the end of the ninth day from the beginning of the period.

The registered shareholders will be able to trade in the Right issue during the trading period, by selling the acquired Right issue or part thereof, or purchasing additional Right issue through the exchange. New investors will be able, during the trading period, to buy rights through the exchange and sell the rights that are bought during the trading period.

The subscription to the new shares will be available during the subscription period via a single phase as follows:

- During this period, all registered shareholders and new investors will be able to subscribe to the new shares.
- The registered shareholder will be allowed to subscribe directly for the number of his shares or less than the number of his shares during the subscription period, and if he buys new rights, he will be allowed to subscribe for them after the end of the settlement period (2 working days).
- New investors will be able to subscribe to the new shares immediately after settlement of such shares (two business days).



- Subscription will be made available online through the investment portfolio in the Tadawul platforms and applications that are used to submit purchase and sale orders. Additionally, subscription shall be available through other media and channels available at the intermediary.

In the event that shares remain unsubscribed after the end of the subscription period (the “**Rump Shares**”), those shares will be offered to a number of institutional investors (“**Institutional Investors**”) (and this offering is referred to as “**the Rump Offering**”).

Those institutional investors submit their offers to buy the Rump Shares, and those offers will be received starting from 10:00 a.m. on Tuesday 08/11/1443H (corresponding to 07/06/2022G) until 05:00 p.m. on Wednesday 09/11/1443H (corresponding to 08/06/2022G) (“**Rump Offering Period**”).

The Rump Shares will be allocated to the institutional investors with the highest offer, then the lowest and the lowest (provided that it is not less than the offering price), with shares being allocated on a pro rata basis, among those being institutional investors that provided offers at the same price.

As for fractional shares, they will be added to the Rump Shares and be treated similarly, and the total offering price obtained from the Rump offering process will be paid to the Company, and the remaining proceeds of the offering, if any, in excess of the value of the offering, will be distributed to the beneficiaries, among those entitled to obtain them, within a maximum limit of 17/11/1443H (corresponding to 16/06/2022G).

Noting that the investor who did not subscribe or sell his rights, and the owners of fractional shares, may not get any compensation if the sale is made in the Rump offering period at the offering price.

In the event that the institutional investors have not subscribed to all the Rump Shares and fractional shares, the Rump Shares will be allocated to the underwriter who will purchase them at the offering price (please see section 13 “**Information related to shares and the provisions of the offering**” in this Prospectus).

The final allocation for the new shares will be announced no later than 13/11/1443H (corresponding to 12/06/2022G) (“**the allocation date**”) (see section 13 “**Information related to shares and the provisions of the offering**” section of this Prospectus.)

Financial Information

The Company’s consolidated audited financial statements for the fiscal years ended December 31, 2018G, 2019G, and 2020G, and preliminary financial statements for the period ended September 30, 2021G (nine months) and the notes attached thereto, were prepared in accordance with the International Financial Reporting Standards (IFRS) approved in the Kingdom of Saudi Arabia and other standards and publications that are approved by the Saudi Organization for Certified Public Accountants (SOCPA).

The financial statements of the Company for the fiscal year ended December 31, 2018G were reviewed and audited by Al Azem and Al Sudairy (member firm in Crowe Horwath International) (External Auditors and Consultants), the fiscal year ended December 31, 2019G, and the preliminary financial results for the period ended March 31, 2020G (three months) by the Saudi Accounting and Auditing Group (Al Jaser and Al Dakhil - Certified Public Accountants and Auditors) and the preliminary financial results for the two periods ended December 31, 2020G and March 31, 2021G by Baker Tilly MKM and Co. (Certified Public Accountants). The preliminary financial results for the period ending on 30/09/2021G (nine months) by Ibrahim Ahmed Al-Bassam & Co. Chartered Accountants [Member of PKF International]. The Company issues its financial statements in SAR.

Some of the financial and statistical information contained in this Prospectus has been rounded by algebra to the nearest whole number, and accordingly, if the numbers mentioned in the tables are summed, their total may not correspond to what was mentioned in this Prospectus.

Forecasts and Forward-Looking Statements

The future projections included in this Prospectus have been prepared on the basis of specific and announced assumptions mentioned in the relevant issues. The Company future conditions may differ from the assumptions used, and therefore there is no guarantee or commitment regarding the accuracy or completeness of any of these expectations.

Some of the data contained in this Prospectus represent statements about future expectations. These future statements are generally inferred through the use of some words such as “intends”, “plans”, “estimates”, “believes”, “expects”, or “it is possible” or “will”, “intend”, “should”, “expected”, or “may” or formulas that negate these vocabulary and other vocabulary words that are close to or opposite to them in meaning. These statements of aspirations reflect the current viewpoint of the Company and its management regarding future events, but it is not a guarantee of future performance and there are many factors that may lead to the actual results, performance or achievements of the Company being significantly different from any future results, performance or achievements that can be expressed explicitly or implicitly in the statements of those aspirations. The most important risks or factors that could lead to such an impact are reviewed in more detail in other sections of this Prospectus (please see section 2 “**Risk Factors**” of this Prospectus). If one or more of these risks or uncertainties are realized, or if any of the assumptions that were relied upon are proven incorrect or accurate, the actual results may differ materially from those mentioned in this Prospectus.



Observing the requirements of rules on the offer of securities and continuing obligations, the Company must submit a supplementary Prospectus to the Authority 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:

(1) There is a significant change in material matters mentioned in the Prospectus issuance; or (2) any significant issues that should have been included in the Prospectus have arisen. With the exception of these two cases, the Company does not intend to update or amend any information contained in this Prospectus, whether as a result of new additional information or as a result of future incidents or otherwise related to the Company, sector or risk factors.

The Company's Directory

Members of the Board of Directors								
Board of Directors appointed on 27/08/1440H (corresponding to 02/05/2019G) *								
Name	Position	Membership Status	Nationality	Age	Owned Shares			
					Direct		Indirect***	
					Number	Percentage	Number	Percentage
Hatem Hamad Abdullah Al-Suhaibani **	Chairman of the Board of Directors	Independent	Saudi	38	10	0.0001543%	-	-
Ahmad Muhammad Ali Al-Arini **	Vice Chairman of the Board of Directors	Independent	Saudi	43	-	-	-	-
Abdallah Abdul Aziz Abdallah El Mashaal	Board Member	Non-executive	Saudi	51	-	-	-	-
Salman Mohamad Suleiman El Shaybani	Board Member	Independent	Saudi	35	-	-	-	-
Khaled Abdallah Mohamad El Dobeib	Board Member	Independent	Saudi	40	7	0.000108%	-	-
Sulaiman Hamad AlJedaie***	Board Member	Executive	Saudi	37	-	-	-	-
Ali Saleh Ali El Hamidan	Board Member	Independent	Saudi	39	-	-	-	-
Houssam Yahya El Ghaymel	Board Member	Non-executive	Saudi	39	-	-	-	-

Source: The Company

* On 27/08/1440H (corresponding to 02/05/2019G), the Company ordinary General Assembly agreed to elect the aforementioned Board members for the current session beginning on 16/06/2019G for a period of three years ending 15/06/2022G).

** On 13/10/1440H (corresponding to 16/06/2019G), the Board of Directors decided to appoint Engineer Hatem Hamad Abdullah Al-Suhaibani as Chairman of the Board of Directors and to appoint Mr. Ahmed Muhammad Ali Al-Arini as Vice-Chairman of the Board of Directors.

*** He was appointed on 30/03/2021G to replace, Mr. Hazem Fahd Al-Dossary submitted on 28/12/2020G his resignation from the Board of Directors, and the latter approved his resignation by the virtue of Resolution (22) issued on 29/12/2020G. On 26/11/1442H (corresponding to 06/07/2021G), the appointment of the new director was approved by the Shareholders' General Assembly.



The Company's Address and Representatives

Saudi Industrial Export Company

Riyadh, Al-Ghadeer Street, King Abdulaziz Road (View Plaza Al-Ghadeer Building - Third Floor)
P.O. Box 21977, Riyadh 11485
Kingdom of Saudi Arabia
Phone: +966 (11) 405 8080
Fax: +966 (11) 402 2854
Website: www.siec.com.sa
Email: siec@siec.com.sa



The Company's Representatives		
Description	First Authorized Representative	Second Authorized Representative
Name	Hatem Hamad Abdullah Al-Suhaibani	Suleiman Hamad AlJedaie
Title	Chairman	CEO
Address	Riyadh, Al-Ghadeer Street, King Abdulaziz Road, View Plaza Al-Ghadeer Building - Third Floor, P.O. Box 21977, Riyadh 11485	Riyadh, Al-Ghadeer Street, King Abdulaziz Road, View Plaza Al-Ghadeer Building - Third Floor, P.O. Box 21977, Riyadh 11485
Telephone	+966 (11) 405 8080 (Ext 237)	+966 (11) 405 8080 (Ext 240)
Fax	+966 (11) 402 2854	+966 (11) 402 2854
Email	halsuhaibani@siec.com.sa	saljedaie@siec.com.sa

Source: The Company.

Saudi Stock Exchange

Saudi Tadawul Company

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Riyadh 12211 - 3388
Kingdom of Saudi Arabia
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Fax: +966 (11) 218 9392
Email: csc@saudiexchange.sa
Website: www.saudiaexchange.sa





Advisors and External Auditors

Financial Advisor, Lead Manager and Underwriter

Al Khair Capital Saudi Company

Riyadh, King Abdulaziz Road, Ministries District, Madarat Towers
P.O. Box: 69410, Riyadh 11547, Kingdom of Saudi Arabia
Phone: +966 (11) 215 5678
Fax: +966 (11) 219 1270
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Legal Advisor

Alsaleh and Alsahli Law Firm (Advocates and Legal Consultants)

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PO Box 90217, Riyadh 11613, Kingdom of Saudi Arabia
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Email: corporate@ssfirtm.com.sa



Auditor

Al Azem and Al Sudairy (Certified Public Accountants and Consultants) - Member of Crow Horwath International

Riyadh - Prince Muhammad Bin Abdulaziz Street, Unit 11
P.O. Box 12241, Kingdom of Saudi Arabia
Phone: +966 (11) 217 5000
Fax: +966 (11) 217 6000
Website: www.crowehorwath.net/sa
Email: ch@crowehorwath.com.sa



Auditor

For the fiscal year ended December 31, 2019G, and the period ended March 31, 2020G (3 months)

Saudi Group for Accounting & Auditing (Al Jaser and Al Dakhil - Certified Public Accountants and Auditors)

Riyadh, P.O. Box 16994, Kingdom of Saudi Arabia
Phone: +966 (11) 477 7706
Fax: +966 (11) 477 7653
Website: www.saudiauditors.com
Email: saudigroup@hotmail.com

المجموعة السعودية للمحاسبة
والمراجعة الجاسر والدخيل
ترخيص رقم ١



Auditor

For the periods ended December 31, 2020G, and the period ended March 31, 2021G (3 months)

Baker Tilly MKM & Co. (Certified Public Accountants)

Riyadh - Othman Bin Affan Road
P.O. Box 300467, Kingdom of Saudi Arabia
Phone: +966 (11) 835 1600
Fax: +966 (11) 835 1601
Website: www.bakertillymkm.com
Email: saudi@bakertillyjfc.com



Auditor

For the periods ended 30/09/2021G (nine months)

Ibrahim Ahmed Al-Bassam and his partner (auditors)

Prince Abdelaziz bin Musa'ed Street, Sulaymaniyah District
P.O. Box 69658 Riyadh 11557
Kingdom of Saudi Arabia
Phone: +966 (11) 206 5333
Fax: +966 (11) 206 5444
Email: www.pkfbassam.com
Website: info.sa@pkf.com



Note: All of the aforementioned Advisers have given and not withdrawn, as of the date of this Prospectus, their written consent to the publication of their names, logos and statements in the manner set forth in this Prospectus. Neither the Advisers nor any of their employees or relatives hold any shares or any interest of any kind in the Company as of the date of this Prospectus.



Summary of the Offering

Prospective investors willing to subscribe for the offered shares shall read this Prospectus entirely prior to taking their decision to invest in the Offered Shares since the below Summary of the Offering is not sufficient to make an investment decision. Following is the summary of the Offering:

<p>Issuer's Name, Description and Information on its Incorporation</p>	<p>Saudi Industrial Export Company is a Saudi joint stock Company established pursuant to the Commercial Registration Certificate number (1010077554) issued in Riyadh on 25/11/1410H (corresponding to 19/06/1990G). The headquarters of the Company is located in Riyadh, Ghadir Street, King Abdul Aziz Road, Al Ghadir View Plaza Building, third floor, P.O. Box (21977), Riyadh (11485).</p> <p>The Company was initially established pursuant to the Ministerial Resolution number (954) dated 12/11/1410H (corresponding to 06/06/1990G), with a capital of SAR 72 million, divided into 720 shares of equal value, with a nominal value of SAR 100 per share. On 20/01/1414H (corresponding to 07/10/1993G), the Company was converted from a closed joint stock to a public joint stock; all regulatory procedures were completed; the trading of the Company's shares began, before the automated system for trading shares was established (in 2001G) as an alternative system to the Electronic Securities Information System ESIS, which was working under the supervision of the Saudi Central Bank "SAMA"; hence, the trading of the Company's shares began, and the registration with Saudi Securities Depository Center (Edaa) was achieved to maintain the shareholders register, record the transfer of shares' ownership, and provide the Shares Control Department (at the Saudi Central Bank "SAMA") reports on the daily activity of the executed trading operations in relation with the Company's shares. On 22/12/1418H (corresponding to 19/04/1998G), the Extraordinary General Assembly agreed to divide the nominal value of the share from SAR 100 to SAR 50, bringing the number of shares to 1,440,000. On 04/01/1428H (corresponding to 18/04/2007G), the Extraordinary General Assembly of Shareholders resolved to increase the Company's paid-up capital from SAR 72 million to SAR 108 million, which was covered by issuing (3,600,000) bonus shares in return for every two shares distributed to the registered shareholders as at the end of trading on Wednesday 01/04/1428H (corresponding to 18/04/2007G), after the nominal value of the share was divided from SAR (50) to SAR (10), so that the number of shares increased from (7,200,000) shares to (10,800,000) shares of equal value, each with a nominal value of SAR (10) ordinary cash shares. On 05/04/1439H (corresponding to 23/12/2017G), the Extraordinary General Assembly approved the recommendation of the Board of Directors to reduce the Company's paid-up capital by canceling (9,720,000) shares of the Company's shares to reduce the accumulated losses. After this capital reduction, the Company's capital became SAR (10,800,000), divided into (1,080,000) ordinary shares with a nominal value of SAR (10) per share; all of those shares are cash and fully paid. On 29/01/1440H (corresponding to 10/10/2018G), the Extraordinary General Assembly approved the capital increase through rights issue shares with a number of (5,400,000) new ordinary shares, bringing the current capital of the Company to SAR (64,800,000) divided into (6,480,000) fully-paid ordinary shares, with a nominal value of ten SAR (10) per share.</p>
<p>Issuer's Business Activity</p>	<p>According to the Article (3) of the By-laws, the objectives of the company are defined in:</p> <ul style="list-style-type: none"> • Marketing and exporting national industrial products. • Sorting reunification abroad. • Transport support activities (52). • Cooling. • Manufacture of food products (10) and manufacture of chemical chemicals (20). • Manufacture of basic pharmaceutical products and pharmaceutical preparations (21). • Wholesale trade, wholesale of vehicles with air transport and motorcycles. • Export and import activities. • Transport and military equipment activities. • Miscellaneous equipment supply activities (supply of military weapons). • Activities of sending letters and parcels by delegates (53). • Communications (61). • Information services activities (63). • Financial services activities, except for the announcement and validity of pensions (65). • Ancillary activities Financial services activities and insurance activities. • Commodity brokerage contracts. • Commercial activities (77). • Quality, assets and containers. • Administrative activities of active offices Support to offices and other activities of business support (82). • Activities of Member Organizations (94). • Commercial representation agencies. • Money services. • Trade and Information Technology. • Safety and Security. • Re-export, barter and import for its own account or for the account of others. • Providing marketing and export services. • Entering into import and export contracts. <p>In this regard, it may carry out activities complementary to its purposes, including commercial agencies inside and outside the Kingdom of Saudi Arabia, for the account of the company or for the account of others. The company exercises its activities in accordance with the applicable regulations and after obtaining the necessary licenses from the competent authorities, if any. According to the data of the commercial registry certificate, the company's activities have been identified (wholesale of lubricating oils and recurrent petroleum products, wholesale of cement, gypsum and the like, wholesale of primary plastics, rubber and industrial fibers, storage in ports and customs or free zones).</p> <p>The Company is also engaged in industrial activity through its registered branch office in Riyadh city, after obtaining the necessary licenses from the Ministry of Industry & Mineral Resources and the Food and Drug Authority for the purpose of producing medical, laboratory, and consumable plastic supplies, bottles, suckers, plastic baby supplies, bottles for solutions, eye drops, eye washes, glasses, creams, plant and herbal medicine).</p> <p>The Company conducts its activities in accordance with the applicable regulations and after obtaining the necessary licenses from the competent authorities, if any. For more details, please refer to sub-paragraph 10.2 "Licenses and certificates obtained by the Company" from Section 10 "Legal Information" of this Prospectus.</p>



Issuer's Major Shareholders, their Ownership Rate and Shares' Number Pre-Offering	They are the shareholders who own more than 5% of the Company shares. There is no major shareholder (owning more than (5%) of the Company's shares) as of the date of publication of this Prospectus.																
Nature of the Offering	Capital increase through a Rights issue.																
Purpose beyond the Proposed Rights Issue	Saudi Industrial Export Company aims to increase its capital via rights issue to support its financial position, develop its business, activity and operations. Please refer to Section 7 "Use of the Offering Proceeds and Future Projects".																
Total Proceeds Expected to Be Obtained, Analysis and Description of their Potential Use	<p>It is expected that the total proceeds of the subscription for the Rights issue will reach SAR (172,800,000) one hundred seventy-two million eight hundred thousand Saudi Riyals. The net subscription proceeds will be used after deducting all the costs of the offering to support its financial position, develop its business, activity and operations.</p> <p>The following table shows the use of the offering proceeds:</p> <table> <tr> <th colspan="2">Net Use of Offering Proceeds (000' SAR)</th></tr> <tr> <th></th><th>Total</th></tr> <tr> <td>Financing Supply Contracts</td><td>42,521,832</td></tr> <tr> <td>Geographical Expansion</td><td>43,389,625</td></tr> <tr> <td>Digital Transformation</td><td>14,405,355</td></tr> <tr> <td>Logistic Works</td><td>67,483,187</td></tr> <tr> <td>Offering Costs</td><td>5,000,000</td></tr> <tr> <td>Total</td><td>172,800,000</td></tr> </table> <p>Source: Company</p> <p>For more details about the uses of the subtraction proceeds, see Section (7) ("Use of the Offering Proceeds and Future Projects").</p>	Net Use of Offering Proceeds (000' SAR)			Total	Financing Supply Contracts	42,521,832	Geographical Expansion	43,389,625	Digital Transformation	14,405,355	Logistic Works	67,483,187	Offering Costs	5,000,000	Total	172,800,000
Net Use of Offering Proceeds (000' SAR)																	
	Total																
Financing Supply Contracts	42,521,832																
Geographical Expansion	43,389,625																
Digital Transformation	14,405,355																
Logistic Works	67,483,187																
Offering Costs	5,000,000																
Total	172,800,000																
Offering Costs	The costs of the offering are expected to amount to approximately SAR (5,000,000) five million Saudi Riyals, and include the fees of: the financial advisor, the lead manager, the underwriter, the legal advisor, the external auditor, the marketing expenses, printing, distribution and other expenses. Please see section (7) ("Use of the Offering Proceeds and Future Projects").																
Net Proceeds of the Offering	It is expected that the net proceeds of the offering will reach approximately SAR (167,800,000) one hundred sixty-seven million eight hundred thousand Saudi Riyals (please refer to section (7) "Use of the Offering Proceeds and Future Projects")																
Issuer's Capital Pre-Offering	SAR (21,600,000) twenty-one million six hundred thousand Saudi Riyals.																
Issuer's Capital Post-Offering	SAR (194,400,000) one hundred ninety-four million four hundred thousand Saudi Riyals.																
Issuer's Total Number of Shares Pre-Offering	(2,160,000) two million one hundred sixty thousand Fully-paid Ordinary Shares.																
Issuer's Total Number of Shares Post-Offering	(19,440,000) nineteen million four hundred forty thousand Ordinary Shares.																
Share's Nominal Value	SAR (10) ten Saudi Riyals per share																
Total Number of Offered Shares	(17,280,000) seventeen million two hundred eighty thousand Ordinary Shares.																
Percentage of Offered Shares to the Capital	(800%).																
Offering Price	SAR (10) ten Saudi Riyals per share																
Total Value of Offering	SAR (172,800,000) one hundred seventy-two million eight hundred thousand Saudi Riyals.																
Number of Underwritten Shares	(17,280,000) seventeen million two hundred eighty thousand Ordinary Shares.																
Total Underwritten Sum	SAR (172,800,000) one hundred seventy-two million eight hundred thousand 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 records with the Securities Depository Center (Edaa) at the end of the second trading day following the convening of the Extraordinary General Assembly for the capital increase on 10/10/1443H (corresponding to 11/05/2022G).																
New Investors	In general, individual and institutional investors - except for registered shareholders - who purchased Rights issue during the trading period.																
Tradable Rights	They are tradable securities that give their holder the right to subscribe to the new shares offered after approval of the capital increase. These securities are considered an acquired right of all registered shareholders. The right may be traded during the trading period. Each right gives the holder the right to subscribe for one share of the new shares at the offer price. The rights of priority will be deposited in the portfolio of registered shareholders after the holding of the Extraordinary General Assembly for the capital increase. These rights will appear in the shareholders' portfolios registered under a new code related to Right issue.																
Number of Rights Issue	(17,280,000) Seventeen million two hundred eighty thousand Rights.																



Legibility Factor	Each registered shareholder is granted (8) rights for every (1) single share he owns. This factor is the result of dividing the number of new shares by the number of the current shares of the Company.
Legibility Date	Shareholders who own shares at the end of the trading day of the Extraordinary General Assembly for the capital increase and are shown in the Company records at the end of the second trading day following the convening of the Extraordinary General Assembly for the capital increase, on 14/10/1443H (corresponding to 15/05/2022G)
Trading Period	The trading period starts on 22/10/1443H (corresponding to 23/05/2022G) and continues until the end of 29/10/1443H (corresponding to 30/05/2022G). It is permissible during this period for all Right issue holders - whether they are registered investors or new investors - to trade on the Right issues.
Subscription Period	The subscription period starts on 22/10/1443H (corresponding to 23/05/2022G) and continues until the end of 03/11/1443H (corresponding to 02/06/2022G). During this period, all holders of the Right issue - whether they are registered investors or new investors - may exercise their right to subscribe to the new shares.
Subscription Method	Eligible persons wishing to subscribe to new shares must submit their subscription requests electronically through the online intermediaries' websites and platforms that provide these services to the subscribers or through any other means provided by intermediaries.
Subscription in Rights Issue	<p>Eligible persons shall have the right to exercise their right to subscribe to Right issue shares by subscribing electronically via intermediaries' websites and online platforms that provide these services or through any other means provided by intermediaries'. In addition, eligible persons can exercise Right issue as follows:</p> <ol style="list-style-type: none"> 1- Shareholders registered during the subscription period shall have the right to exercise the rights granted to them on the eligibility date and any additional rights that they have purchased during the trading period by subscribing to the new shares. They also have the right not to take any action regarding the rights they own. 2- New investors shall, during the subscription period, have the right to exercise the rights that they have purchased during the trading period by subscribing to the new shares. They also have the right not to take any action regarding the rights they own. <p>In the event that none of the registered shareholders or the new investors exercise their right to subscribe to the new shares during the subscription period, the shares related to those rights will be offered in the Rump offering period.</p> <p>The shares associated with those rights will be offered in the remaining offering period.</p>
Indicative Value of the Right	The indicative value of the right reflects the difference between the market value of the Company share during the trading period and the offer price. Tadawul will calculate and publish the right indicative value during the trading period on its website, five minutes late, and market information service providers will also publish this information in order for investors to view the Indicative value when entering orders.
Trading Price of the Right	It is the price at which the right is traded, bearing in mind that it is determined through the mechanism of supply and demand, and therefore it may differ from the right indicative value.
Rump Offering	In the event that shares remain unsubscribed after the end of the subscription period (the Rump Shares), those shares will be offered to a number of institutional investors (investment institutions). These investment institutions submit their bids to buy the remaining shares. These offers will be received from ten o'clock in the morning Tuesday 08/11/1443H (corresponding to 07/06/2022G) until five o'clock in the evening. From the day of Wednesday 09/11/1443H (corresponding to 08/06/2022G) (the Rump Offering Period). Rump Shares will be allocated to the investment institutions with the highest offer, then the lowest and the lowest (provided that it is not less than the offering price), provided that the shares are allocated on a pro rata basis to the investment institutions that offer the same offer. As for the fractional shares, they will be added to the Rump Shares and treated similarly.
Allocation Date	Shares will be allocated no later than on Sunday 13/11/1443H (corresponding to 12/06/2022G).
Allocation Method and Excess Refund	Shares will be allocated to each investor based on the number of rights he has properly exercised and completed. Fractions of the shares will be collected and added to the Rump Shares and then offered to Investment institutions during the Rump offering period: The Company will obtain the total offering price collected from the sale of the Rump Shares, while the remaining proceeds of the Rump offering will be distributed without taking into account any fees or deductions (i.e. What exceeds the offering price) for its beneficiaries who did not fully or partially subscribe to the new shares and for those entitled to fractional shares, noting that the investor who did not subscribe or did not sell his rights, and the owners of fractional shares, may not receive any compensation if the sale is made during the Rump offering period at the offering price (please refer to the section (13) "Information related to shares and the provisions of the offering." The surplus will be refunded (If any) to the subscribers without any commissions or deductions from the subscription manager.
Excess Refund Date	Oversubscribed amounts (if any) will be refunded to subscribers without any commissions or deductions by the Lead Manager, no later than Monday 17/11/1443H (corresponding to 16/06/2022G).
Payment of Compensation Amounts (if any)	The monetary compensation amounts will be paid to eligible persons who have not exercised their right to subscribe in whole or in part to the new shares and to those entitled to fractional shares without any deductions, no later than Monday 17/11/1443H (corresponding to 16/06/2022G), noting that the monetary compensation amounts represent the amount that exceeds the offering price from the net proceeds from the sale of the Rump Shares and fractional shares.
Adjusted Price	The price of the Company share in the Saudi Stock Exchange (Tadawul) has been amended to SAR (55.1) per share, prior to trading the next day of the (extraordinary) general Assembly meeting for the capital increase. This represents a decrease in the share price by SAR (360.9) per share.
Trading in New Shares	Trading of new shares begins in Tadawul after completing all procedures related to registering, allocating and listing the new shares.
Listing of/ Trading in Right Issue	Rights issue are listed in Tadawul and traded during the rights issue trading period. Rights shall have a separate symbol and separate from the Company current stock symbol on the Tadawul screen. The registered shareholders have several options during the trading period, which include selling the rights or part of them in the Exchange, buying additional rights through the Exchange, or not taking any action on the Right issue, whether by selling them or buying additional rights. During the trading period, new investors will have the right to purchase rights through the Exchange, sell those rights or part of them, or not to take any action regarding the rights purchased during the trading period. The Tadawul system will cancel the Right issue symbol for the Company on the trading screen after the end of the rights issue trading period. Therefore, the trading of the Right issue will stop at the end of that period.
Dividends Eligibility	Holders of the new shares will be entitled to any dividends declared by the Company after the issue date.



Voting Rights	All shares of the Company are of one class, and no share gives its holder preferential rights. The new shares will be fully valued and equal to the existing shares. Each share gives its holder the right to one vote, and every shareholder in the Company has the right to attend the meeting of the general Assembly of shareholders (whether ordinary or extraordinary) and vote in it.
Limitations of Shares Trading	There are no restrictions imposed on trading the Company shares, except for regulatory restrictions imposed on publicly listed shares.
Limitations of Rights Trading	There are no restrictions imposed on the trading rights.
Shares Previously Listed by Issuer	<p>The Company listed 720 thousand ordinary shares on 20/01/1414H (corresponding to 10/07/1993G) in the market where the founding shareholders subscribed 100% of the Company capital and sold part of their shares to the public. The trading of the Company shares began through the Saudi Central Bank system "SAMA" approved system at that time, before the issuance and establishment of the CMA to which the authorities of registration, offering and listing of securities in the financial market (Tadawul) were transferred.</p> <p>On 01/04/1428H (corresponding to 18/04/2007G), the Extraordinary General Assembly agreed to increase the Company capital from SAR (72) million to SAR (108) million, to be covered by issuing (3,600,000) bonus shares in exchange for bonus share for every two shares and distributing them to the registered shareholders as on the end of trading on Wednesday 01/04/1428H (corresponding to 18/04/2007G), after the nominal value of the share was divided from SAR 50 to SAR 10, so that the shares number increased from (7,200,000) shares to (10,800,000) shares. On 05/04/1439H (corresponding to 23/12/2017G) the Extraordinary General Assembly agreed to reduce the Company's paid up capital from SAR (108) million to become SAR (10,800,000) by canceling (9,720,000) shares to reduce the accumulated losses of SAR (97,200,000) resulting from taking provisions for doubtful debts receivables as well as the amount of insurance with others and reassessing the Company investments in accordance with the international accounting standards, so that the Company's capital after the capital reduction becomes SAR 10,800,000 divided into 1,080,000 ordinary shares (cash). On 29/01/1440H (corresponding to 09/10/2018G), the Extraordinary General Assembly agreed to increase the Company capital by issuing Rights shares of 5,400,000 new ordinary shares, so that the current capital of the Company becomes SAR 64,800,000 divided into 6,480,000 ordinary shares with a nominal value of SAR 10 per share, the value of which is fully-paid. On 14/07/1443 H (corresponding to 15/02/2022 G), the (Extraordinary) General Assembly agreed to decrease the Company's capital from (64,800,000) sixty-four million eight hundred thousand Saudi riyals to (21,600,000) twenty-one million six hundred thousand Saudi riyals divided into (2,160,000) two million one hundred sixty thousand shares at a decrease percentage of (66.66%) and at a decrease rate of (2) shares for every (3) shares..</p>
Conditions of Subscription for Rights	Eligible persons wishing to subscribe to the new shares must fulfill the relevant subscription conditions. To view the terms and conditions and instructions thereof, please refer to the section (13) " Information related to shares and the provisions of the offering " of this Prospectus.
Risk Factors	Investing in Right issue stocks involves certain risks, and these risks can be classified into: 1) Risks related to the Company business 2) Risks related to the market and the sector 3) Risks related to the new shares, and these risks has been discussed in " Risk Factors " no. (2) section which must be carefully studied before making any investment decision in the rights issue.
Total Proceeds Obtained in the Last Rights Issue, their Analysis and Description	<p>The Company offered Rights shares in 2018G after the approval of the Extraordinary General Assembly on 09/10/2018G to increase its capital for the purpose of supporting the Company financial position, developing its business, activities and operations. Under the offering, the Company received an amount of SAR (54,000,000) from the shareholders as a result of offering (5,400,000) shares of Rights at an offering price of SAR (10) per share representing the nominal value. The proceeds of the subscription were used as follows:</p> <ul style="list-style-type: none"> • An amount of SAR (402,393) to finance a contract with Saudi Aramco Lubricating Oil Refining Company (Luberef) • An amount of SAR (38,382,408) for investments in deals with Saudi Aramco for the export of sulfur • An amount of SAR (2,572,220) for investments in deals with the National Industrialization Company to export polymer products • An amount of SAR (4,038,112) for the offering expenses • An amount of SAR (8,604,867) has not been used <p>The investment of the amounts as explained above is a deviation in the actual spending compared to the planned spending that was mentioned in the previous relevant rights issue prospectus; and this was disclosed on Tadawul website on 04/09/1440H (corresponding to 09/05/2019G). The Company's management indicates that spending the proceeds of the rights issue for the year 2018G was supposed to be in the uses referred to in the related prospectus for that issuance, and the deviation in the uses of the proceeds of the previous offering is due to several reasons, including the cessation by Luberef Company of operations for maintenance, in addition to the low prices of the international Sulfur and the suspension of importing cement in Jordan, as well as the Company's failure to reach an agreement on prices with Abdul Rahman Abdulaziz Al Shaalan Sons Trading Company. Based on these factors, the Company's management used the proceeds of the issuance as indicated previously in accordance with its professional judgment, (For more details, as well as review a clause on the material information that has changed since the Authority's approval of the last share Prospectus, please see sub-paragraph (9-10) of Section (10) "Legal information" from this Prospectus). In accordance with the rules of offering securities and continuing obligations, the Company disclosed when the deviation of the use of net proceeds reached 5% from what was indicated in the Prospectus, but it did not obtain the approval of the General Assembly to change the use of proceeds, which entails legal risks for the Company if a shareholder objects to not obtaining the approval of the General Assembly (For more details, please refer to paragraph 2-1-37 "Legal risks result from failure to obtain the approval of the General Assembly to change the use of the proceeds of the priority rights subscription in 2018G" of Section (2) "Risk Factors").</p>
Material Changes Made to the Information Disclosed in the Latest Prospectus	The Authority has approved the publication of the Company last Prospectus on 05/08/2018G (For more information about the material information that has changed since the Authority approval of the most recent prospectus, please see sub-paragraph 10.2 in Section (10) " Legal Information " of this Prospectus).

Note: The sections "Important Notice" and the "Risk Factors" of this Prospectus should be carefully studied before making any investment decision in Rights Issue.



Key Dates for Subscribers

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, bearing in mind that the eligible shareholders are the shareholders who own the shares at the end of the trading day of the meeting of the Extraordinary General Assembly convened for approving increase of the shareholder share capital and who are recorded in the Company shareholders record at the depositing center by end of the second day of trading after the Extraordinary General Assembly.	Wednesday 10/10/1443H (corresponding to 11/05/2022G).
Trading Period	The trading period starts on Monday 22/10/1443H (corresponding to 23/05/2022G) and continues until the end of Monday 29/10/1443H (corresponding to 30/05/2022G). It is permissible during this period for all holders of Right issue - whether they are registered investors or new investors - to trade on the Right issue.
Subscription Period	The subscription period starts on Monday 22/10/1443H (corresponding to 23/05/2022G) and continues until the end of Thursday 03/11/1443H (corresponding to 02/06/2022G). During this period, all holders of the Right issue - whether they are registered investors or new investors - may exercise their right to subscribe to the new shares.
End of Subscription Period	The subscription period ends and the receipt of subscription requests ends with the end of Thursday 03/11/1443H (corresponding to 02/06/2022G).
Rump Offering Period	The Rump offering period starts at 10:00 a.m. on Tuesday 08/11/1443H (corresponding to 07/06/2022G) and continues until 05:00 p.m. on Wednesday 09/11/1443H (corresponding to 08/06/2022G).
Final Allocation	On Sunday 13/11/1443H (corresponding to 12/06/2022G).
Compensation amounts (if any) to the eligible people who did not participate in the subscription fully or partially and who are entitled to fractional shares.	On Thursday 17/11/1443H (corresponding to 16/06/2022G).
The expected date to start trading in the Saudi stock market in new shares	After completing all the necessary procedures, the date of starting trading in the new shares will be announced on Tadawul website.

Note: All dates mentioned in the above timeline are approximate, and actual dates will be announced on the website of the Saudi Tadawul (Tadawul). (www.saudiexchange.sa).

Key Announcements Dates

Announcement	Announcer	Announcement
Announcement regarding the call for the Extraordinary General Assembly meeting to increase the capital	The Company	Wednesday 10/10/1443H (corresponding to 11/05/2022G)
Announcement regarding the results of the Extraordinary General Assembly concerning the capital increase	The Company	Thursday 11/10/1443H (corresponding to 12/05/2022G)
Announcement regarding the addition of Sadirat Rights issue	Edaa	Monday 15/10/1443H (corresponding to 16/05/2022G)
Announcement regarding the Company share price adjustment, depositing the rights and the right indicative value	Tadawul	Thursday 11/10/1443H (corresponding to 12/05/2022G)
Announcement regarding the specification of the rights trading period and the new shares subscription period	The Company	Sunday 14/10/1443H (corresponding to 15/05/2022G)
Announcement regarding the start of the rights trading period and the new shares subscription period	Tadawul	Monday 22/10/1443H (corresponding to 23/05/2022G)
A reminder announcement of the start of the rights trading period and the new shares subscription period	The Company	Monday 22/10/1443H (corresponding to 23/05/2022G)
A reminder announcement about the last day for trading rights and a mention of the importance of those who do not wish to subscribe to sell the rights they own	The Company	Monday 29/10/1443H (corresponding to 30/05/2022G)
Announcement of the: <ul style="list-style-type: none"> Results of the subscription Details of the sale of unsubscribed shares (if any) and the commencement of the Rump Offering Period 	The Company	Sunday 06/11/1443H (corresponding to 05/06/2022G)
Announcement regarding the results of the Rump offering and notification of the final allocation	The Company	Sunday 13/11/1443H (corresponding to 12/06/2022G)
Announcement regarding the deposit of new shares in investors' portfolios	Edaa	It is determined according to the arrangements between the issuer and Securities Depository Center Company ("Edaa")
Announcement regarding the distribution of compensation amounts to the beneficiaries (if any).	The Company	Monday 17/11/1443H (corresponding to 16/06/2022G)

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



In the event that a disclosure related to the offering is published in a local newspaper after the publication of this Prospectus, the disclosure must include the following:

- 1- The name of the issuer and his commercial registration number.
- 2- The securities, their value, type, and class that are the subject of the relevant application for registration and offer of securities.
- 3- The addresses and places where the public can obtain the Prospectus.
- 4- The date of publication of the Prospectus.
- 5- A statement that the disclosure is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities.
- 6- The name of the subscription lead manager, the underwriter, the financial advisor, and the legal advisor.
- 7- 1. The disclaimer of responsibility in the following form: "The CMA and the Saudi Stock Exchange Company (Tadawul) take no responsibility for the contents of this disclosure, make no representations as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this disclosure".

How to Apply for Subscription

Subscription to Right issue shares is limited to eligible persons, whether they are registered shareholders or new investors, and in the event that the Right issue of the eligible persons are not exercised, any Rump Shares that have not been subscribed by the eligible persons will be offered to the investment institutions through their offering during the Rump offering period. Eligible persons wishing to subscribe to new shares must submit their subscription requests through the means and services provided by the broker to the investors, on the condition that the eligible person has an investment account with one of the brokers who provide these services.

Subscription requests are submitted through the investment portfolio in the trading platforms through which buy and sell orders are entered, in addition to the possibility of subscribing through any other means provided by the broker to the investors and the custodian of shares. The Company reserves the right to reject any application to subscribe to new shares in whole or in part if it does not fulfill any of the conditions or requirements of the subscription. It is not permissible to amend or withdraw the subscription application after its delivery. The subscription application, upon submission, constitutes a binding contract between the Company and the entitled shareholder.



Questions and Answers on Rights issue

What is a Rights issue?

Rights are tradable securities that give their holder the right to subscribe to the new shares offered, upon approval of the capital increase. All shareholders registered in the Company's shareholders register (at the Securities Depository Center (Edaa)) at the close of the second trading day following the date the Extraordinary General Assembly at which the capital increase has been approved will be entitled to receive the Rights. Each right grants its holder eligibility to subscribe for one new share at the offering price.

Who is granted the Rights?

All registered shareholders recorded in the Company's shareholders register at the close of trading on the second trading day following the date of the Extraordinary General Assembly at which the capital increase has been approved.

Who is a Registered Shareholder?

Any shareholder whose name appears in the Company's Shareholders' Register at the end of second trading day following the Extraordinary General Assembly at which the capital increase has been approved.

When are the Rights deposited?

After the Extraordinary General Assembly convenes and its approval of the capital increase through the offering of Right issue shares, the Rights issue are deposited as securities in the shareholders' own portfolios in the Company's shareholders' register at the Depository Center at the end of the second trading day after the extraordinary general meeting. The shares will appear in their portfolios under a new symbol for Rights issue. Trading or subscribing to these rights will not be permitted until the beginning of the trading and subscription periods.

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

The notification is made through announcement on the Tadawul website, as well as through the (Tadawulat) service provided by the Securities Depository Center Company (Edaa), and short text messages sent through the brokerage firms.

How many Rights issue can be acquired by a registered shareholder?

The number is subject to the rights issue ratio and the number of the current shares held by the registered shareholder as at the close of the second trading day after the date of the Extraordinary General Assembly.

What is the Rights issue ratio?

It is the ratio that enables registered shareholders to know how many Rights he/she is entitled to in relation to the current shares that he/she already owned at the close of the second trading day after the date of the Extraordinary General Assembly meeting at which the capital increase has been approved. This parameter is calculated by dividing the number of new shares by the number of the current shares of the Company, and accordingly, the eligibility factor is (8) right approximately for every (1) share owned by the registered shareholder on the eligibility date, and accordingly, if a registered shareholder owns (1000) shares on the eligibility date, then he will be allocated (8,000) eight thousand rights in exchange for the shares he owns.

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

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

What is the right's value upon the commencement of trading?

The opening price of the Rights is the difference between the Company's share closing price on the day preceding such Right's listing, and the Offer Price (indicative Rights value). For example: If the closing price of a share on the preceding day is SAR (40) Fourteen Saudi Riyals and the Offer Price is SAR (10) ten Saudi Riyals, the opening price of the Rights will, at the beginning of trading, be SAR (30) (40-10=30 Saudi Riyals).

Can Registered Shareholders subscribe for additional shares?

Yes, the registered shareholders can subscribe for additional shares by purchasing new Rights through the market during the trading period.

Is it possible for a Registered Shareholder to lose his eligibility to subscribe even if he has the right to attend the Extraordinary General Assembly and vote on the capital's increase through a Rights issue?

Yes, the shareholder loses his right to subscribe if he sells his shares on the day of the Extraordinary General Assembly meeting or one business day before it.



How does the subscription take place?

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

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

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

In the event that the Company's shares are owned through more than one investment portfolio, in which portfolio the Rights will be deposited?

Rights will be deposited into the same portfolio where the related shares exist. For example, if a shareholder owns (1,000) (one thousand) shares in the Company, (800) of them in portfolio (A) and (200) in portfolio (B), then the total number of rights to be deposited are (8,000) (eight thousand) rights considering that each share has 2 rights. In this case, 6,400 (six thousand four hundred) rights will be deposited in portfolio (A) and 1,600 (one thousand six hundred) rights will be deposited in portfolio (B).

Are share certificate holders allowed to subscribe and trade?

Yes, they are allowed to subscribe. However, they will only be able to trade after depositing their certificates in electronic portfolios through the recipient or Tadawul Securities Depository Center Company ("Edaa") and submitting the requisite documents.

Are additional Rights purchasers entitled to trade them once again?

Yes, purchaser of additional rights may sell them and purchase other rights only during the trading period only.

When can a shareholder subscribe for the Rights he purchased during the Trading Period?

After settlement of the purchase of Rights (two working days), provided that he shall subscribe to the Rights during the Subscription Period.

Can a holder of Rights sell or assign them after expiry of the Trading Period?

That is not possible. After the expiry of the Trading Period, holder of the Rights may only exercise the right to subscribe for the Rights or not. In case the Right is not exercised, the investor may be subject to loss or decrease in the value of his investment portfolio or profit in the event that shares are sold in the Rump Offering Period at a price higher than the Offering Price.

What will happen to Rights that are unsold or unsubscribed 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) for the Rights holder will be calculated after deducting the subscription price. The investor may not receive any compensation if the sale occurs in the Rump Offering Period at the Offering Price.

What will happen in the event of subscribing to the new shares and selling the rights thereafter?

In the event that the Registered Shareholder subscribes and then sells the Rights, yet the number of purchased Rights is not equal to the number of Rights he subscribed for before the end of the trading period, then the subscription application will be entirely rejected in case all Rights are fully or partially sold, and the shareholder will be notified and refunded through his intermediary.

Who has the right to attend the Extraordinary General Assembly and vote to increase the Company capital by offering Right issue shares?

A shareholder who owns the share two days prior to the meeting of the Extraordinary General Assembly and is registered in the shareholders' register of the Company at Securities Depository Center (Edaa) after the end of the trading day of the Extraordinary General Assembly Day has the right to attend the Extraordinary General Assembly and vote on an increase in the Company capital by first proposing their right.

When is the share adjusted as a result of the Company capital increase by offering Right issue shares?

The share price is adjusted by the market before the start of trading on the day following the day of the Extraordinary General Assembly.

If an investor purchases security on the day of the Assembly, is he entitled to obtain the Right issue resulting from the increase in the issuer capital?

Yes, as the investor will be registered in the register of the shareholders of the Company after two business days from the date of the purchase of the shares (i.e., by the end of the second trading day on the day of the Extraordinary General Assembly meeting), knowing that the two rights of the first share will be awarded to the Company. The next trading day is the date of the Extraordinary General Assembly. However, he will not have the right to attend or vote in the Extraordinary General Assembly to increase the capital.



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

The investor share will be distributed to the portfolios owned by the investor, according to the percentage of ownership in each portfolio, and in case there are fractions, those fractions will be combined, and if you complete a correct number or more, the correct number is added to the shareholder in the portfolio.

What are Trading and Subscription periods?

Trading in and Subscription to the Rights shall commence at the same time until the end of trading on the sixth day, while 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, that is not possible.

Can public investors other than registered shareholders subscribe to rights issue shares?

Yes, after completing the purchase of the Right issue during the Trading period.

Further Assistance:

In case of any inquiries, please contact the Company on the e-mail (shareholder.relations@siec.com.sa). For legal reasons, the Company will only be able to provide the information contained in this Prospectus and will not be able to provide advice on the merits of issuing rights or even provide financial, tax, legal or investment advice.

For more information on the Subscription terms, conditions and instructions, please refer to Section (13) **"Information related to shares and the provisions of the offering"** as well as other information contained in this Prospectus.

Summary of Key Information

This summary provides a brief overview of the key information included in this Prospectus. Since it is summary, it does not include all information that may be of interest to shareholders and other general institutional and individual investors. The recipients of this Prospectus must read it completely to ensure that they carefully read this Prospectus completely and carefully and refer to the risk factors section before making any investment decision related to new rights or shares.

Company Overview

Saudi Industrial Export Company is a Saudi joint stock Company established and registered under the Commercial Registration No. (1010077554) issued in Riyadh on 25/11/1410H (corresponding to 19/06/1990G). The Head Office of the Company is located in Riyadh, Ghadir Street, King Abdul Aziz Road, Al Ghadir View Plaza Building, floor 3, P.O. Box 21977, Riyadh 11485.

Company Capital Structure

- The Company was established under Ministerial Resolution (954) dated 12/11/1410H (corresponding to 06/06/1990G) and it was registered at the Register of Commerce of Riyadh under No. (1010077554) dated 25/11/1410H (corresponding to 19/06/1990G) with a capital of SAR (72,000,000) seventy-two million Saudi Riyals divided into (720,000) seven hundred twenty thousand shares of equal SAR (100) hundred Saudi Riyals value per share, all of which are cash nominal shares.
- On 20/01/1414H (corresponding to 10/07/1993G), the Company was converted into a public share holding Company. All legal procedures were made and trading the Company shares began, before the establishment of Tadawul (in 2001G) as an alternative system for the Electronic Securities Information System (ESIS) which was under the supervision of the Central Bank of Saudi Arabia "SAMA". The Rights trading and shareholders register were executed with Tadawul, as well as the rights property registration and providing the daily activity report for the executed trading operations of the Company shares. On 22/12/1418H (corresponding to 19/04/1998G), the Extraordinary General Assembly agreed to divide the nominal value of the share from SAR (100) to SAR (50), so that the number of shares becomes (1,440,000) one million four hundred forty thousand shares
- On 01/04/1428H (corresponding to 18/04/2007G), the Extraordinary General Assembly agreed to increase the Company's capital from SAR (72,000,000) seventy two million Saudi Riyals to SAR (108,000) one hundred eight million Saudi Riyals covered through the issuance of (3,600,000) three million six hundred thousand bonus shares by granting one free share to each two shares, and distributing them among the registered shareholders at the end of trading on Wednesday 01/04/1428H (corresponding to 18/04/2007G), after the nominal value of shares became SAR (10) instead of SAR (50) fifty. Thus, the number of shares becomes (7,200,000) seven million two hundred thousand shares instead of (10,800,000) ten million eight hundred thousand equal shares, with a nominal value of SAR (10), all of which are ordinary cash shares.
- On 05/04/1439H (corresponding to 23/12/2017G), the Extraordinary General Assembly approved on the Board of Directors' recommendation to decrease the Company's capital by cancelling (9,720,000) nine million seven hundred



twenty thousand shares, so that the capital becomes SAR (10,800,000) divided into (1,080,000) ordinary shares with a nominal value of SAR (10) for each fully-paid share.

- On 29/01/1440H (corresponding to 09/10/2018G), the Extraordinary General Assembly approved the increase of the Company's capital through a Rights issue of (5,400,000) five million four hundred thousand ordinary shares, so that the capital becomes SAR (64,800,000) sixty-four million eight hundred thousand Saudi Riyals divided into (6,480,000) fully-paid ordinary shares with a nominal value of SAR (10) ten Saudi Riyals.
- On 22/05/1443H (corresponding to 26/12/2021G), the Company's Board of Directors issued a resolution recommending that the company's capital shall be decreased to, after the decrease, (21,600,000) twenty-one million six hundred thousand Saudi riyals. The Board of Directors also recommended, by the same resolution, to increase the company's capital by issuing ordinary shares so that the capital becomes SAR (194,400,000) after increase, divided into (19,440,000) fully-paid ordinary shares with a nominal value of SAR (10).
- On 06/07/1443H (corresponding to 02/07/2022G), the Capital Market Authority approved the company's request to reduce its capital from (64,800,000) sixty-four million eight hundred thousand Saudi riyals to (21,600,000) twenty-one million and six hundred thousand Saudi riyals. Consequently, the number of shares has been reduced from (6,480,000) six million four hundred and eighty thousand shares to (2,160,000) two million one hundred and sixty thousand shares. And on 14/07/1443H (corresponding to 15/02/2022 G), the Extraordinary General Assembly agreed to reduce the company's capital from (64,800,000) sixty-four million eight hundred thousand Saudi riyals to (21,600,000) twenty-one million six hundred thousand riyals Saudi and reducing the number of shares from (6,480,000) six million four hundred and eighty thousand shares to (2,160,000) two million one hundred and sixty thousand shares at a reduction rate of (66.66%) and at a rate of reduction of (2) shares for every (3) shares.
- And on 14/08/1443H (corresponding to 17/03/2022G), the Capital Market Authority approved the company's request for capital increase via rights issue at a value of (172,800,000) one hundred and seventy-two million eight hundred thousand Saudi riyals from (21,600,000) twenty one million six hundred thousand Saudi riyals to (194,400,000) one hundred and ninety-four million four hundred thousand Saudi riyals, thus increasing the number of shares from (2,160,000) two million and one hundred and sixty thousand shares to (19,440,000) nineteen million four hundred and forty thousand ordinary shares.
- On 10/10/1443H (corresponding to 11/05/2022G), the Extraordinary General Assembly adopted the recommendation of the Board to increase the capital after obtaining the approval of the CMA and Tadawul on 09/07/1443H (corresponding to 08/02/2022G).

Summary of the Company's Main Activities

Article (3) of the By-laws specified the objectives of the company in:

- Marketing and exporting national industrial products.
- Transport, land transport, pipeline transport (49) and water transport (50).
- Warehousing and transport support activities (52).
- Cooling.
- Manufacture of food products (10) and manufacture of chemicals and chemical products (20).
- Manufacture of basic pharmaceutical products and pharmaceutical preparations (21).
- Wholesale trade, excluding motor vehicles and motorcycles (46).
- Export and import activities.
- Supplying transport and military equipment.
- Various equipment and supplies supply activities (supply of weapons and measuring devices).
- Refrigeration activities and the transportation of letters and parcels by delegates (53).
- Communications (61).
- Information services activities (63).
- Financial services activities, except for financing and pension funds (65).
- -Ancillary activities Financial services activities and insurance activities.
- Commodity brokerage contracts.
- Commercial activities (77).
- Equipment, assets and containers.
- Office administrative activities, office support activities and other business support activities (82).
- Activities of Member Organizations (94).
- Commercial representation agencies.



- Business and finance services.
- Trade and Information Technology.
- Safety and Security.
- Re-export, barter and import for its own account or for the account of others.
- Providing marketing and export services.
- Entering into import and export contracts.

In this regard, it may carry out activities complementary to its purposes, including commercial agencies inside and outside the Kingdom of Saudi Arabia for the company's account or for the account of others. The company exercises its activities in accordance with the applicable regulations and after obtaining the necessary licenses from the competent authorities, if any. Furthermore, according to the details of the Commercial Registration certificate, the Company is authorized to carry out the following activities: wholesale of lubricating oils, petroleum products, cement, plaster, primary plastic materials, rubber and synthetic fibers, as well as storage in ports, customs or free zones.

- The Company may establish branches, offices or agencies inside the kingdom or abroad by virtue of a decision of the Board of Directors. As of the date of this Prospectus, the Company has (6) existing branches (4) four branches in KSA and (2) two branches abroad (UAE - Sudan - Iraq), in addition to a branch in Iraq which is under establishment as at the date of this prospectus.
- Moreover, the Company may solely establish limited liability companies or closed joint stock, provided that the capital is not less than SAR (5,000,000). The Company may also have an interest, or participate in any way with the bodies or companies that engage in activities similar to its work or that may help it to achieve its purpose. It may also acquire shares in other existing companies or merge with them and have the right to participate with others in establishing joint-stock or limited liability companies after fulfilling the requirements of the regulations and instructions in force in this regard, provided that the total of these participations does not exceed the value of the reserves, with the notification of the Ordinary General Assembly at its first meeting. The Company may also dispose of these shares, provided that brokerage is not included in this sale/disposal of shares. As of the date of this Prospectus, the Company has one subsidiary, which is established abroad in Jordan (For more details about the licenses extracted by the Company and its subsidiaries to carry out their activities, please see sub-paragraph (10.2) “**Licenses and certificates obtained by the Company**” of Section (10) “**Legal Information**”).
- Saudi Industrial Export Company (SIEC) core businesses are marketing and exporting national industrial products and other products within Saudi Arabia and other international markets for its account or others accounts, through its Head Office, branches and subsidiary. The main activities of the Company are as follows:
 - 1- **Export:** The export activity of the Saudi Industrial Export Company is the essential source of the Company's total income, executed with the utmost professionalism. It includes all products that are in line with the international standards for exports and contributes to opening new markets for national products.
 - 2- **International Trade:** Through its work as a mediator and a trading house between different countries, SIEC contributes to international trade, as the global demand for raw materials is constantly increasing due to the global industrial progress. Thus, the Company facilitates the export process these countries through the international business package.

Company Vision

Providing global trade and supply chain solutions that promote international stability, growth and prosperity.

Company Mission

To be the first trading house in the Middle East and Africa by providing trade and supply chain solutions, and to be the first provider of supply chain and commercial solutions in the Middle East and Africa.

Company Strategy

The Company's philosophy and strategy are based on achieving the best financial results by designing solutions that suit the aspirations of our customers. This requires the development of our internal operations and the relentless pursuit of learning and growth.



Company Values

The Company has a set of well-established values inspired by the deep Arab ethics. Thus, on the basis of these values, all the dealing occurring between our Company representatives, clients and societies with which we work are based on the following criteria:

- **Presence:** to be ready to meet others' demands and support their growth and development wherever and whenever they want.
- **Merit:** to be worthy of the trust everyone puts in us and to employ all our resources and expertise in order to empower them and deliver the highest levels of value.
- **Solidarity:** to complement each other and apply the concept of shared success by finding what is needed for the development and growth of others and providing it to them.
- **Harmony:** to understand the difference of others and their ways of dealing, and work to find middle solutions that would satisfy all parties.
- **Perseverance:** to always believe in the ability to overcome difficulties, whatever they may be, and to strive continuously towards perfection in all that we do.
- **Progress:** to ensure that we continue to grow and move forward, because we believe that forward is the only place to go in the business world.

Summary of the Company's Strengths and Competitive Advantages

The Company has a number of competitive advantages, which include:

- **Sufficient Experience in the Work Field**

The Saudi Industrial Export Company is the first Company of its kind specialized in exporting national products to various countries of the world, which enhances its experience in professionally exporting and dealing with clients. Moreover, the Company management team is considered one of the pioneers in business administration in the Saudi market. The Saudi Industrial Export Company also supports national cadres and attracts scientific and practical expertise in its field and is interested in providing a number of training courses and workshops to acquire targeted professional skills and experiences to develop the environment and work.

- **Diversity of Services, Products and Markets**

Due to the increasing number of Saudi factories and products and in order to keep up with the KSA V2030, there was an increase in export demands for national products. Accordingly, based upon its deep experiences in its field and its foreign relations with business partners, the Saudi Industrial Exports Company facilitates the export process for all national products to various countries while adhering to local and international laws and regulations related to international trade. It also aspires to reach new markets and make sure of the quality of the exported products and their suitability to the importing markets, through the Company worldwide representative offices or service offices.

Summary of Market Information

According to the Ministry of Finance statement announced on the issuance of the general budget of the Kingdom of Saudi Arabia for the 2021G fiscal year, it is expected that the real GDP growth in 2021G will be (3.2%), driven by assuming that the recovery of economic activities is still continuing during the year, where the government will continue its efforts to enhance the role of the private sector to be the main engine of economic growth and to support the growth of small and medium-sized enterprises (SMEs), in line with the plans of Saudi Vision 2030. According to the National Accounts Indicators 2020G report issued by the General Authority for Statistics, the final government consumption spending at current prices reached (749,112) million Saudi Riyals in 2020G compared to (709,171) million Saudi Riyals in 2019G, with an increase of (5.6%). Whereas, the final consumption expenditure of the private sector at current prices reached SAR (1,128,712) in 2020G, compared to SAR (1,157,819) for 2018G, with a decrease of (2.5%). GDP, at current prices, of the Kingdom of Saudi Arabia is (2.625) billion Saudi riyals in 2020, as the private sector contributed by (51.0%), while the government sector contributed by (25.6%) and the oil sector contributed by (23.3%). Subject to the estimates of the General Authority for Statistics, GDP at constant prices for 2020G is (2,531) billion Saudi riyals, recording a decrease of (4.1%) compared to the previous year 2019G. This is significantly due to a decrease in growth of oil sector by (6.7%) and a decrease in non-oil sector by (2.3%). The decrease in the growth rate of the private sector is (3.1%) and the decrease in the government sector is (0.5%). The government's final consumption expenditure achieved a positive growth rate of (4.2%) for 2020G, and imports of goods and services recorded the largest decrease by (25.2%), followed by the total fixed capital formation by (13.5%), followed by exports of goods and services by (10.8%), followed by the private final consumption expenditure by (6.4%). The per capita GDP is (74,763) Saudi riyals in 2020G, with a decrease of (14.0%) compared to the previous year 2019G.



Local Industry Sector

The Kingdom accomplished many remarkable achievements due to its steady industrial development, during which it has achieved many remarkable achievements, due to the interest and support provided by the State to the industrial sector, given its role in achieving KSA strategic and economic goals. This support included several basic points, including providing the necessary infrastructure, establishing the Yanbu and Jubail Industrial Cities, as well as other industrial cities in various regions of the Kingdom, and establishing the Saudi Industrial Development Fund, in addition to providing a number of other industrial incentives. Moreover, the response and cooperation of the private sector to government plans and efforts had an effective impact on achieving industrial development goals.

Saudi Exports Market

According to the General Authority for Statistics, the Kingdom non-oil exports reached SAR (204,352) million in 2020G compared to SAR (229,184) million in 2019G, with a decrease of (10.8%) and SAR (235,458) million in 2018G, with a decrease of (2.7%), as well as SAR (193,479) million in 2017G, with an increase of (21.7%). The Kingdom non-oil exports accounted for (12.2%) of the non-oil GDP in 2018G, compared to (10.6%) in 2017G. The non-oil exports from KSA to GCC countries reached SAR (50,336) million in 2020G, compared to SAR (50,822) million in 2019G. The value of non-oil exports from the Kingdom of Saudi Arabia to Arab countries is (27,028) million riyals in 2020G, compared to (28,407) million riyals in 2019G. Furthermore, the non-oil exports from KSA to Iraq increased to SAR (2,653) million in 2020G, compared to SAR (2,735) million in 2019G and those from KSA to Sudan reached SAR (2,503) million in 2020G, compared to SAR (2,218) million in 2019G.

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 ended December 31, 2018G, 2019G and 2020G, and the notes attached thereto, and the unaudited financial statements for the financial period ended 30/09/2021G, and the notes attached thereto.

The Company audited financial statements were all prepared in accordance with International Financial Reporting Standards (IFRS). Accordingly, the financial statements of the fiscal years 2018G were audited by Al Azem and Al Sudairy (Certified Public Accountants and Consultants) - Member of Crow Horwath International. As for the audit of the audited financial statements for the period ended December 31, 2019G and the notes attached thereto, in accordance with International Financial Reporting Standards (IFRS). Accordingly, the financial statements were audited by the Saudi Group for Accounting & Auditing (Al Jaser and Al Dakhil - CPA & Consultants Co.). Furthermore, the audited financial statements for the for the fiscal year ended 31/12/2020G and the notes attached thereto, as well as the unaudited preliminary financial statements for the period ended 30/09/2020G in accordance with International Financial Reporting Standards (IFRS), were audited by Baker Tilly MKM & Co. (Certified Public Accountants). The unaudited preliminary financial statements for the period ending on 30/09/2021 are also prepared in accordance with International Financial Reporting Standards (IFRS) and are audited by Ibrahim Ahmed Al-Bassam & Co. Chartered Accountants (Member of PKF International).

The Company issues its financial statements in SAR.

Statement of Financial Position (SAR)	Fiscal year ended 31/12/2018G (Audited)	Fiscal year ended 31/12/2019G (Audited)	Fiscal year ended 31/12/2020G (Audited)	Fiscal year ended 30/09/2020G (Unaudited)	Fiscal year ended 30/09/2021G (Unaudited)
Total non-current assets	10,728,531	10,755,649	4,788,792	4,009,346	4,330,023
Total current assets	65,987,413	39,819,332	36,366,412	39,468,402	26,042,282
Assets from discontinued operations	0	0	0	0	923,141
Total assets	76,715,944	50,574,981	41,155,204	43,477,748	31,295,446
Total current liabilities	8,787,438	8,331,115	12,362,991	7,451,181	9,159,337
Total non-current liabilities	474,118	1,387,541	1,055,904	1,177,662	1,112,206
Total liabilities	9,261,556	9,718,656	13,418,895	18,628,843	10,271,543
Total shareholders' equity	67,454,388	40,856,325	27,736,309	34,848,905	21,023,903
Total liabilities and shareholders' equity	76,715,944	50,574,981	41,155,204	43,477,748	31,295,446

Source: The Company's financial statements



Income Statement (SAR)	Fiscal year ended 31/12/2018G (Audited)	Fiscal year ended 31/12/2019G (Audited)	Fiscal year ended 31/12/2020G (Audited)	Fiscal year ended 30/09/2020G (Unaudited)	Fiscal year ended 30/09/2021G (Unaudited)
	1,021,747	(14,147,296)	1,606,754	2,306,864	52,489,7
	(7,505,318)	(25,132,884)	(12,569,582)	(5,384,452)	(6,956,909)
Net profit (loss) before zakat	6,629,436	(4,683,665)	(10,730,815)	(6,075,873)	(6,253,034)
Net profit (loss)	6,426,447	(26,009,207)	(13,181,964)	(7,646,484)	(46,647,424)

Source: The Company's financial statements.

Statement of Cash Flows (SAR)	Fiscal year ended 31/12/2018G (Audited)	Fiscal year ended 31/12/2019G (Audited)	Fiscal year ended 31/12/2020G (Audited)	Fiscal year ended 30/09/2020G (Unaudited)	Fiscal year ended 30/09/2021G (Unaudited)
Net cash generated from operating activities	(10,120,107)	(22,856,137)	(13,807,214)	(12,767,129)	(2,095,278)
Net cash generated from investing activities	(122,675)	(276,999)	2,924,152	(561,039)	(66,774)
Net cash generated from financing activities	49,961,888	(253,492)	(258,397)	(111,918)	(10,168)
Net cash flows during the period	39,719,106	(23,386,628)	(11,141,459)	(13,440,086)	(2,172,220)
Cash and cash equivalents at the beginning of the period	3,293,011	43,012,117	19,625,489	19,625,489	8,484,030
Cash and cash equivalents at the end of the period	43,012,117	19,625,489	8,484,030	6,185,403	6,311,810

Source: The Company's financial statements

Key Performance Indicators (KPI)	Fiscal year ended 31/12/2018G (Audited)	Fiscal year ended 31/12/2019G (Audited)	Fiscal year ended 31/12/2020G (Audited)	Fiscal year ended 30/09/2020G (Unaudited)	Fiscal year ended 30/09/2021G (Unaudited)
Sales growth	515.2%	(42.3%)	(46.3%)	(23.7%)	(54.0%)
Gross profit margin (loss)	0.9%	(20.7%)	4.4%	6.6%	9.2%
Operating profit (loss) margin	(6.3%)	(36.8%)	(34.3%)	(15.4%)	(43.1%)
Selling and marketing expenses as a percentage of sales	0.0%	0.0%	0.0%	0.0%	0.0%
General and administrative expenses as a percentage of sales	7.0%	14.5%	27.0%	17.4%	52.4%
Total current assets / total current liabilities	7.5	4.8	3.1	5.3	2.8
Return on assets	8.4%	(51.6%)	(32.0%)	(17.6%)	(21.2%)
Return on equity	9.5%	(63.7%)	(47.5%)	(21.9%)	(31.6%)
Debt to total equity ratio	0.0%	0.0%	0.0%	0.0%	0.0%

Source: The Company's financial statements.



Summary Risk Factors

There are a number of risks related to the issue of Right issue shares, which are detailed in the section 2 “**Risk Factors**” of this Prospectus; this paragraph is just a summary of these factors that are summarized in three main groups as follows:

- Risks Related to the Company’s Activities and Operations.
- Risks Related to Market and Sector
- Risks Related to the Offered Securities.

Forecasts and Forward-Looking Statements

The expectations and future statements contained in this Prospectus have been prepared on the basis of specific and announced assumptions mentioned in the relevant issues. The Company future business conditions may differ from the assumptions used, and therefore there is no guarantee or commitment regarding the accuracy or completeness of any of these expectations, and the Company has provided these expectations and statements based on its performance of the necessary professional due diligence. Some of the data contained in this Prospectus represent “forward-looking statements”. These future statements are generally inferred through the use of some words such as “intends”, “estimates”, “believes”, “expects”, “could”, “might”, “intends”, “will”, “should”, “expected”, “will be”, or formulas that negate these vocabulary and other vocabulary words that are close to or opposite to them in meaning. These forward-looking statements reflect the current viewpoint of the Company and its management regarding future events, but they are not a guarantee of future performance and there are many factors that may lead to the actual performance, achievements or results of the Company being significantly different from any future results, performance or achievements that can be expressed explicitly or implicitly expected. Some of the risks or factors that could lead to such an impact are reviewed in more detail in other sections of this Prospectus (please see the section (2) “**Risk Factors**” of this Prospectus).

If one or more of these risks or uncertainties are realized, or if any of the assumptions that were relied upon are proven incorrect or inaccurate, the actual results may differ materially from those anticipated, estimated, believed, planned or assumed in this Prospectus. Observing the requirements of rules on the offer of securities and continuing obligations, the Company must submit a supplementary Prospectus to the Authority 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: (1) There is a significant change in material matters mentioned in the Prospectus, or any document required by the Rules on the Offer of Securities and Continuing Obligations, or (2) any significant matters that should have been included in the Prospectus.

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



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1. Definitions and Terms

The table below shows a list of the definitions and terms used in this Prospectus:

Table No. (1-1): Definitions and Terms

Defined Term or Abbreviation	Definition
Sadirat Company, The Company, the Issuer or Sadirat	The Saudi Industrial Export Company is a Saudi joint stock Company incorporated pursuant to Ministerial Decree (954) on 12/11/1410H (corresponding to 06/06/1990G) and registered in the Commercial Registry under the Commercial Registration Certificate 1010077554 on 25/11/1410H (corresponding to 19/06/1990G). Its headquarters is located in Riyadh.
The Group	The Saudi Industrial Exports Company and its subsidiary Sarah Medical Supplies Factory, and the subsidiary Company (The Saudi Industrial Exports Company in Jordan).
Management	The management team of Saudi Industrial Export Company
Board, Board of Directors or Board Members	The Company Board of Directors whose names appear on page (iii).
Advisors	The Company advisors of the offering and whose names appear on page (v).
Official Gazette	Umm Al-Qura, the official gazette of the Kingdom of Saudi Arabia
Government	The government of the Kingdom of Saudi Arabia.
The Share	One share of the company's shares is fully paid with a nominal value of 10 riyals.
Saudi Market, Financial Market, Stock Market, Market, or Tadawul	The Saudi Tadawul Company (Tadawul)
Tadawul System	Automated system for trading Saudi stocks.
Saudi Food and Drug Authority	The Saudi Food and Drug Authority (SFDA) was established pursuant to Cabinet Resolution 1 dated 01/07/1424H (corresponding to 10/03/2003G). It is the supervisory authority that regulates trade activity (wholesale and retail), import, export and marketing for the benefit of others regarding the manufactured, imported, sold, distributed medical devices, medicines and medical products in the Kingdom of Saudi Arabia, where the SFDA approval must be obtained, thus a special license, before placing the product on the Saudi market.
Ministry of Industry	The Ministry of Industry and Mineral Resources in the Kingdom of Saudi Arabia (and it was previously known as the "Ministry of Energy, Industry and Mineral Resources").
Industrial License	The industrial license granted to Sara Medical Supplies Factory Company by the Ministry of Energy, Industry and Mineral Resources under Certificate (247) dated 28/01/1439H (corresponding to 18/10/2017G).
General Authority for Statistics	The official and sole reference for executing statistical work and technical supervision and regulation for statistics in the Kingdom.
Financial statements	The financial statements for the fiscal years ended December 31, 2018G and 2019G, 2020G as well as the nine-month period of 2021G ended September 30, 2021G.
Financial Advisor	Al Khair Capital
Lead Manager	Al Khair Capital
The Kingdom or Saudi Arabia	The kingdom of Saudi Arabia
By-laws	The Company by-laws as amended and attested by the Ministry of Commerce on 07/28/1443H (corresponding to 03/01/2022G) based on the resolution of the Extraordinary General Assembly on 07/14/1443H (corresponding to 15/02/2022G).
Saudi riyal	The Saudi riyal, the official currency in the Kingdom of Saudi Arabia.
Capital Market Law	Capital Market Law issued by Royal Decree (M/30) dated 02/06/1424H (corresponding to 31/07/2003G) amended by CMA resolution 3-45-2018G dated 07/08/1439H (corresponding 23/04/2018G) and amended by CMA resolution 1-104-2019G dated 01/02/1441H (corresponding to 30/09/2019G) according to royal decree (M/16) dated 19/01/1441H (corresponding to 18/09/2019G).
Rules on the offer of securities and continuing obligation	Rules on the offer of securities and continuing obligation issued by the CMA Board pursuant to Decision (3-123-2017G) and dated 09/04/1439H (corresponding to 27/12/2017G) based on the Capital Market Law issued by Royal Decree M/30 dated 30/02/06/1424H, as amended by CMA Council Resolution (3-45-2018G) on 07/08/1439H (corresponding to 23/04/2018G) and amended by CMA Council resolution (1-104-2019G), dated 01/02/1441H (corresponding to 30/09/2019G).
Companies Regulations	The Companies Regulations in the Kingdom of Saudi Arabia, issued pursuant to Royal Decree (M / 3) on 28/01/1437H (corresponding to 10/11/2015G) and which entered into force on 25/07/1437H (corresponding to 05/02/2016G) and amended by the King Decree. (M / 79), dated 25/07/1439H, (corresponding to 11/04/2018G).
Commercial Registration Law	Law of Register of Commerce issued by Royal Decree (M/1) dated 21/02/1416H (corresponding to 19/07/1995G) and its executive regulations issued by Ministerial Decree 1003 dated 21/09/1416H (corresponding to 11/02/1996G).
Listing Rules	The listing rules issued by the Saudi Stock Exchange (Tadawul) and approved by the Capital Market Authority Board Decision (3-123-2017G) dated 04/09/1439H (corresponding to 27/12/2017G) and amended pursuant to Decision 01/02/1441H (Corresponding to 30/09/2019G).
Trademark Law	Trademark Law issued by Royal Decree (M/21) dated 28/05/1423H (corresponding to 07/08/2002G).



Defined Term or Abbreviation	Definition
Capital Market Authority (the Authority)	The Capital Market Authority in the Kingdom of Saudi Arabia.
Major Shareholders	They are the shareholders who own 5% or more of the Company shares at the date of this Prospectus. Currently, there is no major shareholder.
General Assembly	The general Assembly of the Company shareholders
Ordinary General Assembly	The meeting of the Ordinary General Assembly of the Company shareholders held according to the Company by-laws.
Extraordinary General Assembly	The meeting of the Extraordinary General Assembly of the Company shareholders held according to the Company by-laws.
Corporate Governance Regulations	Corporate Governance Regulations applicable in the Kingdom of Saudi Arabia issued by the Board of the Capital Market Authority pursuant to Resolution (8-16-2017G) dated 16/05/1438H (corresponding to 13/02/2017G) based on the Companies Regulation issued by Royal Decree (M / 3) dated 28/01/1437H (corresponding to 10/11/2015G), as amended by Resolution of the CMA Board decision (3-45-2018G) dated 07/08/1439H (corresponding to 23/04/2018G) and last amended by CMA Board decision 1-7-2021G dated 01/06/1442H (corresponding to 14/01/2021G).
Ministry of Commerce	The Ministry of Commerce in Saudi Arabia (which was formerly called the "Ministry of Commerce and Industry" and then became "Ministry of Commerce and Investment").
Ministry of Human Resources	The Ministry of Human Resources and Social Development in Saudi Arabia (which was previously called the Ministry of Labor and Social Development).
Related party	According to the rules for the offering of securities and continuing obligation, they are the parties not mentioned below: <ul style="list-style-type: none"> • Issuer affiliate. • Major shareholders of the issuer. • Board members or senior executives of the issuer. • Board members or senior executives of the issuer subsidiaries. • Board members or senior executives of the issuer major shareholders. • Any relatives of the persons referred to in (1, 2, 3, 4 or 5) above. • Any Company controlled by any person referred to in (1, 2, 3, 4, 5 or 6) above.
Underwriting agreement	Underwriting agreement between the Company and the underwriter (Al Khair Capital)
Ministry of Municipal and Rural Affairs ("Ministry of Municipalities")	The Ministry of Municipal and Rural Affairs in the Kingdom of Saudi Arabia.
Insurance	It is the contracting mechanism to convert risk burdens from the insured to the insuring party who compensates those who are subjected to damage or loss.
International Financial Reporting Standards (IFRS)	A set of accounting standards and their interpretations issued by the International Accounting Standards Board (IFRS).
Saudi Organization for Certified Public Accountants (SOCPA)	The Saudi Organization for Auditors and Accountants in the Kingdom of Saudi Arabia (previously the Saudi Organization for Certified Public Accountants).
Fiscal year	The fiscal year ended 31 December of each year.
Investment portfolios	Investment tools that include a number of assets.
Solvency margin	The extent to which the Company assets can be converted into cash (beyond its liabilities)
Statutory reserve	The amounts that the Company must deduct and allocate to cover its financial obligations
Saudi nationals	Any person holding the Saudi citizenship.
Nationalization/ Saudization	The policy adopted by the Kingdom to replace foreign workers with Saudi citizens in private sector jobs.
Nitaqat (Saudization program)	The Saudization program (Nitaqat) was approved pursuant to the Minister of Labor Decision 4040 dated 28/01/1432H (corresponding to 10/09/2011G) based on Cabinet Resolution 50 dated 13/05/1415H (corresponding to 27/10/1994G). The Ministry of Human Resources and Social Development in the Kingdom launched the program to provide incentives for establishments to employ Saudis. The program also evaluates the performance of the facility on the basis of specific ranges (platinum, green and red) according to the activity and sector under which the Company falls. On 29/03/1441H (corresponding to 16/11/2019G) Ministerial Resolution 63717 was issued, deciding to cancel the yellow range in the Nitaqat program.
Trade receivables	It is the money paid by customers (individuals or establishments) to another entity in exchange for unpaid, used or received goods and services.
Litigation	Resorting to the courts to reach a settlement of a dispute



Defined Term or Abbreviation	Definition
Value added tax (VAT)	On 02/05/1438H (corresponding to 30/01/2017G), the Council of Ministers decided to approve the unified agreement for value-added tax for the GCC countries, which came into effect as of 01/01/2018G, as a new tax added to the system of taxes and other fees that must be applied by specific sectors in KSA and GCC countries. The amount of this tax is (5%), with the exclusion of some products (such as basic foods and services related to health care and education). The Board of Directors of the General Authority for Zakat and Tax (2-3-20) dated 17/10/1441H (corresponding to 09/06/2020G) decided to amend the VAT Law to become 15%, starting 01/07/2020G, according to its authorities and based upon Article 5 of the law of General Authority for Zakat and Tax Organization issued by Cabinet Resolution (465) dated 20/07/1438H after reviewing Royal Decree A /638 dated 15/10/1441H regarding the amendment of the VAT law to allow an increase the basic tax rate to 15% as of 01/07/2020G.
Gulf Countries Council	The Gulf Countries Council countries: The Kingdom of Saudi Arabia, Qatar, Kuwait, Bahrain, United Arab Emirates and Oman).
African countries	All countries in Africa.
ISO	The International Organization for Standardization
The rules for Qualified Foreign Financial Institutions Investment in listed Securities	They are rules regulating investment in securities by non-Saudi persons residing outside the Kingdom, issued by CMA Board pursuant to Decision (1-42-2015) and dated 15/07/1436H (corresponding to 05/04/2015G) and amended by CMA Board Decision (3-65-2019G) and dated 14/10/1440H (corresponding to 17/06/2019G).
Stakeholders	The persons or parties who have an interest in what the Company does, including employees, creditors, customers, suppliers, and society.
Procedures and Instructions related to listed companies with accumulated losses reaching (20%) or more of their capital	Rules for companies with accumulated losses issued by the CMA Board pursuant to Decision (4-48-2013) and dated 15/01/1435H (corresponding to 18/11/2013G), as amended by CMA Board Resolution (1-130-2016G) dated 23/01/1438H (corresponding to 24/10/2016G) and by CMA Board resolution (1-77-2018G) and dated 05/11/1439H (corresponding to 18/07/2018G). The procedures and instructions became effective as on 25/07/1438H (corresponding to 22/04/2017G).
Zakat, Tax, and Customs Authority	The Zakat, Tax and Customs Authority (the General Authority of Zakat and Income), which is one of the government agencies that are organizationally linked to the Minister of Finance, is the body entrusted with the work of levying zakat and tax collection.
Business Day	Any day other than Friday and Saturday, any day that is an official holiday in the Kingdom of Saudi Arabia, or any day on which banking institutions close their doors from business in accordance with the applicable regulations and other governmental procedures.
Labor Law	The Saudi Labor Law issued by Royal Decree (M / 51) dated 23/08/1426H (corresponding to 27/09/2005G) and the amendments thereto.
H	Hijra calendar
G	Gregorian calendar
Securities Depository Center Company (Edaa)	It is a closed joint stock Company wholly owned by the Saudi Stock Exchange Company (Tadawul), established in 2016G under the Saudi Companies Law issued by Royal Decree (M / 3) on 28/01/1437H (corresponding to 11/11/2015G).
Vision 2030	The National Strategic Economic Program, which aims at reducing dependence on oil and petrochemical industry, diversifying the Saudi economy and developing services.
Public Institution for Social Security	The Public Institution for Social Security in the Kingdom of Saudi Arabia.
Rights or Rights Issue	These are tradable rights that grant their holders the right to subscribe to new shares upon approval of the increase in the capital. It is an acquired right for all registered shareholders, and each right grant its holder the right to subscribe to one of the new shares at the offering price. The rights are deposited after the convening of the Extraordinary General Assembly to increase the capital on 10/10/1443H (corresponding to 11/05/2022G). These rights will appear in the shareholders' accounts registered under a new code related to these rights. The registered shareholders will be informed of the deposit of rights in their portfolios.
An indicative value of the right	The difference between the market value of the Company shares during the trading period and the offering price.
Right trading price	It is the price at which the right is traded, given that it is determined through the mechanism of supply and demand, and therefore it may differ from the right indicative value.
Underwriter	Al Khair Capital Company
Offering period	The period starting on 22/10/1443H (corresponding to 23/05/2022G) till 02/06/1443H (corresponding to 03/11/2022G).
Offering / offering price	SAR 10 per share.
Rump shares	The rump shares that have not been subscribed for during the subscription period.
Rump offering period	The period starting from 10:00 am on 08/11/1443H (corresponding to 07/06/2022G) to 05:00 pm on 09/11/1443H (corresponding to 08/06/2022G).
New shares	(17,280,000) seventeen million two hundred eighty thousand ordinary shares, to be issued for capital increase.
Right Issue Ratio	Result of dividing the number of new shares by the number of current shares of the Company.
Eligible persons	All holders of rights, whether they are registered shareholders or those who have purchased rights during the trading period.



Defined Term or Abbreviation	Definition
Public	According to the Rules for the Offer of Securities and Continuing Obligations, they are the persons not mentioned below: 1- Affiliate of the issuer 2- Major shareholders of the issuer. 3- Board members and senior executives of the issuer. 4- Board members and senior executives of the issuer subsidiaries. 5- Board members and senior executives of the issuer major shareholders. 6- Any relatives of the persons referred to in (1, 2, 3, 4 or 5) above. 7- Any Company controlled by any of the persons referred to in (1, 2, 3, 4, 5, or 6) above. 8- Persons in concert, with a collective shareholding of (5%) or more of the class of shares to be listed.
Net offering proceeds	Net offering proceeds after deducting the offering expenses.
Person	Natural or legal person
Prospectus	This document prepared by the Company in connection with the Rights Issue.
Enlisting	Listing securities in the main market or - where the context allows for this - submitting a listing application to the Saudi Stock Exchange (Tadawul)
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 shareholders' register with the Securities Depository Center (Edaa) at the end of the second trading day following the convening of the Extraordinary General Assembly for the capital increase on 14/10/1443H (corresponding to 15/05/2022G).
New investors	In general, individual and institutional investors - with the exception of registered shareholders - who have purchased priority rights during the trading period.
Shares	Ordinary shares of the Company amounting to (2,160,000) two million one hundred sixty thousand ordinary shares, with a nominal value of SAR 10 per share.
Brokers	They are institutions licensed by the Capital Market Authority to engage in the activity of dealing in securities as an agent.
Investment institutions	It includes a group of institutions, which are as follows: 1- Governmental entities and companies owned by the government, directly or through a private portfolio manager, or any international body recognized by the CMA, or the exchange, and any other stock exchange recognized by CMA, or the depository center. 2- Public investment funds established in the Kingdom that are publicly offered in addition to the private funds that invest in securities listed on the Saudi Stock Exchange if the terms and conditions of the fund allow this, while adhering to the provisions and restrictions stipulated for the investment. 3- Persons authorized to deal in securities as a principal, while adhering to the requirements of Capital Adequacy. 4- Clients of an authorized person in practicing management business, provided that authorized person has been appointed under conditions that enable him to take decisions regarding accepting participation in the offering and investing in the Saudi Stock Exchange on behalf of the client without the obtaining prior approval thereof 5- Any other corporate persons may open an investment account in the Kingdom and an account with the depository center, taking into consideration the investment controls of the companies listed in the securities, provided that the participation of the Company does not lead to any conflict. 6- Gulf investors with legal personality, which includes companies and funds established in the GCC countries. 7- Eligible foreign investors. 8- An ultimate beneficiary of those with legal capacity in a swap agreement concluded with a person authorized in accordance with the terms and conditions of the swap agreements.
Subscriber	Any person who subscribes the rights.
Compound annual growth rate (CAGR)	One of the methods used to calculate the growth rate of a specific item during a specific period of time.



2. Risk Factors

In addition to the other information contained in this Prospectus, whoever wishes to invest in shares offered for subscription must carefully study all the information contained in this Prospectus, including the risk factors set out below in the disclosures in this matter. The below may not include all the risks that the Company may face. Rather, it is possible that additional risks may exist that are not known to the Company at the present time, or that the Company may consider them as immaterial, or that they may not hinder its operations. The Company activity, its financial position, the results of its operations, its cash flows and its future prospects may be affected negatively and substantially in the event that one of the risk factors mentioned below occurs or materializes.

The Company board members also acknowledge, according to their knowledge and belief, that there are no material risks that the lack of mention may affect the decision of the shareholders and potential investors, and they will be known to them up to the date of this Prospectus except as disclosed in this Section.

An investment in the offered shares is not suitable except for investors who are able to assess the risks and advantages of that investment and who have sufficient resources to bear any loss that may result from that investment. The potential investor who has doubts about the decision to invest in the Company should seek the assistance of a financial advisor licensed by the Capital Market Authority to obtain appropriate advice regarding investing in the offered shares.

In the event that any of the risk factors that the Company at the present time believes are important, or the occurrence of any other risks that the Company could not identify, or which it considers at the present time to be immaterial, may lead to a decrease in the price and the potential investor may lose all or part of an investment in these shares.

For clarification, the ranking of the risks mentioned below does not express their importance, and the additional risks that are not known or that are currently considered immaterial may have the same effects described in this Prospectus.

2.1 Risks Related to the Company Activity and Operations

2.1.1 Risks related to the Company's financial performance and continuity

The group faces risks related to its financial performance and continuity, as the group incurred losses amounting to 13.18 million Saudi riyals for the financial year ended December 31, 2020G (For losses of 26 million Saudi riyals for 2019G). The group's accumulated losses amounted to 37.7 million Saudi riyals as on December 31, 2020G, representing 58% of the capital (compared to accumulated losses of 24.6 million Saudi riyals, representing (38%) of the capital as on December 31, 2019G). The group also recorded losses of 6.6 million Saudi riyals for the audited financial period on September 30, 2021G, and the accumulated losses amounted to 44.4 million riyals, which represents (68.5%) of the capital as on September 30, 2021G. (For more information, see subparagraph No. (6.6.5.3) "**Accumulated Losses/Retained Profits**" from of Section (6) "**Management Discussion and Analysis of the Company's Financial Position and Results of Operations**"). These circumstances, then, indicate a fundamental uncertainty about the group's ability to continue as a going concern in the foreseeable future. If the group fails to obtain financing and Murabaha contracts, or if it does not succeed in increasing its revenues, the Company faces risks related to its financial performance and continuity. The Group has stated that it is not a party to any financing or Murabaha contract as on the date of the Prospectus.

2.1.2 Risks related to the losses arising from investments in other companies

Investments in other companies have risks related to the possibility of losses in connection with the expected return on any investment, or the possibility that no returns will be achieved in accordance with the expectations of the Company. The Company has previously invested in (3) companies, according to the following: (1) Shahad Al-Sahara Company for Distribution (the investment percentage in it represents 0.79% of the capital, bearing in mind that this Company has been liquidated), (2) the United Exports Company National (investment percentage represents 0.51% of the capital, noting that this Company is under liquidation) and (3) Warehousing and Support Services Company (investment percentage represents 16.98% of the capital). On 01/10/2020G, the Saudi Industrial Export Company completed the procedures for selling part of the shares (which amount to (3.84%) of its capital) owned by the Company in the Warehousing and Support Services Company, at an amount of (4,000,000 Saudi riyals) at the rate of (4 Saudi riyals) per share. Other investments, at fair value through profit or loss, also included investments in the United National Exports Limited Company and Shahed Desert Trading Limited Company with an original investment amount of 837,427 Saudi riyals. Since Shahed Al-Sahra has been liquidated and United National Exports is in the process of liquidation (the completion of these procedures is expected during 2022G), the Group was unable to obtain an indicative fair value of the investments. In the event that the Company does not realize any profits from these investments, or if the Company makes other investments without making profits, or in the event that it incurs losses as a result of the investment, this will have a negative impact on the Company's business and future results.

2.1.3 Risks related to the high rate of obsolescence of the increasing stock

Companies generally rely on inventory control to ensure that the amount of inventory to be available is calculated in accordance with supply and demand periods. If these companies do not succeed in maintaining the required stock levels, this will lead to a severe decrease or to an excess in stock levels, which may cause the Company losses for not being able to meet the requirements of customers in the first case, or the disposal of stock in the second case, which will negatively affect the Company status. On



the other hand, it has been observed that the Group's inventory control systems do not have the characteristics of extracting reports to identify obsolete and slow-moving inventory items. In the event that the Group does not rely on systems designed to monitor the life of the inventory, this will result in a risk. This will result in a risk of slow stock movement and obsolescence, it may remain undefined for a long period of time, which leads to a financial loss for the Group. It is noted that the Group maintains some obsolete and slow inventory, as the inventory turnover ratio recorded 117.38 times, 49.83 times and 11.9 times for the financial periods ending on December 31, 2018G, 2019G and 2020G, respectively. The average inventory turnover days were 2.06 days, 7.33 days and 31.77 days for the financial periods ending on December 31, 2018G, 2019G and 2020G, respectively. Throughout the nine-month period of 2021G, the Company's inventory turnover ratio was 6.77 times, and the average inventory turnover days recorded 86.15 days, as at the period ending on September 30, 2021G (for more information, see subparagraph No. (6.6.2.1) "Inventory / Stock" of Section (6) "Management Discussion and Analysis of the Company's Financial Position and Results of Operations").

As the group's inventory turnover ratio is gradually decreasing over time, which together with the downward trend in sales means that inventory holding time and related costs are increasing, this leads to the risk of inventory obsolescence and slow movement by situation, which will affect the Company's business operations negatively and materially, and consequently on its financial position, results of operations and future prospects.

2.1.4 Risks related to the uncollected receivables

In their dealings with their clients, companies rely on the terms of payment of the amounts due from these clients within a period not exceeding 30-60 days, according to the concluded sales contracts. If the Company does not succeed in collecting these commercial receivables from its customers during the period stipulated in the sales contracts, this will lead to the obsolescence of receivable balances and thus the recording of provisions for bad debts, and this will negatively affect the Company's position and lead to the Company recording a financial loss against these provisions. It is noted that the Company has receivable balances exceeding 360 days, and the value of these receivables amounted to (8.2) million Saudi riyals as in the financial period ending on December 31, 2020G. This balance constituted 52% of the total balance of the Company's trade receivables at the end of the said period. Throughout the nine-month period of 2021G, the balance of receivables, with a life exceeding 360 days, is increased, where the value of these receivables is 10.26 million Saudi riyals, constituting 74% of the total balance of trade receivables of the Company as in the period ending on September 30, 2021G (for more information, refer to subparagraph (6.8.2.2) "Trade Receivables" of Section (6) "Management Discussion and Analysis of the Company's Financial Position and Results of Operations").

And since the Company has not excluded provisions against these receivables according to the IFRS 9, this constitutes a risk factor for the Company as it will have to take more provisions against these receivables, which will affect the Company's business operations in a negative and material way and thus on its financial position and results of its operations. And its future prospects.

2.1.5 Risks related to the Corona virus pandemic (Covid 19)

The outbreak of the new Corona virus (COVID-19) starts to spread in December 2019G, and the World Health Organization declared the virus a global pandemic in March 2020G, and then the virus spread widely and quickly to affect more than 194 countries around the world, facing the world an unprecedented health and economic crisis. In the second half of February 2020G, when the virus spread and reached many countries around the world, many countries began imposing public health containment measures to delay its spread and enhance the capacity of the health sector, and the development of the situation in this way led to a sudden stop in economic activities and a sharp decline in prospects economic. As a result, the spread of the virus had a significant impact on the global economy and put pressure on individuals, companies and governments.

The government of the Kingdom of Saudi Arabia has imposed health and economic measures to contain the consequences of the increasing spread of the virus, such as many countries of the world and the region, and health measures included imposing a complete and partial closure of economic and governmental activities, quarantine, and restricting or preventing travel. While the economic measures included financial support for citizens and those affected by the Corona pandemic, family and sick leaves paid by the state, the expansion of unemployment compensation, delaying tax payments, and other measures to support companies.

Like other companies, the Company's activities were affected during 2020G, as the Company's revenues decreased by 46.3%, compared to the Company's revenues in 2019G, as a result of the closure and the imposition of a complete and partial curfew during the period from March 23 to June 21, 2020G, and production operations were affected due to the reduction in working hours and the number of employees.

The Company has benefited from the initiatives of the Saudi government to support and protect the private sector from the risks of low liquidity and the inability to pay short-term obligations through the initiatives that were put forward by the state, which included the government bearing a percentage of the salaries of Saudi employees, the extension of work licenses for non-Saudi employees, and the postponement of payment VAT and Zakat dues.

Although the Company is in compliance with the instructions issued by the Ministry of Health and the Ministry of Human Resources and Social Development to implement preventive measures and precautions from applying social distancing, determining the number of employees present in the workplace, measuring the temperature of each employee when entering



the Company's headquarters and wearing a mask when entering and present at the Company's headquarters or one of its facilities. However, the Company does not guarantee that one of its employees will not be infected with the virus, which may lead to interruption from work during the 14-day quarantine period, which may negatively affect the Company's performance.

On 09/03/1441H (corresponding to 26/04/2020G), the royal decision was issued to return life to normal and partially lift the curfew in all regions of the Kingdom, with an emphasis on adhering to the precautionary measures of physical distancing and determining the number of people in the workplace and providing services, and the health status is subject to in the Kingdom, during the period of preparing this Prospectus, to the daily follow-up by the Ministry of Health by issuing the daily statistical report to follow up the numbers of injuries, recovery cases and deaths, and all regions and cities of the Kingdom of Saudi Arabia are subject to continuous evaluation by the Ministry of Health, which may require re-imposing a complete closure or Partial in some cities of the Kingdom.

On 16/04/2020G, the Company announced on the Tadawul website that there will be a material negative impact on its operations and business in the Kingdom of Saudi Arabia and its branches abroad as a result of the outbreak of the Corona pandemic; since nothing guarantees the extent of the pandemic's continuation and its impact, more precautionary measures may be required, and therefore if any matter arises that would affect the continuity of the Company's business and its subsidiary; this will negatively affect the Company's business, results of its operations, financial position and future prospects.

2.1.6 Risks related to the product defects and liability

Some malfunctions or accidents may occur during the production, packaging, transportation or storage of the products purchased by the Company for the purpose of reselling and marketing them in the market (local or international) and lead to defects in the quality of the products, which will lead to the recall of defective and damaged products and may expose the Company to potential liability claims, which it will have negative and material consequences for the Company's reputation, business, results of operations and financial position.

2.1.7 Risks related to the inability of maintaining quality certificates

The Company relies primarily on the quality of products for the success of its business and achieving its commercial and marketing objectives. The quality of the products depends on the effectiveness of the quality control system of manufacturers and suppliers, which in turn depends on a number of different factors such as the design of quality control and control systems, the quality control training program and ensuring that employees adhere to the adopted quality policies and standards. Considering that the quality certificates contribute to ensuring the quality of companies' work, reducing costs and wasting money and times and increasing productivity, which contributes to locally and internationally confirm the Company's reputation, any failure to maintain the effectiveness of the quality control and control systems of manufacturers and suppliers will lead to their inability to maintain on the quality certificates of their products, which may lead to a decline in the quality of the work of manufacturers and suppliers, thus undermining the confidence of the recipients of the product and dissatisfying customers.

Thus, it will affect the Company's ability to market and export these products to its customers, whether inside or outside the Kingdom, which will have a negative and fundamental impact on the Company's business, financial position, results of operations and future prospects.

2.1.8 Risks related to the unavailability of raw materials and their cost and price fluctuations

While carrying out its activities, the Company enters into supply contracts with new customers and cannot guarantee the availability of sufficient quantities of materials, nor does it guarantee that there will be no fluctuations in their prices, even if the Company determines the price in advance with both the customer and the supplier, and in the event of non-availability of materials, the Company may resort providing these materials from other suppliers, whether local or external, with is a possibility of the Company's inability to provide these materials on time or its inability to provide those materials at reasonable prices, which would affect the Company's operational ability and profitability.

2.1.9 Risks related to reliance on key employees and attraction of competencies

The Company depends on the experiences and capabilities of the leading employees, and therefore, the Company's success may depend on its ability to ensure the continuity of these competencies, and to find alternatives for them in the event they leave the Company. As the Company's success depends on the extent to which it maintains its relations with several parties, such as Saudi factories on the one hand, consumers or intermediaries inside or outside the Kingdom on the other hand, and other stakeholders, and this requires high skills and competencies among the Company's leading employees. In the event that employees do not stay and ensure their continuity, or the Company is unable to attract new qualified employees and ensure the continuity of their survival, this will affect the Company's ability to run its business effectively and efficiently.

In addition, there is no assurance that the Company will be able to guarantee the continuity of employee services or upgrade their skills. The Company may also need to increase salaries in order to ensure the continuity of its employees' survival and to attract new cadres with appropriate qualifications, which will have a negative impact on the Company's financial position. All of this may lead to difficulty in maintaining some employees, and the Company's loss of the services of one or more members of its senior management or departments and departments may impede the implementation of its work strategy, and this will have a negative impact on its business, financial position and results of operations.



2.1.10 Risks related to the employees' behavior and mistakes

The Company has adopted an internal working regulations (HR Manual) that includes work organization rules and related provisions (in particular provisions for violations and disciplinary penalties) in line with the amendments to the Labour Law, and it is announced to the Company's employees and employees through e-mail. The regulations was approved by the Ministry of Human Resources and Social Development (Labor Office) (825566) on 21/02/1441H (corresponding to 20/10/2019G). Although the internal working regulations has been put into effect and the Company's employees have been informed of its content, the Company cannot however guarantee the prevention of employees' misconduct or mistakes such as fraud, intentional errors, embezzlement, fraud, theft, forgery, misuse of its property and acting on its behalf without obtaining the required administrative authorizations. Consequently, these actions may result in consequences and responsibilities borne by the Company, or legal penalties, or financial liability, which will negatively affect the Company's reputation, operations and financial position. Therefore, the Company cannot guarantee that the misconduct of its employees will not materially harm its financial position or results of operations.

2.1.11 Risks related to insufficient capital and minimum required capital requirements

In light of the Company's realizing losses from its business during 2019G and 2020G, and the first nine months of the fiscal year 2021G, these losses contributed to the erosion of the Company's capital by increasing the balance of accumulated losses. The Company's recording of financial losses resulting from its business during this period is due to several reasons, including the Company's recording of losses from sales transactions in the sulfur activity and the recording of provisions for bad debts. In addition to the registration of losses resulting from investments in other companies, as these activities contributed to the accumulated losses by 27%, 4.1% and 5.7%, respectively, as on September 30, 2021G, whereas the sulfur activity made to the Company a profit of 755 thousand Saudi riyals at the end of December 31, 2018G, and the Company recorded a loss of 14.9 million riyals as on December 31, 2019G. The Company returned to achieve a profit from this activity, where it recorded profits of 359 thousand Saudi riyals and 1.87 million Saudi riyals as on December 31, 2020G and the nine-month period ending on September 31, 2021G, respectively (for more information see subparagraph (6.5.4) "**Analysis of Gross Profit According to Activity**" of Section (6) "Management's Discussion and Analysis of Company's Financial Position and Operation Results". The Company also recorded provisions against bad trade receivables, as the Company recorded a provision of 1.7 million Saudi riyals as on December 31, 2020G (for more information, see subparagraph (6.8.2.2) "**Trade Receivables**" of Section (6) "**Management Discussion and Analysis of the Company's Financial Position and Results of Operations**"). The value of investments in other companies decreased from 7.7 million Saudi riyals as on December 31, 2018G to 0.4 million Saudi riyals as on September 30, 2021G (for more information, see subparagraph (6.8.1.4) "**Investments at Fair Value Through Profit or Loss**" of Section (6) "**Management Discussion and Analysis of the Company's Financial Position and Results of Operations**"). Therefore, these factors contributed to the erosion of the Company's capital, and the Company may need in the future to increase the capital to expand its business and comply with capital adequacy requirements and solvency margins requirements to remain in a competitive position. The capital increase in the future is subject to the approvals of the regulators, and if the Company does not obtain those approvals, or if those approvals are conditional, it will not be able to increase the capital, which will hinder the Company from keeping pace with growth and complying with the above-mentioned regulatory requirements, thus affecting in a negative way and material effects on the Company's business and financial results.

2.1.12 Risks related to obtaining the appropriate financing

The Company's ability to obtain sources of financing for its business depends on several factors, including factors related to its ability to obtain regulatory approvals, in addition to the Company's financial position and creditworthiness. In the future, if the Company needs additional financing to expand its activities or products, or to improve its financial solvency, it may face difficulty in obtaining financing sources, and if it obtains it, it may be at an unsuitable cost and terms. The difficulty or lack of appropriate financing in the future will negatively affect the Company, its financial performance and its work plan.

2.1.13 Risks of the future acquisition transactions (i.e acquiring factories or industrial facilities)

In the context of any Company acquiring a local factory or Saudi industrial facility, the acquisition evaluation process should be subject to review by an independent committee appointed by the Board of Directors to ensure that the chartered accountant and consultants follow the professional standards and competency required with regard to evaluating the intended factory or facility, and authorizing them to complete the acquisition process in terms of reversing the transfer of ownership of certificates, licenses and approval to the buyer, and the approval of the Board of Directors must be issued on the terms and conditions of the agreement to sell and transfer ownership of the factory and the assets or shares of the industrial Company based on the reports of experts appointed for this purpose. As of the date of this Prospectus, the Company executed one acquisition transaction, which is the purchase of Sarah Medical Supplies Factory and all its assets and the licenses and certificates related to the factory. However, due to the mismanagement of the acquisition transaction by the former members of the board of directors, this acquisition led to the Company paying more than the book value of the acquired entity.

The Company's decision in relation to any potential acquisition of factories or industrial facilities in the future, without this process having benefits or profits in favor of the Company, will have a negative and fundamental impact on the Company's profitability, financial position and financial results.

On 11/11/2017G, the Company filed a lawsuit against the previous board members, due to mismanagement of the acquisition process and non-compliance with the terms of the agreement in terms of completing the transfer of ownership of the factory's



certificates and licenses, as it was found that the trademarks that are placed on the products of the Sarah factory (the mark, brand and logo of Baby Leaf, Baby Care and Sarah Med) are still in the name of the previous owner of the factory (Sara Factory for Medical Supplies to its owner, Dr. Hassan Mohammed Al-Suwaidan), which led to the Company paying more than the book value, and the failure to notice before the acquisition that there was a violation and the factory's non-compliance with the standards and conditions led to the Company's management suspending the factory's work because it did not obtain a final approval from the regulator (the Saudi Food and Drug Authority) which affected the Company's profitability and the Company's financial position negatively and fundamentally.

2.1.14 Risks related to the acquisition of Sarah Medical Supplies Factory

As of the date of this Prospectus, the Company executed one acquisition transaction which took place on 04/07/2016G, the purchase of Sara Factory for Medical Supplies. The acquisition included the transfer of the licenses and certifications related to the plant. The total assets of the factory amounted to 2,661,236 Saudi riyals, which constitutes (77.09%) of the total fixed assets of the group as on the date of this prospectus, noting that this factory contributed to the Company's revenues of (131,376) Saudi riyals by selling medical supplies of (16,114,468) Saudi Riyals as at September 30, 2021G.

Note that the Company has filed a lawsuit against the previous Board of Directors (the eighth period) due to mismanagement. Of the reasons for the lawsuit are the acquisition process and non-compliance with the terms of the agreement in terms of completing the transfer of ownership of factory certificates and licenses, as it was found that the trademarks that are placed on The products of Sarah Factory (the mark, brand and logo of Baby Leaf, Baby Care and Sarah Med) are still in the name of the owner of the factory (Sara Factory for Medical Supplies owned by Dr. Hassan Mohammed Al-Suwaidan), which led the Company to pay more than the book value, and the lack of awareness before the acquisition of the existence of a violation and the lack of The factory's commitment to the standards and conditions led to the Company's management suspending the factory's work for not obtaining final approval from the Saudi Food and Drug General Authority, which affected the Company's profitability and the Company's financial position in a negative and fundamental way. Note that the memorandums (claims, counterclaims) have been exchanged between both parties to the aforementioned lawsuit and a judgment was issued thereon under No. (1370) for 1439H that the commercial courts have no jurisdiction thereover. On 09/09/1440H (corresponding to 14/05/2019G), the Company applied for an appeal against the said judgment as well as against the ruling that the Commercial Court has no jurisdiction in such regard and the Company requested the reconsideration of the lawsuit and the lawsuit is registered under No. (2979) at the Court of Appeals. The Court of Appeals ruled that the decision issued by the Twenty-First Circuit of the Commercial Court in Riyadh shall be cancelled and the claim shall be referred to the circuit for consideration in substance. Note that on 03/04/1442H (corresponding to 18/11/2020G), and after referring the case to the Twenty-First Circuit of the Commercial Court, this Circuit decided to strike out the case. Then, on 24/04/1442H (corresponding to 09/12/2020G), the Company submitted a request to consider the case that was struck off. Accordingly, after examining the case, the Circuit decided to open the exchange of notes/memos between the claimant and defendant. On 15/06/1443H (corresponding to 18/01/2022G), the Commercial Court in Riyadh (the Twenty-first Commercial Circuit) issued its ruling in deed No. (437483530), ruling that the lawsuit is null and void. The Company states that it will file an objection to the judgment issued.

2.1.15 Risks of accumulated losses

The Company's retained profits of 2.0 million Saudi riyals as on December 31, 2018G are turned into accumulated losses of 24.7 million Saudi riyals and 37.9 million Saudi riyals as of December 31, 2019G and 2020G, respectively. The Company's accumulated losses continued to decline, as it announced on 05/04/1443H (corresponding to 10/11/2021G) that the accumulated losses had reached the amount of 44.7 million Saudi riyals, or (62.27%) of the capital as on 30/09/2021G (For more information, see subparagraph (6.6.5.3) "Accumulated Losses/Retained Profits" of Section (6) "Management Discussion and Analysis of the Company's Financial Position and Results of Operations"). It should be noted that on 23/01/1438H (corresponding to 24/10/2016G), the Authority's Board Resolution number (1-130-2016G) was issued to amend the procedures and instructions for listed companies whose accumulated losses amounted to 50% or more of their capital in line with the new Companies Law. The rules currently known as "Procedures and Instructions Related to Listed Companies with Accumulated Losses Reaching 20% or More of Their Share Capital" were implemented starting from the date of 25/07/1438H (corresponding to 22/04/2017G). Accordingly, the Company is subject to these procedures and instructions, especially Articles 5 and 6 thereof. Article 5 of these procedures and instructions states that in the event that the Company's accumulated losses reach 50% or more of its share capital, the Company must immediately and without delay disclose to the public a separate announcement when its accumulated losses reach 50% or more of its share capital. The Exchange (Tadawul) adds a flag next to the Company's name on the Exchange's website indicating that the Company's accumulated losses reached 50% or more of its share capital as soon as the Company's announcement is issued.

After this announcement, the Company shall announce (i) the date of the last day on which the Board of Directors can invite the Extraordinary General Assembly to convene, and the date of the last day for convening the Extraordinary General Assembly to address the accumulated losses, (ii) The Board's recommendation to the Extraordinary General Assembly regarding its accumulated losses immediately following its issuance - in accordance with the requirements of Article 150 of the Companies Law - either by increasing or decreasing the Company's share capital, or dissolving the Company before the prescribed date in its by-laws and (iii) the last day of the subscription process for the capital increase to address the accumulated losses (where applicable). On the other hand, in the event of reducing the accumulated losses to 50% of the capital, the Company must disclose this to the public immediately and without delay in a separate announcement, provided that the announcement includes there medial steps taken by the Company to restore its positions. After that, the Exchange will delete the aforementioned flag following the Company announcement of the modification of its financial positions.



Since the Company's accumulated losses reached (50%) or more of its capital, the Company is subject to the requirements of Article 150 of the Companies Law, which obliges any Company official or auditor upon becoming aware thereof, must inform the Chairman of the Board of Directors who shall immediately inform the members of the Board, which, within (15) days of becoming aware of this, shall call for an Extraordinary General Assembly meeting to be convened within (45) days of being informed of the losses, to consider whether to increase the Company's capital or reduce it to in order to render the losses equal to less than half of the paid-up capital, or to dissolve the Company prior to the end of its term, as specified in the Company's by-laws,

The Company shall be deemed dissolved by the force of the law if the Extraordinary General Assembly does not convene within the period specified above, or if it does convene, but fails to reach a decision in that regard, or when it resolves to increase the capital as per the conditions set forth in Article 150 of the Companies Law, but the capital increase is not subscribed to in full within (90) days of the Assembly's resolution to increase the capital. In the event of the dissolution of the Company by force of law under Article (150) of the Companies Law or by a decision of the Extraordinary General Assembly, will have a negative and material impact on the Company, its financial results and future prospects. Noting that in accordance with Article 6 of "Procedures and Instructions Related to Listed Companies with Accumulated Losses Reaching 20% or More of Their Share Capital", the Company's shares will be delisted where the Company is dissolved by force of law or if the Extraordinary General Assembly decides to dissolve the Company before the prescribed date in its by-laws.

It should be noted that on 16/03/1442H (corresponding to 02/11/2020G), the Royal Decree number (15016) was issued regarding the suspension of some provisions of the articles of the Companies Law, and the decision of His Excellency the Minister of Commerce (348) dated 10/04/1442H (corresponding to 25/11/2020G) based on the honorable royal order to suspend the Article 150 of the Companies Law for a period of two years from 01/08/1441H (corresponding to 25/03/2020G). The Company's incurring additional losses in the future will affect the availability of the necessary liquidity for the Company's business and its expansion plans and will negatively affect the results of its operations and financial position.

2.1.16 Risks related to the operating systems and information technology

The Company relies on information technology systems to manage its business and facilities, where the Company uses the automated accounting system to extract the necessary reports to record the Company's operations, such as debt aging reports, sub-balance reports for the total accounts of customers, suppliers and receivables, which exposes the Company to the risks of failure of these systems, such as system collapse or failure of protection systems or hacking the Company's systems, electronic viruses, human errors, fires, communication errors, or the lack of skilled labor necessary to operate and manage these systems. If the Company fails to maintain and develop information technology systems, or in the event of any malfunctions in its functions, major failure or repeated failure, this will adversely affect its business, and its financial and operational results.

2.1.17 Risks related to litigation

The Company is a party to lawsuits (as a plaintiff) estimated at (30.34) million Saudi riyals, and a party to lawsuits (as a defendant) estimated at (10.1) million Saudi riyals (for more details, please see sub-paragraph (10.6) "Litigation" of Section (10) "Legal Information" of this Prospectus). The Company may find itself a party to other lawsuits, claim or arbitration; any negative outcome with regard to litigation and regulatory procedures would adversely affect the Company's business, financial condition, results of operations and future prospects. The Company cannot accurately anticipate the size of the cost of the lawsuits or judicial procedures that may be instituted or instituted against it in the future, or the final results of those lawsuits or judgments issued in them and the compensation and penalties they include. These claims may include, but are not limited to, zakat and tax issues, the work law, errors, complaints and other damages resulting from negligence or fraud by persons or organizations beyond the control of the Company or its subsidiary. Therefore, any negative consequences of such cases (as a plaintiff or defendant) will negatively affect the Company's business, its subsidiary, the results of its operations, its financial position and its future prospects.

2.1.18 Risks related to the adequacy of insurance coverage

The inability of the Company to obtain adequate insurance coverage may limit its ability to carry out its work as required, The inability of the Company to obtain adequate insurance coverage may limit its ability to carry out its work as required, which will affect the Company's business. It is also possible for the Company, its business, its branches, or its industrial facilities to be exposed to many accidents that are out of its control and that could affect the functioning of its business, including natural disasters, accidents, terrorist acts and war-related events for which there is insufficient insurance coverage or not. It is available on commercially reasonable terms. In addition, the recurrence of various other events such as sudden accidents, work interruptions or possible damage to the Company's facilities, property and equipment caused by bad conditions, human error, pollution, labor disputes or natural disasters, all of which will lead to the Company incurring significant losses. As on the date of publishing this Prospectus, the Company, its branches and industrial facilities do not have a property insurance policy against all risks, especially for buildings, industrial facilities and equipment for the Company against fire, accidents and dangers. The inability of the Company to conclude an insurance policy against all risks may lead to the lack of adequate insurance coverage for an accident, and therefore the Company and/or its subsidiary may lose the capital invested in any property that has been damaged or destroyed and may also lose the expected future revenues from those properties, In some cases, it may be exposed to financial obligations related to the affected property, and similarly if any assessment is made against the Company beyond any insurance coverage it maintains, its assets may be subject to seizure or confiscation under various judicial procedures. Any of these accidents will have a negative impact on the future business of the Company, its affiliated industrial facilities and its



production capacity, and therefore the Company does not provide guarantees to investors that none of these events will occur that could result in damages that lead to material losses that the Company will not be able to compensate in part or in full due to the absence of any appropriate insurance coverage, which will negatively affect the Company's operations and its ability to bear the amounts resulting from losses, in addition to stopping its operations temporarily. This will have an impact on its financial results and profits.

The Company insured its employees and their families through a health insurance policy issued by Bupa Arabia for Cooperative Insurance Company, which is a Company licensed to work in the Kingdom. The insurance policy is for a period of one year, starting from 18/10/2021G until 17/10/2022G. The Company's insurance policy includes deductible amounts and factors excluded from the insurance coverage, in addition to other restrictions related to the insurance cover that are subject to negotiation with the insurance company; further the compensation is not guaranteed and subject to the insolvency of the insurance company. Per consequent, the insurance policy may not cover all the losses incurred by the Company and no guarantee is given that the Company will not incur losses that exceed the limits of the insurance policy or outside the scope of coverage contained in the policy. It is possible that cases may arise in which the value of the claim exceeds the value of the insurance held by the Company, or that the compensation claim submitted by the Company to the relevant insurance Company will be rejected, or the claim and compensation period may be prolonged, which will negatively affect the Company's business, future prospects, results of its operations and financial position (for more information about insurance policies and insurance coverage, please refer to sub-paragraph (10-8) "Insurance" of Section (10) "Legal Information" of this Prospectus).

The Company's Comprehensive motor insurance policy issued by Al-Rajhi Takaful Company, a company licensed to provide insurance services in the Kingdom, which was (from 23/06/2020G until 23/06/2021G, and covers (1) vehicle is currently expired. As of the date of this Prospectus, the vehicle insurance policy has not been renewed. The inability of the Company to conclude insurance policies against all accidents that the Company's vehicles may be exposed to, may lead to the lack of adequate insurance coverage for an accident, and therefore may lose. The Company has the capital invested in vehicles that have been damaged or destroyed and may also lose expected future revenues from them, which may negatively affect its financial results and profits.

2.1.19 Risks related to the increase in the value of the doubtful debts

The Company has written off an amount of 62.8 million Saudi riyals representing old receivables resulting from sales in 2015G and earlier. The Company decided to write off these old receivables in line with the reduction of its capital during December 2017G. The balance of trade and other receivables is 22.3 million Saudi riyals, 17.5 million Saudi riyals, 23.3 million Saudi riyals and 18.2 million Saudi riyals as on December 31, 2018G, 2019G, 2020G and the nine-month period ended on September 30, 2021G, representing 32.9%, 42.9%, 84% and 86% of the total Shareholders' Equity as on December 31, 2018G, 2019G, 2020G and the nine-month period ending on September 30, 2021G (for more information, see subparagraphs (6.8.2.2) "Trade Receivables" and (6.8.2.3) "Other Debit Balances" of Section (6) "Management Discussion and Analysis of the Company's Financial Position and Results of Operations"). The Company has filed lawsuits against some parties to demand them to pay their debit balances to the Company; the total of these claims amounted to (8.3) million Saudi riyals, which constitutes 45.6% of the total balance of trade and other receivables as at September 30, 2021G. The inability of the Company to collect its debts (due to the bankruptcy of some of the defendants and the difficulty of enforcement on others) will force it to execute these claims, which will negatively affect the Company's financial results and profitability (for more details about the cases that the Company is a party to, whether as a plaintiff or defendant, please refer to subparagraph (10.6) "Litigation" of Section (10) "Legal Information").

2.1.20 Risks related to Liquidity

Liquidity risk is represented by the Company's inability to provide the necessary funds to meet its financial obligations and liabilities on time, and the Company does not guarantee that any emergency or sudden events that may require immediate liquidity will not occur, which will fundamentally and negatively affect the Company's business, financial position, results of operations, financial flows and profit percentage. As the Company's quick liquidity ratio is 7.5 times, 4.8 times, 2.9 times and 2.8 times as on December 31, 2018G, 2019G, 2020G and the nine-month period ended on September 30, 2021G (for more information see subparagraphs (6.6.2) "Current Assets" and (6.6.4) "Non-current Liabilities" of Section (6) "Management Discussion and Analysis of the Company's Financial Position and Results of Operations").

2.1.21 Risks of the agreements that are governed by foreign laws and are subject to the jurisdiction of foreign courts or international arbitration

The Company and its subsidiary have entered into a number of contracts and agreements that are governed by foreign laws, including supply contracts, marketing and distribution contracts that provides for foreign courts or foreign arbitration as competent jurisdiction in the event of a dispute with one of the parties. The contractor and the issuance of a foreign court judgment against the Company based on the applicable foreign law, it is possible that the legal and financial consequences that the Company or its subsidiary will be exposed to, arising from such judgment, are greater than if the judgment was issued by the Saudi courts in accordance with the applicable Saudi laws, which will affect negatively on the Company's operations and financial condition.

It is worth noting that the Company is currently a party to a lawsuit as a plaintiff against a French Company Heliopotasse which is subject to the arbitration laws of the United Kingdom (Britain) (for more details, please see subparagraph (10-6) "Litigation" of Section (10) "Legal Information" of this Prospectus).



2.1.22 Risks related to the not registering the Company's name and logo as a trademark

The Company has its own logo and trademark, but it is not registered with the Saudi Authority for Intellectual Property. Further, the trademarks of the Company's branch (Sara Factory for Medical Supplies) are expired and have not been renewed, and therefore the Company will not be able to prevent others from using a identical trademark or similar to the trademark used by it, which will affect its reputation and will negatively affect its ability to market its products and as such will have a negative impact on the Company's profits and future business results. (For more details on the subject of trademarks and trademarks used by the Company, please see sub-paragraph (10-7) "Trademarks" of Section (10) "Legal Information").

2.1.23 Risks related to the obstruction or disruption of workflow

The Company relies on a number of services it provides to national industrial companies, whether giant companies or small and medium-sized enterprises (SMEs), including marketing and export services, bearing commercial risks on behalf of factories, representing them in international exhibitions, providing shipping services (sea and land), bearing the risks of price volatility, insurance and inspection, clearance and so on; sometimes it may extend the chain of services to include financing deals related to the export and marketing of raw materials, conducting market studies and providing technical and marketing consultations that enable these factories to calculate the actual cost of their products and thus provide competitive prices. The products that will be exported abroad or the production lines of the local factories that the Company deals with will have an impact on the continuity of the Company's work and will lead to delays in the delivery of customers' orders, and therefore Negative and material impact on the Company's activity, its future business and its financial position negatively. The Company also depends in its business on a number of carriers, as it does not have trucks to transport the products and deliver them to its customers. It also depends on an unspecified number of customs brokers based on the port from which the exports come out. The delivery cost is paid by the Company's customers, and the Company may not be able to Control the services that it entrusts to external parties (such as shipping companies and customs clearance offices) in a timely manner, in the event that their customers cannot receive the products from the Company's site, or the carrier is not provided, or the carriers are disrupted for unexpected reasons and beyond their control, and any of these Factors affecting negatively and materially on the results of the Company's operations and profits.

2.1.24 Risks related to contracts with third parties

The Company has entered into contracts and agreements with other parties working in the field of manufacturing (such as sales and purchase contracts) in addition to resale, supply, marketing and other services contracts as consulting contracts, and the Company relies on the ability of those counterparties to fulfill their obligations under the terms and conditions of those contracts and agreements. In the event that the Company or its counterparties are unable to abide by the terms of those contracts or in the event of any future disputes or litigation which the Company's fail to win, this will negatively affect its financial position, cash flows, operational results and future aspirations of the Company (for more details, please see subparagraph (10-5) "Summary of Material Contracts" of Section (10) "Legal Information").

2.1.25 Risks of Zakat's Additional Liability

The Company submitted its Zakat returns to the Zakat, Tax and Customs Authority for the fiscal year ending on 31/12/2020G and obtained Zakat certificate number (1111035287) dated 05/03/1443H (corresponding to 11/10/2021G) which is valid until 29/09/1443H (corresponding to 30/04/2022G). The Company received letters of adjustment for Zakat assessments from the Zakat, Tax and Customs Authority for 2014G - 2018G.

The value of the Zakat revised payments amounted to approximately 2.5 million Saudi riyals. The Company paid an amount of 1 million Saudi riyals. The Company filed, however, a grievance through the General Secretariat of the Tax Committees against the rest of the amount of The differences for the. The balance of the zakat provision is 1.5 million Saudi riyals at the end of a nine-month period on September 30, 2021G, constituting 4.8% of the Company's total assets (for more details, please see subparagraph (6.6.4.3.3) "Zakat Provision" of Section (6) "Management Discussion and Analysis of the Company's Financial Position and Results of Operations").

The Company also received letters of adjustment for value-added tax assessments (VAT) from the Zakat, Tax and Customs Authority for periods during 2018G and 2019G, showing an additional VAT liability of 7.5 million riyals and the penalty thereof is 15.3 million Saudi riyals. The Company paid 162 thousand Saudi riyals on 06/10/2021G, and submitted filed, however, a grievance through the General Secretariat of the Tax Committees against the additional VAT assessment; and until the date of this prospectus the grievance in question is still under review. . Because the total amount of these additional payments and their penalties are 22.7 million Saudi riyals which represents 63% of the total assets of the Company as on September 30, 2021G, and if the Company is required to pay the full amount, this will have a material adverse impact on the Company's position and financial position.

As on the date of publishing this Prospectus, the grievance in question is still under review and no final decision was issued; and the zakat assessments for these years is not finalized yet; there is a risk that the Company will be obligated to pay amounts to the Authority in excess of what has been allocated for those years which will negatively affect the Company's profitability and performance.

Based on the above, the Company cannot predict whether the Zakat, Tax and Customs Authority will accept its zakat estimates for the above-mentioned financial years, for which the Zakat, Tax and Customs Authority has not yet issued zakat assessments



for them, or will require payment of additional zakat liabilities in the future, If the Zakat, Tax and Customs Authority actually requires the Company to pay such differences, this will have a material impact on the Company's profits, results of its operations, financial position and future prospects.

2.1.26 Risks related to Zakat's payment and the Company's receivables' write-off

The Company has allocated amounts against balances of bad trade receivables, where the balance of provision for bad debts is 1.8 million Saudi riyals at the nine-month period as ended on September 30, 2021G. The balance of trade receivables, with a life exceeding 360 days, is 10.2 million Saudi riyals at the nine-month period as ended on September 30, 2021G, constituting 39% of the total assets of the Company, 74% of the total balance of trade receivables of the Company, and 48.6% of total Shareholders' Equity (for more information, see subparagraph (6.8.2.2) "Trade Receivables" of Section (6) "Management Discussion and Analysis of the Company's Financial Position and Results of Operations"). In the event that the debtors fail to pay the Company's dues, this will have a material adverse impact on the Company, its financial position and operation results.

In addition, the Company received letters of amendment to Zakat assessments for the years from 2014 to 2018 and letters of amendment to tax assessments from the Zakat, Tax and Customs Authority for 2018 and 2019. The value of the zakat differences is about 2.5 million Saudi riyals, and the value of tax differences and penalties is approximately 22.8 million Saudi riyals. The Company paid one million Saudi riyals. The Company submitted an objection request to the Secretariat against the value of the zakat differences and 162 thousand Saudi riyals of the value of the tax differences, and the Company also objected to the remaining amounts of the zakat and tax differences to the General Secretariat of the Tax Committees.

It has not been decided upon as of the date of this prospectus. Whereas the net value of the zakat and tax differences is 24.2 million Saudi riyals as on September 30, 2021G, constituting 93% of the Company's total assets. Although the Company submitted an objection to the remaining amounts of these zakat and tax differences, there is a risk that these objections will be rejected and the Company will become obligated to pay the Zakat, Tax and Customs Authority amounts exceeding those allocated for those years, this will negatively and materially affect the Company's position, results of its operations, financial position.

2.1.27 Risks related to transition to the international accounting standards (IFRS)

The Board of Directors of the Saudi Organization for Auditors and Accountants announced the plan to adopt the approved international accounting standards by all the companies listed on Tadawul starting from 01/01/2017G. Accordingly, the Capital Market Authority requested listed companies to disclose the stages of their progress with the transformation. This will require the Company to take the necessary measures that could affect its business plan or take a long time. In the event that the Company fails to implement the transformation plan and its requirements, it will expose it to costs, fines and penalties that negatively and materially affect the Company's business, financial position and results of operations.

The Company's financial statements for the financial years ended on December 31, 2018G, 2019G and 2020G and the preliminary financial statements for the period ending on 30/09/2021G (nine months) and the notes attached thereto has been prepared in accordance with International Financial Reporting Standards (IFRS) approved in the Kingdom of Saudi Arabia and other standards and issuances approved by the Saudi Organization for Auditors and Accountants (SOCPA), and the Company is obligated as such to apply the amendments Or the changes that occur to these standards from time to time, and therefore any changes in these standards or the mandatory application of some new standards will negatively affect the financial statements and thus the Company's financial results and position.

2.1.28 Risks related to currency exchange

Currently, the Company conducts its transactions mainly in US dollars and Saudi riyals, where the Company purchases national goods and products in Saudi riyals and sells to its customers or non-local consumers in US dollars; foreign exchange rates may change according to regional or global developments, which may result in increasing the cost of trading in goods and products by the Company in terms of reflecting the increase in purchase prices from local factories and Saudi producers on the selling price of products and exported goods and exposing the Company to exchange rate risks and in the event of any fluctuations in exchange rates; accordingly, this will negatively affect the Company's sales, future aspirations, operations results and financial status.

2.1.29 Risks related to the concentration of the Company's revenue

The Company's revenues during the 2018G and 2020G were concentrated in the activity of selling raw materials (sulfur) and sales of plastic products; they accounted for 94.0%, 72.0% and 58.8% of the total revenues in 2018G, 2019G and 2020G, respectively. As between the nine-month period ending on September 30, 2020G and the nine-month period ending on September 30, 2021G, the revenues were concentrated in the revenues from raw materials (sulfur) sales of plastic products, which constituted 60.5% and 47.8% of the total revenues during the two periods. In the event that the Company loses any of these customers related to these revenues, this will have a negative impact on the Company's financial position and the results of its operations.



2.1.30 Risks related to the Company's business operations

Business is exposed to some risks related to payment and shipping dates. The nature of the Company's work cannot be measured by its activity (quarterly), as sometimes the deals of the first quarter are closed during the second or third quarter, which will negatively affect the Company's future expectations and its financial position in general.

2.1.31 Risks related to the terms of supply contracts

The Company from time-to-time signs supply contracts with different terms and periods starting from three months up to a year. (For more information on concluded supply agreements and contracts, please see subparagraph 10.5.6 "Supply Agreements and Contracts" of paragraph 10.5 "Summary of Material Contracts" of Section 10 "Legal Information" of this Prospectus). The risks related to short-term supply contracts are due to the Company having to seek for other suppliers every short period of time and the instability of transactions for a long period of time, so Companies seek to obtain the longest possible periods in the signed supply contracts. Increasing the proportion of short-term contracts to the total signed contracts is a risk to the Company's business and its liquidity. Whereas, if the Company is unable to obtain long-term supply contracts (one year or more), this will have a material negative impact on the Company's results and operations, its future prospects and its financial position.

2.1.32 Risks related to import and export

The imposition of new legal or regulatory requirements, such as anti-dumping duties or countervailing measures, import quotas, tariffs, sanctions, boycotts and other measures, whether adopted by governments (such as the Kingdom of Saudi Arabia and the Jordan where the Company has a branch to carry out its business) or directed by Regional trade blocs, may affect the competitive position of the products manufactured by the companies that the Company deals with or that will market and supply its products to others on behalf of Saudi factories, or prevent the sale of these products in some countries, which will have a material negative impact on the Company's results, operations, and expectations. Future financial position.

2.1.33 Risks of the non-compliance with the Companies Regulations

The Company complied with the new Companies Regulations issued by the Royal Decree (M/3) dated 28/01/1437H (corresponding to 10/11/2015G) and published in the Official Gazette (Umm Al-Qura) on 22/01/1437H (corresponding to 04/12/2015G) which entered into force on 27/07/1437H (corresponding to 05/04/2016G) and as amended by the Royal Decree (M/79) dated 25/07/1439H (corresponding to 11/04/2018G). It also complied with Article (224) of the Companies Law in terms of amending its By-laws in accordance with the provisions of the Companies Law, where the Extraordinary General Assembly approved the updated By-laws of the Company in accordance with the new Companies Law at its meeting held on 29/01/1440H (corresponding to 09/10/2018G).

On 25/07/1439 H (corresponding to 11/04/2018G), the Royal Decree (M/79) was issued to amend some articles of the new Companies Regulations law, especially Article (80) related to the liability claim, where the regulations allowed the Company to charge the Company expenses incurred by the shareholder to file a lawsuit against the Company, whatever the outcome is. As of the date of this Prospectus, Article fifty-three (53) of the Company's By-laws has not been amended, which may constitute a violation of the Companies Law. Companies impose a fine not exceeding SAR (500,000).

The Company is also not in compliance with the provisions of Article (104) of the Companies Regulations in terms of the Audit Committee preparing a report on its opinion regarding the adequacy of the Company's internal control system and the other work it has carried out within its jurisdiction. The board of directors shall deposit sufficient copies of this report at the Company's head office at least (21) days before the general Assembly meeting, to provide each shareholder who wishes with a copy of it. The report is read out during the Assembly. The Company is not in compliance with the disclosure requirement report of the Audit Committee to the Assembly to the General Assembly, which will constitutes a violation of the Companies Law and the By-laws and exposes them to penalties stipulated in the Companies Regulations, which may amount to a fine not exceeding 500 thousand Saudi Riyals.

The Company has three branches established during 2019G and 2020G to carry out specific activities: (i) wholesale of food and beverages, storage in warehouses of grain and flour silos, food and agricultural products stores, dry food stores and (ii) loading and unloading of air cargo planes, transport operators Goods by sea (sea freight brokers) directing freight vehicles, freight brokers and (iii) wholesale of chemicals. Thus, the Commercial Registry Office will require the Company to issue the necessary licenses from the competent authority (the Saudi Food and Drug General Authority, the Ministry of Transport and the Ministry of Interior) if it wants to practice these activities.

As of the date of this Prospectus, the Company did not obtain from the competent authorities the required licenses; if it does not comply with the instructions, circulars or controls issued by the competent authority, without giving a reasonable reason for that, it will be subject to the penalty (a fine not exceeding 500 thousand riyals) stipulated in Article (213) of the Companies Regulations, which will negatively affect the Company's operations and financial position.



2.1.34 Risks related to the not obtaining or not renewing licenses, permits and certificates

The Company and its subsidiaries are required to obtain and maintain various permits, licenses and regulatory approvals in relation to their activities. These licenses include, but are not limited to: industrial license, environmental permit, SFDA license, transportation license, municipality certificate, commercial registration certificates for the head office and its branches to be issued by the Ministry of Commerce, the Chamber of Commerce membership certificates, trademark registration certificate, Saudization certificates, zakat certificates, value-added tax registration certificate (and more). For details about the licenses and certificates obtained by the Company and its subsidiary, please refer to sub-paragraph (10.2) “**Licenses and certificates obtained by the Company**” and sub-paragraph (10.4) “**Continuous Obligations Imposed by the Saudi Authorities on the Company as the “Licensee”**” of Section (10) “**Legal Information**” of this Prospectus).

As of the date of publication of this Prospectus, the Company did not obtain a safety certificate issued from the civil defense for the head office, and any violation in this regard will expose the Company to penalties and fines stipulated in Article (30) of the Civil Defense Law issued by the Royal Decree (M/10) dated 05/10/1406H (corresponding to 21/06/1986G) as amended by the Royal Decree (M/66) dated 02/10/1424H (corresponding to 26/11/2003G), which provides for imposing a penalty on the violator of any of the provisions of this law, its regulations, or ministerial resolutions ranging from imprisonment for a period not exceeding six months, or a fine of not more than 30,000 Saudi Riyals, or both for each violation. The failure by the Company to issue a valid civil defense license will also lead to the Company not being able to obtain new municipal licenses or renew the existing licenses. In the event of its inability to obtain security and safety licenses from the Civil Defense, this may lead to the closure of the main headquarters or branches until the completion of the required procedures by the ministry of interior to issue a civil defense license, which will have a material impact on the Company's business, financial position, results of operations and future prospects.

Further, the Company did not complete the procedures for establishing its branches and issuing the basic necessary licenses for the operation of these branches according to the following:

- Failure to issue a municipality license to one branch office, , as per the requirements of the Ministry of Municipal and Rural Affairs in terms of renewing/issuing municipal licenses for offices/branches through which it conducts its commercial activity, is considered a violation by the Company which may be subject to the penalties stipulated in the list of penalties for municipality violations (issued on 02/05/1442H corresponding to 22/09/2020G), which may reach (500) thousand riyals, and may reach the point of closing the Company's offices, which may negatively affect the Company's operations, results of its operations and financial position.
- Non-renewal of the industrial license of Sara Factory for Medical Supplies, which constitutes a violation of the continuing obligations that the licensee must abide by, which may expose the branch to withdrawing the license and preventing it from producing, which affects the Company's revenues, profits and financial position.

The inability of the Company to renew its current licenses, permits and certificates; to obtain any of the necessary licenses for its business; if any of its licenses are suspended or expired; if any of those licenses are renewed on unsuitable terms for the Company and its subsidiary; if the Company and its subsidiary are unable to obtain additional licenses, permits and certificates that may be required in the future, will expose the Company and its subsidiary to suspension and inability to carry out their business, such as closing the Company or any of its subsidiary or freezing all services provided by the regulatory authorities to them, such as renewing licenses and certificates, issuing visas and residence permits, the transfer of guarantees, which will result in disruption of the Company's operations and incurring additional costs; thus, will negatively affect the Company's business, results of its operations, financial position and future prospects.

2.1.35 Risks related to contracting a project to represent Saudi companies in Iraq with the Saudi Export Development Authority

On 01/03/1442H (corresponding to 18/10/2020G), the Company entered into an agreement with the Saudi Export Development Authority for a project to represent Saudi companies in Iraq (for more details, kindly refer to sub-paragraph (10.5.8) “**Contract for the Representation of Saudi Companies in Iraq**”, Paragraph (10.5) “**Summary of Material Contracts**” from Section (10) “**Legal Information**”). The term of this contract is 24 Gregorian months from the signing date; it included the Company's obligations and the limits of its validity. The Saudi Export Development Authority reserves the authority to end the contract in specific cases; the authority has the right to impose fines on the Company in the event of its failure to implement its obligations, and if the Company does not comply with the obligations imposed on it under this contract; therefore, the Saudi Export Development Authority has the power to end it or impose a fine against the Company, that would adversely affect the Company's business, results of operations and financial position.

2.1.36 Risks related to future financing

The Company may need to obtain 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, its cash flow and its financial position. The Company does not give any assurance or guarantee on access to appropriate funding if needed; so, the Company is not able to obtain needed funding from the funded entities, or finance acceptable preferential terms commensurate, that will affect negatively the Company's performance, its operational operations and its future plans.



2.1.37 Legal risks incurred for not obtaining the General Assembly's approval to change the use of the rights issue proceeds in 2018G

Due to the circumstances beyond the Company administration, the Company has changed its plan which it announced regarding the use of the proceeds from the previous rights issues concluded in 2018G, as further delineated in the Offering Summary section, pages (vi) and (ix) "**Total proceeds that were previously obtained in the latest rights issue, analysis and description**". The Company has changed its plan according to what its management deems appropriate for the conduct of its operations, but it has not obtained the approval of the General Assembly to change the use of the proceeds.

The order to change the use of the proceeds of the offering without obtaining the approval of the General Assembly entails legal risks (such as claiming members of the Board of Directors due to abuse of power or exceeding its powers) on the Company in the event that a shareholder protested against obtaining the approval of the General Assembly. If this happens, it will negatively affect the Company's operations and financial position.

2.1.38 Legal risks arising from the repeated failure to obtain the General Assembly's approval to change the use of the rights issue proceeds

The Company shall, in accordance with Article (54) of the Rules on the Offer of Securities and Continuing Obligations, provide data and details about the proceeds of any prior rights issue and the use of such proceeds compared to what was disclosed in the previous Prospectus. The Company shall disclose to the public when there is a difference of (5%) or more between the actual use of the proceeds of the rights issue shares against what was disclosed in the relevant Prospectus as soon as it becomes aware of this. In return for the Company's commitment to disclose changes to the use of the offering proceeds to the public on the Tadawul website, it must obtain the approval of the General Assembly on these changes. The Company's repeated failure to obtain the approval of the General Assembly to change the use of the proceeds of the subscription rights will put it in front of legal risks represented by the possibility of a shareholder may protest, which will adversely affect the Company's operations and financial position. The Company has submitted a written undertaking to abide by the Capital Market Law, Companies Law, Listing Rules, Securities Offering Rules, Continuing Obligations and other rules issued by the Authority from time-to-time.

2.1.39 Risks of the liquidation of subsidiaries or other companies

The Company owns shares in the "United Company for National Exports Limited", which is a Saudi limited liability Company established under Commercial Registration Certificate (4030121001) dated 25/10/1417H (corresponding to 03/05/1997G), at a rate of (20%) of the capital. The partners have initiated the voluntary liquidation procedures for the United National Exports Company; despite this liquidation is optional and not judicial and with the approval of the Company's partners (under liquidation), there is no guarantee that the Company manager will be able to submit to the liquidator the Company's books (under liquidation), records, documents and clarifications, the data required by the auditor to extract the final account certificate to show what it has and what it owes, as a prerequisite for canceling the Company's certificates and licenses (under liquidation), especially with the Zakat, Tax and Customs Authority, which must verify that there are no amounts due before writing off the commercial registration certificate. The Ministry of Commerce is the competent authority to submit an application for voluntary liquidation, which requires attaching all supporting documents to complete the liquidation process. The failure to provide the competent government authorities with the documents referred to above, or the delay in that, or the presence of any pending issue that hinders the liquidator's work in terms of completing the voluntary liquidation procedures within (5) years, which may not be extended except by a judicial order, and in the event of delay in the procedures or in the event of a violation The liquidator of continuing obligations in accordance with the provisions of the Companies Law will be considered a violation of the Companies Law, which may lead to the imposition of a fine not exceeding (500,000) riyals, which will negatively affect the Company, even partially to the extent of the Company's participation in the Company, its future expectations, its revenues and its financial results.

2.1.40 Risks related to the weakness of internal control system

The Company's external auditor refrained from expressing his opinion on the annual financial results ending on 31/12/2021G, as the Audit Committee faced difficulty in finalizing the Company's external auditor's observations, as well as monitoring administrative and financial abuses of the former executive management and one of the (former) external audit offices, which led to the suspension of trading in shares. The reason for this is due to reservations that were due to the presence of some wrong data or the unavailability of some data for the Company's branches outside the Kingdom of Saudi Arabia. On 06/09/2021G, the Company announced the completion of the essential requirements for the reservations of the external auditor (Baker Tilly) office in its annual report on the annual financial results ended on December 31, 2020G, and the nature of his opinion was (conservative). Accordingly, the Company has appointed one of the certified legal accounting firms specialized in forensic auditing - Al-Junadel and Al-Qoussy Chartered Accountants and Auditors - in order to account for all violations and take legal action in this regard. On 10/06/2021G, the report (a report on the discovered facts) was completed and submitted to the Company's management. The report included the results that had been reached regarding the administrative and financial abuses committed by the previous executive management and one of the (former) external audit offices. On 06/07/2021G, the Company announced the completion of the work of the forensic auditor and the monitoring and inventory of the administrative and financial abuses of the previous executive management. In the event that the Company does not take sufficient measures for internal control and to ward off any violations in the future, it may place the Company in front of unexpected financial obligations and it may be unable to pay them and meet its obligations, which will negatively affect the Company's business, future expectations, results of its operations and financial position.



2.1.41 Risks related to the external auditor's qualified opinion

The financial statements for the financial year ending on December 31, 2020G, in addition to the interim condensed financial statements for the three-month and nine-month periods ending on September 30, 2021G, included a qualified opinion of the external auditor. The basis of this qualified opinion is based on three basic items:

- The group did not calculate expected credit losses in accordance with the IFRS 9, and accordingly, the auditor was unable to determine whether there were any necessary adjustments to the value of trade receivables as on September 30, 2021G and December 31, 2020G.
- The external auditor's review of the cost of revenue amounting to 35 million Saudi riyals for the fiscal year ending on December 31, 2020G showed that some documents supporting the purchase amounts were incomplete and the external auditor was unable to obtain sufficient assurances from other audit procedures. Consequently, the external auditor was unable to determine whether there were any necessary adjustments to the cost of revenue for the fiscal year ending on September 30, 2021G and December 31, 2020G.
- The management did not evaluate the group's relationship with its contracts with customers as principal or agent in accordance with the IFRS 15, and accordingly, the external auditor was unable to verify the appropriateness of the presentation of revenue items and cost of revenue for the group for the fiscal year ending on September 30, 2021G and December 31, 2020G.

If the company is not able to continue addressing these reservations and continue to include the company's financial statements on a conservative opinion of the external auditor, this in turn will have a negative impact on the company's operations and financial position.

2.1.42 Risks related to imposing a fine for violating labor laws

The Labor Law and its Executive Regulations obligate all employers that the work contract with any worker be in writing and in at least two copies. The Ministry of Human Resources and Social Development also obligated that work contracts be documented electronically by uploading and updating information related to workers' contracts and giving workers the opportunity to verify the validity of their contract data through documenting contracts via the electronic services portal of the General Organization for Social Insurance, in accordance with Ministerial Resolution (156309) on 18/08/1440H (corresponding to 23/04/2019G), noting that all contracts of the workers who are contracted immediately after the date of this decision must be documented. As for those contracting with them in advance, the documentation of their contracts is mandatory and in time stages ending at the end of the fourth quarter of 2020G. As on the date of this Prospectus, the Company is obligated to document its employees' contracts electronically, at a rate of (96%) for December 2021G, however, in the event that the company violates the mandatory decision to certify employee contracts or violates the labor law which may expose it to the penalties stipulated in the Labor Law and the table of violations and penalties issued by Ministerial Resolution (178743) dated 27/09/1440H (corresponding to 01/06/2019G), which reaches up to (1,000) thousand riyals, multiplied by the number of violating workers. The imposition of such penalties against the company would have a negative impact on its operations and financial position.

2.1.43 Risks related to the suspension of trading in the Company's shares

The Company, as a public joint stock Company, is subject to requirements imposed by the Authority in terms of disclosure of financial reports and documents. The Company's failure to comply with the deadlines for disclosing its periodic financial information in accordance with the requirements of the rules for offering securities and continuing obligations, or if the auditor's report includes an adverse opinion on the Company's financial statements; or expressing an opinion, all of this will lead to the Company being subject to suspension of its shares by Tadawul, so that the Company's shares are traded through members of the market, and the restrictions related to the daily fluctuation limit in the Company's share price will not be applied, which will negatively affect the Company's business, future expectations, results of its operations and financial position.

2.1.44 Risks related to the suspension of the security trading due to the delay in publishing periodic financial information in accordance with the relevant executive regulations

In accordance with sub-paragraph (1) of Paragraph (c) of Article (36) of the Listing Rules, the Market shall suspend trading of the securities of listed companies in the event that they do not comply with the deadlines specified for disclosing periodic financial information in accordance with the relevant implementing regulations, in accordance with the procedures for suspending trading in listed securities in accordance with the listing rules and approved by the decision of the Board of the Capital Market Authority no. (3-123-2017) on 09/04/1439G (corresponding to 27/12/2017G), as amended by its Resolution No. (1-10-2019) on 24/05/1440H (corresponding to 30/01/2019G), and finally amended by Resolution No. (1-22-2021) on 12/07/1442G (corresponding to 24/02/2021G), the Company must take the necessary measures to lift the suspension; if the suspension of trading in securities continues for a period of six months, without the Company taking the appropriate measures to correct the suspension, the Authority may cancel the listing of the Company's securities.

The Company faced the risks of suspending trading in its shares for the delay in publishing its financial results for ending on 31/12/2020G, as the Saudi Tadawul Group announced the suspension of trading the Company's shares in the market starting 17/09/1442H (corresponding to 29/04/2021G), and returned to lift the suspension starting 20/11/1442H (corresponding to 20/11/2021G).



30/06/2021G). The Company attributed the reason for the delay in publishing the financial results to the failure of the external auditor to express his opinion. The Company also faced difficulties in obtaining supporting accounting documents from parties outside the Kingdom, as it was not possible to obtain them electronically due to the change of the executive management in the Company and the inability to obtain them manually due to the precautionary measures of the Corona pandemic by banning travel, in addition to the weakness of accounting practices previously before the financial management was changed. Some administrative abuses were monitored (according to a report on facts discovered in the course of a criminal audit, among the administrative abuses discovered, for example: entering into deals in the name of the Company without recording these deals in the Company's accounts and tampering with invoices) and reports have been submitted on these administrative abuses by the Company to the competent authorities to complete all legal procedures in order to preserve the rights of the Company and its shareholders. In the event that the Company fails to disclose its periodic financial information in accordance with the relevant executive regulations, this will have a negative impact on the Company's business as the market has the power to suspend the trading of its shares and may reach the point of canceling the listing.

2.1.45 Risks of related parties' transactions

In the course of carrying out its business, the Company may enter into an arrangement, contract or dealing with a related party which will require an approval from the general assembly without giving the right to shareholders who have an interest in those contracts to participate in the vote. Further the board members' declarations in case of competing with the Company's business and dealing with related parties that should be based on competitive basis. Also, in the event that a member of the Board who have a arrangement, contract or dealing with the Company resigns from the Company, such dealings following his withdrawal may be terminated or a request may be made to amend the terms of the agreement or deal with terms that do not satisfy the Company, which will force it to choose another contracted party and may not get the same treatment from such party; which accordingly will have a material impact on the Company's business and its profitability. In this case, the Company must adhere to the application of Articles (71) and (72) of the Companies Law and vote on those contracts by the Company's general Assembly without the participation of shareholders or members of the board of directors who have interests in those contracts.

As of the date of publishing this Prospectus, the Company has no related parties contracts and transactions.

2.1.46 Risks related to trademark protection

The ability of the Company and its branches to market its products and develop its business depends on the use of its name, logo and trademarks, which supports its business and its competitive position and gives it a clear distinction in the market among customers. The Company has a trademark (Sadirat Exports) that was filed with the Saudi Authority for Intellectual Property on 06/09/1441H (29/04/2020G) with application (225263) category (4); as of the date of this Prospectus, the trademark was not permanently registered (please see subsection (10-7) "Trademarks" of Section (10) "Legal Information"). Failing in registering the Company's and or Subsidiaries' logo as a trademark under a final registration certificate will not allow filing lawsuits and claims before the competent courts to protect such right in the event of any violation of the property rights or illegal use of the Company's trademarks which will affect the reputation of the Company and its subsidiary. Further, it requires time and effort on the part of the Company's management to follow up on such claims which process requires additional costs and disbursements. In the event that the Company fails to protect its trademarks effectively or track similar marks, this will negatively affect its goodwill and the trademark's value, which will accordingly negatively affect the Company's business, results of its operations, financial position and future prospects.

2.1.47 Risks related to the relying on foreign employees

The percentage of non-Saudi employees as of the date of this Prospectus constitutes about (46.15%) of the total employees in the Company, which may affect negatively the Company's business results, financial position and operational results if it is not able to maintain its non-Saudi cadres or find replacements for them with the same skills and expertise or if a change in the policies and regulations of the Ministry of Human Resources and Social Development resulted in an increase in the Saudization rate of the sector under which the company is categorized. In addition, the Company's reliance on a high percentage of non-Saudi employees leads to an increase in government fees (i.e increase of costs of work permits and residency visa and permit) borne by the Company on behalf of every non-Saudi employees, which will lead to an increase in the Company's costs in general, and thus negatively affects its business, financial performance and results of operations.

2.1.48 Risks related to the implementation of corporate governance

The Corporate Governance Regulations were issued pursuant to the Authority's Board Resolution (8-16-2017) dated 16/05/1438H (corresponding to 13/02/2017G) based on the Companies Law issued by Royal Decree M/3 dated 28/01/1437H, and amended by the decision of the Board of the Capital Market Authority (1-7-2021) dated 06/01/1442H (corresponding to 14/01/2021G); the amended regulation includes mandatory provisions and more detailed provisions than those included in the previous regulations, as well as mandatory provisions about the formation of Boards of directors and their committees, their powers, responsibilities, meetings, the rights and duties of their members, and provisions that address cases of conflict of interest between their members and the Company and to ensure clarity of the relationship between shareholders and the Company's board of directors on the one hand, and the board of directors and the senior executives from the management team on the other hand, and also regulated the rights of shareholders in those companies, such as the right of a fair treatment without discrimination, and access to information transparently so that they can exercise their legal rights to the fullest.



It should be noted that the Company is in compliance with all the mandatory articles of the Corporate Governance Regulations issued by the Authority, (for more details about corporate governance and the extent of the Company's commitment, please see sub-paragraph (10.4.7) "Continuous Obligations as per the Requirements of the Capital Market Authority (CMA)" of Section 10 "Legal Information").

The failure of the Company to implement the Corporate Governance Regulations issued by the Authority may expose it to fines imposed by the regulatory authorities, which may have a negative and material impact on the Company's business, results of its operations, financial position and future aspirations.

2.1.49 Risk related to the mismanagement of the previous BOD and Executive Management

The previous BOD (for the ninth session) - whose mandate extended from 16/06/2016G and for a period of three years - on behalf of the Company as the plaintiff, filed a lawsuit against the members of the board of directors (for the eighth session) - whose mandate extended from 16/06/2013G to 15/06/2016G - and the former executive management, based on the criminal audit carried out by the Company through contracting with a Company specialized in forensic review, which led to the monitoring and inventory of the administrative and financial abuses of the previous executive management. The case was attributed to Articles (35) of the Law of Shari'a Procedures, (78) of the Companies Law, (4) of the Company's By-laws and the principles and principles of corporate governance. Basically, the lawsuit was based on agreements and deals that caused losses to the Company due to negligence and mistakes committed by the previous board of directors. The procedures and deals in question included: (1) Sarah's factory purchase agreement on 03/02/2016G for an amount of (9,580,000) riyals. (2) Purchase of goods from the State of China on 01/05/2015G according to purchase invoices for an amount estimated at about five million riyals. (3) Agreements and deals for 2014G-2015G in Ethiopia (sale of cars, petroleum products and sheep) amounting to (29,000,000) riyals. (4) Commercial, marketing and products agreements with Shahed Al-Sahra Company on 11/04/2012G in the amount of (30,000,000) riyals. (5) Establishment of a limited liability Company (Shahed Al-Sahra Company for Distribution) with a capital of one million riyals. The Company demanded compensation in the amount of (63,000,000) Saudi riyals for the losses incurred by the Company and obligating the defendants to pay the value of attorney fees. The parties exchanged claims and counterclaims and the judgment was issued under the number (1370) dated 1439H ruling that the commercial courts have no jurisdiction over them. On 09/09/1440H (corresponding to 14/05/2019G), the Company submitted an appeal to revoke the judgment due to non-jurisdiction of the Commercial Court. The Company requested to consider the case which was registered under the number (2979) at the Court of Appeal. The Ruling of the Court of Appeal rescinded the judgement issued by the Twenty-First Circuit of the Commercial Court in Riyadh and returned the case papers to the Circuit for reconsideration in substance. Note that on 03/04/1442H (corresponding to 18/11/2020G), and after referring the case to the Twenty-First Circuit of the Commercial Court, this Circuit decided to strike out the case. Then, on 24/04/1442H (corresponding to 09/12/2020G), the Company submitted a request to consider the case that was struck off. Accordingly, after examining the case, the Circuit decided to open the exchange of notes. On 15/06/1443H (corresponding to 18/01/2022G), the Commercial Court in Riyadh (the Twenty-first Commercial Circuit) issued its ruling in Deed No. (437483530), ruling that the lawsuit is null and void. The Company states that it will file an objection to the judgment issued.

Therefore, suspending the Company's shares in accordance with the listing rules and procedures for suspending trading in listed securities, reporting administrative and financial abuses committed by the previous management of the Company, and the presence of lawsuits against the board of directors and the former executive management caused huge losses to the Company, which affected its reputation and the results of its operations, business and financial position.

2.1.50 Risks of Previous Years Amendments to Financial Statements

The Financial Statements issued in 2020G included revised figures for 2019G, after recording amendments on a number of items of the financial position and the statement of profit and loss and other comprehensive income. The settlements mainly relate to the balance of the right to use assets, leases liabilities, prepaid expenses, professional fees and Board of Directors' remuneration for 2019G, actuarial profits, inventory and other items.

The Company's continuation of applying amendments or changes that arise from settlements to items in the financial statements for previous years will result in the inclusion of modified figures in the Company's issued financial statements, which, in turn, will have a negative impact on the Company's operations and financial position.



2.2 Risks Related to Market and Sector

2.2.1 Risks Related to Compliance with Laws and Regulations

The Company is subject to many laws and regulations prevailing in the Kingdom that pertain to the industrial, trade and export sectors; and in particular, including customs laws, export control laws and related laws and regulations. These laws and regulations may impose restrictions on the Company in terms of countries and counterparties that the Company can deal with, local products and goods that the Company can deal with, export and resell to its customers abroad, and the terms and conditions under which the Company conducts its activities, in addition, the Company is subject to anti-monopoly laws and laws which regulates the process of exporting, promoting and selling local manufactured goods in the Kingdom. In the event that the Company does not comply with the applicable laws, regulations and instructions, or if any of them is changed, the Company will face delays in the export and supply of local factory products, or it will be subject to fines or penalties, or its reputation will be damaged, which will reduce the demand for the Company's services, which will negatively affect the operations of the Company and the results of its operations and financial condition.

2.2.2 Risks Related to the Companies Law

On 22/02/1437H (corresponding to 04/12/2015G), the Council of Ministers approved the issuance of a new companies law to replace the old companies law, which entered into force in May 2016G. The Companies Law imposes some statutory requirements that the Company must abide by, and this will require the Company to take the appropriate procedures and amend some of the rules followed in the Company, which may affect its business plan or take a long time. The Company has committed to amending its by-laws to comply with the requirements of the updated Companies Law.

The current corporate law also imposes stricter penalties for violating its mandatory provisions and rules. According to the new corporate law (Article 213), it reaches (500) thousand riyals, and in some cases, it may reach (5) million riyals, depending on the nature and type of the violation committed; Consequently, the Company may be subject to such penalties in the event of non-compliance with these rules and provisions, which would harmfully and materially affect the Company's business, its financial position and operations results.

2.2.3 Risks Related to License Withdrawal

The Company carries out its industrial activity through the Company's branch in Riyadh (the third industrial city) for the production of medical, laboratory and expendable plastic supplies, a feeding unit, pacifiers, plastic baby supplies, a unit of solutions, eye drops, eye washes, glasses, creams, and herbal extracts, under industrial license 247. And on 28/01/1439H (corresponding to 18/10/2017G).

The Company must abide by the conditions and instructions imposed by the Ministry of Industry and Mineral Resources on companies that have obtained industrial licenses, and the licensee to practice an industrial activity must immediately submit to the Ministry in the event that any of the industrial details is amended, such as total financing amount, production capacity, materials, machinery and labor required so that the Ministry can control any modification or Expansion of industrial projects, according to the terms of the license. The Ministry may cancel the license in the following cases:

- Non-compliance with the Saudi standard specifications in force in the Kingdom, and if these specifications are not available, coordination will take place between the project owner and the Saudi Arabian Standards and Metrology Organization to choose the most appropriate international specifications that meet the purpose until the issuance of a Saudi specification.
- Failure to take the necessary measures to preserve the environment from pollution.
- Failure to obtain the approval of the competent municipality and to abide by the instructions issued in case the factory is established outside the industrial zones (Modon).
- Inclusion of other partners before obtaining the approval of the Ministry of Commerce.
- Raising funds or changing the ownership of the license before obtaining the approval of the Ministry
- Non-compliance with the Ministerial Resolution (902/1404) dated 21/03/1404H issued by the Ministry of Interior "Civil Defense" regarding the application of the regulatory rules for the concept of industrial safety and security in all industrial establishments.
- Non-compliance with the minimum total funding required to grant industrial licenses according to industrial activity.
- If the license holder does not submit an application for renewal before the end of its term, this license will be considered null.

All licensed industrial companies must submit a request to amend their license in accordance with any modifications in their details and status, such as ownership, capital increase, trade name modification, increase in the number of workers, etc. If the license is withdrawn from the Company, they will not be able to continue practicing its activity. This will have a negative impact on the Company's business, results of its operations, its financial position and its share prices.



2.2.4 Risks Related to Environmental Regulations and Standards

The Company's factory business requires compliance with the environmental legislation, regulations and instructions applicable in the Kingdom, which regulate several aspects, including environmental standards, occupational health, and safety of industrial facilities and their workers. For example, the operations of the Company's factory in the (third) industrial city in Riyadh may result in a number of waste materials and pollutants emitted that could lead, if not controlled and managed with suspicion.

Without proper treatment or management, the risk of contaminating water sources and affecting air quality, which will result in harm to the environment and human health.

Failure to fully comply with environmental legislation and regulations can lead to the closure of the industrial facility owned by the Company and will also expose the Company to violations, fines or penalties that may be imposed by the regulatory authorities (Ministry of Energy, Industry and Mineral Resources and the Saudi Authority for Industrial Cities) which will negatively affect its operations. It limits the growth of its revenues or suspends its work or licensing, and this will affect its ability to conduct its business and thus negatively affect its financial results and profitability.

2.2.5 Risks Related to VAT

On 02/05/1438H (corresponding to 30/01/2017G), the Government of the Kingdom of Saudi Arabia approved the Unified Agreement for Value Added Tax (VAT) for the countries of the Gulf Cooperation Council, which came into force on 01/01/2018G as a new tax that will be borne by establishments and consumers in most economic sectors in the Kingdom (with the exception of services related to health care, education and some basic food products), as well as all establishments (including commercial and professional companies) will be obligated to register with the value-added tax law, and less than (one million riyals) until 31/12/2018G for registration:

- 1- if the establishments fail to register during the specified period, this will result in paying a fine of 10,000 riyals (Article 41 of the VAT law).
- 2- Anyone who does not submit a tax return within the period specified by the regulation shall be penalized with a fine of not less than 5% and not more than 25% of the value of the tax that he should have declared.
- 3- If the non-registered person issues a tax invoice, he shall be penalized with a fine not exceeding (100,000) riyals, without prejudice to any severer penalty stipulated in any other law.

The Company has issued a VAT registration certificate (300054062100003) dated 02/21/1439 H (corresponding to 10/11/2017G) issued by the Zakat, Tax and Customs Authority.

It should be noted that the adoption of this tax in the Kingdom and other countries of the Cooperation Council for the Arab States of the Gulf will involve many fundamental obstacles, given the recent application and supervision of its work by the concerned government agencies and establishments subject to this tax.

Given that the nature of value-added tax is borne by the consumer, the Company raises its prices to reflect the (VAT), which would negatively and fundamentally affect the Company's customer base, and the Company may not be able to increase its prices due to the nature of the contractual relationship with some. In both cases, this will lead the Company to bear the uncollected VAT from the customer, which will have a negative impact on the Company's business, profits, results of operations, financial position and future prospects.

Likewise, this type of tax is complex in nature and its application includes detailed procedures and instructions at the government level or at the level of commercial establishments that are bound by this tax (which will include large and medium companies, in addition to small family businesses), and therefore the Company will need to train its relevant employees to familiarize and understand the nature of the method of applying the VAT, and most importantly, how it is calculated for this tax, its submission of its reports and its submission to the General Authority for Zakat and Income Tax. The Company should take the following into account in applying this type of tax:

- 1- Assessing the ability and readiness of its electronic and accounting systems to apply, collect and supply value-added tax.
- 2- Preparing a strategy for implementing value-added tax.
- 3- Determining the contracts that are subject to value added tax.
- 4- Studying the existing contracts and internal transactions between the Company and its internal units that will be affected by the application of this tax
- 5- Doing personnel training in finance, accounting and sales department

The Company's failure to comply with the requirements of value-added tax, including preparing accurate reports and depositing them with the competent government authority, will result in financial fines and other legal penalties, as stipulated by the regulations and legislation related to this tax. It should be noted that the Company will bear costs, which may be essential for developing its electronic and accounting systems, preparing workshops to train its employees, in addition to any changes to



the way its operations are managed, for the purpose of complying with the requirements of implementing value-added tax and related accounting and operational requirements, which will have a negative impact on The Company's business, profits, results of operations, financial position and future expectations.

The Saudi Council of Ministers decided on the second of Jumada Al-Ula 1438H to approve the unified agreement for value-added tax for the countries of the Cooperation Council for the Arab States of the Gulf, which came into force as of January 1, 2018G, as a new tax amounting to 5% of the selling price, to be added to the rest of the taxes and other fees on Specific sectors in the Kingdom, including the sectors in which the Company operates. On 17/10/1441H corresponding to 09/06/2020G, the Board of Directors of the General Authority of Zakat and Income (20-3-2) issued a decision to increase the value-added tax rate so that it becomes 15% of the selling price starting from 07/01/2020G. Since the VAT is by nature borne by the final consumer, the Company has added it to its prices, which leads to an increase in the Company's selling prices, and this may lead to a decrease in revenues.

2.2.6 Political and Economic Risks

The Company's performance depends on the prevailing political conditions in the Kingdom of Saudi Arabia and the Middle East and global economic conditions that affect the economy of the Kingdom Company, the Saudi economy and the rate of government spending are still dependent on oil and gas prices in global markets despite the growth witnessed by the Saudi economy in other sectors; therefore, any decline in oil and gas prices may lead to a significant slowdown or recession in the Saudi economy or government spending plans, which will negatively affect the Kingdom's economy, and, consequently, the Company's ability to acquire new customers or renew its dealings with existing customers, and then negatively affect its revenues, profits and results of operations, as well as the financial markets in general and, in turn, will lead to a fundamental negative impact on the share price. The Company and the investor lose all or part of the value of his investment.

2.2.7 Risks Related to the Inability to Control Prices

The prices of the products sold by the Company and bearing its trademarks are exposed to fluctuations in the prices of the same commodities in the global market, unlike the products it obtains according to commercial agencies concluded with the manufacturers, where the prices are agreed in advance and are fixed and agreed in advance with the suppliers. The Company does not hedge against the risk of fluctuations in exchange rates and commodity prices.

It should be noted that fluctuations in the prices of these commodities are affected by a number of factors such as global supply and demand factors associated with these commodities, speculation by traders in the market and other international economic and political factors, all of which are currently and independently controlled by the Company.

As a result of the foregoing, any increase in the prices of the products sold by the Company as a result of high fluctuations in international prices will have negative effects on the Company's profitability. In the event that the prices of the products that the Company purchases from different suppliers increase and the Company is unable to transfer this rise to customers, this will lead to a decrease in the Company's profit margin, which will negatively and fundamentally affect the Company's business, financial position and results of operations.

Likewise, the increase in the prices of one of the Company's products will lead to the Company's inability to attract new customers and the loss of its current customers and thus directing them to other companies. Any change in prices in the future will affect the Company's market share and thus its sales and results of operations.

2.3 Risks Related to Offered Securities

2.3.1 Risks Related to Potential Fluctuations in the Rights' Price

The market price of Rights may be subject to significant fluctuations due to the change in the factors affecting the Company's share. This fluctuation may be large due to the difference between the allowed daily fluctuation percentage for rights compared to the daily allowed fluctuation percentage 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 fair Rights price. These factors may adversely affect the Rights trading price.

2.3.2 Risks Related to Potential Fluctuations in the Share's Price

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

The sale of large quantities of shares by shareholders or the belief that such sale is likely to occur will negatively affect the market price of the Company's shares. In addition, shareholders may not be able to sell their shares in the market without negatively affecting the share price. There is no guarantee that the market price of the Company's shares will not be lower than the offering price; if this happens after the investors have subscribed to the new shares, the subscription cannot be cancelled or modified; the investors may incur losses as a result. In addition to the foregoing, there is no guarantee that the shareholder will be able to sell his shares at a price equal to or greater than the offer price after subscribing to the new shares.



2.3.3 Risks Related to the Non-profitability or Sale of Rights

There is no guarantee of profitability per share by trading it at a higher price. In addition, there is any guarantee able to be sold in the first place, which indicates that there is no guarantee of sufficient demand in the market for the exercise of rights issue or the receipt of compensation by the Company.

2.3.4 Risks Related to Future Data

The future results and performance data of the Company cannot be actually predicted and may differ from what is contained in this Prospectus. As the achievements and ability of the Company to develop are what determine the actual results, which cannot be expected or determined. The inaccuracy of data and results is considered one of the risks that the shareholder must know so as not to affect his investment decision.

2.3.5 Risks Related to the Possibility of Issuing New Shares

If the Company decides to issue new shares, the ownership of the shares will decrease proportionately, as well as the right to vote and to obtain profits, which will affect the share market price.

2.3.6 Risks Related to the Decrease in the Demand for the Company's Shares and Rights

There is no guarantee that there will be sufficient demand for the Rights Issue during the trading period to enable the Rights Issue holder (whether it is a Registered Shareholder or a new investor) to sell the Rights and make a profit from it, or enable it to sell the Rights at all. Also, there is no guarantee that there will be sufficient demand for the Company's shares by institutional investors during the remaining offering period. In the event that the investment institutions do not submit offers for the remaining shares at a high price, there may not be sufficient compensation to be distributed to the priority rights holders who did not exercise their right to subscribe. Furthermore, there is no guarantee of the existence of an order as the market, the shares acquired by a subscriber either through the exercise of the rights of priority for these shares, or through the residual offering or through the open market.

2.3.7 Risks Related to Ownership Ratios' Decline

If the rights holders do not fully subscribe to the new shares, their ownership and voting rights will be reduced. Also, there is no guarantee in the event that the restricted rights holder wishes to sell his priority rights during the trading period, that the return he receives will be sufficient to fully compensate him for the decrease in his ownership percentage in the Company's capital as a result of the increase in its capital.

2.3.8 Risks Related to not Exercising the Rights Issue in a Timely Manner

The subscription period begins on Monday 22/10/1443H (corresponding to 23/05/2022G) and will end on Thursday 03/11/1443H (corresponding to 02/06/2022G). Rights holders and their financial intermediaries must take appropriate measures to follow all necessary instructions before the expiry of the subscription period. If the Eligible Shareholders are not able to exercise their subscription rights properly by the end of the subscription period, based on their pre-emptive rights, there is no guarantee that there will be an amount of compensation distributed to Eligible Shareholders who are not participating or who did not perform the procedures for exercising the subscription properly.

2.3.9 Risks Related to the Distribution of Dividends to Shareholders

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

The Company does not guarantee that any dividends on the shares will be actually distributed, nor does it guarantee the amount that will be distributed in any particular year. Dividend distribution is subject to certain restrictions and conditions stipulated in the Company's by-laws.

2.3.10 Risks Related to Speculation in Rights Issue

Speculation in rights is subject to risks that may cause material losses. The permissible daily fluctuation range of the trading price of the rights precedent exceeds the permissible daily fluctuation range of the market price (which represents in 10% the rise and fall of the closing price of the previous day). 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 volatility range) for rights trading will be affected by the daily price limits for shares trading. In the event that the shareholder does not sell the rights before the end of the trading period, 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 do so. In the event that rights are not exercised, the investor may be subject to a loss or decrease in the value of his investment portfolio, or profit in the event of selling shares during the remaining offering period at a price higher than the offering price. Therefore, investors should review the full details of the mechanism for listing and trading new rights and shares and their method of operation, and be familiar with all the factors affecting them, in order to ensure that any investment decision is based on full awareness and awareness.



3. The Company

3.1 Company Overview

The Saudi Industrial Export Company (hereinafter referred to as “the Company” or “Sadirat”) has been incorporated as a Saudi joint stock Company according to ministerial resolution 954 dated 12/11/1410H (corresponding to 06/06/1996G) and was registered in the Register of Commerce in Riyadh under the 1010077554 dated 25/11/1410H (corresponding to 19/06/1990G) and the headquarters is located in Riyadh. The Company started its activity in 1992G with a capital of SAR (72,000,000) seventy-two million Saudi riyals, divided into (720,000) seven hundred twenty thousand ordinary equal shares with a nominal value of SAR (100) hundred Saudi riyals per share. On 22/12/1418H (corresponding to 19/04/1998G), the Extraordinary General Assembly approved to divide the nominal value from SAR (100) hundred Saudi riyals to SAR (50) fifty Saudi riyals, so the total amount of shares became (1,440,000) one million four hundred forty thousand shares.

On 01/04/1428H (corresponding to 18/04/2007G), the Extraordinary General Assembly increased the Company capital from SAR (72,000,000) seventy-two million Saudi riyals to SAR (108,000,000) one hundred eight million Saudi riyals covered through the issuance of (3,600,000) three million six hundred thousand bonus shares by granting one free share to every two shares and then distributing them among the registered shareholders as of the end of the trading day on Wednesday 01/04/1428H (corresponding to 18/04/2007G). Thus, the shares number increased from (720,000) seven hundred twenty thousand shares to (10,800,000) ten million eight hundred thousand ordinary shares of equal value, the nominal value of which is SAR (10) per share.

On 05/04/1439H, (corresponding to 23/12/2017G) the Extraordinary General Assembly approved the recommendation of the Board of Directors to reduce the Company capital to become SAR (1,080,000) divided into (1,080,000) ordinary shares with a nominal value of SAR (10) per share.

Furthermore, the Board of Directors recommended on 27/02/1439H (corresponding to 16/12/2017G) to increase the Company capital through offering Rights issue shares at a value of SAR (54,000,000) fifty-four million Saudi riyals, after obtaining all the necessary regulatory approvals and the approval of the Extraordinary General Assembly. On 29/01/1440H (corresponding to 09/10/2018G), the Extraordinary General Assembly approved the foresaid increase through offering (5,400,000) five million four hundred thousand Rights shares, so the new capital of the Company became SAR (64,800,000) sixty-four million eight hundred thousand Saudi riyals divided into (6,480,000) six million four hundred eighty thousand fully-paid ordinary shares with a nominal value of SAR (10) ten Saudi riyals per share (referred to as “current shares”).

On 22/05/1443H (corresponding to 26/12/2021G), the Company’s Board of Directors issued a resolution recommending that the Company’s capital shall be decreased to, after the decrease, (21,600,000) twenty-one million six hundred thousand Saudi riyals. The Board of Directors Also recommended, pursuant to the same resolution, to increase the Company’s capital through the issuance of rights shares, so that the Company’s capital shall, after the increase, become (194,400,000) one hundred ninety-four million four hundred thousand Saudi riyals divided into (19,440,000) nineteen million four hundred forty thousand ordinary shares with a nominal value of ten (10) Saudi riyals per each.

And on 06/07/1443H (corresponding to 07/02/2022G), the Capital Market Authority approved the company’s request to reduce its capital from (64,800,000) sixty-four million eight hundred thousand Saudi riyals to (21,600,000) twenty-one million six hundred thousand Saudi riyals and thus reduce The number of shares is from (6,480,000) six million four hundred and eighty thousand shares to (2,160,000) two million one hundred and sixty thousand shares, and this approval is conditional on the approval of the company’s extraordinary general assembly and the completion of the relevant procedures and statutory requirements.

And on 14/07/1443H (corresponding to 15/02/2022G), the Extraordinary General Assembly agreed to reduce the company’s capital from (64,800,000) sixty-four million eight hundred thousand Saudi riyals to (21,600,000) twenty-one million six hundred thousand Saudi riyals and reducing the number of shares from (6,480,000) six million four hundred and eighty thousand shares to (2,160,000) two million one hundred and sixty thousand shares at a reduction rate of (66.66%) and at a rate of reduction of (2) shares for every (3) shares.

And on 14/08/1443H (corresponding to 17/03/2022 G), the Capital Market Authority approved the company’s request to increase the company’s capital by offering rights shares at a value of (172,800,000) one hundred and seventy-two million eight hundred thousand Saudi riyals from (21,600,000) twenty one million six hundred thousand Saudi riyals to (194,400,000) one hundred and ninety-four million four hundred thousand Saudi riyals, thus increasing the number of shares from (2,160,000) two million and one hundred and sixty thousand shares to (19,440,000) nineteen million four hundred and forty thousand ordinary shares.

And on 10/10/1443H (corresponding to 11/05/2022G), the (extraordinary) general assembly of the company agreed to increase the company’s capital from (21,600,000) twenty-one million six hundred thousand Saudi riyals to (194,400,000) one hundred and ninety-four One million four hundred thousand Saudi riyals, through the issuance of rights issue shares, and an increase in the number of shares from (2,160,000) two million one hundred and sixty thousand shares to (19,440,000) nineteen million four hundred and forty thousand ordinary shares.



On 10/10/1443H (corresponding to 11/05/2022G) the (Extraordinary) General Assembly approved to increase the capital, after obtaining the approval of the Capital Market Authority (“CMA”) on 14/08/1443H (corresponding to 17/03/2022G) and the approval of the Saudi Stock Exchange (“Tadawul”) on 09/07/1443H (corresponding to 08/02/2022G)).

3.2 Company Activities

According to the Article (3) of the By-laws, the objectives of the company are defined in:

- Marketing and exporting national industrial products.
- Transport, land transport, pipeline transport (49) and water transport (50).
- Warehousing and transport support activities (52).
- Cooling.
- Manufacture of food products (10) and manufacture of chemicals and chemical products (20).
- Manufacture of basic pharmaceutical products and pharmaceutical preparations (21).
- Wholesale trade, excluding motor vehicles and motorcycles (46).
- Export and import activities.
- Supplying transport and military equipment.
- Various equipment and supplies supply activities (supply of weapons and measuring devices).
- Refrigeration activities and the transportation of letters and parcels by delegates (53).
- Communications (61).
- Information services activities (63).
- Financial services activities, except for financing and pension funds (65).
- Ancillary activities Financial services activities and insurance activities.
- Commodity brokerage contracts.
- Commercial activities (77).
- Equipment, assets and containers.
- Office administrative activities, office support activities and other business support activities (82).
- Activities of Member Organizations (94).
- Commercial representation agencies.
- Business and finance services.
- Trade and Information Technology.
- Safety and Security.
- Re-export, barter and import for its own account or for the account of others.
- Providing marketing and export services.
- Entering into import and export contracts.

In this regard, it may carry out activities complementary to its purposes, including commercial agencies inside and outside the Kingdom of Saudi Arabia, for the account of the company or for the account of others. The company exercises its activities in accordance with the applicable regulations and after obtaining the necessary licenses from the competent authorities, if any.

According to the commercial registry certificate, the company’s activities are defined as “wholesale of lubricating oils and recurrent petroleum products, wholesale of cement, gypsum and the like, wholesale of primary plastics, rubber and synthetic fibers, storage in ports and customs or free zones.”

Moreover, the Company international importing and exporting is detailed as follows:

• Export

The export activity of the Saudi Industrial Export Company is the essential source of the Company total income, executed with the utmost professionalism. It includes all products that are in line with the international standards for exports and contributes to opening new markets for national products.

• International Trade

Through its work as a mediator and a trading house between different countries, The Saudi Industrial Export Company contributes to international trade, as the global demand for raw materials is constantly increasing due to the global industrial progress. Thus, the Company facilitates the export process these countries through the international business package.



3.3 Company Vision

Providing global trade and supply chain solutions that promote international stability, growth and prosperity.

3.4 Company Mission

To be the first trading house in the Middle East and Africa by providing trade and supply chain solutions and to be the first provider of supply chain and commercial solutions in the Middle East and African countries.

3.5 Company Strategy

The Company's philosophy and strategy are based on achieving the best financial results by designing solutions that suit the aspirations of our customers. This requires the development of our internal operations and the relentless pursuit of learning and growth. Our focus in dealing with clients will be on increasing reliability in international dealings, finding a foothold in new markets, targeting a larger client base, and focusing on creating higher value for the client of our services.

3.6 Company Values

The Company has a set of established values inspired by deep Arab ethics. Thus, all the dealing occurring between our Company representatives, clients and societies with which we work are based on the following criteria:

- **Presence:** to be ready to meet others' demands and support their growth and development wherever and whenever they want.
- **Merit:** to be worthy of the trust everyone puts in us and to employ all our resources and expertise in order to empower them and deliver the highest levels of value.
- **Solidarity:** to complement each other and apply the concept of shared success by finding what is needed for the development and growth of others and providing it to them.
- **Harmony:** to understand the difference of others and their ways of dealing, and work to find middle solutions that would satisfy all parties.
- **Perseverance:** to always believe in the ability to overcome difficulties, whatever they may be, and to strive continuously towards perfection in all that we do.
- **Progress:** to ensure that we continue to grow and move forward, because we believe that forward is the only place to go in the business world.

3.7 Summary of the Company's Strengths and Competitive Advantages

The Company has a number of competitive advantages, which include:

- **Sufficient Experience in the Work Field**
The Saudi Industrial Export Company is the first Company of its kind specialized in exporting national products to various countries of the world, which enhances its experience in professionally exporting and dealing with clients. Moreover, the Company management team is considered one of the pioneers in business administration in the Saudi market. The Saudi Industrial Export Company also supports national cadres and attracts scientific and practical expertise in its field and is interested in providing a number of training courses and workshops to acquire targeted professional skills and experiences to develop the environment and work.
- **Diversity of Services, Products and Markets**
Due to the increasing number of Saudi factories and products and in order to keep up with the National Transformation Program 2020G and KSA Vision 2030, there was an increase in export demands for national products. Accordingly, based upon its deep experiences in its field and its foreign relations with business partners, the Saudi Industrial Exports Company facilitates the export process for all national products to various countries while adhering to local and international laws and regulations related to international trade. It also aspires to reach new markets and make sure of the quality of the exported products and their suitability to the importing markets, through the Company worldwide representative offices or service offices.



3.8 Signed Marketing Contracts

The Company has recently signed contracts and memoranda of understanding with some companies in order to market and export their products. The table below shows the most important signed marketing contracts:

Table No. (3-1): Major Signed Marketing Contracts.

Name of the customer (the Company)	Contract signature date	Contract period and any other included details
Prime Gate for Communications and IT	19/01/2020G	Appointing "Sadirat" as exclusive commercial representative to export products and facilitate the implementation procedures of Prime Gate for Communications and IT projects outside the KSA.
National Industrialization Petrochemical Marketing Company	17/01/2019G	Sadirat shall transfer and market the products and services of the National Industrialization Company for Marketing Petrochemicals within the Kingdom (the Company carries out Freight Forwarding through intermediaries).

Source: The Company's Data

3.9 Capital Restructuring of the Company

On 27/02/1439H (corresponding to 16/11/2017G), the Board of Directors took some measures necessary to support the Company, its continuity and correct its position through a plan to restructure the Company capital, as it approved the Extraordinary General Assembly recommendation to reduce the capital from (SAR 108,000,000) one hundred eight million Saudi riyals to SAR (10,800,000) ten million eight hundred thousand Saudi riyals through writing off (9,720,000) nine million seven hundred twenty thousand shares, provided that the Company capital will be directly followed by an increase of SAR (10,800,000) ten million eight hundred thousand Saudi riyals so that it becomes SAR (64,800,000) sixty-four million eight hundred thousand Saudi riyals, in order to reduce the accumulated losses percentage and maintain the continuity of the Company. On 18/03/1439H (corresponding to 06/12/2017G), the Company obtained the approval of the CMA to reduce the Company capital which was announced on CMA and Tadawul websites on 18/03/1439H (Corresponding 06/12/2017G).

The Extraordinary General Assembly held on 05/04/1439H (corresponding to 23/12/2017G) approved the recommendation of the Board of Directors to reduce the capital to become SAR (10,800,000) ten million eight hundred thousand Saudi riyals divided into (1,080,000) one million eighty thousand fully-paid ordinary shares with a nominal value of SAR (10) ten Saudi riyals per share.

Furthermore, the Board of Directors recommended on 27/09/1439H (corresponding to 16/12/2017G) to increase the Company capital through offering Rights issue shares at a value of SAR (54,000,000) fifty-four million Saudi riyals, after obtaining all the necessary regulatory approvals and the approval of the Extraordinary General Assembly. On 29/01/1440H (corresponding to 09/10/2018G), the Extraordinary General Assembly approved the foresaid increase through offering (5,400,000) five million four hundred thousand Rights shares, so the new capital of the Company became SAR (64,800,000) sixty-four million eight hundred thousand Saudi riyals divided into (6,480,000) six million four hundred eighty thousand fully-paid ordinary shares with a nominal value of SAR (10) ten Saudi riyals per share. On 22/05/1443H (corresponding to 26/12/2021G), the Company's Board of Directors issued a resolution recommending that the Company's capital shall be decreased to, after the decrease, (21,600,000) twenty-one million six hundred thousand Saudi riyals. The Board of Directors also recommended, by the same resolution, to increase the Company's capital through the issuance of priority rights, so that the Company's capital shall become, after the increase, SAR (194,400,000) one hundred ninety-four million four hundred thousand divided into (19,440,000) nineteen million four hundred forty thousand fully-paid ordinary shares with a nominal value of SAR (10) ten Saudi riyals per share. And on 06/07/1443 H (corresponding to 07/02/2022 G), the Capital Market Authority approved the company's request to reduce its capital from (64,800,000) sixty-four million eight hundred thousand Saudi riyals to (21,600,000) twenty-one million six hundred thousand Saudi riyals and thus reduce The number of shares is from (6,480,000) six million four hundred and eighty thousand shares to (2,160,000) two million one hundred and sixty thousand shares, and this approval is conditional on the approval of the company's extraordinary general assembly and the completion of the relevant procedures and statutory requirements. And on 14/07/1443 H (corresponding to 15/02/2022G), the Extraordinary General Assembly agreed to reduce the company's capital from (64,800,000) sixty-four million eight hundred thousand Saudi riyals to (21,600,000) twenty-one million six hundred thousand Saudi riyals and reducing the number of shares from (6,480,000) six million four hundred and eighty thousand shares to (2,160,000) two million one hundred and sixty thousand shares at a reduction rate of (66.66%) and at a rate of reduction of (2) shares for every (3) shares.

And on 14/08/1443H (corresponding to 17/03/2022G), the Capital Market Authority's approval was issued for the company's request to increase the company's capital, by offering rights-based shares at a value of (172,800,000) one hundred and seventy-two million eight hundred thousand Saudi riyals, from (21,600,000) twenty-one million six hundred thousand Saudi riyals to (194,400,000) one hundred and ninety-four million four hundred thousand Saudi riyals, thus increasing the number of shares from (2,160,000) two million and one hundred and sixty thousand shares to (19,440,000) nineteen million four hundred and forty thousand ordinary shares.

On 10/10/1443H (corresponding to 11/05/2022G), the Extraordinary General Assembly approved the recommendation of the Board to increase the capital, after getting the approval of the CMA on 14/08/1443H (corresponding to 17/03/2022G) and Tadawul on 09/07/1443H (corresponding to 08/02/2022G).



3.10 Company Branches

3.10.1 Branches in KSA

In addition to its main register, the Company also has a sub-register as shown in the tables below:

Table No. (3-2): Sub-Register / Riyadh

Company's Name	Sara Medical Supplies Factory
Company's Type	Branch of a joint stock Company
Trade Name	Sara Medical Supplies Factory
Activity	Manufacture of disinfectants and sterilizers for medical devices and products, for non-medical use, wholesale of soap and detergents and retail sale of medical devices, equipment and supplies.
Commercial Registration	1010143870
Commercial Registration Date	30/06/1417H (corresponding to 12/11/1996G)
Expiry Date	27/06/1448H (corresponding to 07/12/2026G)
Address	Riyadh – Third Industrial zone – P.O. Box: 2415179990 – Postal code: 11553
Branch Director	Mr. Suleiman Hamad Suleiman El Gadiei

Source: The Company.

Table No. (3-3): Branches in the KSA.

	Branch	Registration	Address	Activity	Issue date	Expiry date	Director
1	Branch of the Saudi Industrial Export Company	1010620859	Riyadh	Wholesale of food and beverages, storage in silos, in flour, food, agricultural products and dry food warehouses	11/05/1441H (corresponding to 06/01/2020G)	11/05/1448H (corresponding to 22/10/2026G)	Suleiman Hamad Suleiman El Gadiei
2	Branch of the Saudi Industrial Export Company	1010598789	Riyadh	Loading and unloading of cargo aircraft, sea freight forwarding directing freight transport vehicles, freight forwarding	14/02/1441H (corresponding to 13/10/2019G)	14/02/1448H (corresponding to 28/07/2026G)	Suleiman Hamad Suleiman El Gadiei
3	Branch of the Saudi Industrial Export Company	1010618735	Riyadh	Wholesale of chemicals	27/04/1441H (corresponding to 24/12/2019G)	27/04/1448H (corresponding to 08/10/2026G)	Suleiman Hamad Suleiman El Gadiei

Source: The Company.

3.10.2 Branches Outside KSA

The Company has three branches that were established outside Saudi Arabia, according to the following:

- Saudi Industrial Export Company - Free zone (Sudan) Branch**
 The branch was established in 2019G as per the Board of Directors resolution dated 28/02/1441H (corresponding to 27/10/2019G) and was registered in the Register of Commerce in Sudan under the 1803 dated 28/11/2019G and in the free zone according to the investment activity practice license 2450 dated 26/11/2019G issued by the administration of the Sudanese at Garri Free Zone.
- Saudi Industrial Export Company - Free zone (Dubai) Branch**
 The branch was established in 2019G as per the Board of Directors resolution dated 28/02/1441H (corresponding to 27/10/2019G) and was registered in the Department of Economic Development in Dubai, United Arab Emirates under the commercial license 868310 dated 24/12/2019G and in the Register of Commerce under the 1473310 dated 17/12/2019G to practice the (trade of greases and lubricants). The branch is (100%) owned by the Saudi Industrial Export Company.
- Saudi Industrial Export Company - Free zone (Baghdad - Iraq) Branch**
 On 20/03/1441H (corresponding to 17/11/2019G), the Board of Directors approved to open a branch for the Company in Baghdad. As of the date of this Prospectus, the foresaid procedures were not done.



3.11 Companies in Which the Company Owns Shares

Except for the United National Export Co Ltd, there are no subsidiaries and the Company does not own any shares in other companies in KSA as of the date of this Prospectus.

3.11.1 United National Export Co Ltd

The United National Export Co Ltd is a Saudi limited liability Company incorporated under the commercial registration in Jeddah 4030121001 dated 25/10/1417H (corresponding to 05/03/1997G). It was established by and between the Saudi Industrial Export Company (20%) and the following partners: Saudi Falcon Cement Company Ltd., Rashed Abdulrahman Al Rashed & Sons Co, Arabian Bulk Trade Company Ltd. And Rolaco Trading and Contracting Holding (20% per Company). The Company engages in wholesale of construction and electrical equipment, industrial and medical engineering, bulk cement and building materials. On 31/12/2016G, the partners decided to liquidate the Company, but the liquidation procedures and the cancellation of the commercial registry have not been completed as of the date of this Prospectus.

3.12 Subsidiaries Outside the KSA

The Company fully owns a company established at free zone in Jordan, as shown in the table below:

Table No. (3-4): Subsidiaries Outside KSA.

Company's Name	The Saudi Industrial Export Company
Company's Type	Limited liability – Free zone
Trade Name	The Saudi Industrial Export Company / Jordan (Free zone)
Activity	General trade
Commercial Registration	2790
Commercial registration Date	28/12/2017G
Expiry Date	28/12/2018G
Address	Jordan – Amman

Source: The Company's Data.

On 23/07/1442H (corresponding to 07/03/2021G), the Company's Board of Directors decided to liquidate and dissolve the subsidiary, the Saudi Industrial Export Company – Jordan, due to its lack of economic feasibility and to reduce public and administrative expenses.

Except for the aforementioned, the Company has not established any subsidiaries or new branches outside the Kingdom and doesn't own any assets therein.

3.13 Development Policy

Sadirat adopts a continuous development policy to improve its employees' skills and knowledge in all departments, achieve the highest performance degrees and execute the work extremely professionally through several ways such as training classes and automated laboratories, as well as on-the-job training using specialized, technical, automatic and administrative courses.

3.14 Business Interruption

Except for what was specified in subparagraph (2.1.5) "Risks related to the Corona virus pandemic (Covid 19)" (2) "Risk Factors", the Company has not experienced any business interruption.



3.15 Employees and Saudization

According to the Saudization certificate 20002201005822 dated 25/01/1443H (corresponding to 02/09/2021G), the Company has achieved the required Saudization rate as per its activity. Moreover, the Company is classified under the “Platinum” of the Nitaqat Saudization Program.

The table below shows the employees number and Saudization rate in the Company during the past three years:

Table No. (3-5): Employees and Saudization Rate in the Company During the Last Three Years and the period ended September 30, 2021G.

	2018G		2019G		2020G		September 30, 2021G	
	No.	Rate	No.	Rate	No.	Rate	No.	Rate
Saudis	9	52.9%	7	38.9%	13	52.0%	16	57.2%
Non-Saudis	8	47.1%	11	61.1%	12	48.0%	12	42.8%
Total	17	100%	18	100%	25	100%	28	100%

Source: The Company.

Table No. (3-6): Employees as Per Departments During the Last Three Years and the period ended September 30, 2021G.

The Administration*	2018G		2019G		2020G		September 30, 2021G	
	Saudis	Non-Saudis	Saudis	Non-Saudis	Saudis	Non-Saudis	Saudis	Non-Saudis
Human Resources	3	1	4	1	1	1	1	1
Business Development	1	0	0	0	0	0	0	0
Finance	0	3	2	3	3	2	3	3
Public Administration	1	0	1	0	1	0	1	0
Information technology	1	0	0	0	0	0	0	0
Commitment and Shareholder Affairs	1	1	0	1	0	1	0	1
Sales and Marketing	0	4	0	4	2	5	2	2
Public relations	0	0	0	0	1	0	0	0
Marketing	0	1	0	0	0	0	0	1
Data analysis	0	0	0	0	0	0	1	0
Support Services	0	1	0	2	5	3	6	4
Total	7	11	7	11	13	12	14	12

Source: The Company's Data.

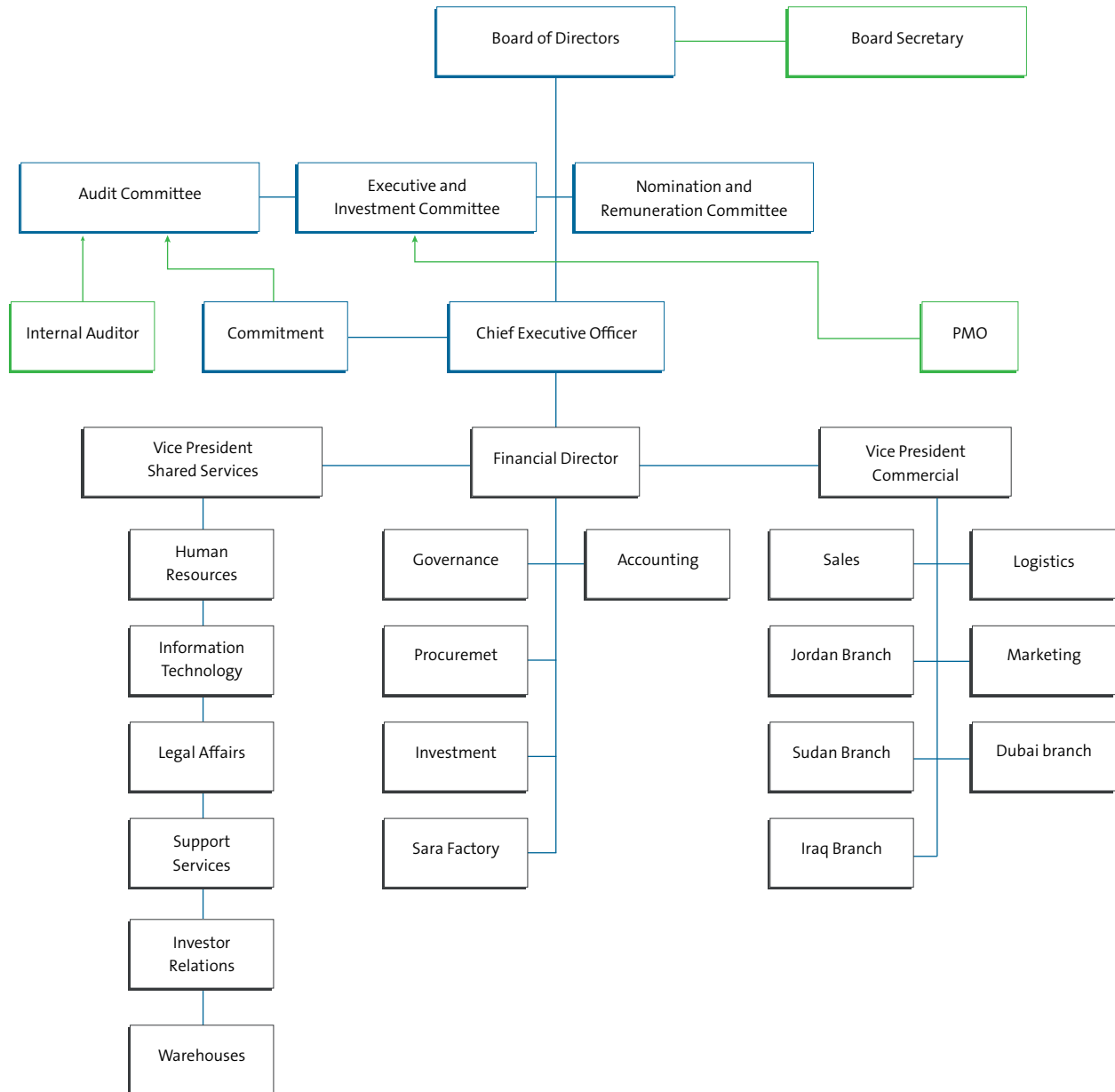


4. Company Organizational Structure

4.1 Company Structure

The figure below shows the organizational structure of the Company:

Figure (1): Company Organizational Structure.



Source: The Company



4.2 The Board of Directors

The table below shows the BOD's members of the Company as of the date of this Prospectus:

Table No. (4-1): Members of the Company's Board of Directors.

Members of the Board of Directors								
Board of Directors appointed on 27/08/1440H (corresponding to 02/05/2019G) *								
Name	Position	Membership Status	Nationality	Age	Owned Shares			
					Direct		Indirect***	
					Number	Percentage	Number	Percentage
Hatem Hamad Abdullah Al-Suhaibani **	Chairman of the Board of Directors	Independent	Saudi	38	10	0.0001543%	-	-
Ahmad Muhammad Ali Al-Arini **	Vice Chairman of the Board of Directors	Independent	Saudi	43	-	-	-	-
Abdallah Abdul Aziz Abdallah El Mashaal	Board Member	Non-executive	Saudi	51	-	-	-	-
Salman Mohamad Suleiman El Shaybani	Board Member	Independent	Saudi	35	-	-	-	-
Khaled Abdallah Mohamad El Dobeib	Board Member	Independent	Saudi	40	7	0.000108%	-	-
Sulaiman Hamad AlJedaie***	Board Member	Executive	Saudi	37	-	-	-	-
Ali Saleh Ali El Hamidan	Board Member	Independent	Saudi	39	-	-	-	-
Houssam Yahya El Ghaymel	Board Member	Non-executive	Saudi	39	-	-	-	-

Source: The Company

* On 27/08/1440H (corresponding to 02/05/2019G), the Company ordinary General Assembly agreed to elect the aforementioned Board members for the current session beginning on 16/06/2019G for a period of three years ending 15/06/2022G).

** On 13/10/1440H (corresponding to 16/06/2019G), the Board of Directors decided to appoint Engineer Hatem Hamad Abdullah Al-Suhaibani as Chairman of the Board of Directors and to appoint Mr. Ahmed Muhammad Ali Al-Arini as Vice-Chairman of the Board of Directors.

*** He was appointed on 30/03/2021G to replace, Mr. Hazem Fahd Al-Dossary submitted on 28/12/2020G his resignation from the Board of Directors, and the latter approved his resignation by the virtue of resolution (22) passed on 29/12/2020G. On 26/11/1442H (corresponding to 06/07/2021G), the appointment of the new director was approved by the Shareholders' General Assembly.

4.3 The Company's Committees

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

4.3.1 Audit Committee

The audit committee was formed for the new session for a period of three years ended June 15, 2022G as per the Ordinary General Assembly meeting dated 02/02/1441H (corresponding to 01/10/2019G).

Table No. (4-2): Members of the Audit Committee.

Name	Title	Membership Type
Salman Mohamad El Shaybani	Head of the Committee	Independent member
Ahmad Muhammad Al-Arini	Member	Independent member
Mohamad Azzam El Shawaier	Member	Is not a member of the Board

Source: The Company

Duties and Responsibilities of the Audit Committee

The Audit Committee executes the following duties and responsibilities:

- Supervising the internal audit and the systemic control departments of the Company, and verifying their effectiveness in carrying out the work and tasks set by the board.
- Reviewing and evaluating the accounting policies adopted in the Company and giving opinion and recommendation to the Board in this regard.
- Reviewing the initial and annual financial statements of the Company before submitting them to the Board of Directors, and expressing its opinion and recommendations to ensure their fairness and transparency.



- Reviewing the audit plan with the chartered accountant and give notes.
- Reviewing reports and notes submitted by the external auditor.
- Examining the nominations for the internal auditor position.
- Reviewing the internal audit offers and giving recommendations to the council in such matters.
- Reviewing the audit work plan and the scope of the examination.
- Periodic evaluation of the internal control and audit system.

4.3.2 Executive and Investment Committee

The Board of Directors meeting dated 15/05/1442H (corresponding to 30/12/2020G) agreed to again change the name of the Committee from the Executive Committee as follows to the Investment Executive Committee and appoint four members to the Committee as follows:

Table No. (4-3): Members of the Executive Committee.

Name	Title	Membership Type
Hatem Hamad Al-Suhaibani	Head of the Committee	Independent member
Khaled Abdallah El Dabib	Member	Independent member
Houssam Yahya El Ghaymel	Member	Non-Executive member
Sulaiman Hamad Al-Jdayi	Member	Executive member

Source: The Company.

Duties and Responsibilities of the Executive and Investment Committee

The committee is responsible for overseeing the executive decision-making process and represents the role of the supervisory board in the periods between management meetings, as it performs the following tasks:

- Discussing and decision-making in emergency cases within the limits of the powers granted to it by the Board of Directors.
- Receiving reports from the Board regarding legal issues and lawsuits essential to the Company.
- Reviewing the Company strategic planning procedures and processes in cooperation with the CEO.
- Ensuring that the actual execution of the Company strategic plans aimed at achieving its goals.
- Reviewing the CEO recommendations regarding the distribution of the Company resources aimed at achieving alignment between the Company strategic plans and its long-term operational goals.
- Reviewing, periodically, the Company strategic plans and operational goals to ensure that they are consistent with its mission and strategic goals.
- Preparing recommendations for the Board of Directors regarding strategic decisions related to operational priorities, including awareness-raising into new markets and countries or exit from existing markets and countries.
- Preparing and reviewing recommendations to the Board of Directors related to annual and long-term financial goals and strategies, as well as related performance indicators.
- Preparing and reviewing the recommendations submitted to the Board of Directors related to the policy and dividends of profits for the Company and how to implement it, with the investment committee.
- Delivering a periodic review of capital and actual expenditures and reviewing them with previously approved budgets.
- Delivering an annual review and evaluation of its regulations with the aim of ensuring that it fulfills its duties and submits recommendations to the Board of Directors regarding making amendments to them.
- Submitting a periodic report on the activities to the Board of Directors, not less than once every six months.



4.3.3 Nomination and Remuneration Committee

The Nomination and Remuneration Committee was formed as per the Board of Directors meeting dated 13/11/1440H (corresponding to 16/06/2019G).

Table No. (4-4): Members of the Nomination and Remuneration Committee.

Name	Title	Membership Type
Ahmad Muhammad Al-Arini	Head of the Committee	Independent member
Abdullah Abdul Aziz Al Mashaal	Member	Non-independent member
Ali Saleh Al Hmaydan	Member	Independent member

Source: The Company.

Duties and Responsibilities of the Nomination and Remuneration Committee

- Issuing recommendations for the Board concerning the Board nominations according to the approved policies and standards.
- Carrying out the annual review of the required skills for membership in the Board of Directors.
- Preparing a description of the capabilities and qualifications required for membership in the Board of Directors.
- Reviewing the structure of the Board of Directors and making recommendations regarding the changes that can be made.
- Evaluating the Board comprehensive and individual evaluation for the Board members and members of the committees, identifying strengths and weaknesses, and suggesting methods of treatment.
- Ensuring that the members and council committees are independent and that there are no conflicts of interest.
- Issuing recommendation regarding appointment or dismissal of senior management members.
- Developing the succession policy and procedures for the CEO and senior management, monitoring the implementation of succession plans and procedures for them and reviewing compensation plans for members of senior management.
- Supervising the induction program and periodic training for council members.

4.4 Executive Management

The table below shows the details of the executive management of the Company, as of the date of this Prospectus:

Table No. (4-5): The Company's Executive Management.

Name	Position	Nationality	Age	Appointment date	Owned Shares			
					Direct		Indirect	
					Number	Percentage	Number	Percentage
Suleiman Hamad Al-Jedaie	CEO	Saudi	37	30/09/2020G	-	-	-	-
Ahmed Talaat Abdulaziz	Financial Director	Egyptian	44	01/05/2021G	-	-	-	-
Faisal Abdullah Ramadan Maqd	Director of Investor Relations and Corporate Governance Department	Yemeni	38	09/01/2010G	-	-	-	-
Bader Abdul Hadi Al-Ajmi	Joint Support Services Manager	Saudi	42	13/12/2020G	-	-	-	-
Mahmoud Saleh Bahkim	Director of Human Resources Department	Saudi	36	01/12/2020G	-	-	-	-

Source: The Company



4.5 Compensation and Remuneration of Board Members and Senior Executives

The Nomination and Remuneration Committee is responsible for proposing compensation and bonuses to be paid to the Board Members and senior executives. The table below shows the salaries, bonuses, and allowances that Board Members and the top five executives received during the past three years:

Table No. (4-6): Compensation and Remuneration of Board Members and Senior Executives.

	Fiscal year ended 31/12/2018G	Fiscal year ended 31/12/2019G	Fiscal year ended 31/12/2020G
Board Members	SAR 479,445	SAR 789,767	SAR 750,000
Top 5 senior executives	SAR 430,000	-	-
TOTAL	SAR 909,445	SAR 789,767	SAR 750,000

Source: The Company



5. Employees

5.1 Existing Shares Programs for Employees Before Submitting the Registration Application and Securities Offering Subject to This Prospectus

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

5.2 Employees' Capital Sharing Arrangements

As of the date of this Prospectus, there are no arrangements to share capital with employees.



6. Management Discussion and Analysis of the Company's Financial Position and Results of Operations

6.1 Introduction

This following section “Management Discussion and Analysis of the Financial Position of the Company and the Results of its Operations” of the Saudi Industrial Export Company (the “Company”) presents an analytical review of the Company performance and its financial position for the fiscal years ended December 31, 2018G, 2019G, 2020G and the nine-month period ended September 30, 2021G.

Al Azem, Al Sudairy, Al Shaikh and Partners, CPA & Consultants Co., has audited the financial statements for the two fiscal years ended 31 December 2017G and 2018G. Al Jaser and Al Dakhil accounting and auditing firm has audited the financial statements for the period ended December 31, 2019G. Baker Tilly MKM & Co. has audited the financial statements ended December 31, 2019G. Ibrahim Ahmed Al-Bassam Company (auditor) has audited the financial statement for the nine-month period ended September 30, 2021G.

Al Azem, Al Sudairy, Al Shaikh and Partners, CPA & Consultants Co., Al Jaser and Al Dakhil accounting and auditing firm, as well as Baker Tilly MKM & Co. and Ibrahim Ahmed Al-Bassam Company, or any of their subsidiary or sister companies does not own any share or interest of any kind in the Company and its subsidiary companies, and they have given their written consent and have not withdrawn from it, regarding publishing their name, logo and statements in this Prospectus as auditors for the Company during the above-mentioned periods.

The Company financial statements for the fiscal years ended December 31, 2018G, 2019G, 2020G and the nine-month period ended September 30, 2021G, have been prepared in accordance with International Financial Reporting Standards (IFRS) approved by the Kingdom of Saudi Arabia and other standards and publications issued by the Saudi Organization for Certified Public Accountants (SOCPA).

Please note that the numbers shown in the tables of this section are in SAR, unless otherwise stated. Percentages are rounded to the nearest decimal point. Therefore, calculating the percentage increase/decrease using the numbers in the tables (shown in thousands) may not fully match the percentages mentioned in the tables. In addition, and for the purposes of Management Discussion and Analysis of the Financial Position of the Company and the Results of its Operations, the financial information for the fiscal years ended December 31, 2017G and 2018G was used from the comparative financial information presented in the Company financial statements for the fiscal years ended December 31, 2018G and December 31, 2019G from the comparative financial information presented in the company's financial statements for the financial years ending on December 31, 2019G and 2020G, respectively. The financial information for the nine-month period ended September 30, 2020G has been extracted from the unaudited financial statements for nine-month period ended September 30, 2021G.

This section may include hypothetical data regarding the future expectations of the Company based on the current plans and expectations of management regarding the growth of the Company, results of operations and financial position, and therefore may involve risks and uncertain probabilities. The Company actual results may differ materially from those stated explicitly or implicitly in these hypothetical data as a result of various factors and future events, including that discussion below and in other places within this Prospectus, particularly in the “**Risk Factors**” section of this Prospectus.

6.2 Directors' Declarations Regarding the Financial Statements

- The Board of Directors acknowledges that the financial information contained in this section has been extracted without substantial change from the audited financial statements and is presented in a format that is consistent with the financial statements and audited financial statements for the fiscal years ended December 31, 2017G, 2018G, 2019G, 2020G, and the nine-month period ended September 30, 2021G, and the accompanying notes that were prepared in accordance with the international standards for financial report issued by the International Accounting Standards Board approved by the Kingdom and other standards and publications issued by the Saudi Organization for Certified Public Accountants without making any substantial modification to them.
- The Board of Directors declares that the Company incurred losses during the financial period ending between 2019G and 2020G, and the nine-month period ended September 30, 2021G; except as disclosed in subparagraph (2-1-15) “**Risks of accumulated losses**” of Section No. (2) “**Risk Factors**” of this Prospectus in respect of the accumulated losses, there has been no material adverse change in the financial and commercial position of the Company and its subsidiaries during the three fiscal years ended December 31, 2017G, 2018G, 2019G, and the nine-month period ended September 30, 2021G, which immediately precedes the date of the application for registration and offering of securities subject to this Prospectus.
- There was no interruption in the Company business, which could affect or have had a significant impact on the financial position during the last 12 months from the date of this Prospectus.
- The Board of Directors acknowledges that no commissions, discounts, brokerage fees, or non-cash compensation were granted by the Company to any of the Board Members, senior executives, those presenting or offering, or



experts during the three fiscal years that immediately precede the date on which the securities are registered and offered, until the date of this Prospectus is approved.

- The Board of Directors declares that the Company does not have any loans or other debts, including overdrafts from bank accounts, and acknowledges that there are no guarantee obligations (including personal guarantee, or not covered by a personal guarantee, or secured by a mortgage, or not guaranteed by a mortgage), or obligations under acceptance, acceptance credit, or lease purchase obligations, with the exception of what was disclosed in this section (6-9) “**Loans**” and sub-paragraph (10-5-9) “**Loans and Facilities**” from Section No. (10) “**Legal Information**” section of this Prospectus.
- With the exception of what has been mentioned in the sub-paragraph (4-2) “**The Board of Directors**” of section No. (4) “**Company Organizational Structure**” of this Prospectus, the members of the Board of Directors or any of their relatives do not have any shares or interest of any kind in the Company or any of its subsidiaries.
- The Board of Directors acknowledges that, with the exception of what has been disclosed in the “**Risk Factors**” section of this Prospectus, the Company does not have information about any governmental, economic, financial, monetary or political policies, or any other factors that affected or could influence in a way material (direct or indirect) in the operations of the Company or subsidiaries.
- The Board of Directors acknowledges that, with the exception of what was disclosed in the “**Risk Factors**” section of this Prospectus, the Company does not have any seasonal factors or economic cycles related to the activity that may have an impact on the operations of the Company or its subsidiaries.
- The Board of Directors declares that the Company has a working capital sufficient for the 12 months immediately following the date of publication of this Prospectus.
- The Board of Directors declares that the Company does not own any property, including contractual securities or other assets whose value is subject to fluctuations or difficult to verify their value, which may significantly affect the evaluation of the financial position of the Company.
- The Board of Directors declares that there is no capital covered by the rights option for the Company or its subsidiaries.
- The Board of Directors acknowledges that no commissions, discounts, brokerage fees, or non-cash compensation were granted by the Company or its subsidiaries during the three fiscal years that immediately precede the date on which the securities are registered and offered, concerning the issuance or the offering of any securities.
- The Board of Directors declares that there are no significant fixed assets to be purchased or leased.
- The Board of Directors declares that all the material facts related to the Company and its financial performance have been disclosed in this Prospectus, and that there are no information, documents or other facts.

6.3 Qualified Opinion of External Auditor

It should be noted that the audited financial statements issued in 2020G have included a reservation by an External Auditor based on the following data:

- The Company has not calculated the expected credit loss in accordance with International Financial Reporting Standard (9). Therefore, the auditor was unable to determine whether there are any necessary amendments to the value of trade receivables as on December 31, 2020G.
- The auditor's audit of the cost of the SAR 35 million revenues for the year ended on December 31, 2020G has showed that certain supporting documents of the purchase payments were incomplete and the auditor was unable to obtain sufficient assurances from other audit procedures. Therefore, the auditor was unable to determine whether there are any necessary amendments to the cost of revenues for the year ended on December 31, 2020G.
- The Company has not assessed the relationship of its agreements with customers as principal or agent in accordance with International Financial Reporting Standard (15). Accordingly, the auditor was unable to verify the appropriateness of the presentation of the revenue items and the cost of revenues for the company for the year ended on December 31, 2020G.

6.4 Amendments of Previous Years

It is worth noting that the Financial Statements issued in 2020G included revised figures for 2019G after recording amendments on a number of items of the financial position, the statement of profit and loss and other comprehensive income. The settlements mainly relate to the balance of the right to use assets, leases liabilities, prepaid expenses, professional fees and Board of Directors' remuneration for 2019G, actuarial profits, inventory and other items.



6.5 Significant Accounting Policies

Implementation of New and Revised International Financial Reporting Standards

New and revised International Financial Reporting Standards applied did not have a material impact on the consolidated financial statements.

The following new and revised International Financial Reporting Standards, which became effective for annual periods beginning on or after 01/01/2020G, have been adopted in these consolidated financial statements. The application of these revised IFRSs do not have any material impact on the reported amounts for current and prior years, but may affect the accounting for future transactions or arrangements.

- Amendments to the references to the conceptual framework in the International Financial Reporting Standards.
- Amendments to IFRS 3 "Business Combinations" to clarify the definition of a business.
- Amendments to IFRS 7 - Financial Instruments: Disclosures and IFRS 9 - Financial Instruments Amendments related to pre-exchange issues in the context of interbank rate reform.
- Amendments to International Accounting Standard 1 - Presentation of Financial Statements and International Accounting Standard 8 - Changes in accounting estimates and identification of material errors.
- Amendments to IFRS 16 Lease Contracts that grant lessees exemption from assessment, lease concessions to lessees as a result of the COVID-19 pandemic, and modifications to lease contracts.

New and revised IFRSs are in progress but not yet effective and not previously adopted.

The Group has not yet applied the following new standards, amendments and interpretations that have been issued but are not yet effective:

Valid for annual periods beginning on or after	New and revised International Financial Reporting Standards
Effective date has been postponed indefinitely	Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures relating to the processing of the sale or contribution of assets from an investor to its associate or joint venture.
January 1, 2023G	Amendments to IAS 1 Presentation of Financial Statements relating to the classification of liabilities.
January 1, 2023G	IFRS 17 Insurance Contracts, which sets out the principles for the recognition, measurement, presentation and disclosure of insurance contracts, replaces IFRS 4 Insurance Contracts.
January 1, 2022G	Amendments to IFRS 3 Business Compilation to Update Conceptual Framework References.
January 1, 2022G	Amendments to IAS 16 Property, Plant and Equipment that prevent the Company from deducting from the cost of property, plant and equipment Amounts received from the sale of items produced while the Company prepares the assets for their intended use.
January 1, 2022G	Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets relating to costs to be included when assessing lost contracts.
January 1, 2021G	Amendments to IFRS 4 Insurance Contracts, IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments, and IFRS 16 Leases relating to pre-exchange issues in the context of interbank rate reform.
January 1, 2022G	Annual Amendments to IFRS 2018G-2020G Revised cycle of IFRS 1, 9, 16 and 41.

The Company's Administration anticipates that these new standards, interpretations and amendments will be adopted in the group's consolidated financial statements for the period of initial application; the adoption of these new standards, interpretations and amendments may not have a material impact on the group's consolidated financial statements in the period of initial application.

Financial Statements' Basis of Preparation

General Considerations

The preparation of these financial statements according to the IFRS required from the Company management using judgments and estimations which affect the application of accounting policies regarding the reported amounts of assets, liabilities, revenues and expenses. The measurement bases are fully described in the accounting policies.

The significant accounting policies have been applied in the preparation of these consolidated financial statements. These accounting policies have been consistently applied to all the years presented, unless otherwise stated.

The preparation of consolidated financial statements in accordance with International Financial Reporting Standards requires the use of some significant accounting estimates. It also requires the group's management to exercise judgment in applying the group's accounting policies.



These consolidated financial statements have been prepared on the historical cost basis except for the following:

- Trade receivables are at amortized cost.
- Measurement of the defined benefit plan at the present value of future obligations using the projected unit credit method.

These consolidated financial statements have been prepared using the accrual basis of accounting and the going concern basis.

Functional currency and display currency

The consolidated financial statements are presented in Saudi Riyals, which is the functional currency of the Group.

Basis for consolidation of financial statements

The consolidated financial statements present the results of the Company and its subsidiary as if they had formed a single entity. Therefore, transactions and balances between group companies are completely eliminated.

Subsidiaries

A subsidiary is the Company that the group controls. The group controls a Company when it has a right to variable returns from its involvement with the Company and has the ability to affect those returns through the control of the Company. The financial statements of a subsidiary are included in the consolidated financial statements from the starting date of the control until the end date of the control.

Transactions and balances deleted on consolidation

Balances, transactions and any unrealized income and expenses arising from intra-group transactions are eliminated.

Fiscal year

The Group's financial year begins on January 1 and ends on December 31 every Gregorian year.

Use of judgments, assumptions, and estimations

The Group exercises some judgments and estimations regarding the future. Judgments and estimations are continually evaluated based on the past experience and other factors, including anticipation of future events that are believed to be appropriate in the circumstances. In the future, actual results may differ from these estimations and assumptions.

The following are the estimations and assumptions that have significant risks and lead to a material settlement in the carrying amounts of assets and liabilities during the following financial year:

Provisions

Hereunder information about assumptions and estimations used when applying accounting policies having the most significant effect on the amounts recognized in the consolidated financial statements:

The Going Concern Concept in Accounting

The consolidated financial statements have been prepared on the going concern principle, which assumes that the Group will continue to operate in the foreseeable future. The Group's ability to continue as a going concern depends on obtaining profitable financing and contracts, as well as increasing its revenue appropriately.

The group is working on expanding the business model by entering into complementary operations to the group's activity according to the statute in order to include storage operations in regional and international free zones, in addition to make import operations for raw materials and expanding transportation operations for the group and others account. In addition, the Group's management is working on trading items with a high profit margin, such as foodstuffs. The Company also announced the approval of the Board of Directors to close the Saudi Industrial Exports Company in Jordan in order to reduce general and administrative expenses, and also worked to increase the Company's capital by submitting an application to the Capital Market Authority.

However, as explained above, management reasonably expects the Group to continue as a going concern for the foreseeable future.



Impairment of Trade Receivables

The Group measures the loss allowance for trade receivables at an amount equal to lifetime. The allowance for expected credit losses on trade receivables is estimated using a provision matrix by referring to the debtor's past default experience, an analysis of the debtor's current financial position adjusted for factors specific to the debtors, general economic conditions of the industry in which the debtors operate, and an assessment of both the current and projected condition of conditions at the reporting date. Trade receivables are usually assessed collectively, unless there is a need to assess a specific receivable on an individual basis.

Uncertain Assumptions and Estimations

The following contains information about uncertain assumptions and estimations that have a significant risk of causing material adjustments to the consolidated financial statements for ended December 31, 2020G:

Zakat and Uncertain Tax conditions

The Company's current due Zakat of SAR (1,502,765) relates to management's assessment of the Zakat amount due on the start of Zakat assessments, as the Company still has to agree with the Zakat, Tax and Customs Authority on the amounts of the final obligations. Due to the uncertainty associated with the Zakat clauses, it is possible that the final result will be different when the final assessment is issued by the Zakat, Tax and Customs Authority in the future periods. (For more information, please see paragraph (6.5.16) of this section and subparagraph (2.1.25) "Risks of Zakat's Additional Liability" of Section (2) "Risk Factors").

Employees' Benefits

Defined employees' benefit obligations are determined using an actuarial valuation which requires an estimation of the various inputs.

Summary of the Significant Accounting Policies

The Group has applied the accounting policies on a regular basis to all the periods presented in these consolidated financial statements. The following are the significant accounting policies applied by the Group when preparing its consolidated financial statements:

Classification of Assets and Liabilities into Current and Non-current

The Group presents the assets and liabilities in the consolidated statement of financial position based on their classification into current or non-current. An asset is classified under current assets if:

- The asset is expected to be realized or intended to be sold or used during the normal business cycle
- The asset is mainly held for trading
- The asset is expected to be realized within (12) months after the consolidated statement of financial position date, or
- It is cash or cash equivalent, unless it is prohibited to exchange the asset or use it to settle a liability within at least 12 months from the date of the consolidated statement of financial position.

All other assets are classified as non-current assets.

A liability is considered a current liability if:

- There is an expectation of settlement of the obligation during the normal business cycle
- The obligation is held primarily for trading
- The obligation is expected to be settled within (12) months after the date of the consolidated statement of financial position, or
- There is no unconditional right to defer the settlement of the obligation for at least 12 months after the date of the consolidated statement of financial position.

The Group classifies all other liabilities as non-current requests.



Foreign Currencies

Transactions and Balances in Foreign Currencies

Transactions in foreign currencies are translated into the functional currency of the Group at the exchange rates prevailing on the date of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and the remeasurement of monetary items at year-end exchange rates are recognized in the consolidated statement of profit or loss.

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

Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statement of the financial position comprise cash in banks and cash in hand, which are subject to an insignificant risk of change in value.

Trade Receivables

Trade receivables are stated at original invoice amount less provision for impairment losses in an amount equal to lifetime; when trade receivables are uncollectible, they are written off for impairment losses.

Inventory

Inventories are stated in the consolidated financial statements at the lower of cost or net realizable value, with provisions due for any obsolete or slow-moving items in accordance with the Group's policy. The cost of trading goods is determined on a weighted average cost basis.

Financial Instruments

A financial instrument is any contract that rise the Group's financial assets and financial liabilities or equity instrument of another party.

Recognition

A financial asset or a financial liability is recognized when the Group is a party of the instrument contractual provisions, which is usually on the trade date.

Categorization/Classification

The Group classifies its financial assets according to the following classification categories:

- Financial assets subsequently measured at the amortized cost
- Financial assets measured at the fair value through other comprehensive income
- Financial assets measured at the fair value through profit or loss

This classification depends on the contractual terms of the cash flows of the financial asset. Financial liabilities measured at amortized cost are classified unless they are classified as liabilities to be measured subsequently at the fair value through profit or loss. For assets and liabilities measured at fair value, gains and losses are recognized either in the consolidated statement of profit or loss or other comprehensive income. Financial liabilities are not reclassified.

Measurement

All financial instruments must be measured at the fair value on initial recognition, as well as the transaction costs directly attributable to the acquisition or issue of the financial asset or liability, if the financial assets are not at fair value through profit, loss or other comprehensive income. Transaction costs relating to financial assets and financial liabilities at the fair value through profit or loss are expensed in the consolidated statement of profit or loss.

Financial assets that are held within a business model and whose objective is achieved by collecting contractual cash flows, which are cash flows that are solely payments of principal and commission on the principal amount outstanding, are generally measured at amortized cost at the end of the subsequent accounting period; any changes are recognized in the consolidated profit, loss or other comprehensive income (the option is irrevocable at the recognition date).



Derecognition

Financial assets are derecognized when the rights to receive cash flows from the assets expire; when the Group has transferred its rights to receive cash flows from the assets; when it has assumed an obligation to fully-pay the received cash flows without material delay to a third party under a “spot arrangement”; when the Group transfers substantially all the risks and rewards of the assets; or when the Group has transferred or retained substantially all the risks and rewards of the assets, but has transferred assets control.

Financial liabilities are derecognized when the obligation is discharged, cancelled or expires; when an existing financial liability is replaced by other financial liability of the same lender on substantially different terms; when the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and a new liability is recognized; and when the difference is recognized in the respective carrying amount in the consolidated statement of profit or loss.

Financial Instruments Clearing

Financial assets and financial liabilities are offset and reported net in the consolidated statement of the financial position only when there is a legally enforceable right to settle the amounts and there is an intention to settle on a net basis, or to sell, simultaneously, the assets and settle the liabilities.

Depreciation

In assessing the expected credit losses of trade receivable balances, the Group follows the simplified approach under the IFRS 9.

The simplified approach does not require recognizing ECL by tracking changes in the credit risk. Instead, the Group recognizes a loss allowance based on lifetime at each consolidated financial statement date.

The objective evidence of financial assets impairment may include indications that the debtor or a group of debtors is experiencing significant financial difficulty, non-payment, default or failure to pay principal or commission, or that they may enter bankruptcy or financial reorganization. There is a measurable deficiency in the estimated future cash flows, such as changes in the arrears or economic conditions that correlate with a default.

Financial assets are written off when the contractual cash flows are not reasonably expected to be recovered.

Property, Plant and Equipment

Recognition and Measurement

Property, plant and equipment is measured at cost which includes borrowing costs less accumulated depreciation and any accumulated impairment losses. If significant parts of property, plant and equipment have a different useful life, they are accounted for as separate items (major components) of property, plant and equipment. All other repair and maintenance costs are recognized in the consolidated statement of profit or loss as incurred. The present value of the expected cost of decommissioning the asset after its use is included in the cost of the relevant asset if the recognition criteria for the provision are met.

Property, plant and equipment are derecognized upon the sale or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal of an item of property, plant and equipment is recognized in the consolidated statement of profit or loss as other income.

Subsequent Expenses

Subsequent expenditures are capitalized only when it is probable that the future economic prospects associated with those expenditures will flow to the Group.



Consumption

Consumption is calculated to write off the cost of items of property, plant and equipment less their estimated residual value using the straight-line method over their estimated useful lives; it is usually recognized in the consolidated statement of profit or loss.

The following rates represent the estimated useful lives of property, plant and equipment that are depreciated for the current and comparative periods:

	Consumption ratio
Buildings	2.5%
Machinery and equipment	12.5%
Furniture	10%
Computers and gadgets	12.5% - 25%
Vehicles	25%
Leasehold improvements	20%

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at the end of each financial year and adjusted prospectively, if appropriate.

Impairment Test of Non-financial Assets

The Group assesses, at the reporting date, whether there is any indication that a financial asset may be impaired. If any such indication exists, or if the annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. The recoverable amount of an asset is the higher of the fair value of the asset or cash-generating unit less costs of disposal and the present value; it is determined for an individual asset unless the asset does not generate cash inflows that are primarily independent of those generated by other assets or groups of assets; when the carrying amount of an asset increases or the value of the cash-generating units exceeds its recoverable amount, the asset is considered impaired and written down to its recoverable amount.

In assessing the present value, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the money time value and any risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. In the absence of such transactions, an appropriate valuation form is used. These calculations have been substantiated using valuation multiples, quoted market share prices for publicly traded companies, or other available fair value indicators.

The Group's calculation of impairment is based on detailed budgets and forecast accounts, which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated.

Impairment losses on continuing operations are recognized in the consolidated statement of the comprehensive income in the categories of expenses consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is any indication that previously recognized impairment losses may no longer exist or have decreased. If any such indication exists, the Group estimates the assets or cash-generating unit recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset recoverable amount since the last impairment loss was recognized. The reversal is limited; so that the carrying amount of the asset does not exceed its recoverable amount, and does not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. This reversal is recognized in the consolidated statement of profit or loss and other comprehensive income.

Leasing / Rentals / Tenants

The Group assesses whether a contract contains a lease at the contract inception. The Group recognizes all lease agreements for right-of-use assets and lease liabilities, with the exception of short-term leases and leases of low-value assets as follows:

Right-of-use Assets

The Group recognizes the right to use the assets on the starting date of the lease (i.e., the date of the underlying asset becomes available for use). Right-of-use assets are measured at cost less any accumulated impairment and depreciation losses, and adjusted for any remeasurement of the lease liability. The cost of right-of-use assets includes the amount of lease commitments recognized, initial direct costs incurred and lease payments made on or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the right to use the recognized assets is amortized on a straight-line basis over the shorter of the estimated useful life and the lease term. Right-of-use assets are subject to impairment.



Lease Obligations

At the starting lease date, the Group recognizes lease liabilities measured at the present value of the lease payments to be made over the term of the lease. Lease payments consist of fixed payments (including embedded fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of the purchase option that the Group is certain to exercise and the payment of lease termination penalties, if the lease term reflects that the Group is exercising the option to terminate. Variable lease payments that do not depend on an index or rate are recognized as an expense in the period in which the event or condition that leads to the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the commencement date of the lease if the interest rate implicit in the lease is not readily determinable. After the starting date, the amount of the lease commitments is increased to reflect the accrual of interest and a reduction in the lease payments made; the carrying amount of the lease liability is remeasured if there is a modification, a change in the lease term, a change in guaranteed fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term Lease Contracts

The Group applies the short-term lease recognition exemption to short-term leases (i.e., leases that have a term of 12 months or less from the starting date and do not contain a purchase option). Lease payments on short-term leases are recognized as an expense on a straight-line basis over the term of the lease.

Zakat

Zakat is subject to the collection in the Kingdom of Saudi Arabia in accordance with the regulations of the KSA Zakat, Tax and Customs Authority ("the Authority"). The provision for zakat is calculated according to the zakat base prepared on the basis of the group's consolidated financial statements.

Provisions and Contingent Liabilities

Provisions are recognized when a present liability arising from a past event will cause an outflow of economic resources from the group and the amounts can be estimated reliably. The timing or amount of the influx remains uncertain. A present obligation arises when there is a legal or implied obligation arising from past events, such as legal disputes or binding contracts.

Provisions are measured based on the estimated expenditures required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with that obligation. When there are a number of similar liabilities, the probability that an outflow will be required for settlement is determined by considering the class of liabilities as a whole. Provisions are discounted to their present value, where the time value of money is material.

All provisions are reviewed at each reporting date and adjusted to reflect current best estimates. In cases where the potential outflow of economic resources as a result of current obligations is considered unlikely or remote, a liability is recognized only if it is foreseen in the course of a business combination.

Accounts Payable and Accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether or not billed by suppliers.

Employees' End of Service Benefits

Short-term Employees' Benefits

Short-term employees' benefits are expensed when the related services are rendered. A liability is recognized for the amount expected to be paid when the Group has a present legal or constructive obligation to pay that amount in exchange for past services rendered by the employee and the liability can be estimated reliably.

Defined Benefit Plans

The Group's net liability in respect of defined benefit plans is calculated by estimating the amount of future benefits that the employee has received in the current or prior periods and discounting this amount and reducing the fair value of any funded assets. The defined benefit obligation is calculated annually by a qualified actuary using the projected unit credit method.

Remeasurement of the net defined benefit obligation, which comprises actuarial gains and losses and interest (excluding finance expense) is recognized directly in other comprehensive income. The Group determines the net financing expense on the net defined benefit obligation for the period by applying the discount rate used to measure the net defined benefit



obligation at the beginning of the annual period to the net defined benefit obligation, taking into account any changes in the net defined benefit obligation during the period as a result of contributions and benefit payments. The net financing expense and other expenses relating to defined benefit plans are recognized in the consolidated statement of profit or loss.

When a change in benefit plans occurs or when plans are reduced, the resulting changes in benefits relating to prior services or the gain or loss arising from the reduction of plans are recognized in the consolidated statement of profit or loss. The Group recognizes gains and losses on settlement of defined benefit plans when the settlement occurs.

Property Rights

The share capital represents the nominal value of the shares that have been issued. Accumulated losses also include all losses for the current and prior period.

Revenue Recognition

The Group recognizes revenue from contracts with customers based on a five-step model, as defined in the IFRS 15:

Step 1: Define the contract(s) with the customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations, and sets out the criteria that must be met for each contract.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the price that the Group expects to be entitled to in exchange for transferring agreed goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that contains more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that is the amount of price that the Group expects to be entitled to it in exchange for meeting each performance obligation.

Step 5: Recognize revenue when the Group has satisfied the performance obligation.

The Group satisfies the performance obligation and recognizes revenue over a period of time if one of the following criteria is met:

- a. Group performance does not originate with an alternative use of the group, and the group has an enforceable right to receive payment for performance completed to date.
- b. The Group's performance creates or enhances an asset that the customer has control over when that asset is created or enhanced.
- c. The customer simultaneously receives and benefits from the benefits provided by the performance of the group while the group is fulfilling the performance.

For performance obligations in which one of the conditions described above is not met, revenue is recognized when the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the agreed goods or services, it creates a contract asset based on the amount of the price that the performance achieves; when the amount of the price received from the customer exceeds the amount of revenue recognized, it gives rise to an obligation under the contract.

Revenue is measured at the fair value of the consideration received or receivable, subject to contractually defined terms of payment and excluding taxes and fees.

Revenue is recognized when it is probable that the economic benefits will flow to the Group and the amount of revenue and costs, if applicable, can be measured reliably.

The Group has identified one performance obligation, which is to deliver goods to customers in accordance with the terms of customer contracts. Accordingly, revenue is recognized at the time the performance obligation is satisfied.

Principal vs. Agent considerations: The Group considers factors such as having primary responsibility for providing the goods, the assumption of inventory risk, the ability to set prices, and whether it is acting as principal or agent, when the goods are delivered to the customer as this will affect whether revenue is recognized at any time. gross or net basis.

When the above indicators are met, the group is considered as principal, and therefore, sales transactions relating to the above are recorded on a gross basis. On the contrary, when the above indicators are not met, the group is considered as the agent and, accordingly, sales transactions are recorded on a net basis.



Revenue Costs

Cost of revenue includes the direct costs of sales including costs of materials, service contracts and overheads that are directly related to revenue.

6.6 Key Performance Indicators

The table below shows the Company key performance indicators for the fiscal years ended December 31, 2018G, 2019G, 2020G, and the nine-month period ended September 30, 2020G, and September 30, 2021G.

Table No. (6-1): Key Performance Indicators.

Key Performance Indicators	Unit	The Fiscal Year Ended 31 December			The Nine-Month Period Ended 30 September	
		2018G Audited	2019G Audited	2020G audited	2021G Unaudited	2020G Unaudited
Gross profit margin	%	0.9%	(20.7%)	4.4%	6.6%	9.2%
Operating profit margin	%	(6.3%)	(36.8%)	(34.3%)	(22.7%)	(43.1%)
Net profit margin / Net loss	%	5.4%	(38.1%)	(36.0%)	(21.8%)	(41.7%)
Administrative expenses as a percentage of income	%	7.0%	14.5%	27.0%	17.4%	52.4%
Current assets / Current liabilities	x	7.5	4.8	3.1	-	2.8
Total assets / Total liabilities	x	8.3	5.2	3.3	-	3.0
Liabilities / Equity	x	0.1	0.2	0.4	-	0.5

Source: The audited financial statements between 31 December of 2018G, 2019G and 2020G, and the revised period ended September 30, 2021G.

X: This sign means that the value mentioned is a number, not a percentage.

6.7 Income Statement

The following table shows the Company's income statement for the financial years ending on December 31, 2018G, 2019G and 2020G, and the nine-month period ending on September 30, 2020G, and September 30, 2021G.

Table No. (6-2): Income Statement

SAR thousands	The Fiscal Year Ended December 31			The Nine-Month Ended September 30		Increase / Decrease			CAGR
	2018G Audited	2019G Audited	2020G Audited	2020G Unaudited	2021G Unaudited	December 2019G	December 2020G	September 2021G	2018G 2020G
Revenues	118,271	68,240	36,635	35,017	16,114	(42.3%)	(46.3%)	(54.0%)	(44.3%)
Revenue cost	(117,250)	(82,388)	(35,029)	(32,710)	(14,625)	(29.7%)	(57.5%)	(55.3%)	(45.3%)
Gross income	1,022	(14,147)	1,607	2,307	1,490	(1,484.6%)	(111.4%)	35.4%	25.4%
General and administrative expenses	(8,238)	(9,887)	(9,891)	(6,091)	(8,436)	20.0%	0.0%	38.5%	9.6%
Decline in the value of investments	-	(1,099)	(2,560)	(2,560)	-	NA	133.0%	(100.0%)	NA
Impairment of trade receivables	-	-	(1,725)	(1,600)	-	NA	NA	(100.0%)	NA
Depreciation	(289)	-	-	-	-	(100.0%)	NA	NA	(100.0%)
Income/(loss) from operating operations	(7,505)	(25,133)	(12,507)	(7,944)	(6,947)	234.4%	(50.0%)	(12.6%)	29.4%
Impairment losses on investments	(229)	-	-	-	-	(100.0%)	NA	-	(100.0%)
Financing expenses	-	(16)	(82)	(67)	(106)	NA	400.8%	59.2%	NA
Other income	14,364	466	1,921	1,935	800	(96.8%)	312.5%	(58.7%)	(63.4%)
Income (loss) before Zakat	6,629	(24,684)	(10,731)	(6,076)	(6,253)	(472.3%)	(56.5%)	2.9%	NA
Zakat	(203)	(1,326)	(2,451)	(1,571)	(394)	553.0%	84.9%	(74.9%)	247.5%
Net income (loss) for the year	6,426	(26,009)	(13,182)	(7,646)	(6,647)	(504.7%)	(49.3%)	(13.1%)	NA
Other comprehensive income/(loss) other comprehensive									
Items will not be reclassified to profit or loss at a later time									
Remeasurement of defined obligations or benefits	67	28	62	-	-	(57.8%)	120.1%	NA	(3.6%)
Total (loss) comprehensive profit for the year/period	6,493	(25,981)	(13,120)	(7,646)	(6,647)	(500.1%)	(49.5%)	(13.5%)	NA
Loss from discontinued operations	-	-	-	(93)	(65)	-	-	(30.1%)	-
Net loss or profit	6,493	(25,981)	(13,120)	(7,739)	(6,712)	(500.1%)	(49.5%)	-	(13.3%)

Source: The Company's audited financial statements for the financial years ended December 31, 2018G, 2019G and 2020G, and the audited financial statements for the period ending September 30, 2021G.



The revenue is related to the Company's main business which mainly consists of raw materials (sulfur) sales, plastics sales and cement sales. The revenues recorded by the Company decreased between 2018G and 2020G. Recorded revenues decreased by 42.3%, or by 50.0 million Saudi riyals, to 68.2 million Saudi riyals in 2019G, compared to 2018G. The decline in revenues between 2018G and 2019G was affected by the decline in sales of raw materials, in addition to a global rise in the selling price of raw materials, which automatically led to a decrease in sales volumes. Revenues returned and decreased by 46.3% or by a value of 31.6 million Saudi riyals from 68.2 million riyals in 2019G to 36.6 million riyals in 2020G. The decline between the two years was affected by an additional decline in crude sales following the spread of the COVID-19 pandemic. Between the nine-month period ended September 30, 2020G and the nine-month period ended September 30, 2021G, revenue decreased by 54.0%, or SAR 18.9 million, from SAR 35.0 million in the nine-month period ended September 30, 2020G. To 16.1 million Saudi riyals in the nine-month period ending on September 30, 2021G, as a result of a decrease in revenues from the sale of plastic products by 87.0%, or by 13.7 million Saudi riyals, from 15.8 million Saudi riyals in the nine-month period ended September 30, 2020G to 2.0 million Saudi riyals in the nine-month period ended September 30, 2021G after auditing and restructuring some contracts that were associated to relatively low profit margins.

The cost of revenue mainly consists of the cost of the goods that the Company markets and exports; the cost was concentrated in the cost of raw goods (sulfur), which is the main product that the Company marketed during 2018G and 2020G. The cost of revenue decreased by 29.7%, or 34.9 million Saudi riyals, from 117.3 million Saudi riyals in 2018G to 82.4 million Saudi Riyals in 2019G. The movement was in line with the revenue movement between the two years and is mainly related to the cost of raw materials, which decreased between 2018G and 2019G. The cost of revenue decreased by 57.5%, or by a value of 47.4 million Saudi riyals, from 82.4 million Saudi riyals in 2019G to 35.0 million SAR in 2020G. The movement was in line with the revenue movement. The cost of revenue decreased by 55.3%, or by 18.1 million Saudi riyals, from 32.7 million Saudi riyals in the nine-month period ended September 30, 2020G, to 14.6 million Saudi riyals in the nine-month period ended September 30, 2021G. The aforementioned decrease was in line with the decrease in revenues and was concentrated in the decrease in the cost of materials and raw materials.

The Company recorded a total income of 1.0 million Saudi riyals in 2018G. This income turned into a loss of 14.1 million Saudi riyals in 2019G as a result of the significant decrease in revenues between the two years. The loss recorded in 2019G was subsequently transformed into a profit of 1.6 million Saudi riyals in 2020G. It is worth noting that despite the decrease in revenues by 46.3% or by a value of 31.6 million Saudi riyals between the two mentioned years, the cost of revenues recorded a decrease in a proportion that exceeded the decrease in revenues, as the cost of revenues decreased by 57.5% or by a value of 47.4 million Saudi riyals between 2019G and 2020G. Total income decreased by 35.4% from SAR 2.3 million in the nine-month period ended September 30, 2020G to SAR 1.5 million in the nine-month period ended September 30, 2021G.

The general and administrative expenses mainly included the salaries and wages of administrative staff and professional and advisory fees. General and administrative expenses increased by 20.0% or by 1.6 million Saudi riyals from 8.2 million Saudi riyals in 2018G to 9.9 million Saudi riyals in 2019G as a result of the increase in miscellaneous expenses that included salaries and wages, bonuses for board members and executive management, depreciation expenses and professional and advisory fees. General and administrative expenses did not witness any significant fluctuations during 2019G and 2020G. Administrative expenses increased by 38.5% or an amount of 2.3 million Saudi riyals from 6.1 million Saudi riyals in the nine-month period ended September 30, 2020G to 8.4 million Saudi Riyals in the nine-month period ended September 30, 2021G as a result of an increase in Salary and benefits expenses after attracting highly qualified employees and filling a number of job vacancies within the Company's Restructure.

The impairment in the value of investments includes the decrease in the fair value of the Company's investments in Warehousing Company, United Company and Shahed Distribution Company. The cost of investments in the United and Shahed Distribution companies is 0.8 million Saudi riyals, and since the two companies are under liquidation, the Company was not able to obtain the fair value of the two mentioned companies, however, and on a precautionary basis, the Company decided to reduce the value of the investments completely. During 2020G, the Company sold its share in the Warehousing and Support Services Company for an amount of 4.0 million Saudi riyals, and the sale process did not result in any profits or losses.

The decrease in the value of trade receivables recorded during 2020G was associated with an amount of 1.7 million Saudi riyals, the provision for doubtful debts of trade receivables during 2020G. The decrease in the value of trade receivables was affected by the increase in the accounts receivable provision by 1.6 million Saudi riyals from 0.1 million Saudi riyals in 2019G to 1.7 million Saudi riyals in 2020G, as the Company's management decided to raise the accounts receivable provision so that the reserved provision would be sufficient to cover any credit losses related to receivables. Obsolete or doubtful city. Depreciation expenses recorded in 2018G are related to property, plant and equipment For the Company, specifically the factory machinery and equipment owned by the Company. Any depreciation expenses were recorded during 2019G and 2020G, as depreciation expenses were classified among other expenses. The objective of the reclassification was to separate depreciation expenses related to the Company's main business operations so that these expenses were classified under the category of cost of revenue. On the other hand, depreciation expenses related to the assets of the administrative office are classified under general and administrative expenses.

The Company did not record any operating profit between 2018G and 2020G, but successive losses were recorded during the mentioned period. The operating loss increased by 234.9%, or by 17.6 million Saudi riyals, from 7.5 million Saudi riyals in 2018G to 25.1 million Saudi Riyals in 2019G after a decrease in revenues between the two mentioned years. The operating loss decreased by SAR 12.6 million from a loss of SAR 25.1 million in 2019G to a loss of SAR 12.6 million in 2020G. The slight



improvement between the two years was affected by the significant decrease in the cost of revenue, which decreased by 57.5% or by the value of 47.4 million Saudi riyals, from 82.4 million Saudi riyals in 2019G to 35.0 million Saudi riyals in 2020G. The value of the operating loss decreased by 12.6%, or by an amount of SAR 1.0 million, from SAR 7.9 million in the nine-month period ending on September 30, 2020G to SAR 6.9 million in the nine-month period ended September 30, 2021G after the increase in general and administrative expenses recorded by the Company between the two mentioned periods.

The investment impairment losses, which amounted to 0.2 million Saudi riyals during 2018G, were related to the investments owned by the Company in three companies (Warehouses and Support Services Company, United Company and Shahed Distribution Company). The recorded losses were related to the decline in the value of these investments after the three mentioned companies recorded consecutive losses during 2018G.

Minor financing expenses amounting to 16 thousand Saudi riyals and 82 thousand Saudi riyals were recorded during 2019G and 2020G. These expenses were associated with the various lease contracts entered into by the Company. These expenses were classified as finance costs after applying the definition of IFRS 16 for a lease to all of the Company's contracts. The financing expenses were slight between the nine-month period ended September 30, 2020G (SAR 67,000) and the nine-month period ended September 30, 2021G (SAR 106,000). Other income recorded by the Company was related to the sale of shares in the Company's owned portfolios in unlisted companies. These revenues fluctuated during the period between 2018G and 2020G. Other income recorded a significant decrease of 13.9 million Saudi riyals from 14.4 million Saudi riyals in 2018G to 0.5 million Saudi riyals in 2019G as a result of a decrease in share sale revenues, as the Company sold a significant number of shares it owned in unlisted companies during 2018G. Other revenues increased by 1.5 million Saudi riyals from 0.5 million Saudi riyals in 2019G to 1.9 million Saudi riyals in 2020G, and this increase was affected by recording revenues from selling shares amounting to 1.8 million Saudi riyals in 2020G. Other income decreased by 58.7% from SAR 1.9 million in the nine-month period ending on September 30, 2020G to SAR 0.8 million in the nine-month period ended September 30, 2021G, as the revenues in the first quarter period of the year 2020G were related to shares. Which the Company sold and which was owned in listed companies.

Income volatility (loss) before Zakat that was recorded during the period between 2018G and 2020G. The Company recorded a profit before zakat of 6.6 million Saudi riyals during 2018G, which turned into a loss of 24.7 million Saudi riyals in 2019G, which resulted from the noticeable decline in revenues in 2019G. The Company returned and recorded a loss of 10.7 million Saudi riyals in 2020G. The relative decrease in the loss was affected by the noticeable decrease in the cost of revenues between the two years (the cost of revenues decreased by 57.5% between the two mentioned years). The Company recorded a loss of 6.1 million Saudi riyals in the nine-month period ending on September 30, 2020G, and 6.3 million Saudi riyals in the nine-month period ended September 30, 2021G, because of a decrease in revenues and an increase in general and administrative expenses.

Zakat expenses fluctuated during the period between 2018G and 2020G. Zakat expenses gradually increased from 0.2 million Saudi riyals in 2018G to 1.3 million Saudi riyals in 2019G and then increased to 2.5 million Saudi riyals in 2020G. The gradual rise in zakat expenses during the mentioned periods was affected by zakat expenses related to previous years (before 2017G) incurred by the Company after the end of the process of evaluating the zakat returns related to those years, which had been submitted in previous periods. (For more information, please see sub-paragraph (25.1.2) of this section and subparagraph (2.1.25) "**Risks of Zakat's Additional Liability**" of Section (2) "**Risk Factors**"). The Company recorded zakat expenses of 1.6 million Saudi riyals in the nine-month period ended September 30, 2021G and 0.4 million Saudi riyals in the nine-month period ended September 30, 2021G. Zakat expenses have been linked to previous years' Zakat declarations and expenses.

The fluctuation of net income (loss) between 2018G and 2020G, and the movement of net income was in line with the movement of income (loss) during the same period. The Company's results shifted from a profit of 6.4 million Saudi riyals in 2018G to a loss of 26.0 million Saudi riyals during 2019G after the decrease in revenues during. The Company returned and recorded a loss of 13.2 million Saudi riyals in 2020G. The decrease in loss between the two years resulted from the decrease in cost of revenue between the two mentioned years. The Company registered a loss of 7.6 million Saudi riyals in the nine-month period ended September 30, 2020G, and 6.6 million Saudi riyals in the nine-month period ending on September 30, 2021G, after improving the gross profit margin of the sale of raw materials (sulfur), and the general and administrative expenses is decreased, in addition to a decrease in Zakat expenses between both said periods.

With regard to items that will not be reclassified to profit and loss at a later time, the Company recorded slight profits related to the re-measurement of obligations or defined benefits. These minor profits amounted to 67 thousand Saudi riyals, 28 thousand Saudi riyals and 62 thousand Saudi riyals during 2018G, 2019G and 2020G, respectively. These minor earnings are in connection with the valuation of employees' end of service expenses which is carried out periodically by actuaries.

The Company recorded operating losses from discontinued operations of 93 thousand Saudi riyals and 65 thousand Saudi riyals in the nine-month period ended September 30, 2020G and the nine-month period ended September 30, 2021G. This loss is related to the Saudi Industrial Exports Company (Jordan branch), and the Company's branch is being liquidated due to weak operating revenues and reduced administrative expenses.

The comprehensive profit for 2018G amounted to 6.5 million Saudi riyals during 2018G, then the Company's results turned into a loss of 26.0 million Saudi riyals in 2019G after the decrease in revenues between the two years. The Company recorded a decrease in net comprehensive loss by 49.5%, or the equivalent of 12.9 million Saudi riyals, to reach a comprehensive loss of 13.1 million Saudi riyals in 2020G, and this decrease was affected by the decrease in revenue costs during the same year. The Company recorded a comprehensive loss of 7.7 million Saudi riyals in the nine-month period ended September 30, 2020G, and 6.7 million Saudi riyals in the nine-month period ended September 30, 2021G. The loss was affected by a decrease in revenues and an increase in general and administrative expenses.



6.7.1 Revenue Analysis According to Activity

The following table shows the details of the Company's revenues by activity for the fiscal years ended December 31, 2018G, 2019G and 2020G, and the nine-month periods ended on September 30, 2020G and September 30, 2021G.

Table No. (6-3): Revenues by Activity

SAR thousands	The Fiscal year Ended December 31			The nine-Month Period Ended September 30		Increase / Decrease			CAGR
	2018G Audited	2019G Audited	2020G Audited	2020G Unaudited	2021G Unaudited	December 2019G	December 2020G	September 2021G	2018G 2020G
Revenues from the sale of ores (sulfur)	101,655	31,067	4,382	5,407	5,660	(69.4%)	(85.9%)	4.7%	(79.2%)
Revenue from sales of plastic products	9,532	18,070	17,161	15,786	2,045	89.6%	(5.0%)	(87.0%)	34.2%
Cement sales revenue	7,085	15,359	-	-	-	116.8%	(100.0%)	NA	(100.0%)
Revenue from the sale of medical supplies	-	-	1,425	1,384	-	NA	NA	(100.0%)	NA
Revenue from the sale of chemicals	-	456	1,825	1,750	743	NA	300.6%	(57.6%)	NA
Revenue from the sale of batteries	-	3,288	5,891	5,891	3,459	NA	79.2%	41.3%	NA
Revenue from the sale of foodstuffs	-	-	5,950	4,799	4,208	NA	NA	(12.3%)	NA
Total revenue	118,271	68,240	36,635	35,017	16,114	(42.3%)	(46.3%)	(54.0%)	(44.3%)

Source: The Company

The revenues that were recorded during the period between 2018G and 2020G were distributed among the Company's various activities. The revenues generated from the sale of raw materials (sulfur) and sales of plastic products accounted for 94.0%, 72.0% and 58.8% of the total revenues in 2018G, 2019G and 2020G. Between the nine-month periods ended September 30, 2020G and the nine-month periods ended September 30, 2021G, the revenues were concentrated in the revenues from sales of raw materials (sulfur) and plastic products, which constituted 60.5% and 47.8% of the total revenues during the two periods the two mentioned.

Revenues from the Sale of Ores (Sulphur)

Revenue from the sale of ores is mainly related to the sale of sulfur materials. Revenues from the sale of raw materials decreased by 69.4% from SAR 101.7 million in 2018G to SAR 31.1 million in 2019G. Revenues from the sale of raw materials also decreased by 85.9% to reach 4.4 million Saudi riyals in 2020G. The additional decline recorded during 2020G was affected by the spread of the Corona pandemic, which affected the Company's activity and global commercial activity in general. It should be noted that the decrease in revenues was also affected by the decrease in the selling prices of raw materials globally. Revenues from the sale of raw materials were without significant fluctuations between the nine-month periods ended September 30, 2020G and the nine-month periods ended September 30, 2021G.

Revenue from the Sale of Plastic Products

The Company began recording revenues from the sale of the plastic products in 2018G, as these revenues were linked to the sales of polymer that the Company purchased quantities of with the aim of selling them later. These revenues increased by 89.6% from SAR 9.5 million in 2018G to SAR 18.1 million in 2019G. This is due to contracts concluded with a number of new clients, specifically a number of foreign clients in Sudan. Revenues from sales of plastic products did not witness significant fluctuations between 2019G and 2020G, as a decrease in revenues from the sale of plastic products was recorded by 5.0% from SAR 18.1 million in 2019G to SAR 17.2 million in 2020G. Revenue from the sale of the plastic products returned and decreased by 87.0%, or by the amount of SAR 13.7 million, from SAR 15.8 million in the nine-month period ended September 30, 2020G to SAR 2.0 million in the nine-month period ended September 30, 2021G, after the restructure of a number of contracts that were associated with relatively-low profit margins.

Revenue from the Sale of Cement

The Company recorded revenues from the sale of cement at a value of 7.1 million Saudi riyals and 15.4 million Saudi riyals during 2018G and 2019G. The Company started trading in cement in 2018G, so that quantities of cement were purchased from various sources and companies to be resold to a number of customers (particularly foreign clients). Cement sales revenues were not recorded in 2020G due to the fact that the management of cement sales operations was carried out through the Company's branch in Jordan, which was closed in 2020G, due to the change in the laws regulating import and export in the said country and the decrease in the profit margins associated with the sale of cement in general.



Revenue from the Sale of Medical Supplies

The Company recorded revenues from the sale of medical supplies amounting to 1.4 million Saudi riyals in 2020G. These revenues were the result of a factory specialized in the production of some medical tools and supplies to be sold to local and foreign customers, and the production of these supplies was stopped by the Company in 2017G due to the absence of profitability and funding sources necessary to operate the factory. The Company relaunched this activity in 2020G to sell medical masks and gloves, following the spread of the COVID-19 pandemic.

Revenue from the Sale of Chemical Products

Revenues from the sale of chemicals were recorded starting from the year 2019G, where the value of these revenues amounted to 0.5 million Saudi riyals and 1.8 million Saudi riyals in 2019G and 2020G, respectively. The chemicals included methanol and other materials used in the manufacture of sterilizers. The revenue increase by 300.6% from SAR 0.5 million in 2019G to SAR 1.8 million in 2020G was driven by additional quantities of chemicals that the Company obtained to support the manufacturing process of sterile materials whose sales boomed in 2020G after the spread of the Corona pandemic. Revenues from the sale of chemicals decreased by 57.6%, or by 1.0 million Saudi riyals, from 1.8 million Saudi riyals in the nine-month period ended September 30, 2020G to 0.7 million Saudi riyals in the nine-month period ended September 30, 2021G. It should be noted that revenues from the sale of chemicals fluctuate periodically and do not follow a particular trend.

Revenue from the Sale of Batteries

Revenues from the sale of batteries were recorded starting from the year 2019G, where the value of these revenues amounted to 3.3 million Saudi riyals and 5.9 million Saudi riyals in 2019G and 2020G, respectively. Starting in 2019G, the Company purchased quantities of batteries from the National Battery Industry Company in order to sell them in later stages. The increase in revenues in 2020G was due to the increase in the quantities sold. Revenue from battery sales decreased by 41.3%, or 2.4 million Saudi riyals, from 5.9 million Saudi riyals in the nine-month period ended September 30, 2020G to 3.5 million Saudi riyals in the nine-month period ended September 30, 2021G.

Revenue from the Sale of Food Products

Revenues from the sale of foodstuffs amounting to 6.0 million Saudi riyals were recorded in 2020G. The Company purchased quantities of storable foodstuffs in order to sell them in separate areas outside the borders of the Kingdom of Saudi Arabia, specifically in the duty-free markets in Sudan. It should be noted that the Company's activity belongs to the type of free trade. Thus, the Company's activities fluctuate continuously so that management launches new activities periodically. The Company is testing whether the new activity is a viable option to determine whether or not the activity is necessary. Revenues from the sale of foodstuffs decreased by 12.3%, or by 0.6 million Saudi riyals, from 4.8 million Saudi riyals in the nine-month period ended September 30, 2020G to 4.2 million Saudi riyals in the nine-month period ended September 30, 2021G.



6.7.2 Analysis Revenue Cost According to Main Components

The following table shows the details of the Company's revenue cost according to the main components for the financial years ended December 31, 2018G, 2019G and 2020G, and the nine-month period ended September 30, 2020G and September 30, 2021G.

Table No. (6-4): Revenue Cost by Main Components

SAR '000	Fiscal year ended December 31			9 month-period ended September 30		Increase / Decrease			CAGR
	2018G Audited	2019G Audited	2020G Audited	2020G Unaudited	2021G Unaudited	December 2019G	December 2020G	September 2021G	2018G 2020G
Materials and raw materials	110,821	71,369	32,038	30,940	12,716	(35.6%)	(00.1%)	(58.9%)	(46.2%)
Customs duties, freight, summarization and transfer	5,276	10,401	2,564	1,677	1,163	97.1%	(75.3%)	(30.7%)	(30.3%)
Salaries, wages, etc	27	-	-	-	-	(100.0%)	-	NA	(100.0%)
Other advantages	49	-	-	50	-	(100.0%)	-	(100.0%)	(100.0%)
Examination and analysis	116	90	92	87	30	(23.0%)	3.1%	(65.4%)	(10.9%)
Packaging	408	22	-	(52)	189	(94.7%)	(100.0%)	(463.2%)	(100.0%)
Humidity rate	147	-	-	-	-	(100.0%)	-	NA	(100.0%)
Bank charges and fees	40	107	62	-	-	169.1%	(42.3%)	NA	24.6%
Government fees and transactions	26	-	-	-	70	(100.0%)	-	NA	(100.0%)
Miscellaneous expenses	108	-	-	2	-	(100.0%)	-	(100.0%)	(100.0%)
Electricity, water, post and telephone	18	11	61	-	10	(41.6%)	470.9%	NA	82.6%
Rents	56	-	-	-	-	(100.0%)	-	NA	(100.0%)
Repair and maintenance expenses	1	51	143	-	8	10,0181%	178.6%	NA	1,578.9%
Expense for damaged materials	36	-	-	6	-	(100.0%)	-	(100.0%)	(100.0%)
Petrol and fuel expenses	-	-	-	-	-	(100.0%)	-	NA	(100.0%)
Provision for doubtful debts	114	-	-	-	-	(100.0%)	-	NA	(100.0%)
Other expenses	-	337	69	-	131	NA	(79.6%)	NA	NA
Provision for slow moving merchandise	-	-	-	-	307	-	-	NA	NA
Total cost of revenue	117,250	82,388	35,029	32,710	14,625	(29.7%)	(57.5%)	(55.3%)	(45.3%)

Source: The Company's audited financial years ended December 31, 2018G, 2019G and 2020G and the audited financial statements for the period ended September 30, 2021G.

The cost of revenue recorded by the Company during the period between 2018G and the nine-month period ended September 30, 2021G is concentrated in the cost of materials and raw materials, which constituted 94.5%, 86.6%, 91.5%, 94.6% and 86.9% of the total cost of revenue in 2018G, 2019G, 2020G and the nine-month period ended September 30, 2020G and the nine-month period ended September 30, 2021G.

The costs of materials and raw materials include the costs of purchasing these materials, which include the purchase price, the price of shipping the goods, the commission price and any other miscellaneous expenses that accompany the purchase process. Expenses of materials and raw materials fluctuated and decreased by 35.6% or by a value of 39.5 million Saudi riyals from 110.8 million Saudi riyals in 2018G to 71.4 million Saudi Riyals in 2019G, then decreased by 55.1% or by 39.3 million Saudi riyals to 32.0 million Saudi riyals in 2020G. The movement of cost of revenue was in line with the general trend taken by the movement of revenue and business movement during the mentioned periods. The cost of materials and raw materials decreased by 58.9%, or by a value of 18.2 million Saudi riyals, from 30.9 million Saudi riyals in the nine-month period ended September 30, 2020G to 12.7 million Saudi riyals in the nine-month period ended September 30, 2021G. The mentioned decrease was in line with the decrease in revenues between the two mentioned periods.

Customs duties, freight, clearance and transportation expenses include the costs incurred by the Company in importing and supplying the goods that were purchased and sold. These fees increased by 97.1% or by 5.1 million Saudi riyals from 5.3 million Saudi riyals in 2018G to 10.4 million Saudi riyals in 2019G. The reason for the rise was a failure in deals to supply bulk materials that were transferred to customers in other countries, which resulted in the Company bearing additional logistical burdens. These expenses returned and decreased by 75.3% or by a value of 7.8 million Saudi riyals in 2020G, after the decrease in the quantities of imported and supplied materials as a result of the spread of the Corona pandemic. Fees returned and decreased from 1.7 million Saudi riyals in the nine-month period ended September 30, 2020G to 1.2 million Saudi riyals in the nine-month period ended September 30, 2021G, after a relatively low level of purchases.



The cost of revenue included minor expenses related to the wages and benefits of workers who were responsible for managing the Company's factory prior to its suspension, starting in 2018G. Salaries and wages amounted to 27 thousand Saudi riyals in 2018G. No similar expenses were recorded between 2019G and 2020G, because of the gradual suspension of the factory's work.

Other benefits are the benefits and incentives granted to a number of employees and workers responsible for packing and shipping the sold goods. These expenses were completely absent in 2019G and 2020G because these expenses fluctuate continuously with the fluctuation of the number of workers and the level of sales, and the absence of similar expenses between 2019G and 2020G was in line with the decline in the volume of revenues and activity.

Examination and analysis expenses are expenses incurred when examining raw materials and various materials that the Company sells, so that these materials are examined in order to assess their quality and whether they conform to the specifications required by the customer. These expenses decreased by 23.0% from 0.1 million Saudi riyals to 90 thousand Saudi riyals in 2019G. The movement of expenses was in line with the movement of revenues, which decreased in 2019G. These expenses did not witness significant fluctuations between the year 2019G and the year 2020G. Examination and analysis costs decreased from 87,000 Saudi riyals in the nine-month period ended September 30, 2020G to 30,000 Saudi riyals in the nine-month period ended September 30, 2021G. The mentioned decrease was in the normal course of business.

Packaging expenses are expenses incurred by the Company when packing the goods sold. These expenses decreased by 94.7% or by 0.4 million Saudi riyals from 0.4 million Saudi riyals in 2018G to 22 thousand Saudi riyals in 2019G after the sales decline. It was noted that the revenue costs included a revenue of 52,000 Saudi riyals related to packaging after the Company responsible for the packaging process failed to carry out the task entrusted to it, which resulted in the Company receiving compensation. The Company did not record similar expenses in 2020G. Humidity expenses amounting to 137 thousand Saudi riyals were recorded in 2018G. Moisture content expenses constituted test expenses related to sulfur quantities sold to a customer who asked the Company to conduct accurate laboratory tests to assess the quality of sulfur. No similar expenses were recorded during 2019G and 2020G.

Bank charges and fees are fees associated with the daily banking transactions that the Company conducts with banks (withdrawals and deposits). These expenses gradually increased by 40 thousand Saudi riyals in 2018G to 107 thousand Saudi riyals in 2019G and then decreased to 62 thousand Saudi riyals in 2020G. These expenses do not follow a particular trend, but rather fluctuate with the fluctuation of the range of banking transactions.

Government fees and transactions include the costs of chambers of commerce licenses and subscriptions. These expenses amounted to 26 thousand Saudi riyals during 2018G. These expenses fluctuate periodically as the scope and volume of government transactions fluctuate. Government fees and transactions were recorded by a value of 70 thousand Saudi riyals in the nine-month period as ended on September 30, 2021G, these expenses fluctuate in the normal course of business.

Miscellaneous expenses include several expenses such as hospitality, cleaning and other daily expenses. These expenses amounted to 108 thousand Saudi riyals in 2018G. These expenses were zero between 2019G and 2020G. Where it fluctuates within the normal course of business.

Electricity and water expenses are included in the daily operating expenses. These expenses fluctuate periodically.

A rental expense of 56 thousand Saudi riyals was recorded in 2018G, without recording similar expenses in other years and periods. The aforementioned rental expense was related to the rent of some shops that were rented in addition to the factory that was still operating during 2018G.

Repair and maintenance expenses, the value of which amounted to 501 Saudi riyals, 51 thousand Saudi riyals, 143 thousand Saudi riyals and eight thousand as in 2018G, 2019G, 2020G and the nine-month period ending on September 30, 2021G. These expenses are incurred during the maintenance operations of the machines and equipment used in the factory (Sarah Factory). These expenses are not recorded on an ongoing basis since maintenance operations are performed only when needed.

The expense for damaged materials, which amounted to 36 thousand Saudi riyals in 2018G and six thousand Saudi riyals in the nine-month period ending on September 30, 2020G, was related to some raw materials and scrap materials that were destroyed.

Gasoline and fuel expenses were almost non-existent during the period, as the recorded expense during 2018G did not exceed 50 Saudi riyals.

The provision for doubtful debts, which amounted to 114 thousand Saudi riyals in 2018G, was related to some debts that were owed by customers who were dealing with the Company's factory. These debts were written off after the plant was shut down and effective collection was not available.

Other expenses represent expenses related to various expenses. These expenses decreased by 79.6% from 0.3 million Saudi riyals in 2019G to 69 thousand Saudi riyals in 2020G. These other expenses recorded an increase by 0.1 thousand million Saudi riyals in the nine-month period ended September 30, 2021G.

It is worth noting that the Company recorded a provision for inventory impairment of 0.3 million Saudi riyals as of September 30, 2021G. This provision was linked to a slow-moving inventory.



6.7.3 Analysis of Revenue Cost According to Activity

The following table shows the details of the Company's revenue cost by activity for the fiscal years ending on December 31, 2018G, 2019G and 2020G, and the nine-month periods ended September 30, 2020G and September 30, 2021G.

Table No. (6-5): Cost of Revenues by Activity

SAR '000	The Fiscal Year Ended December 31			The Nine-month Period Ended September 30		Increase / Decrease			CAGR
	2018G Audited	2019G Audited	2020G Audited	2020G Unaudited	2021G Unaudited	December 2019G	December 2020G	September 2021G	2018G 2020G
Cost of revenue from the sale of ores (sulphur)	100,899	46,054	4,023	4,736	3,821	(54.4%)	(91.3%)	(19.3%)	(80.0%)
Plastic Products Sales Revenue Cost	9,357	17,714	16,907	15,177	2,060	89.3%	(4.6%)	(86.4%)	34.4%
Cement sales revenue cost	6,993	14,774	108	108	-	111.3%	(99.3%)	(100.0%)	(87.6%)
Cost of revenue from selling medical supplies	-	-	1,966	1,012	-	NA	NA	(100.0%)	NA
Chemical revenue cost	-	417	1,488	1,481	555	NA	256.7%	(62.5%)	NA
The cost of revenue from the sale of batteries	-	3,428	5,774	5,570	3,900	NA	68.4%	30.0%	NA
Cost of revenue from selling food products	-	-	4,763	4,626	4,289	NA	NA	(7.3%)	NA
Total cost of revenue	117,250	82,388	35,029	32,710	14,625	(29.7%)	(57.5%)	(55.3%)	(45.3%)

Source: The Company's audited financial statements for the financial years ended December 31, 2018G, 2019G and 2020G, and the audited financial statements for the period ended September 30, 2021G.

As in the case of revenues, the cost of revenues was concentrated in sales of raw materials (sulfur) and sales of plastic products, as they represented 94.0%, 77.4% and 59.8% of the total value of the cost of revenues in 2018G, 2019G and 2020G, respectively. Between the nine-month period ending on September 30, 2020G and the nine-month period ending on September 30, 2021G, the cost of revenue was concentrated in the cost of revenue from sales of plastic products and the cost of revenue from sales of food products, which constituted 60.5% and 43.4% of the total cost of revenue in the nine-month period ended September 30, 2020G and the nine-month period ended September 30, 2021G.

Revenue Cost from the Sale of Raw Materials

The cost of revenues from selling raw materials decreased by 54.4% from SAR 100.9 million in 2018G to SAR 46.1 million in 2019G, and also decreased by 91.3% to reach SAR 4.0 million in 2020G. The cost of revenues from the sale of raw materials decreased and increased by 19.3% or 0.9 million Saudi riyals from .7 million Saudi riyals in the nine-month period ended September 30, 2020G to 3.8 million Saudi riyals in the nine-month period ended September 30, 2021G. The movement of the cost of revenue for this category of sales was fully in line with the movement of revenue from the activity, which fluctuated during the mentioned periods.

Revenue Cost from the Sale of Plastic Products

The cost of revenue from the sale of plastic products increased by 89.3%, or 8.4 million Saudi riyals, from 9.4 million Saudi riyals in 2018G to 17.7 million Saudi Riyals in 2019G, as the increase was in line with the movement of plastic products sales revenues in 2019G. The cost of revenue from the sale of plastic products did not witness significant fluctuations between 2019G and 2020G; it decreased by 86.4% from SAR 15.2 million in the nine-month period ended September 30, 2020G to SAR 2.1 million in the nine-month period ended September 30, 2021G. The movement was in line with the decline in plastic product sales revenue between the two mentioned periods.

Revenue Cost from the Sale of Cement

The cost of revenue from the sale of Cement increased by 111.3% or SAR 7.8 million from SAR 7.0 million in 2018G to SAR 14.8 million in 2019G. The cost of cement sales revenue decreased by 99.3% to reach SAR 0.1 million in 2020G. The increase in 2019G and the decrease in 2020G was in line with the movement of revenues from cement sales during the same mentioned periods.

Revenue Cost from the Sale of Medical Supplies

The Company recorded a cost of revenue from the sale of medical supplies worth 2.0 million riyals in 2020G after recording revenues from this sales category during the mentioned periods. Then the cost of revenue recorded, again, 1.0 million Saudi riyals in the nine-month period as ended on September 30, 2020G, after recording revenues of 1.4 million Saudi riyals during the said period.



Revenue Cost from the Sale of Chemical Products

The Company recorded a cost of revenues from the sale of chemicals amounting to 0.4 million Saudi riyals in 2019G and 1.5 million Saudi riyals in 2020G, after recording revenues from sales of this category amounting to 0.5 million Saudi riyals and 1.8 million Saudi riyals during 2019G and 2020G, respectively. The cost of revenues from the sale of chemicals decreased by 62.5%, or an amount of 0.9 million Saudi riyals, from 1.5 million Saudi riyals in the nine-month period ended September 30, 2020G to 0.6 million Saudi riyals in the nine-month period ended September 30, 2021G. The decrease was in line with the decrease in the movement of revenues from the sale of chemicals between the two periods.

Revenue Cost from the Sale of Batteries

The Company recorded a cost of revenue from the sale of batteries of 3.4 million Saudi riyals in 2019G and 5.8 million Saudi riyals in 2020G, after recording revenues from sales of this category amounting to 3.3 million Saudi riyals and 5.9 million Saudi riyals during 2019G and 2020G, respectively. It was noted that the cost of revenue for this category was higher than its revenue during 2019G, given that this activity was still new and within the testing phase. The cost of battery sales revenue decreased by 30.0%, or SAR 1.7 million, from SAR 5.6 million in the nine-month period ended September 30, 2020G to SAR 3.9 million in the nine-month period ended September 30, 2021G, as a result of the decrease in the revenues of this activity between the two mentioned periods.

Revenue Cost from the Sale of Food Products

The Company recorded a cost of revenue from the sale of foodstuffs worth 4.8 million Saudi riyals in 2020G, after recording revenues from the sale of this category amounting to 6.0 million Saudi riyals during the same year. The cost of revenue from the sale of foodstuffs decreased by 7.3%, or SAR 0.3 million, from SAR 4.6 million in the nine-month period ended September 30, 2020G to SAR 4.3 million in the nine-month period ended September 30, 2021G. The decrease came in line with the decrease in the revenues of the mentioned activity in the two mentioned periods.

6.7.4 Analysis of Gross Profit According to Activity

The following table shows the details of the gross profit by activity for the financial years ending on December 31, 2018G, 2019G and 2020G, and the nine-month periods ended September 30, 2020G and September 30, 2021G.

Table No. (6-6): Gross Profit by Activity

SAR '000	The Fiscal year Ended December 31			The Nine-Month Period Ended September 30		Increase / Decrease			CAGR
	2018G Audited	2019G Audited	2020G Audited	2020G Unaudited	2021G Unaudited	December 2019G	December 2020G	September 2021G	
Profit from the sale of raw materials (Sulphur)	755	(14,987)	359	671	1,839	(2,083.9%)	(102.4%)	174.0%	(31.1%)
Plastic Products Sales Revenue Gain	174	356	253	609	(15)	104.5%	(28.9%)	(102.5%)	20.5%
Cement sales revenue profit	92	585	(108)	(108)	-	535.5%	(118.5%)	(100.0%)	NA
Earning revenue from selling medical supplies	-	-	(541)	372	-	NA	NA	(100.0%)	NA
Profit revenue from the sale of chemicals	-	39	338	269	188	NA	776.4%	(30.2%)	NA
Revenue from the sale of batteries	-	(140)	118	321	(441)	NA	(184.4%)	(237.2%)	NA
Earning revenue from selling foodstuffs	-	-	1,188	173	(81)	NA	NA	(146.7%)	NA
Gross Revenue Gain	1,022	(14,147)	1,607	2,307	1,490	(1,484.6%)	(111.4%)	(35.4%)	25.4%

Source: The Company's audited financial statements for the financial years ended December 31, 2018G, 2019G and 2020G, and the audited financial statements for the period ended September 30, 2021G.

The activity of selling raw materials (sulfur) recorded profits of 0.8 million Saudi riyals in 2018G. The mentioned profits turned into a loss of 15.0 million Saudi riyals in 2019G. The results related to the sale of raw materials (sulfur) turned from a loss of 15.0 million Saudi riyals in 2019G to a profit of 0.4 million Saudi riyals in 2020G. The mentioned movement was in line with the activity revenue movement, which recorded similar fluctuation in the mentioned periods. The profit obtained from the sale of raw materials increased by 174.0% from 0.7 million Saudi riyals in the nine-month period ended September 30, 2020G to 1.8 million Saudi riyals in the nine-month period ended September 30, 2021G, where the increase was in line with the increase in the activity's revenues mentioned.

Plastic products sales activities recorded profits of SAR 0.2 million, SAR 0.4 million and SAR 0.3 million during 2018G, 2019G and 2020G, respectively. The profit movement was in line with the revenue movement recorded by plastic products during the mentioned years. Profits from sales of plastic products decreased by 102.5% from 0.6 million Saudi riyals in the nine-month



period ending in September 30, 2020G to 15 thousand Saudi riyals in the nine-month period ended September 30, 2021G as a result of a decrease in revenues activity between the two periods mentioned.

Cement sales recorded profits of 92 thousand Saudi riyals and 0.6 million Saudi riyals in 2018G and 2019G, respectively. The aforementioned activity also recorded a loss of 0.1 million Saudi riyals in 2020G and the nine-month period ended September 30, 2020G. The movement was in line with the movement of revenues, and the loss in 2020G was related to the absence of revenues and the recording of a cost of revenues associated with the destruction of some invalid cement materials.

Sales of medical supplies recorded a loss of 0.5 million Saudi riyals during 2020G and a profit of 0.4 million Saudi riyals in the nine-month period ended September 30, 2020G.

Chemicals recorded profits of 39 thousand Saudi riyals and 0.3 million Saudi riyals during 2019G and 2020G, respectively, after recording revenues of 0.5 million Saudi riyals and 1.8 million Saudi riyals during the same periods. Chemical's sales profit decreased by 30.2% or an amount of 81 thousand Saudi riyals from 0.3 million Saudi riyals in the nine-month period ended September 30, 2020G to 2.0 million Saudi riyals in the nine-month period ended September 30, 2021G. The decrease was affected by the decrease of revenue for the mentioned activity.

The activity of selling batteries recorded a loss of 0.1 million Saudi riyals during 2019G, after recording revenues of 3.3 million Saudi riyals and a cost of revenues of 3.4 million Saudi riyals during the same year. The cost of revenue was noticeable in the case of said activity where the activity was still new and in the testing phase. The profit from battery sales revenue decreased by 237.2% from a profit of 0.3 million Saudi riyals in the nine-month period ended September 30, 2020G to a loss of SAR 0.4 million in the nine-month period ended September 30, 2021G, as a result of an increase in the cost of revenue between both said periods.

The profit from the activity of selling foodstuffs decreased by 146.7% from a profit of 0.2 million Saudi riyals in the nine-month period ended September 30, 2020G to a loss of 81 thousand Saudi riyals in the nine-month period ended September 30, 2021G after the decrease in the revenues of the mentioned activity.

6.7.5 General and Administrative Expenses

The following table shows the details of the general and administrative expenses for the financial years ending on December 31, 2018G, 2019G and 2020G, and the nine-month periods ended September 30, 2020G and September 30, 2021G.

Table No. (6-7): General and Administrative Expenses

SAR '000	The Fiscal year Ended December 31			The Nine-Month Period Ended September 30		Increase / Decrease			CAGR
	2018G Audited	2019G Audited	2020G Audited	2020G Unaudited	2021G Unaudited	December 2019G	December 2020G	September 2021G Audited	
Salaries, Wages, and Equivalents	3,337	4,059	4,360	2,529	4,089	21.6 %	7.4%	61.7 %	14.3 %
Other Advantages	170	-	-	143	164	(100.0%)	-	14.4%	(100.0%)
Travel expenses	378	-	-	191	36	(100.0%)	-	(81.3%)	(100.0%)
Employee Benefit Expense	180	-	-	150	-	(100.0%)	-	(100.0%)	(100.0%)
Attendance allowances for Board Members	293	303	174	123	138	3.4%	(42.6 %)	12.2%	(22.9%)
Remuneration of The Board of Directors and Executive Management	282	1,249	770	449	-	343.1%	(38.4%)	(100.0%)	65.3 %
Professional and Advisory Fees	1,686	2,030	1,061	88	2,059	20.4%	(47.7%)	2,239.7%	(20.7%)
Damage/Loss	-	380	710	-	512	NA	87.1%	NA	NA
Social Insurance Expenses	241	-	-	133	-	(100.0%)	-	(100.0%)	(100.0%)
Bank Expenses	130	69	29	17	93	(46.9 %)	(58.5%)	445.4%	(53.1%)
Electricity, Water, Post and Telephone	104	99	128	118	110	(5.6%)	30.3%	(7.2%)	10.9 %
Rental/Leasing	280	248	628	413	184	(11.5%)	153.4 %	(55.4%)	49.7%
Other Expenses	62	513	484	1,091	420	720.6 %	(5.5%)	(61.5%)	178.5%
Advertising and Publishing Expenses	52	108	83	7	12	110.0%	(23.2%)	66.1%	27.0%
Governmental Fees	564	407	693	170	444	(27.8%)	70.4%	161.4%	10.9%



SAR '000	The Fiscal year Ended December 31			The Nine-Month Period Ended September 30		Increase / Decrease			CAGR
	2018G Audited	2019G Audited	2020G Audited	2020G Unaudited	2021G Unaudited	December 2019G	December 2020G	September 2021G Audited	2018G 2020G
Write-off of Other Debt Balances	-	-	472	-	-	-	NA	NA	NA
Stationery and Publications	68	47	60	51	20	(31.6%)	29.0 %	(60.5%)	(6.1%)
Insurance Expenses	372	324	160	126	207	(12.7%)	(50.8%)	64.5%	(34.5%)
Repair and Maintenance Expenses	4	52	79	101	15	1,138.0%	51.7%	(84.7%)	333.3%
Expenses of Tools, Machines and Equipment	35	-	-	285	-	(100.0%)	-	(100.0%)	(100.0%)
Total	8,238	9,887	9,891	6,184	8,501	20.0%	0.0%	37.5%	9.6%

Source: The Company's audited financial statements for the financial years ended December 31, 2018G, 2019G and 2020G, and the audited financial statements for the period ended September 30, 2021G.

The administrative and general expenses recorded by the Company during the period between 2018G and 2020G are concentrated in salaries, wages, and the like. Salaries, wages and the like accounted for 40.5%, 41.1%, 44.1%, 41.1% and 48.1% of the total administrative and general expenses in 2018G, the year 2019G, the year 2020G, the nine-month period ended September 30, 2020G and the nine-month period ended September 30, 2021G.

Salaries and wages represented the salaries and wages of the Company's administrative staff. These salaries gradually increased from 3.3 million Saudi riyals in 2018G to 4.1 million Saudi riyals and 4.4 million Saudi riyals in 2019G and 2020G as a result of hiring new employees during the period. The appointment of new employees led to an increase in salaries, wages and the like by 61.7% from 2.6 million Saudi riyals in the nine-month period ended September 30, 2020G to 4.1 million Saudi riyals in the nine-month period ended September 30, 2021G.

Other benefits that were recorded amounting to 0.2 million Saudi riyals in 2018G include employee benefits such as annual damages and other expenses. No expenses were recorded under this item during 2019G and 2020G. Other benefits also increased slightly by 14.4% from 0.2 million Saudi riyals in the nine-month period ended on September 30, 2020G to 0.2 million Saudi riyals in the nine-month period ended on September 30, 2021G.

Travel expenses are travel tickets expenses granted to employees who leave on annual leave, as the Company's policy stipulates that its employees be granted one travel ticket per year. These expenses amounted to approximately 0.4 million Saudi riyals during 2018G. Travel expenses decreased from 0.4 million Saudi riyals in 2018G to zero in 2019G and 2020G. Travel expenses decreased by 81.3% from 0.2 million Saudi riyals in the nine-month period ended on September 30, 2020G to 36 thousand Saudi riyals in the nine-month period ended on September 30, 2021G.

Employee benefit expense includes end of service expense. These expenses witnessed a noticeable decrease during the period from 2018G to 2020G, from 0.2 million Saudi riyals in 2018G to zero as in 2019G and 2020G. Then, employee benefits expense increased to 0.2 million Saudi riyals as at the nine-month period ended on September 30, 2020G.

Attendance allowances for members of the Board of Directors are the allowances granted to members of the Board of Directors and its executive committees for each meeting held to discuss the Company's issues raised. The allowance granted to each member of the Board of Directors is three thousand Saudi riyals for each meeting held. The mentioned attendance allowances increased by 3.4%, or the equivalent of 10 thousand Saudi riyals, as in 2019G, to reach 0.3 million Saudi riyals, and these expenses returned and decreased by 0.1 million Saudi riyals to reach 0.2 million Saudi riyals as in 2020G. The mentioned expenses increased by 12.2% from 0.1 million Saudi riyals in the nine-month period ended September 30, 2020G to 0.1 million Saudi riyals in the nine-month period ended September 30, 2021G. The movement of these expenses is affected by the number of meetings held by the Council and held by the committees during, so that the number of these meetings ranges between 25 and 30 meetings.

Remuneration of the Board of Directors and Executive Management These are the remunerations granted to members of the Board of Directors, members of committees and chief executives. These expenses increased by 343.1% from SAR 0.3 million in 2018G to SAR 1.2 million in 2019G. The noticeable increase in the volume of bonuses between 2018G and 2019G was driven by the increase in revenues and profits achieved by the Company in 2018G, where incentive bonuses were granted to members of the Board of Directors and Executive Management as a reward for the results achieved in the previous year. The remuneration of the board of directors and the executive management decreased by 38.4%, or by 0.5 million Saudi riyals, from 1.2 million Saudi riyals in 2019G to 0.8 million Saudi Riyals in 2020G after the losses incurred by the Company during. Bonus expenses were recorded by the Company by a value of 0.4 million Saudi riyals in the nine-month period ended September 30, 2020G.

Professional and advisory fees include the fees of the external auditor, the fees of consultants and the fees of lawyers who are appointed to provide various services to the Company. These expenses periodically fluctuate according to the scope of



business provided to the Company. The mentioned fees increased by 20.4% or amounting to 0.3 million Saudi riyals from 1.7 million Saudi riyals in 2018G to 2.0 million Saudi riyals in 2019G as a result of the completion of the feasibility study project incurred in 2018G, where an external consultant was appointed with the aim of conducting a feasibility study related to the factory activities that it is owned by the Company. These expenses returned and decreased by 47.7%, or by one million Saudi riyals, to 1.1 million Saudi riyals in 2020G. The mentioned decrease was related to the spread of the Corona pandemic, which automatically led to a decrease in the volume of all activities (litigation activities, legal activities and other activities). Professional and consulting fees increased by 2.239.7% from 88 thousand Saudi riyals in the nine-month period ending on September 30, 2020G to 2.1 million Saudi riyals in the nine-month period ended September 30, 2021G, where the said increase is related to reports and studies of the capital increase process, in addition to some expenses related to 2020G, which were paid in the nine-month period ended on September 30, 2021G.

The depreciation expenses related to the Company's property, machinery and equipment and related to the assets of the administrative office, specifically the electrical machinery and equipment that were recorded during 2019G and the year 2020G, have been reclassified to become in the category of general and administrative expenses in order to separate it from depreciation expenses related to the Company's main business operations. These expenses increased by 87.1% or by 0.3 million Saudi riyals from 0.4 million Saudi riyals in 2019G to 0.7 million Saudi Riyals in 2020G. This increase was the result of annual consumption. Depreciation expenses increased relatively by an amount of 0.5 million Saudi riyals from 0.1 million Saudi riyals in the nine-month period ended September 30, 2021G within normal working context. must be noted He indicated that the mentioned periods did not witness a noticeable change in the value of the Company's fixed assets.

Social insurance expenses are the contributions that are paid to social insurance periodically. These expenses are classified as part of salaries, wages and the like in 2019G and 2020G. Social insurance expenses amounting to 0.1 million Saudi riyals were recorded in the nine-month period ended September 30, 2020G.

Banking expenses are fees associated with banking transactions such as withdrawals and deposits. The movement of these expenses is related to the scope and number of banking transactions conducted during or period. These expenses recorded a high level (0.1 million Saudi riyals) in 2018G, after the increase in the volume of revenues and activity movement during the said year. These expenses decreased from 69 thousand Saudi riyals in 2019G to 29 thousand Saudi riyals in 2020G as a result of the decrease in the scope of banking transactions after the decline in the volume of activity following the spread of the Corona pandemic. These expenses maintained their slight level, which amounted to 17 thousand riyals and 93 thousand riyals in the nine-month period ended September 30, 2020G and the nine-month period ended September 30, 2021G, respectively.

Electricity, water, postage and telephone expenses are the daily expenses incurred in administrative buildings, offices and warehouses. These expenses fluctuate continually and are affected by the scope of use. It was noted that these expenses increased by 30.3% in 2020G after the Company moved to a new administrative office in 2020G. These expenses amounted to 0.1 million Saudi riyals and 0.1 million Saudi riyals in the nine-month period ended September 30, 2020G and the nine-month period ended September 30, 2021G.

Rental expenses are related to the rent of the various offices and warehouses owned by the Company. A number of activities that were approved in 2018G (such as the sale of clothing, medical supplies and other activities) were suspended and a number of warehouses used to serve these activities were dispensed with, which led to a decrease in rental expenses from 0.3 million Saudi riyals in 2018G to 0.2 million Saudi riyals in year 2019G. Rental expenses returned and increased by 153.4%, or 0.4 million Saudi riyals, from 0.2 million Saudi riyals in 2019G to 0.6 million Saudi Riyals in 2020G after moving to a new administrative office. The rental amounts recorded an amount of 0.4 million Saudi riyals and 0.2 million Saudi riyals between the nine-month period ended September 30, 2020G and the nine-month period ended September 30, 2021G, respectively.

Other expenses are hospitality expenses, cleaning expenses and other miscellaneous expenses. These expenses fluctuate periodically according to the classifications adopted by the external auditor and the fluctuation of daily expenses. Expenses increased by 720.6% from 62 thousand Saudi riyals in 2018G to 0.5 million Saudi riyals in 2019G. And 0.5 million Saudi riyals in 2020G. Other expenses decreased from 1.1 million Saudi riyals in the nine-month period ended September 30, 2020G to 0.4 million Saudi riyals in the nine-month period ended September 30, 2021G.

Advertising and publishing expenses are advertising expenses, advertising expenses and fees for publishing financial statements on the CMA platforms. These expenses did not witness significant fluctuations during the period, but rather recorded a relative increase in 2019G after the launch of some advertising campaigns to stimulate work activity. These expenses were almost non-existent in 2020G as a result of the decline in advertising activities following the spread of the Corona pandemic. Expenses remained slight between the nine-month period ended September 30, 2020G and the nine-month period ended September 30, 2021G.

Government fees are the fees incurred when issuing licenses and conducting government transactions. These fees also include Chambers of Commerce fees and charges and any fines incurred in the course of business. These expenses do not follow a specific trend, but fluctuate periodically.

Expenses for writing off other debt balances recorded during 2020G include the writing-off of some of the Company's debts.

Stationery and publications expenses include the expenses of stationery used by employees in offices. These expenses fluctuate periodically.



Insurance expenses are medical insurance expenses for the Company's employees. The balance of insurance expenses did not witness drastic fluctuations during 2018G and 2019G. The balance decreased from SAR 0.3 million in 2019G to SAR 0.2 million in 2020G. Insurance expenses increased relatively, amounting to 0.1 million Saudi riyals in the nine-month period ended September 30, 2020G, and 0.2 million Saudi riyals in the nine-month period ended September 30, 2021G.

Repair and maintenance expenses are related to the repair and maintenance operations that are carried out on a regular basis within the Company's offices and warehouses. These expenses fluctuate periodically and are affected by the number and scope of maintenance operations performed.

Equipment, hardware and tools expenses are miscellaneous expenses associated with purchasing low-value spare parts and tools that are used in warehouses and offices. No balance was recorded among these expenses for 2019G and the year 2020G. Expenses of equipment, devices and tools increased by 0.3 million Saudi riyals in the nine-month period ended on September 30, 2020G.

6.7.6 Impairment in the Value of Investments

Expenses for impairment in the value of investments and financial assets include losses related to the investments owned by the Company in three companies: Warehousing and Support Services Company, United Company and Shahed Distribution Company. The Company recorded a loss of 1.1 million Saudi riyals and 2.6 million Saudi riyals and 2.6 million Saudi riyals in 2019G, 2020G and the nine-month period ended on September 30, 2020G. The mentioned loss was related to a decrease in the investment value, as United Company and Shahed Distribution Company are currently in the liquidation stage. (For more information, please see subparagraph (2.1.39) "Risks of the liquidation of subsidiaries or other companies" of Section (2) "Risk Factors").

6.7.7 Impairment of Trade Receivables

A loss of 1.7 million Saudi riyals related to the impairment of trade receivables is recorded within 2020G as a result of the increase in the Provision for Receivables by 1.6 million riyals from 0.1 million riyals in 2019G to 1.7 million Saudi riyals in 2020G, where the Company's management decided to raise the Provision For Receivables, where the reserved provision becomes sufficient to cover any credit losses associated with obsolete or bad receivables. It should be noted that the total balance of the Company's trade receivables is 15.6 million Saudi riyals as on December 31, 2020G, and the balance of trade receivables, with a life exceeding 360 days, is 10.2 million Saudi riyals as at the nine-month period ended on September 30, 2021G, constituting 48.6 % of the total balance of trade receivables. Thus, if the company applies International Financial Reporting Standard No. 9 (IFRS9), the Company may have to collect provisions exceeding the current balance allocated to cover these credit losses associated with obsolete or bad trade receivables.

6.7.8 Depreciation

The depreciation expenses that were recorded between the year 2018G and the year 2020G were related to property and Electrical machinery and equipment. Where these expenses were classified among other expenses in the category of revenue and general and administrative expenses.

6.7.9 Impairment Losses on Investments

The investment impairment losses amounting to SAR 0.2 million during 2018G were related to the investments owned by the Company in three companies (Warehouses and Support Services Company, United Company and Shahed Distribution Company). The recorded losses were related to the declining value of these investments after the three mentioned companies recorded consecutive losses during 2018G and 2019G. (For more information, please see subparagraph (2.1.2) "Risks related to the losses arising from investments in other companies" of Section (2) "Risk Factors").

6.7.10 Financing Expenses

Minor financing expenses amounting to 16 thousand Saudi riyals and 82 thousand Saudi riyals were recorded during 2019G and 2020G. These expenses were associated with the various lease contracts entered into by the Company for the rental of offices and warehouses. This financing expense has been recorded as a separate item after following IFRS 16. These expenses remained slight, amounting to 67 thousand Saudi riyals and 0.1 million Saudi riyals in the nine-month period ended September 30, 2020G and the nine-month period ended September 30, 2021G, respectively.



6.7.11 Other Revenue

The following table shows details of other revenues for the financial years ending on December 31, 2018G, 2019G and 2020G, and the nine-month periods ended September 30, 2020G and September 30, 2021G.

Table No. (6-8): Other Revenues

SAR thousands	Fiscal year ended December 31			9 month-period ended September 30		Increase / Decrease			CAGR
	2018G Audited	2019G Audited	2020G Audited	2020G Unaudited	2021G Unaudited	December 2019G	December 2020G	September 2020G	2018G 2020G
Revenue from the sale of shares	14,364	181	1,816	1,616	-	(98.7%)	901.9%	(100.0%)	(64.4%)
Services to Export Development Authority	-	-	-	-	79	NA	NA	NA	NA
Value of the Company's share in Shahad Al-Sahra Distribution Company	-	-	-	-	396	NA	NA	NA	NA
Value of Stock Deficit Refund	-	-	-	-	209	NA	NA	NA	NA
Unrealized profits from Trade Investments	-	-	-	-	81	NA	NA	NA	NA
Penalties and Fines	-	-	-	-	7	NA	NA	NA	NA
Proof of Payments from Human Resources Fund	-	-	-	-	28	NA	NA	NA	NA
Other	-	284	105	319	-	NA	(63.2%)	(100.0%)	NA
Total	14,364	466	1,921	1,935	800	(96.8%)	312.5%	(59.0%)	(63.4%)

Source: The Company's audited financial statements for the financial years ended December 31, 2018G, 2019G and 2020G and the audited financial statements for the period ended September 30, 2021G.

Other income recorded by the Company was mainly related to the sale of shares. It was previously mentioned that the Company owns a stock portfolio that includes shares in several listed companies. These shares are sold periodically in order to achieve some sporadic profits. It was noted that the revenues from the sale of shares were higher in 2018G, after profits from the sale of shares amounting to 14.4 million Saudi riyals were recorded as a result of selling a high number of shares of the Company's portfolio.

Services provided to the Export Development Authority have not recorded revenues between 2018G and 2020G. Then, these revenues increased from zero – in the nine-month period ended on September 30, 2020G – to 79 thousand Saudi riyals in the nine-month period ended on September 30, 2021G.

The Company's share in Shahad Al-Sahra Distribution Company have not recorded revenues between 2018G and 2020G. Then, these revenues increased from zero – in the nine-month period ended on September 30, 2020G – to 0.4 million Saudi riyals in the nine-month period ending on September 30, 2021G after the relevant company recorded revenues during the said period.

Value of inventory deficit refund have not recorded revenues between 2018G and 2020G. Then, these revenues increased from zero – in the nine-month period ended on September 30, 2020G – to 0.2 million Saudi riyals in the nine-month period ended on September 30, 2021G.

Unrealized Profits from trade investments have not recorded revenues between 2018G and 2020G. Then, these revenues increased from zero – in the nine-month period ended on September 30, 2020G – to 81 thousand Saudi riyals in the nine-month period ended on September 30, 2021G.

Penalties and fines have not recorded revenues between 2018G and 2020G. Then, these revenues increased from zero – in the nine-month period ended on September 30, 2020G – to 7 thousand Saudi riyals in the nine-month period ended on September 30, 2021G.

Proof of Payments from Human Resources Fund have not recorded revenues between 2018G and 2020G. Then, these revenues increased from zero – in the nine-month period ended on September 30, 2020G – to 28 thousand Saudi riyals in the nine-month period ended on September 30, 2021G.

Other revenue is related to sales of scrap materials and fully depreciated assets.

Other revenues decreased from 0.1 million Saudi riyals in the nine-month period ended September 30, 2020G to zero Saudi riyals in the nine-month period ended September 30, 2021G due to the absence of Scrap sales and depreciated assets.



6.7.12 Zakat

Zakat expenses fluctuated between 2018G and 2020G. Expenses gradually increased from 0.2 million Saudi riyals in 2018G to 2.5 million Saudi Riyals in 2020G. This increase was linked to additional expenses that the Company had to pay after settling some transactions that were pending with the Department of Zakat Income.

The Company also clarified that these transactions were related to the zakat returns submitted by the Company in previous years for 2019G, which were still being studied by the Income and Zakat Department. It should also be noted that the Company received letters of amendment of Zakat declarations from the Zakat, Tax and Customs Authority from 2014G to 2018G, with respect to Zakat differences amounting to 2.5 million Saudi riyals. The Company submitted an objection request for the remainder of the difference to the General Secretariat of the Tax Committees. Until the date of preparation the financial statements as at September 30, 2021G, no resolution has been passed thereon.

6.7.13 Losses from Discontinued Operations

Losses from discontinued operations are losses related to the Saudi Industrial Export Company (Jordan Branch), which was a subsidiary of the Company. On March 7, 2021G, the Company's board of directors decided to close the subsidiary Company. Accordingly, the Company did not include the subsidiary in the financial statements, but rather it was classified as a discontinued operation.

6.7.14 Remeasurement of Defined Obligations or Benefits

The remeasurement of defined obligations or benefits is related to the actuarial valuations that the Company makes to account for end of service expenses. These profits fluctuate cyclically and are affected by the changing numbers of employees and the assumptions used in the actuarial studies.

6.8 Statement of Financial Position

The following table shows the statement of financial position as on December 31, 2018G, 2019G, 2020G, and September 30, 2021G.

Table No. (6-9): Statement of Financial Position

SAR '000	The Fiscal Years Ended December 31			The Nine-Month Period Ended September 30	Increase / Decrease			CAGR
	2018G Audited	2019G Audited	2020G Audited	2021G Unaudited	December 2019G	December 2020G	September 2021G	2018G-2021G
Assets	-	--	-	-	-	-	-	-
Current assets	65,987	39,819	36,366	26,042	(39.7%)	(8.7%)	(28.4%)	(28.7%)
Non-current assets	10,729	10,756	4,789	4,330	0.3%	(55.5%)	(9.6%)	(28.1%)
Assets of discontinued operations	-	-	-	923	NA	NA	NA	NA
total assets	76,716	50,575	41,155	31,295	(34.1%)	(18.6%)	(24.0%)	(27.8%)
Liabilities								
Current liabilities	8,787	8,331	12,363	9,159	(5.2%)	48.4%	(25.9%)	1.5%
Non-current liabilities	474	1,388	1,056	1,112	192.7%	(23.9%)	5.3%	36.3%
Total Liabilities	9,262	9,719	13,419	10,272	4.9%	38.1%	(23.5%)	3.8%
Property rights								
Total Equity	67,454	40,856	27,736	21,024	(39.4%)	(32.1%)	(24.2%)	(34.6%)
Total Equity and Liabilities	76,716	50,575	41,155	31,295	(34.1%)	(18.6%)	(24.0%)	(27.8%)

Source: The Company's audited financial statements for the financial years ended December 31, 2018G, 2019G and 2020G and the audited financial statements for the period ended September 30, 2021G.

Total assets decreased by 34.1% from SAR 76.7 million as on December 31, 2018G to SAR 50.6 million on December 31, 2019G as a result of a decrease in current assets by 39.7% from SAR 66.0 million on December 31, 2018G to SAR 39.8 million on December 31, 2019G. Total assets continued to decline by 18.6% to reach 41.2 million Saudi riyals as of December 31, 2020G, after a decrease in current and non-current assets. Current assets decreased by 8.7% from SAR 39.8 million on December 31, 2019G to SAR 36.4 million on December 31, 2020G as a result of a decrease in cash and cash equivalents and other debt balances. The decrease in non-current assets by 55.5% from 10.8 million Saudi riyals as on December 31, 2019G to 4.8 million Saudi riyals as on December 31, 2020G was related to the non-recording of investments at fair value through profit or loss as a result of reclassifying part of the investments and liquidating the other part during 2020G. Assets continued to decline by 24.0%, or by a value of 9.9 million, from 41.2 million Saudi riyals as of December 31, 2020G, to 31.3 million Saudi riyals as of September 30, 2021G, after a



decrease in current assets. The decrease in current assets was affected by an additional decrease in the balances of cash and cash equivalents.

Total liabilities increased by 4.9% from SAR 9.3 million on December 31, 2018G to SAR 9.7 million on December 31, 2019G. This is due to an increase in non-current liabilities by 192.7%, after recording rental obligations after adopting IFRS 16. Total liabilities increased by 38.1% from SAR 9.7 million as of December 31, 2019G to SAR 13.4 million as of December 31, 2020G. This is due to an increase in current liabilities by 48.4% as a result of the increase in accrued expenses and other creditors as of December 31, 2020G. Liabilities returned and decreased by 23.5%, or by 3.1 million Saudi riyals, from 13.4 million Saudi riyals as of December 31, 2020G, to 10.3 million Saudi riyals as of September 30, 2021G.

Total equity decreased by 39.4% from SAR 67.5 million as of December 31, 2018G to SAR 40.9 million as on December 31, 2019G, and total equity decreased by 32.1% to reach SAR 27.7 million as of December 31, 2020G. This is mainly due to recording accumulated losses of SAR 24.6 million and SAR 37.7 million in 2019G and 2020G, respectively. Equity continued to decline by 24.2%, or by an amount of SAR 6.7 million, from SAR 27.7 million of December 31, 2020G, to SAR 21.0 million as of September 30, 2021G.

6.8.1 Non-Current Assets

The following table shows the Company's non-current assets as of December 31, 2018G, 2019G, 2020G, and September 30, 2021G.

Table No. (6-10): Non-Current Assets

SAR '000	The Fiscal Years Ended December 31			The Nine-Month Period Ended September 30	Increase / Decrease			CAGR
	2018G Audited	2019G Audited	2020G Audited	2021G Unaudited	December 2019G	December 2020G	September 2021G	2018G - 2021G
Property, plant and equipment, net	3,070	3,050	3,771	3,452	(0.7%)	23.6%	(8.5%)	4.4%
intangible assets	-	-	78	92	-	NA	17.6%	NA
Right to use assets	-	1,146	940	786	NA	(18.0%)	(16.4%)	NA
Investments at fair value through profit or loss	7,658	6,560	-	-	(14.3%)	(100.0%)	NA	(100.0%)
Total non-current assets	10,729	10,756	4,789	4,330	0.3%	(55.5%)	(9.6%)	(28.1%)

Source: The Company's audited financial statements for the financial years ended December 31, 2018G, 2019G and 2020G and the audited financial statements for the period ended September 30, 2021G.

Non-current assets are concentrated in the net book value of property, plant and equipment in addition to investments at fair value through profit or loss, for example, 100.0%, 89.3%, 78.7% and 79.7% of the total value of non-current assets as on December 31, 2018G December 31, 2019G, December 31, 2020G, and September 30, 2021G.

6.8.1.1 Property, Machinery and Equipment

The following table shows the Company's property, machinery and equipment as of December 31, 2018G, 2019G, and September 30, 2021G.

Table No. (6-11): Property, Machinery and Equipment

SAR '000	The Fiscal Years Ended December 31			Nine-Month Period Ended September 30	Increase / Decrease			CAGR
	2018G Audited	2019G Audited	2020G Audited	2021G Unaudited	December 2019G	December 2020G	September 2021G	2018G - 2021G
Property	2,574	2,504	2,433	2,381	(2.7%)	(2.8%)	(2.2%)	(2.8%)
Machinery and Equipment	306	241	166	210	(21.3%)	(31.3%)	26.8%	(12.8%)
Electrical and Computer Equipment	136	141	313	177	3.9%	121.6%	(43.4%)	10.1%
Furniture	54	124	181	155	129.7%	46.0%	(14.3%)	46.8%
Vehicles	-	-	171	107	NA	8,527,250.0%	(37.1%)	NA
Modifications to the Leased Location	-	-	436	351	NA	NA	(19.6%)	NA
Projects Under Implementation	-	40	71	71	NA	79.2%	-	NA
Total	3,070	3,050	3,771	3,452	(0.7%)	23.6%	(8.5%)	4.4%

Source: The Company's audited financial statements for the financial years ended December 31, 2018G, 2019G and 2020G and the audited financial statements for the period ended September 30, 2021G.



Property, plant and equipment mainly consists of the buildings and equipment of the factory owned by the Company (Sara Factory), which together represent 93.8%, 90.0%, 68.9% and 75.1% of the total net book value of property, plant and equipment as of December 31, 2018G, 2019G, 2020G, and September 30, 2021G.

Electrical and computer devices are electrical machines, tools and computers that are used in offices and warehouses.

Furniture and furnishings include office furniture placed in offices and warehouses.

Vehicles are used by the Company's management team for daily commutes.

The modifications to the leased location are the improvements and decorations of the Company's headquarters.

Projects in progress are projects related to software and computer systems that are being launched.

The net book value of property and equipment did not witness material fluctuations between December 31, 2018G and 2019G. The net book value of property, plant and equipment increased by 23.6% from SAR 3.1 million as of December 31, 2019G to SAR 3.8 million as of December 31, 2020G. This is due to the recording of amendments to rent and cars as of December 31, 2020G, amounting to 0.4 million Saudi riyals and 0.2 million Saudi riyals, respectively. The net book value of property and equipment decreased by 8.5% or by an amount of 0.3 million Saudi riyals out of 3.8 million Saudi riyals as at December 31, 2020G to an amount of 3.5 million Saudi riyals as at September 30.

6.8.1.2 Intangible Assets

The Company recorded intangible assets amounting to 78 thousand Saudi riyals as of December 31, 2020G and 92 thousand Saudi riyals as at September 30, 2021G, which represents an accounting system that is still in use.

6.8.1.3 Origins of the Right-of-Use Assets

The following table shows the right-of-use assets of the Company as of December 31, 2018G, 2019G, 2020G and September 30, 2021G.

Table No. (6-12): Origins of the Right-of-Use Assets

SAR '000	The Fiscal Years Ended December 31			The Nine-Month Period Ended September 30	Increase / Decrease			CAGR
	2018G Audited	2019G Audited	2020G Audited	2021G Unaudited	December 2019G	December 2020G	September 2021G	2018G-2021G
Balance at the beginning of the period	-	722	1,146	940	NA	58.7%	(18.0%)	NA
Additions during the year	-	506	-	-	NA	(100.0%)	NA	NA
Annihilation of the year	-	(82)	(206)	(154)	NA	150.6%	(25.5%)	NA
Balance at the end of the period	-	1,146	940	786	NA	(18.0%)	(16.4%)	NA

Source: The Company's audited financial statements for the financial years ended December 31, 2018G, 2019G and 2020G, and the audited financial statements for the period ended September 30, 2021G.

Right-of-use assets amounting to SAR 1.1 million and SAR 0.9 million and SAR 0.8 million of December 31, 2019G, 2020G and September 30, 2021G respectively are related to the various lease contracts entered into by the Company related to the lease of the factory, offices and stores. These leases were recorded as right-of-use assets after the transition to IFRS 16 Lease.



6.8.1.4 Investments at Fair Value Through Profit or Loss

The following table shows investments at fair value through profit or loss for the Company as of December 31, 2018G, 2019G and 2020G, and September 30, 2021G.

Table No. (6-13): Investments at fair value through profit or loss

SAR '000	Participation Rate	The Fiscal Year Ended December 31			The Nine-Month Period Ended September 30	Increase / Decrease			CAGR
		2018G Audited	2019G Audited	2020G Audited	2021G Unaudited	December 2019G	December 2020G	September 2021G	2018G - 2021G
Warehousing and Support Services Company	3.8%	11,000	11,000	11,000	-	-	-	(100.0%)	(100.0%)
United Company	20.0%	327	327	327	327	-	-	-	-
Shahed Distribution Company	51.0%	510	510	510	510	-	-	-	-
STC Solutions Shares	-	-	-	-	353	NA	NA	NA	NA
Change in fair value	-	11,837	11,837	11,837	1,190	-	-	(89.95%)	(89.95%)
Deducted: Decrease in the investment's value	-	(4,179)	(5,278)	(7,837)	(837)	26.3%	48.5%	(89.3%)	(44.3%)
Exclusions				(4,000)					
Balance at the end of the year		7,658	6,560	0	353	(14.3%)	(100%)	35,300%	(76.8%)

Source: The Company's audited financial statements for the financial years ended December 31, 2018G, 2019G and 2020G and the audited financial statements for the period ended September 30, 2021G.

The investments mentioned in the above table mainly relate to investments in three companies: Warehousing and Support Services Company, Shahed Distribution Company and United Company.

The value of investments in the three companies decreased from 7.7 million Saudi riyals as of December 31, 2018G to 6.6 million Saudi riyals on December 31, 2019G. The decline in the value of investments during the mentioned period is due to the process of reassessing the value of these investments on an annual basis. The Company annually obtains the financial statements of the investee companies to assess whether a loss or profit should be reversed in the Company's statements. The decrease in the value of the investments was mainly related to the losses that the Company was incurring during the mentioned periods. (For more information, please see subparagraph (2.1.2) "Risks related to the losses arising from investments in other companies" of Section (2) "Risk Factors").

The value of the investments recorded a decrease of 100% from 6.6 million Saudi riyals on December 31, 2019G to zero Saudi riyals on December 31, 2020G. Then it increased to 0.4 million Saudi riyals as on September 30, 2021. The additional decrease on December 31, 2020G and September 30, 2021G was related to two factors:

- The first factor is the Company's signing of an agreement to sell its stake in the Warehousing and Support Services Company for an amount of SAR 4.0 million, which led to a reduction in the investment value and a reclassification of the investment as a financial asset within current assets.
- The second factor is the entry of Shahed Distribution Company and United Company into the liquidation stages.

For more information, please see subparagraph (2.1.39) "Risks of the liquidation of subsidiaries or other companies" of Section (2) "Risk Factors".



6.8.2 Current Assets

The following table shows the Company's current assets as of December 31, 2018G, 2019G, 2020G and September 30, 2021G.

Table No. (6-14): Current Assets

SAR '000	The Fiscal Years Ended December 31			The Nine-Month Period Ended September 30	Increase / Decrease			CAGR
	2018G Audited	2019G Audited	2020G Audited	2021G Unaudited	December 2019G	December 2020G	September 2021G	2018G - 2021G
Net Stock/ Inventory	661	2,646	3,452	867	300.2%	30.5%	(74.9%)	10.4%
Trade Receivables	18,072	8,097	15,733	11,969	(55.2%)	94.3%	(23.9%)	(13.9%)
Prepaid Expenses and Other Current Assets	4,242	9,451	8,698	6,555	122.8%	(8.0%)	(24.6%)	17.1%
Financial Assets at Fair Value Through Profit or Loss	-	-	-	353	NA	NA	NA	NA
Cash and Cash equivalents	43,012	19,625	8,484	6,298	(54.4%)	(56.8%)	(25.8%)	(50.3%)
Total Current Assets	65,987	39,819	36,366	26,042	(39.7%)	(8.7%)	(28.4%)	(28.7%)

Source: The Company's audited financial statements for the financial years ended December 31, 2018G, 2019G and 2020G and the audited financial statements for the period ended September 30, 2021G.

Current assets were concentrated in trade and other receivables in addition to cash and cash equivalents. These two components constituted 99.0%, 69.6%, 66.6% and 70.1% of the total current assets as on December 31, 2018G, December 31, 2019G, December 31, 2020G, and September 30, 2021G.

6.8.2.1 Inventory / Stock

The following table shows the Company's inventory details as on December 31, 2018G, 2019G, 2020G, and September 30, 2021G.

Table No. (6-15): Inventory / Stock

SAR '000	The Fiscal Year Ended December 31			The Nine-Month Period Ended September 30	Increase / Decrease			CAGR
	2018G Audited	2019G Audited	2020G Audited	2021G unaudited	December 2019G	December 2020G	September 2021G	2018G - 2021G
Food Products	-	-	497	0	NA	NA	(99.9%)	NA
Raw Material	-	-	703	603	NA	NA	(14.1%)	NA
Sarah's Depot	-	-	862	858	NA	NA	(0.4%)	NA
Granular Sulphur	661	1,765	1,309	-	167.0%	(25.9%)	(100.0%)	(100.0%)
Raw Sulphur	-	409	314	-	NA	(23.4%)	(100.0%)	NA
Polymer	-	471	79	-	NA	(83.3%)	(100.0%)	NA
Production in Transition	-	-	20	-	NA	NA	(100.0%)	NA
Deducted Provision for Impairment in Inventory Value	-	-	(331)	(595)	NA	NA	79.7%	NA
Total	661	2,646	3,452	867	300.2%	30.5%	(74.9%)	10.4%

Source: The Company's audited financial statements for the financial years ended December 31, 2018G, 2019G and 2020G and the audited financial statements for the period ended September 30, 2021G.

The inventory consists of several components that mainly include raw materials (sulfur and other materials) and chemicals used in the manufacture of sterilizers. The value of the stock increased from 0.7 million Saudi riyals on December 31, 2018G to 2.6 million Saudi riyals on December 31, 2019G after the Company purchased chemicals and raw materials to keep pace with the activity of sterilizer production, which was launched during 2020G, in addition to other activities that the Company intends to launch at the beginning of 2021G. The value of the inventory increased by 30.5% from SAR 2.6 million as on December 31, 2019G to SAR 3.5 million as of December 31, 2020G. This is due to the addition of food stocks and Sarah's store as of December 31, 2020G. The value of the inventory decreased by 74.9%, or by a value of 2.6 million Saudi riyals, from 3.5 million Saudi riyals as of December 31, 2020G, to 0.9 million Saudi riyals as on September 30, 2021G.

It is worth noting that the Company recorded a provision for inventory impairment of 0.6 million Saudi riyals as of September 30, 2021G. This provision was linked to a slow-moving inventory. (For more information, please see subparagraph (2.1.3) "Risks related to the high rate of obsolescence of the increasing stock" of Section (2) "Risk Factors").



6.8.2.2 Trade Receivables

The following table shows the details of trade and other receivables of the Company as on December 31, 2018G, 2019G, 2020G and September 30, 2021G.

Table No. (6-16): Trade Receivables

SAR '000	The Fiscal Year Ended December 31			The Nine-Month Period Ended September 30	Increase / Decrease			CAGR
	2018G Audited	2019G Audited	2020G Audited	2021G Unaudited	December 2019G	December 2020G	September 2021G	2018G-2021G
Trade Debtors/ Accounts Receivables	18,186	8,212	17,572	13,809	(54.8%)	114.0 %	(21.4%)	(9.5%)
Deducted: Allowance for Doubtful Accounts	(114)	(114)	(1,840)	(1,840)	-	1,506.8%	(0.0%)	174.5%
Total	18,072	8,097	15,733	11,969	(55.2%)	94.3%	(23.9%)	(13.9%)

Source: The Company's audited financial statements for the financial years ended December 31, 2018G, 2019G and 2020G and the audited financial statements for the period ended September 30, 2021G.

Note: As of December 31, 2020G, the Company's external auditor has reclassified the trade receivables as a separate item from other debit balances and the comparative figures for 2019G have been adjusted. Hence, the figures for the year 2018G have been re-disaggregated for trade receivables and other debit balances to be in line with the years 2019G and 2020G, for comparison purpose.

Trade receivables are the Company's customers' debit balances. Net trade receivables decreased by 55.2% from SAR 18.1 million as of December 31, 2018G to SAR 8.1 million as of December 31, 2019G. Net trade receivables increased by 94.3% to reach 15.7 million Saudi riyals as of December 31, 2020G. The balance of trade receivables recorded an additional decrease of 23.9% from SAR 15.7 million as of December 31, 2020G to SAR 12.0 million as of September 30, 2021G. The balance's movement is affected by both the revenue and the collection from customers' movement. (For more information, please see subparagraph (2.1.4) "Risks related to the uncollected receivables" of Section (2) "Risk Factors").

The following table shows details of the provision for impairment of account receivables as of December 31, 2018G, 2019G, 2020G and September 30, 2021G.

Table No. (6-17): Provision for Impairment of Account / Trade Receivables

SAR '000	The Fiscal Year Ended December 31			The Nine-Month Period Ended September 30	Increase / Decrease			CAGR
	2018G Audited	2019G Audited	2020G Audited	2021G Unaudited	December 2019G	December 2020G	September 2021G	2018G-2021G
Balance at the Beginning of the Year	62,783	114	114	1,840	(99.8 %)	NA	1,506.8%	(72.3%)
Provision for the Year	(62,669)	-	1,725	-	(100.0%)	NA	(100.0%)	(100.0%)
Balance at the End of the Year	114	114	1,840	1,840	-	1,506.8%	(0.0%)	174.5%

Source: The Company's audited financial statements for the financial years ended December 31, 2018G, 2019G and 2020G and the period ended September 30, 2021G.



The following table shows detailed aging of trade receivables by days as of December 31, 2018G, 2019G, 2020G and September 30, 2021G.

Table No. (6-18): Trade Receivables Aging Report

SAR '000	Fiscal Year Ended December 31			The Nine-Month Period Ended September 30, 2021G Unaudited
0-30 days	8,564	128	93	236
30-90 days	1,163	35	-	2,039
90-180 days	8,207	-	683	1,266
180-270 days	252	8,049	2,925	2
270-360 days or more	-	-	5,672	2
360-450 days or more	-	-	8,199	10,264
Balance at the end of the year	18,186.	8,212	17,572	13,809

Source: The Company

6.8.2.3 Other Debit Balances

The following table shows the details of the Company's other debit balances as on December 31, 2018G, 2019G and 2020G, and September 30, 2021G.

Table No. (6-19): Other Debit Balances

SAR '000	The Fiscal Year Ended December 31			The Nine-Month Period Ended September 30	Increase / Decrease			CAGR
	2018G Audited	2019G Audited	2020G Audited	2021G Unaudited	December 2019G	December 2020G	September 2021G	2018G-2021G
Insurance recoveries	-	6,758	3,908	3,533	NA	(42.2%)	(9.6%)	NA
Security deposits	1,071	-	-	-	(100.0%)	NA	NA	(100.0%)
Advance payments to suppliers	2,344	1,360	2,857	574	(42.0%)	110.1%	(80.0%)	(40.0%)
Value added tax	362	312	1,519	2,077	(13.8%)	3.9%	36.7%	88.8%
Prepaid expenses	359	783	207	193	118.0%	(73.6%)	(6.8%)	(20.3%)
Responsibility and covenant of employees	107	224	193	133	109.3%	(13.9%)	(31.2%)	8.1%
Other	-	14	14	45	NA	-	215.7%	NA
Total	4,242	9,451	8,698	6,555	122.8%	(8.0%)	(24.6%)	17.1%

Source: The Company's audited financial statements for the financial years ended December 31, 2018G, 2019G and 2020G and the audited financial statements for the period ended September 30, 2021G.

*Note: As on December 31, 2020G, the Company's external auditor reclassified current receivables as a separate item from other debit balances and the comparative figures for 2019G have been adjusted, and accordingly, the figures for 2018G have been re-disaggregated for trade receivables and other debit balances to align with the years 2019G and 2020G, for the purpose of comparison.

The refundable deposit mainly includes a documentary letter of credit in favor of the Aramco base oils Company Luberef. A letter in favor of Sipchem. Refundable insurance balance decreased by 42.2% from 6.8 million Saudi riyals as at December 31, 2019G to 3.9 million Saudi riyals as at December 31, 2020G, with an additional decrease of 9.6% to 3.5 million Saudi riyals as at September 30, 2021G, as a result of completing a significant part of the works of the projects implemented for the benefit of the said companies.

Advance payments to suppliers are payments made in advance to suppliers who provide a Company with different services. The advance payment to the supplier is usually 10% of the value of the contract signed with him, and the advance payment is deducted from the invoices raised by the supplier and paid to him during the execution of the work.

VAT is debited from the Zakat, Tax and Customs Authority. The balance has not witnessed significant fluctuations between December 31, 2018G and December 31, 2019G, before the increase of the balance to 1.5 million Saudi riyals and 2.1 million Saudi riyals as at September 30, 2020G. It should be noted that the value-added tax balance has been deducted from the zakat credit balance as at December 31, 2020G, while the balance was classified as a separate debit item as at September 30, 2021G, explaining the increase in the debit balance between the two said periods. (For more information, please see paragraph Subsection (2.1.39) "Risks of the liquidation of subsidiaries or other companies" of Section (2) "Risk Factors").

Prepaid expenses include many expenses such as rent and insurance expenses.



Employees' receivables and pledges are advances given to employees in the form of low-value loans granted to them within the normal course of work and collected later through payments that are gradually deducted from their salaries.

Other debit balances are deferred financing interest.

Other debit balances increased by 122.8% from SAR 4.2 million as of December 31, 2018G to SAR 9.5 million as of December 31, 2019G. This is mainly due to the recording of recoverable deposits amounting to 6.7 million Saudi riyals as of December 31, 2019G. Other debit balances decreased by 19.6% to reach SAR 7.6 million as of December 31, 2020G. This is due to a decrease in recoverable insurances by 42.2% as of December 31, 2020G. Other debit balances recorded a decrease by a rate of 13.7% from 7.5 million Saudi riyals as of December 31, 2020G to 6.6 million Saudi riyals as on September 30, 2021G after a decrease in the balance of payments made to suppliers.

6.8.2.4 Cash and Cash Equivalents

The following table shows the details of cash and cash equivalents for the Company as of December 31, 2018G, 2019G, 2020G and September 30, 2021G.

Table No. (6-20): Cash and cash equivalents

SAR thousands	The Fiscal Year Ended December 31			The Nine-Month Period Ended September 30	Increase / Decrease			CAGR
	2018G Audited	2019G Audited	2020G Audited	2021G Unaudited	December 2019G	December 2020G	September 2021G	2018G-2021G
Cash in banks	43,012	19,612	8,470	6,298	(54.4%)	(56.8 %)	(25.6 %)	(50.3%)
Cash in hand	0	13	14	0	88,413.3%	5.0%	(99.3%)	100.1%
Total	43,012	19,625	8,484	6,298	(54.4%)	(56.8 %)	(25.8%)	(50.3%)

Source: The Company's audited financial statements for the financial years ended December 31, 2018G, 2019G and 2020G and the audited financial statements for the period ended September 30, 2021G.

Cash in the fund consisted of sums and trusts that were disbursed to department heads and accountants in order to meet expenses and daily business needs. Cash at banks is distributed among four banks with which the Company deals to collect and pay its dues.

Total cash balances decreased by 54.4% or amounting to 23.4 million Saudi riyals from 43.0 million Saudi riyals on December 31, 2018G to 19.6 million Saudi riyals on December 31, 2019G after the increase in cash outflow from operating activities from 10.1 million Saudi riyals in 2018G to 22.9 million Saudi riyals in 2019G as a result of recording a loss before zakat amounting to 24.7 million riyals during 2019G.

Cash and cash equivalents continued to decrease by 56.8%, or 11.1 million Saudi riyals, from 19.6 million Saudi riyals on December 31, 2019G, to SAR 8.5 million on December 31, 2020G. The decrease was as a result of recording a cash outflow from operating activities amounting to 13.8 million Saudi riyals in 2020G.

The balance of cash and cash equivalents decreased by 25.8% or the amount of SAR 2.2 million from SAR 8.5 million as on December 31, 2020G to SAR 6.3 million as on September 30, 2021G as a result of the Company's recording of cash outflows amounting to 2.2 million Saudi riyals in the nine-month period ending on September 30, 2021G.

6.8.3 Assets from Discontinued Operations

Assets related to discontinued operations are the assets of the Saudi Industrial Export Company (Jordan Branch), which was a subsidiary of the Company. On March 7, 2021G, the Company's board of directors decided to close the subsidiary Company. Accordingly, the Company did not include the subsidiary in the financial statements, but rather it was classified as a discontinued operation.



6.8.4 Non-current Liabilities

Non-current liabilities included lease obligations (the non-current portion) and employee defined benefit obligations. The Company has no loans, according to the audited financial statements for the period ended September 30, 2021G. Please refer to section 6.9 "Loans". The following table shows the non-current liabilities as of December 31, 2018G, 2019G, 2020G, and September 30, 2021G.

Table No. (6-21): Non-Current Liabilities

SAR thousands	The Fiscal Year Ended December 31			The Nine- Month Period Ended September 30	Increase / Decrease			CAGR
	2018G Audited	2019G Audited	2020G Audited	2021G Unaudited	December 2019G	December 2020G	September 2021G	2018G 2021G
Lease Obligations/Non-Current Part	-	804	721	658	NA	(10.4%)	(8.7%)	NA
Employee Defined Benefit Obligations	474	583	335	455	23.0%	(42.5 %)	35.6%	(1.5%)
Total	474	1,388	1,056	1,112	192.7%	(23.9%)	5.3%	36.3%

Source: The Company's audited financial statements for the financial years ended December 31, 2018G, 2019G and 2020G and the audited financial statements for the period ended September 30, 2021G.

6.8.4.1 Lease Obligations - Non-current Part

The value of lease commitments (the non-current portion) amounted to 0.8 million Saudi riyals and 0.7 million Saudi riyals as on December 31, 2019G, 2020G and September 30, 2021G, respectively. These obligations were related to multiple lease contracts, which mainly included lease contracts for factories, shops and warehouses. Lease obligations were recorded as a separate item within non-current liabilities after the adoption of IFRS 16.

6.8.4.2 Employees' Defined Benefit Obligations

Employees' defined benefit obligations represent end-of-service expenses payable to the Company's employees. Specified Employee Benefit liabilities are increased 23.0% from 0.5 million Saudi riyals as on December 31, 2018G to 0.6 million Saudi riyals on December 31, 2019G. The increase was driven by the increase in the number of employees, as the Company hired a number of administrative and operational employees to keep pace with the increase in work activity. Employee defined benefit obligations decreased by 42.5% from SAR 0.6 million as of December 31, 2019G to SAR 0.3 million as of December 31, 2020G.

It should be noted that the movement of these liabilities is also affected by the assumptions used by the actuary since these expenses are assessed through actuarial studies that are conducted annually.

Employee defined benefit obligations returned and increased 35.6% or SAR 0.1 million from SAR 0.3 million as of December 31, 2020G to SAR 0.5 million as on September 30, 2021G as a result of hiring a number of new employees in the first quarter of 2021G.

6.8.4.3 Current Liabilities

The following table shows the current liabilities as on December 31, 2018G, 2019G, 2020G and September 30, 2021G.

Table No. (6-22): Current Liabilities

SAR '000	The Fiscal Year Ended December 31			The Nine- Month Period Ended September 30	Increase / Decrease			CAGR
	2018G Audited	2019G Audited	2020G Audited	2021G unaudited	December 2019G	December 2020G	September 2020G	2018G 2021G
Trade and other payables	4,258	1,921	1,068	2,178	(54.9%)	(44.4%)	103.9%	(21.6%)
Accrued expenses and other creditors	-	2,203	5,884	2,189	NA	167.0%	(62.8%)	NA
dues to shareholders	2,851	2,809	2,809	2807	(1.5%)	-	(0.1%)	(0.6%)
Zakat provision	1,679	1,211	2,281	1,503	(27.9%)	88.4%	(34.1%)	(4.0%)
Rental commitments - rolling part	-	187	322	482	NA	72.0%	49.8%	NA
Total	8,787	8,331	12,363	9,159	(5.2%)	48.4%	(25.9%)	1.5%

Source: The Company's audited financial statements for the financial years ended December 31, 2018G, 2019G and 2020G and the audited financial statements for the period ended September 30, 2021G.



Trade payables, accrued expenses, other creditors and shareholders' dues collectively constituted 80.9%, 83.2%, 78.9% and 78.3% of the total current liabilities as on December 31, 2018G, 2019G, 2020G and September 30, 2021G, respectively.

6.8.4.3.1 Trade Payables

The following table shows the details of trade and other payables as of December 31, 2018G, 2019G, 2020G and September 30, 2021G.

Table No. (6-23): Trade Payables and Accrued Expenses

SAR thousands	The Fiscal Year Ended December 31			The Nine- Month Period Ended September 30	Increase / Decrease			CAGR
	2018G Audited	2019G Audited	2020G Audited	2021G unaudited	December 2019G	December 2020G	September 2021G	2018G - 2021G
Trade payables	1,701	1,921	1,054	2,178	12.9 %	(45.1%)	106.6%	9.4%
Accrued expenses	2,536	1,953	1,896	1,418	(23.0%)	(3.0%)	(25.2%)	(19.1%)
Advance payments from clients	4	250	4,002	196	6,072.1%	1,500.5%	(95.1%)	309.7%
Other payables	16	-	-	576	(100.0%)		NA	265.8%
Total	4,258	4,124	6,952	4,367	(3.1%)	68.5%	(37.2%)	0.9%

Source: The Company's audited financial statements for the financial years ended December 31, 2018G, 2019G and 2020G and the audited financial statements for the period ended September 30, 2021G.

Trade payables represent amounts payable to suppliers who provide the Company with various services. The balance of trade payables increased from SAR 1.7 million as of December 31, 2018G to SAR 1.9 million as of December 31, 2019G. This increase was driven by the increase in the level of activity and the increase in revenues during 2018G, which was accompanied by an increase in the volume and scope of transactions with suppliers. Accounts payable decreased by 45.1% to reach SAR 1.1 million on December 31, 2020G, after the decline in the Company's activities and revenues during 2020G as a result of the spread of the Corona pandemic. Trade payables returned and increased by 106.6%, or 1.1 million Saudi riyals, from 1.1 million Saudi riyals as on December 31, 2020G to 2.2 million Saudi riyals as on September 30, 2021G as a result of the Company's purchase of new materials with the aim of Servicing a number of projects and deals to be implemented.

Accrued expenses principally include accrued consulting and auditing expenses. Accrued expenses increased by 23.0% from SAR 2.5 million as on December 31, 2018G to SAR 2.0 million as on December 31, 2019G. Accrued expenses also decreased by 3.0% to reach 1.9 million Saudi riyals as of December 31, 2020G. The decline on December 31, 2019G and 2020G was related to the completion of the feasibility study project that was launched in 2018G. These accrued expenses decreased by 25.2% from 1.9 million Saudi riyals as on December 31, 2020G and to 1.4 million Saudi riyals as on September 30, 2021G.

Payments from clients are linked to the amounts paid by clients (specifically foreign clients) upon entering into employment contracts. The value of these amounts ranged between 10% and 15% of the contract value.

Other payables relate to employee salaries and benefits due at year end or period end. These accruals are usually associated with salaries and benefits for the last month of the year or period.

6.8.4.3.2 Dues to Shareholders

Dividends payable to shareholders represent dividends that have been declared but not paid. Shareholders' entitlements did not witness significant changes between December 31, 2018G and September 30, 2021G. It should be noted that the Company is not bound by a specific time period to pay the said dues, but rather the timing of the distribution of profits is determined by the Company's management.

6.8.4.3.3 Zakat Provision

The zakat provision decreased by 27.9%, or by 0.5 million Saudi riyals, from 1.7 million Saudi riyals as on December 31, 2018G, to 1.2 million Saudi riyals as on December 31, 2019G. In 2017G, the Company booked a relatively high-value zakat provision to cover zakat expenses related to the years prior to 2017G, as the declarations related to these years had been submitted by the Company to the Department of Income and Zakat and were still under study. Zakat provisions decreased gradually between December 31, 2017G and December 31, 2019G after the settlement of zakat returns and payment of the required expenses. The provision for zakat increased by 88.4% to SAR 2.3 million as of December 31, 2020G, then decreased by 34.1% to SAR 1.5 million as of September 30, 2021G.

6.8.4.3.4 Lease Obligations - Current Part

The value of the lease commitments (the current portion) amounted to 0.5 million Saudi riyals and 0.3 million Saudi riyals as on December 31, 2019G, 2020G and September 30, 2021G, respectively. These obligations were related to the rent of the factory, offices and warehouses operated by the Company. This lease has been classified into lease commitments after the adoption of IFRS 16.



6.8.5 Ownership Rights

The following table shows the equity as of December 31, 2018G, 2019G, 2020G and September 30, 2021G.

Table No. (6-24): Property Rights

SAR '000	The Fiscal Year Ended December 31			The Nine- Month Period Ended September 30	Increase / Decrease			CAGR
	2018G Audited	2019G Audited	2020G Audited	2021G unaudited	December 2019G	December 2020G	September 2021G	2018G 2021G
Capital	64,800	64,800	64,800	64,800	-	-	-	-
statutory reserve	643	643	643	643	-	-	-	-
Accumulated losses (retained earnings)	2,012	(24,586)	(37,706)	(44,419)	(1,322.1%)	53.4%	17.8%	NA
Total	67,454	40,856	27,736	21,024	(39.4%)	(32.1%)	(24.2%)	(34.6%)

Source: The Company's audited financial statements for the financial years ended December 31, 2018G, 2019G and 2020G and the audited financial statements for the period ended September 30, 2021G.

6.8.5.1 The Capital

The capital remained constant between December 31, 2018G and September 30, 2021G, reaching a value of 64.8 million Saudi riyals, divided into 6.480 million shares.

6.8.5.2 The Statutory Reserve

In accordance with Article 129 of the Companies Law in the Kingdom of Saudi Arabia and Article (49) of the Company's By-laws, 10% of the net profit for the period shall be set aside, and the Ordinary General Assembly may discontinue this deduction when it reaches 30% of the paid-up capital.

6.8.5.3 Accumulated Losses/Retained Profits

Retained earnings of SAR 2.0 million as on December 31, 2018G turned into accumulated losses of SAR 24.6 million and SAR 37.7 million as of December 31, 2019G and 2020G, respectively. This is primarily due to recording a net loss of SAR 26.0 million and SAR 13.2 million in 2019G and 2020G, respectively. The accumulated losses continued from decreasing to SAR 37.7 million as of December 31, 2020G and SAR 44.4 million as of September 30, 2021G after the Company recorded a net loss of SAR 6.6 million during the nine-month period ended September 30, 2021G. (For more information, please see subparagraph (2.1.15) "Risks of accumulated losses" of Section (2) "Risk Factors").

6.9 Cash Flows Statement

The following table shows the cash flows for the financial years ended December 31, 2018G, 2019G and 2020G and the nine-month period ended September 30, 2020G and September 30, 2021G.

Table No. (6-25): Cash Flows

SAR '000	The Fiscal Year Ended December 31			The Nine-Month Period Ended September 30		Increase / Decrease			CAGR
	2018G Audited	2019G Audited	2020G Audited	2020G Unaudited	2021G Unaudited	December 2019G	December 2020G	September 2021G	2018G 2020G
Net cash used in operating activities	(10,120)	(22,856)	(13,807)	(12,767)	(2,095)	125.8%	(39.6 %)	(83.6%)	16.8%
Net cash generated from (used in) investing activities	(123)	(277)	2,924	(561)	(67)	125.8%	(1,155.7%)	(88.1%)	NA
Net cash generated from (used in) financing activities	49,962	(253)	(258)	(112)	(10)	(100.5%)	1.9%	(90.9%)	NA
Net increase in cash and cash equivalents	39,719	(23,387)	(11,141)	(13,440)	(2,172)	(158.9%)	(52.4%)	(83.8%)	NA
Cash and cash equivalents at the beginning of the year / period	3,293	43,012	19,625	19,625	8,484	1,206.2%	(54.4%)	(56.8 %)	144.1%
Cash and cash equivalents at the end of the year / period	43,012	19,625	8,484	6,185	6,312	(54.4%)	(56.8 %)	2.0%	(55.6%)

Source: The Company's audited financial statements for the financial years ended December 31, 2018G, 2019G and 2020G and the audited financial statements for the period ended September 30, 2021G.



The balance of cash and cash equivalents decreased by 54.4% or by a value of 23.4 million Saudi riyals from 43.0 million Saudi riyals in 2018G to 19.6 million Saudi riyals in 2019G, mainly due to the shift in net cash generated from financing activities amounting to 50.0 million Saudi riyals in 2018G to Net cash used in financing activities amounted to 0.3 million Saudi riyals in 2019G, in addition to an increase in net cash used in operating activities affected by the net loss recorded during.

Cash and cash equivalents has not witnessed any significant changes between the nine-month period ending on September 30, 2020G and the nine-month period ended September 30, 2021G.

Cash and cash equivalents decreased by 21.4% from SAR 7.6 million in the three-month period ending on March 31, 2021G to SAR 6.0 million in the three-month period ended March 31, 2021G. This movement was linked to the movement of cash flow out of operating activities.

6.9.1 Cash Flows from Operating Activities

The following table shows the cash flows from operating activities for the financial years ended December 31, 2018G, 2019G and 2020G, and the nine-month period ended September 30, 2020G and September 30, 2021G.

Table No. (6-26): Cash Flows from Operating Activities.

SAR '000	The Fiscal Year Ended December 31			The Nine- Month Period Ended September 30		Increase / Decrease			CAGR
	2018G Audited	2019G Audited	2020G Audited	2020G Unaudited	2021G Unaudited	December 2019G	December 2020G	September 2021G	2018G 2020G
Income (Loss) before Zakat	6,426	(24,684)	(10,731)	(6,076)	(6,253)	(484.1%)	(56.5%)	2.9%	NA
Losses from discontinued operations	-	-	-	(93)	(65)	NA	NA	(30.1%)	-
Adjustments for non-cash items:									
Depreciation of property, plant and equipment	289	297	504	289	358	2.9%	69.5%	23.9%	32.1%
Allowance for impairment of investments	229	1,099	2,560	2,560	-	380.1%	133.0%	(100.0%)	234.4%
Decrease in Inventory Value	-	-	-	-	264	NA	NA	NA	NA
Employee Defined Benefit Obligations	176	236	192	99	134	34.5	(18.7%)	35.3%	4.5%
Impairment in the value of trade receivables	-	-	1,725	1,600	-	NA	NA	(100.0%)	NA
Zakat	203	-	-	-	-	(100.0%)	NA	NA	(100.0%)
Right-of-use assets depreciation	-	82	206	154	154	NA	150.6%	0.1%	NA
Financing Expenses	-	16	82	67	106	NA	400.8%	59.2%	NA
Capital Losses	-	-	-	1	-	NA	NA	(100.0%)	NA
Unrealized gains from Financial Assets at Fair Value Through Profit or Loss	-	-	-	-	(81)	NA	NA	NA	NA
Operating profit/(loss) before changes in working capital	7,323	(22,952)	(5,461)	(1,401)	(5,384)	(413.4%)	(76.2%)	284.4%	NA
Changes in Working Capital:									
Inventory	(661)	(1,985)	(806)	102	2,321	200.2%	(59.4%)	2,180.3%	10.4%
Trade and other receivables	(17,701)	9,975	(9,269)	(15,110)	3,763	(156.3%)	(192.9%)	(124.9%)	(27.6 %)
Other Debt Balances	-	(5,208)	1,856	-	-	NA	(135.6%)	NA	NA
Trade and other payables	2,174	220	(867)	1,223	1,110	(89.9%)	(494.6%)	(9.2%)	NA
Prepaid Expenses and Other Current Assets	-	-	-	4,557	1,248	NA	NA	(72.6%)	NA
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-	(272)	NA	NA	NA	NA
Accrued expenses and other creditors	-	(970)	3,433	(1,360)	(3,694)	NA	(454.0%)	171.6%	NA
Dues to shareholders	472	(42)	-	-	-	(108.9%)	(100.0%)	NA	(100.0%)
Cash used in operating activities	(8,393)	(20,963)	(11,114)	(11,990)	(908)	149.8%	(47.0%)	(92.4%)	15.1%
Employee defined benefit obligations paid	(17)	(99)	(117)	(107)	(15)	471.4%	18.1%	(85.9%)	159.8%
zakat paid	(1,709)	(1,794)	(2,576)	(671)	(1,173)	4.9%	43.6%	74.7%	22.8%
Net cash used in operating activities	(10,120)	(22,856)	(13,807)	(12,768)	(2,095)	125.8%	(39.6%)	(83.6%)	16.8%

Source: The Company's audited financial statements for the financial years ended December 31, 2018G, 2019G and 2020G and the audited financial statements for the period ended September 30, 2021G.



The value of cash outflows from operating activities increased by 125.8% from 10.1 million Saudi riyals in 2018G to 22.9 million Saudi riyals in 2019G. This is mainly due to the net loss before zakat incurred by the Company during, which amounted to 24.7 million Saudi riyals.

The value of cash outflows from operating activities decreased by 39.6% from SAR 22.9 million in 2019G to SAR 13.8 million in 2020G as a result of the decrease in the amount of loss before Zakat between the two periods.

The cash outflow decreased by 83.6% or by an amount of 10.7 million Saudi riyals from 12.8 million Saudi riyals in the nine-month period ending on September 30, 2020G to 2.1 million Saudi riyals in the nine-month period ending on September 30, 2021G as a result Receivable decrease after collecting part of the outstanding balances.

6.9.2 Cash Flows from Investment Activities

The following table shows the cash flows from investing activities for the financial years ending on December 31, 2018G, 2019G and 2020G, the nine-month period ending on September 30, 2020G, and September 30, 2021G.

Table No. (6-27): Cash Flows from Investment Activities.

SAR '000	The Fiscal Year Ended December 31			The Nine-Month Period Ended September 30		Increase / Decrease			CAGR
	2018G Audited	2019G Audited	2020G Audited	2020G Unaudited	2021G Unaudited	December 2019G	December 2020G	September 2021G	2018G 2020G
Additions to property, machinery and equipment	(123)	(278)	(998)	(648)	(53)	126.3%	259.4%	(91.8%)	185.2%
Proceeds from the sale of specific investments at fair value	-	-	4,000	-	-	NA	NA	NA	NA
Proceeds from the sale of property, machinery and equipment	-	1	-	87	-	NA	(100.0%)	(100.0%)	NA
Additions to intangible assets	-	-	(78)	-	(14)	NA	NA	NA	NA
Net cash generated from/ (used in) investing activities	(123)	(277)	2,924	(561)	(67)	125.8%	(1,155.7%)	(88.1%)	NA

Source: The Company's audited financial statements for the financial years ended December 31, 2018G, 2019G and 2020G and the audited financial statements for the period ended September 30, 2021G.

Net cash used in investing activities between 2018G and 2019G was mainly related to additions to property, machinery and equipment, which mainly included computers, furniture and furnishings.

The net cash flow from investment activities during 2020G was mainly related to the revenues obtained by the Company from selling specific investments at a fair value of 4.0 million Saudi riyals, and the sale did not result in any profits or losses. It is worth noting that the Company owns investments in the United and Shahed Distribution companies, where the cost of these investments amounted to 0.8 million Saudi riyals, and given that the two companies are under liquidation, the Company was unable to obtain the fair value of the two companies, however, and on a precautionary basis, the Company decided to reduce the value of the fully investment in these two companies.

Cash out from investment activities decreased by 88.1% from 0.6 million Saudi riyals in the nine-month period ending on September 30, 2020G to 67 thousand Saudi riyals in the nine-month period ending on September 30, 2021G due to the absence of any significant additions to property and equipment.



6.9.3 Cash Flows from Financing Activities

The following table shows the cash flows from financing activities for the financial years ending on December 31, 2018G, 2019G and 2020G, the nine-month period ending on September 30, 2020G, September 30, 2021G.

Table No. (6-28): Cash flows from financing activities.

SAR thousands	The Fiscal Year Ended December 31			The Nine-Month Period Ended September 30		Increase / Decrease			CAGR
	2018G Audited	2019G Audited	2020G Audited	2020G Unaudited	2021G Unaudited	December 2019G	December 2020G	September 2021G	2018G 2020G
Subscription fees	(4,038)	-	-	-	-		NA	NA	(100.0%)
Capital increase	54,000	-	-	-	-	(100.0%)	NA	NA	(100.0%)
Paid rental obligations	-	(253)	(258)	(112)	(8)	NA	1.9%	(92.5%)	NA
Owed to shareholders	-	-	-	-	(2)	NA	NA	NA	NA
Net cash generated from/ (used in) financing activities	49,962	(253)	(258)	(112)	(10)	(100.5%)	1.9%	(90.9%)	NA

Source: The Company's audited financial statements for the financial years ended December 31, 2018G, 2019G and 2020G and the audited financial statements for the period ended September 30, 2021G.

The Company recorded a cash inflow of 50.0 million Saudi riyals in 2018G as a result of increasing the Company's capital by 54.0 million Saudi riyals during 2018G.

The cash flow from financing activities decreased and shifted from a cash inflow of SAR 50.0 million in 2018G to a cash outflow of SAR 0.3 million in 2019G and 2020G, and this amount was related to the paid lease commitments.

The outflow from financing activities in the three-month period ending on September 30, 2021G was associated with lease obligations paid exclusively.

6.10 Contingent Liabilities and Obligations

The following table presents a summary of the Company's potential obligations and expenses as of December 31, 2018G, 2019G, 2020G and September 30, 2021G.

Table No. (6-29): Possible Obligations and Expenses

SAR '000	The Fiscal Year Ended December 31			The Nine-Month Period Ended September 30, 2021G
	2018G Audited	2019G Audited	2020G Audited	2021G Unaudited
Letters of guarantee	-	795	721	1,471
Letters of credit	1,071	5,963	3,188	2,063
Total	1,071	6,758	3,908	3,534

Source: The Company's audited financial statements for the financial years ended December 31, 2018G, 2019G and 2020G and the audited financial statements for the period ended September 30, 2021G.

Letters of guarantee are mainly related to contracts obtained by the company from the Saudi Export Development Authority in order to support some of the existing projects.

The documentary credits included credits issued to a number of foreign suppliers who provided the Company with various services between 2019G and the nine-month period ending on September 30, 2021G.

6.11 Loans

No balances of loans and bank facilities were recorded in the period between 2018G and 2020G. However, it should be noted that the Company has entered into a credit facility agreement of the type of Murabaha with Alinma Bank for a total amount of (100,000,000) Saudi riyals. All amounts used from the loans were paid and the agreement was cancelled.



7. Use of the Offering Proceeds and Future Projects

7.1 Net Offering Proceeds

The total proceeds of the Rights Issue Subscription are estimated at SAR (172,800,000) one hundred seventy-two million eight hundred thousand Saudi riyals of which SAR (5,000,000) five million Saudi riyals will be paid to cover the offering expenses and include fees for the fees of the financial advisor, the legal advisor, the underwriting manager, the underwriters and advertising and printing expenses, and other expenses related to the subscription.

The net proceeds of the offering will amount to about SAR (167,800,000) one hundred sixty-seven million eight hundred thousand Saudi riyals, supporting the Company financial position, developing its business, developing the Company activity and operations, and raising its ability to acquire new clients and market the Company products and services further. Shareholders will not receive any of the proceeds arising from the offering.

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

7.2 Use of Offering Proceeds

The net proceeds of the offering will be used mainly to reduce the accumulated losses and to support the expansion of the Company activity and to provide working capital that would enable the Company to increase its operational capacity and support its future activities. Shareholders will not receive any of the proceeds arising from the offering.

The Company will use the net proceeds of the offering to strengthen its financial position in addition to financing the Company current and future plans and contracts for the supply and export of products internationally for existing contracts, in addition to future supply contracts, and according to the Company strategy to use the expected net IPO proceeds of SAR (167,800,000) one hundred sixty-seven million eight hundred thousand Saudi riyals, after deducting the offering expenses of SAR (5,000,000) five million Saudi riyals, where the net proceeds of the subscription will be used to finance the working capital and capital expenditure.

The table below shows the Company expected use of the offering proceeds.

An amount of SAR 42,521,832 to finance the supply contracts, as well as the Company current contracts with regard to the on-demand supplies of industrial materials such as sulfur and polymers, or industrial products such as batteries, etc., or foodstuffs, in addition to financing new contracts for the distribution of household cleaning products, and contracts for the sale of polymers for the purpose of expanding this activity. The Company seeks to finance these contracts as follows:

Table No. (7-1): Details of the Uses of the Offering Proceeds to Finance Contracts

Description	Cost				
	2022G	2023G	2024G	2025G	Total
Current Contracts [*]	15,400,638	-	-	-	15,400,638
New contracts	27,121,194	-	-	-	27,121,194
Total	42,521,832	-	-	-	42,521,832

Source: The Company

^{*} The current contracts are the following:

Table No. (7-2): Current Contracts

Name of the customer (company)	Date of signing the contract	Duration of the contract and any other details included in the contract
Masdar International Arabia Limited (Mico)	08/11/2020G	Giving Mico an exclusive power of attorney to distribute Sadirat's products in Sudan
Ocean Protection Chemicals Factory Company	25/03/2021G	Giving the contracting company the right of distribution to distribute detergent products inside the Kingdom

Source: The Company.



An amount of 43,389,625 Saudi riyals to expand the Company's business by entering new international markets, where the Company seeks to expand geographically through the establishment of commercial representation offices with employees who speak the languages of the selected regions. These offices aim to facilitate the completion of commercial, financial and logistical operations. In addition, these offices will conduct customer due diligence operations, issuance and verification of bank guarantees, certification of shipping documents, in addition to direct marketing with industrial customers. The Company intends to enter these markets by investing the following amounts:

Table No. (7-3): Details of the Uses of the Offering Proceeds for the Company's Geographical Expansion.

Country	No. of Branches	Cost ^{**}				
		2022G	2023G	2024G	2025G	Total
Bangladesh	1	2,082,702	4,859,638	-	-	6,942,340
Iraq	1	11,383,081	2,501,599	-	-	13,884,680
Ivory Coast	1	694,234	3,471,170	2,082,702	694,234	6,942,340
China	1	1,562,026	7,289,457	1,562,026	-	10,413,510
Brazil	1	2,082,702	1,301,689	1,822,364	-	5,206,755
Total	5	17,804,745	19,423,553	5,467,093	694,234	43,389,625

Source: The Company

^{**} The mentioned exchange amounts are capital expenditures in order to establish and equip these branches and expand them as commercial representation offices that allow customers to access the Saudi products marketed by the Company.

An amount of 14,405,355 Saudi riyals to invest in digital transformation, as the Company is in the process of developing an e-commerce platform that will transfer the Company's current sales work to it. This platform will enable the Company to reach a larger number of customers in multiple languages, and the platform will enable customers to directly see the technical specifications of each product without the trouble of communicating directly with the sales team. More importantly, the website enables the Company to double its products while relying on fewer employees, compared to the absence of the website, in managing many baskets of products through fully automated processes and providing the highest levels of governance. The Company will also develop an electronic product guide for Saudi products, which will enable manufacturers to enter its system and upload their products with accurate technical descriptions for each national product. Also, as part of the Company's plan to expand its operations, and in an effort to raise the efficiency of resource utilization, it will work on applying resource planning systems to enable the Company to optimize the use of its resources and reduce wastage of working hours on routine work and focus more on employing specialized skills and expertise in the field of the Company work, and the systems take care of controlling the routine work (formerly paperwork), and this will facilitate the Company's process of managing offices outside the borders, working remotely, and reducing human resources expenses. The Company intends to invest the following amounts for digital transformation:

Table No. (7-4): Details of the Uses of the Offering Proceeds for Digital Transformation

Description	Cost				
	2022G	2023G	2024G	2025G	Total
Enterprise resource planning (ERP) systems	1,388,468	-	-	-	1,388,468
E-commerce site	3,800,931	3,800,931	3,800,931	1,266,977	12,669,770
Electronic product guide	347,117	-	-	-	347,117
Total	5,536,516	3,800,931	3,800,931	1,266,977	14,405,355

Source: The Company.



An amount of 67,483,187 Saudi riyals to develop the logistical capabilities, as after the Company studied the import and export requirements in the countries in which the Company intends to enter, as shown in Table (7-5) of Section 7 (“Use of the Offering Proceeds and Future Projects”), it became clear To the Company’s management, that many products can be marketed more easily after carrying out logistical value-added operations, as these operations facilitate dealing with some of the basic products in the Company’s sales and facilitate their transportation and entry into the industrial processes of customers. Accordingly, the Company intends to develop its logistical capabilities by establishing centers for processing, packaging and storing products. These centers will also be the distribution point that meets the requests received from the branches of commercial representation in the countries that the Company seeks to enter. The Company intends to employ part of the proceeds of the offering to establish one of these centers in the State of South Africa as follows:

Table No. (7-5): Uses of the Offering Proceeds for the Development of the Company’s Logistics Capabilities

Description	Cost				
	2022G	2023G	2024G	2025G	Total
Establishment of value-added logistics centers (processing / packaging / packaging) in the State of South Africa	19,509,359	-	-	-	19,509,359
Establishment of advanced storage and logistical support centers in the State of South Africa	8,075,594	12,872,977	18,070,142	8,955,115	47,973,828
Total	27,584,953	12,872,977	18,070,142	8,955,115	67,483,187

Source: The Company.

The following table shows the total uses of the offering proceeds and the percentage of each item of the total offering proceeds.

Table No. (7-6): Expected Use of the Offering Proceeds

Use of the offering proceeds	SAR					% of the total
	2022G	2023G	2024G	2025G	Total	
Supply Contract Financing	42,521,832	-	-	-	42,521,832	25%
Existing Contracts`	15,400,638	-	-	-	15,400,638	9%
New contracts	27,121,194	-	-	-	27,121,194	16%
Geographical expansion	17,804,745	19,423,553	5,467,093	694,234	43,389,625	25%
Bangladesh	2,082,702	4,859,638	-	-	6,942,340	4%
Iraq	11,383,081	2,501,599	-	-	13,884,680	8%
Ivory coast	694,234	3,471,170	2,082,702	694,234	6,942,340	4%
China	1,562,026	7,289,457	1,562,026	-	10,413,510	6%
Brazil	2,082,702	1,301,689	1,822,364	-	5,206,755	3%
Digital transformation	5,536,516	3,800,931	3,800,931	1,266,977	14,405,355	8%
Enterprise resource planning (ERP) systems	1,388,468	-	-	-	1,388,468	1%
E-commerce site	3,800,931	3,800,931	3,800,931	1,266,977	12,669,770	7%
Electronic product guide	347,117	-	-	-	347,117	0.2%
Logistics works	27,584,953	12,872,977	18,070,142	8,955,115	67,483,187	39%
Establishment of value-added logistics centers (processing / packaging / packaging)	19,509,359	-	-	-	19,509,359	11%
Establishment of advanced storage and logistical support centers	8,075,594	12,872,977	18,070,142	8,955,115	47,973,828	28%
Offering expenses	5,000,000	-	-	-	5,000,000	3%
Total	98,448,046	36,097,461	27,338,166	10,916,326	172,800,000	100%

Source: The Company.



8. Experts' Statements

All the consultants whose names are mentioned in page (v) of this Prospectus have given their written consent to the reference to their names, addresses and logos, and to the publication of their statements in this Prospectus; none of them has withdrawn his consent until this date.

All of the consultants and their employees or their relatives do not own any shares in the Company; none of them has an interest of any kind in the Company or its subsidiary that may affect their independence as on the date of this Prospectus.



9. Declarations

Up to the date of this Prospectus, the members of the Board of Directors acknowledged that:

- 1- There was no interruption in the business of the Company or any of its subsidiaries that could affect or have had a significant impact on the financial position during the last 12 months.
- 2- No commissions, discounts, brokerage fees, or any non-monetary compensation were granted by the Company or any of its subsidiaries during the three years immediately prior to 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.
- 3- Other than what is stated in page (v) and sub-paragraph 2.1.5 “**Risks related to the Corona virus pandemic (Covid 19)**” Section 2 “**Risk Factors**”, there has not been any material negative change in the financial and commercial status of the issuer or any of its subsidiaries during the three years immediately prior to the date of submitting the application for registration and offering the securities subject to this Prospectus, in addition to the period covered by the chartered accountant report until the issuance Prospectus is approved.
- 4- Except for those stated in subparagraph (4.2) “**The Board of Directors**” of section (4) “**Company Organizational Structure**” of this Prospectus, members of the Board of Directors or any of their relatives do not have any shares or interest of any kind in the Company or any of its subsidiary.
- 5- The Company did not keep treasury shares, and the Extraordinary General Assembly of the Company did not approve the purchase of the Company shares.



10. Legal Information

10.1 General Overview and Most Significant Changes

- **Company's Name:** Saudi Industrial Exports Company is a Saudi joint stock Company with Commercial Registration Certificate No 1010077554, issued from Riyadh on 25/11/1410H (corresponding to 19/06/1990G) and whose validity expires on 24/06/1447H (corresponding to 11/05/2026G). The Company was converted from a closed joint stock to a public joint stock. The Company was registered at the Register of Commerce under the trade name "Saudi Industrial Exports Company", which is the current trade name; no amendment to the trade name since the establishment of the Company and until the date of this Prospectus.
- **Company's Incorporation:**
 - Saudi Industrial Expert Company (hereinafter referred to as "the Company" or "Sadirat") was established as a Saudi joint stock Company pursuant to Ministerial Resolution (760) dated 23/08/1410H (corresponding to 19/02/1990G) licensing the establishment of the Company, and pursuant to Ministerial Resolution (954) on 12/11/1410H (corresponding to 06/06/1990G) announcing the incorporation of the Company. It was registered with the Ministry of Commerce under the Commercial Registration Certificate number 1010077554 issued in Riyadh on 25/11/1410H (corresponding to 19/06/1990G).
 - Share trading started on 20/01/1414H (corresponding to 10/07/1993G) after lifting the ban (lock up period) on the founding shareholders' shares trading (720,000 shares). The Company is considered one of the first companies whose shares were listed after obtaining the approval of both the Ministry of Commerce and the Saudi Arabian Monetary Agency (the competent authority at the time), before the establishment of the Automated Shares Trading System (in 2001G) as an alternative system to the Electronic Securities Information System (ESIS) which worked under the supervision of the Shares Supervision Department of the Saudi Arabian Monetary Agency (SAMA).
- **Company's Capital**

The company's current capital is (21,600,000) twenty one million six hundred thousand Saudi riyals divided into (2,160,000) two million and one hundred and sixty thousand shares of equal value, the nominal value of each of which is (10) ten Saudi riyals, all of which are ordinary cash shares. The proposed capital increase through the offering of rights shares at a value of (172,800,000) one hundred and seventy-two million eight hundred thousand Saudi riyals, subject to the approval of the extraordinary general assembly.

Since the date of the Company incorporation and until the date of this Prospectus, the Company capital has been amended many times (for more information, please refer to the subsection "By-laws" of this section).
- **Major Shareholders:** Upon incorporation the Company had 5 major shareholders (who own 5% or more). As of the date of this Prospectus, there are no major shareholder of the Company who own 5% or more of the Company shares directly.

Table No. (10-1): List of Major Shareholders and the Changes Occurred in their Shares Percentages:

Major shareholders	Nationality	Shares %			
		When the Company was established on 28/02/1990G	According to the latest share Prospectus issued on 05/08/2018G	Until 09/03/2020G	As on the Publication date of this Prospectus
SABIC Marketing Company Ltd.	Saudi	13.88%	N/A	N/A	N/A
Al Baraka Investment and Development Company	Saudi	13.88%	N/A	N/A	N/A
Prince Khalid bin Fahd bin Abdul Aziz	Saudi	6.94%	N/A	N/A	N/A
Fahd Mohammed Saleh Al-Athel	Saudi	6.94%	N/A	N/A	N/A
Al Mawared Investment Company	Saudi	6.94%	N/A	N/A	N/A

Source: The Company

- **Head Office:** The head office of the Company is located in Riyadh, Ghadir Street, King Abdul Aziz Road, P.O. Box: 21977, Postal Code 13311. Tel: 4058080. According to the Article 5 of the By-laws, the Company may establish branches, offices, or agencies inside or outside KSA, by a decision taken by the Board of Directors (for more information, please refer to Subsection 3.10 "Company Branches" of Section (3) "The Company" of this Prospectus).
- **Duration of the Company:** According to the By-laws (Art. 6), the term of the Company shall be 99 Gregorian years, starting on 28/05/1404H, which is the date of the decision of the Minister of Commerce and Industry announcing the incorporation of the Company. This term may be extended by a decision issued by the Extraordinary General Assembly, at least one year before its expiration date. Based on the details of the Commercial Registration certificate, the end of the Company term is on the date of 10/12/1512H (corresponding to 19/06/2089G).



- **Company's Activities:** According to the By-laws (Art. 3), the Company is entitled to carry out activities and, this is in accordance with the applicable regulations and after obtaining the necessary licenses from the competent authorities, if any, after the approval of the Commercial Registry Department and the competent Authority (if any) to reflect these activities in the Commercial Registration Certificate. According to the commercial registry certificate, the Company may carry out the following activities: Wholesale of lubricating oils and recurrent petroleum products; wholesale sale of cement, plaster and the like; wholesale of primary plastic materials, rubber and synthetic fibers; storage in ports and customs or free zones. The Company carries out its activities through its head office and its branches established in KSA, in accordance with the applicable regulations, and after obtaining the necessary licenses from the competent authorities. The Company has obtained the necessary licenses from the competent authorities to conduct its activity (for more information, please see subsection 10.2 "Licenses and certificates obtained by the Company" of this section).
- **Company's Management:** The management of the Company, in accordance with the Article 17 of the By-laws, shall be undertaken by a Board of Directors consisting of 8 members appointed by the Ordinary General Assembly of shareholders by cumulative vote for a period not exceeding 3 years. Members of the Board of Directors may always be re-elected. On 27/08/1440H (corresponding to 02/05/2019G), the 31st Ordinary General Assembly of Shareholders elected the members of the Board of Directors for a new term, for 3 years, from 16/06/2019G until 15/06/2022G. The names of the Board of Directors for the aforementioned session are indicated in subparagraph (4.2) "The Board of Directors" of Section (4) "Company Organizational Structure" of this Prospectus. The Company is in compliance with the Companies Law and the Corporate Governance Regulations, stating that the number of Board members must be not less than 3, and not more than 11. The Company By-laws also indicate the Company commitment to Article (16) of the Corporate Governance Regulations, which requires, listed companies that the majority of the board members of the Board of Directors be non-executive members, and that the number of its independent members is not less than 2 members or less than a third of the Board of Directors (whichever is more). 7 non-executive members and one executive Board member were appointed; there are 5 independent members. As of the date of publication of this Prospectus, none of the board members submitted his resignation from the Board membership, except for one member (Hazem Al-Dossary) who resigned on 28/12/2020G; the Board of Directors approved his resignation by Board Resolution 22 on 29/12/2020G. On 30/03/2021G, the CEO, Suleiman Hamad Suleiman Al-Jedaie, was appointed as a member of the Board of Directors. The appointment was approved by the General Assembly of Shareholders on 26/11/1442H (corresponding to 06/07/2021G).

For more information about the Company compliance with the Corporate Governance Regulations, please refer to subsection (10.4.7) "Continuous Obligations as per the Requirements of the Capital Market Authority (CMA)" from this section).

- **By-laws:** The current version of the Company By-laws was issued based on the decision of the Extraordinary General Assembly on 14/07/1443H (corresponding to 02/15/2022G). The articles of the By-laws have been amended several times according to the following:
 - The Company was established with a capital of SAR 72000000 divided into 720000 ordinary shares, with a nominal value of SAR 100 per share. The founders have subscribed to all the shares of the Company (720000 shares).
 - On 22/12/1418H (corresponding to 19/04/1998G), the Extraordinary General Assembly of shareholders agreed to divide the nominal value of the share from SAR 100 to SAR 50; so, the number of shares becomes 1440000 instead of 720000, accordingly to the amended Articles (6) and (7) of the By-laws.
 - On 06/03/1425H (corresponding to 25/04/2004G), the Extraordinary General Assembly of shareholders approved the amendment of Article 16 of the By-laws of the Company management, whereby the number of board members was reduced from 10 to 6 members.
 - On 01/04/1428H (corresponding to 18/04/2007G), the Extraordinary General Assembly of shareholders agreed to increase the Company capital from SAR 72000000 to SAR 108000000; so, the number of shares increased from 720,000 to 10,800,000 shares, by issuing 3600000 free shares in return for granting 1 free share for every 2 shares, and distributing them to the shareholders registered in the Company records, on the day of the Extraordinary General Assembly meeting.
 - On 04/05/2017G, the Extraordinary General Assembly of shareholders approved the amendment and updated the By-laws of the Company in line with the amendments made to the Companies Law.
 - On 05/04/1439H (corresponding to 23/12/2017G), the Extraordinary General Assembly of shareholders agreed to reduce the Company capital from SAR 108000000 to SAR 10800000 by canceling 9720000 shares of the Company shares; the number of shares has been reduced from 10800000 to 1080000 shares. The reason is to restructure the Company capital in line with Article 150 of the Law New companies and amortization of accumulated losses.
 - On 29/01/1440H (corresponding to 09/10/2018G), the Extraordinary General Assembly of shareholders agreed to increase the Company capital from SAR 10800000 to SAR 64800000 and increased the shares from 1080000 to 6480,000 shares, with an increase of 500%, through offering and listing priority rights



shares (5400000 shares) on the shareholders registered with the Securities Depository Center Company (Edaa). At the end of trading on the second day following the holding of the Extraordinary General Assembly, the Company also approved the amendment of Articles 7 and 8 of the By-laws.

- On 22/05/1443 H (corresponding to 12/26/2021 G), the company's board of directors recommended reducing the company's capital from (64,800,000) sixty-four million eight hundred thousand Saudi riyals to (21,600,000) twenty-one million six hundred thousand Saudi riyals, and then increasing the company's capital by offering rights shares with a value of (172,800,000) one hundred and seventy-two million Eight hundred thousand Saudi riyals.
- On 06/07/1443 H (corresponding to 02/07/2022 G), the Capital Market Authority approved the company's request to reduce its capital from (64,800,000) sixty-four million eight hundred thousand Saudi riyals to (21,600,000) twenty-one million and six hundred thousand Saudi riyals and thus Reducing the number of shares from (6,480,000) six million four hundred and eighty thousand shares to (2,160,000) two million one hundred and sixty thousand shares, and this approval is conditional on the approval of the company's extraordinary general assembly and the completion of the relevant procedures and statutory requirements. And on 14/07/1443 H (corresponding to 15/02/2022 G), the Extraordinary General Assembly agreed to reduce the company's capital from (64,800,000) sixty-four million eight hundred thousand Saudi riyals to (21,600,000) twenty-one million six hundred thousand riyals Saudi and reducing the number of shares from (6,480,000) six million four hundred and eighty thousand shares to (2,160,000) two million one hundred and sixty thousand shares at a reduction rate of (66.66%) and at a rate of reduction of (2) shares for every (3) shares
- And on 14/08/1443H (corresponding to 17/03/2022G), the Capital Market Authority approved the company's request to increase the company's capital by offering rights shares at a value of (172,800,000) one hundred and seventy-two million eight hundred thousand Saudi riyals from (21,600,000) twenty one million six hundred thousand Saudi riyals to (194,400,000) one hundred and ninety-four million four hundred thousand Saudi riyals, thus increasing the number of shares from (2,160,000) two million and one hundred and sixty thousand shares to (19,440,000) nineteen million four hundred and forty thousand ordinary shares. And on Wednesday 10/10/1443H (corresponding to 11/05/2022G), the (extraordinary) general assembly of the company agreed to increase the company's capital through the issuance of rights issue shares, provided that the increase is conditional on the company obtaining the approvals of the competent authorities (The Capital Market Authority "the Authority", the Saudi Tadawul Company "Tadawul" and the Ministry of Commerce) and the shareholders in the (extraordinary) general assembly. The approval of the (extraordinary) general assembly must be obtained within (6) six months from the date of the authority's approval, and if the company was unable to obtain the approval of the (extraordinary) general assembly during that period, the approval of the authority is considered canceled and the company must resubmit the application if desires to increase its capital.

10.2 Licenses and certificates obtained by the Company

10.2.1 Company's Head Office Licenses and Certificates

The Company obtained several licenses and certificates from the related authorities necessary to conduct its activity in accordance with the regulations in force in the Kingdom of Saudi Arabia; these licenses and certificates are renewed periodically.

The table below show the licenses and statutory certificates obtained by the Company:

Table No. (10-2): Approvals, Licenses, Certificates and Permits Under which the Company Operates.

License Type	Purpose	License holder	License number	Issue date	End Date	Issue Authority	Remarks
Register of Commerce	Registration of the Company at the Register of Commerce	Sadirat	1010077554	25/11/1410H Corresponding to 19/06/1990G	24/11/1447H Corresponding to 11/05/2026G	Ministry of Commerce-Register of Commerce Office Riyadh*	
Chambre of Commerce Membership Certificate	Company compliant with the provisions of the Register of Commerce, the Company obtained a membership certificate First degree	Sadirat	9572	17/12/1410H Corresponding to 10/07/1990G	24/11/1447H Corresponding to 11/05/2026G	Chamber of Commerce and Industry Riyadh	Membership 1st degree
Social Security Certificate	Company compliant with the General Organization for Social Insurance regulations	Sadirat	43356871	06/06/1443H Corresponding to 09/01/2022G	06/07/1443H Corresponding to 07/02/2022G	Public Institution for Social Security"	



License Type	Purpose	License holder	License number	Issue date	End Date	Issue Authority	Remarks
Saudization Certificate	To indicate that the Company is in compliance with the required Saudization percentage according to the Nitaqat program	Sadirat	20002201005822	25/01/1443H Corresponding to 02/09/2021G	27/04/1443H Corresponding to 02/12/2021G	Ministry of Human Resources and Social Development***	
WPS Certificate	To indicate that the Company is not subject to the wage protection system	Sadirat	20012111023029	06/06/1443H Corresponding to 09/01/2022G	08/09/1443H Corresponding to 09/04/2022G	Ministry of Human Resources and Social Development****	
Evaluation Certificate of the Company entity - Nitaqat	Evaluation of the entity of the Company according to the Nitaqat program, which indicates that the Company is in the range (Platinum)	Sadirat	N/A	January 2022G	N/A	Ministry of Human Resources (Department of Labor - Electronic Services)	Platinum (small - Category B)
Zakat and Income Certificate	To state that the Company has presented its annual ratification and is in compliance with payment of required Zakat	Sadirat	1111035287	05/03/1443H Corresponding to 11/10/2021G	29/09/1443H Corresponding to 30/04/2022G	Zakat, Tax and Customs Authority****	
VAT registration Certificate	To state that the Company is registered for VAT and has paid all the fees	Sadirat	300054062100003	21/02/1439H Corresponding to 10/11/2017G	-	Zakat, Tax and Customs Authority	
Municipality license	Municipality authorisation for the Company to conduct its commercial activity	Sadirat	41063421816	-	29/06/1444H Corresponding to 22/01/2023G	Ministry of Municipal & Rural Affairs*****	
Trademark registration certificate	Company compliant with the provisions of the intellectual property protection law	Sadirat	225263	N/A	06/11/1441H Corresponding to 27/06/2020G	Saudi Authority for Intellectual Property	Trademark Category 4
ISO Certificate	To indicate that the Company's management system complies with the standards of the quality management system ISO 9001:2015	Sadirat	SA92376A	25/08/1442H Corresponding to 07/04/2021G	05/09/1443H Corresponding to 06/04/2022G	LMS	Date of re-accreditation 27/09/1445H (corresponding to 06/04/2024G)

Source: The Company

* The name "Ministry of Commerce and Investment" has been modified to become "Ministry of Commerce."

** A compliance certificate, valid for a maximum of 1 month, and can be renewed electronically upon request.

*** A compliance certificate, valid for a maximum of 3 months, and can be renewed electronically upon request.

**** A compliance certificate valid for a maximum of sixty days and is electronically renewable upon request.

***** The name of "Ministry of Labor and Social Development" has been modified to become "Ministry of Human Resources and Social Development".

***** The name of the "General Authority for Zakat and Income Tax" has been amended to become the "Zakat, Tax and Customs Authority".

***** The title of "Ministry of Municipal and Rural Affairs" has been modified to become "Ministry of Municipal and Rural Affairs and Housing".



10.2.2 Company's Branches Licenses and Certificates

The Company also carries out its commercial activity through its branches were established inside or outside the Kingdom of Saudi Arabia. Article 5 of the By-laws stipulates that the Company may establish branches, offices or agencies within or outside the Kingdom of Saudi Arabia by a decision taken by the Board of Directors.

10.2.2.1 Branches Established in the Kingdom of Saudi Arabia

As of the date of publishing the Prospectus, the Company has established 4 branches in KSA, mentioned in the table below:

Table No. (10-3): Branches and their Commercial Registrations and Activities.

#	Branch	Commercial Registration	Address	Company Activity	Establishment Date	Expiry date	Manager
1	Sara Medical Supplies Factory	1010143870	Third Industrial Riyadh	Manufacture of disinfectants and sterilizers for medical devices and products, manufacture of disinfectants and sterilizers for non-medical use, wholesale of soap and detergents, retail sale of medical devices, equipment and supplies	30/06/1417H corresponding to 12/11/1996G	27/06/1443H corresponding to 30/01/2022G	Sulaiman Hamad Sulaiman Al-Jedaie
2	Branch of the Saudi Industrial Exports Company	1010620859	Riyadh	Wholesale of food and beverages, storage in silo warehouses, flour and food and agricultural products warehouses, dry food stores	11/05/1441H corresponding to 06/01/2020G	11/05/1448H corresponding to 22/10/2026G	Sulaiman Hamad Sulaiman Al-Jedaie
3	Branch of the Saudi Industrial Exports Company	1010598789	Riyadh	Loading and unloading of air cargo aircraft, freight forwarders (sea freight forwarders) direct freight transport vehicles, freight forwarders	14/02/1441H corresponding to 13/10/2019G	14/02/1448H corresponding to 28/07/2026G	Sulaiman Hamad Sulaiman Al-Jedaie
4	Branch of the Saudi Industrial Exports Company	1010618735	Riyadh	Wholesale of chemicals	27/04/1441H corresponding to 24/12/2019G	27/04/1448H corresponding to 08/10/2026G	Sulaiman Hamad Sulaiman Al-Jedaie

Source: The Company

10.2.2.2 Licenses and Certificates for the Industrial Branch (Sara Medical Supplies Factory)

On 01/05/1437H (corresponding to 10/02/2016G), the Board of Directors approved the acquisition of Sara Medical Supplies Factory (owned by Hassan Muhammad Saleh Al-Suwaidan); certificates, licenses and approvals were waived in favor of the Company; the factory capital was determined to be SAR 10000000.

Table No. (10-4): Sara Factory Licenses and Certificates.

Type of license	Purpose	License holder	License number	Issue date / Renewal date	Expiry date	Issuing authority	Remarks
Commercial Registration certificate (Company Branch)	Registering the Company in the Companies Register of Commerce	Sara Medical Supplies Factory	1010143870	30/06/1417H Corresponding to 12/11/1996G	27/06/1443H Corresponding to 30/01/2022G	Branch of the Ministry of Commerce Riyadh	
Chamber of Commerce and Industry membership certificate	The Company compliant with the commercial registry system that requires the Company to participate in the Chamber of Commerce	Sara Medical Supplies Factory	101000081294	31/08/2021G	07/12/2026G	Chamber of Commerce and Industry Riyadh	
Operating license	License from the competent authority to operate the factory	Sara Medical Supplies Factory	5781443411021284	11/04/1443H (corresponding to 16/11/2021G)	22/04/1444H (Corresponding to 16/11/2022G)	Saudi Authority for Industrial Estates and Technology Zones	
Medical devices and products facility license	License to work in the field of medical devices and products	Sara Medical Supplies Factory	IDL-2020-MD-1342	17/05/1440H Corresponding to 23/01/2019G	26/05/1442H Corresponding to 10/01/2021G	Saudi Food and Drug General Authority	This license does not replace the necessity for the establishment to obtain a marketing permit for each of its products



Type of license	Purpose	License holder	License number	Issue date / Renewal date	Expiry date	Issuing authority	Remarks
A national industrial license	Compliant with the Ministry of Energy	Sara Medical Supplies Factory	247	28/01/1439H corresponding to 18/10/2017G	27/01/1442H corresponding to 15/09/2020G	Ministry of Industry and Mineral Resources	Amendment to License (352)
Certificate of participation in social insurance	Compliant with the social insurance law	Sara Medical Supplies Factory	43370583	07/06/1443H (corresponding to 10/01/2022G)	07/07/1443H (corresponding to 08/02/2022G)	General Organization for Social Insurance	

Source: The Company.

10.2.2.3 Branches Established Outside the Kingdom of Saudi Arabia

As on the date of publishing the Prospectus, the Company established two (2) branches outside the Kingdom in addition to a branch in the city of Baghdad, and the opening of such branch is still in progress, mentioned in the table below:

Table No. (10-5): Branches Established Outside the Kingdom of Saudi Arabia.

Branch name	Address	Legal entity	Activity	Capital (SAR)	Ownership %	Commercial registration number	Establishment date
Saudi Industrial Exports Company (Dubai Branch)	Lot number 136-125 Office 005-1107 (King of Legend Middle East - Al Bateen - Estidama)	Branch of a Gulf Company	Trade of greases and lubricants	4598015	100	1473310	12/12/2019G
Saudi Industrial Exports Company (Free Zones, Sudan Branch)	Al Kary free souks	Free zones branch	Commercial import and export	1125	100	00/1803	27/11/2019G
Saudi Industrial Exports Company (Iraq Branch)	On 20/03/1441H (corresponding to 17/11/2019G), the Board of Directors approved the formation of a branch of the Company in Baghdad, Iraq. Mr. Hazem Fahd Al-Dossary, member of the Board of Directors (former CEO) was authorized to follow up and finish the procedures for opening the branch. As of the date of publication of this Prospectus, the procedures of formation of the branch office have not been completed. On 29/12/2020G, the Board accept the resignation of Mr. Hazem Fahad Al-Dossary, Member of the Board of Directors (former CEO) from membership of the Board; Mr. Suleiman Hamad Suleiman Al-Jedaier replaced him.						

Source: The Company.

10.3 Subsidiaries

10.3.1 Subsidiaries in the KSA

According to the By-laws (Art. 4), the Company may establish companies with limited liability or a closed joint stock company, provided that the capital is not less than SAR 5 million. It may also acquire shares in other existing companies, or merge with them, and have the right to participate with others in establishing joint-stock or limited liability companies after fulfilling the requirements of the regulations and instructions in this regard. The Company may also dispose of these shares, provided that this does not include brokerage in its trading. As on the date of publishing this Prospectus, the Company has 3 subsidiaries: 2 within the Kingdom of Saudi Arabia, and 1 outside the Kingdom of Saudi Arabia.

The Company has previously established a subsidiary Company (Shahed Al-Sahra Distribution Company), which is a Saudi Company (limited liability) established in 2014G under the Commercial Registry Certificate 1010420910, dated 14/10/1435H (corresponding to 10/08/2014G) in which it owned 51% of its shares. On 12/01/1442H (corresponding to 31/08/2020G), it was liquidated according to a court ruling and has deregistered its commercial registration certificate.

The Company also owns (20%) of the shares capital of "United National Exports Co. Ltd", a Saudi limited liability company established under Commercial Registration Certificate No. (4030121001) dated 25/10/1417H (corresponding to 05/03/1997G). As of the date of this prospectus, the procedures of liquidation and deregistration of its commercial registration certificate are still in place.

Table No. (10-6): Branches Established Inside the Kingdom of Saudi Arabia.

Company name	Capital (SAR)	The percentage of the company's ownership in the capital	Accumulated losses/profits	The percentage of accumulated losses/gains from the capital	Remarks
Shahed Al-Sahra Distribution Company	SAR 1000000	51%	No financial statements have been issued for Shahed Al-Sahra Distribution Company since its inception because of the company is not carrying on any commercial activity.		Its commercial register was cancelled on 12/01/1442H (corresponding to 31/08/2020G)
United National Exports Limited Company	SAR 1000000	20%	702,830 as on 31/12/2016G	70.283%	Under liquidation pursuant to a partners' decision to liquidate the company on December 31, 2016G

Source: The Company



10.3.2 Subsidiaries Outside KSA

As of the date of publication of this Prospectus, the Company owns one subsidiary established outside the Kingdom of Saudi Arabia. The following is an overview:

Saudi Industrial Exports Company (Jordan)

The company was established in 2017G, based on the Board of Directors' decision dated 28/01/1439H (corresponding to 18/10/2017G), and was registered in the Register of Commerce in the free zones in Jordan with the number 2790, on 28/12/2017G. The Company capital has been set at JOD 250,000, equivalent to SAR 1,322,284. The Saudi Exports Company owns full capital shares (100%).

On 23/07/1442H (corresponding to 07/03/2021G), the Board of Directors issued a decision approving the closure of the subsidiary in Jordan due to lack of economic feasibility and to reduce general and administrative expenses. The CEO was authorized to complete all related dissolution procedures. As of the date of publication of this Prospectus, the procedures for dissolving the company are still under process.

In addition to the subsidiary company, the Saudi Industrial Export Company (Jordan), the Company has branches outside the Kingdom as follows:

Branch of the Saudi Industrial Export Company - Free Zone (Sudan)

The branch was established in 2019G based on the decision of the Company's board of directors on 28/02/1441H (corresponding to 27/10/2019G). It obtains a license to carry out investment activity (2450) on 26/11/2019G, issued by the administration of the Free Zone in Sudan.

Branch of the Saudi Industrial Export Company - Free Zone (Dubai)

The branch was established in 2019G based on the decision of the Company's board of directors on 28/02/1441H (corresponding to 27/10/2019G). It was registered at the Department of Economic Development in Dubai, United Arab Emirates under commercial license (868310) on 24/12/ 2019G, and under the registration of the Commercial Registry Company (1473310) on 17/12/2019G in order to conduct the trade activity in greases and lubricants. The branch is wholly owned by the Saudi Industrial Export Company.

Table No. (10-7): Table of Certificates and Licenses of Dubai's Branch

License type	Purpose	License holder	License number	Issue date	Expiry date	Issuer	Remarks
Certificate of registration of a company in the Register of Commerce	Registration of the company in the Companies Register of Commerce	Saudi Industrial Export Company Dubai Branch	1473310	15/04/1441H corresponding to 12/12/2019G	19/05/1443H corresponding to 23/12/2021G	Dubai Economy	-
Business license	Compliant with the municipality law and licensing to practice commercial activity	Saudi Industrial Export Company Dubai Branch	868310	27/04/1441H Corresponding to 24/12/2019G	19/05/1443H Corresponding to 23/12/2021G	Dubai Economy	-
Chamber of Commerce Membership Registration Certificate	The company's commitment to the register of commerce law, which requires the company to subscribe to the Chamber of Commerce	Saudi Industrial Export Company Dubai Branch	868310	09/05/1442H Corresponding to 24/12/2020G	19/05/1443H Corresponding to 23/12/2021G	Dubai Chamber	-

Source: The Company

Branch of the Saudi Industrial Export Company (Baghdad - Iraq)

On 20/03/1441H (corresponding to 17/11/2019G), the Board of Directors approved the formation of a branch office in Baghdad, Iraq. Mr. Hazem Fahd Al-Dosari (former CEO) was authorized to follow up and finalize the set up procedures. As on the date of publication of this Prospectus, the procedures for establishing the branch office were not completed, and the authorized signatory was not replaced.



10.4 Continuous Obligations Imposed by the Saudi Authorities on the Company as the “Licensee”

According to what is indicated in sub-paragraph 10-2 “licenses and certificates obtained by the Company” of this section, the Company and its branches have obtained a number of licenses and certificates from Saudi government authorities, obligating the Company to adhere to the terms and provisions of each license or permits as follows:

10.4.1 Continuous Obligations as per the Requirements of the Saudi Authority for Industrial Cities and Technology Zones (Modon)

“Sara Medical Supplies Factory” is a branch of the Company practicing industrial activity. The Company has rented a real estate/factory from Modon located in the second industrial city in Riyadh according to the lease contract 809545 and has extracted an operation license 5781443411021284 valid till 22/04/1444H (corresponding to 16/11/2022G).

Accordingly, Modon obliges the Company to adhere to the following:

A) Conditions and Regulations

- The license means permission to operate the facility and that it is licensed to operate according to its legal entity, licenses and records. The Manufacturer is not entitled to sub-assign the operation and the factory or any part thereof.
- The licensee shall abide by the conditions and obligations specified in the license and by all the rules, regulations, conditions and instructions issued by Modon. In case of any matter not specified in Modon regulations, the laws and regulations applicable in the Kingdom shall be applied.
- The licensee is obligated to renew the license within a period not exceeding (15) days after its expiry.

B) Rules and Conditions

- The Licensee shall use the factory in accordance with the Commercial registration certificate, and in accordance with the activity and conditions specified in the industrial license. He shall refrain from engaging in any other activities or illegal purposes, or in violation of regulations and instructions, or dangerous, or causing inconvenience to others, or harmful to the environment or the infrastructure of the factory or the industrial city.
- The Licensee must have capable and qualified manpower to manage, operate, maintain, and secure the safety of the workers, as well of the factory and its facilities.
- The Licensee shall abide by the safety conditions and procedures approved by Modon, and adhere to the environmental and health requirements, and he shall not to accommodate workers in the factory.
- The Licensee shall abide by the standards and requirements guides approved by Modon.
- The Licensee shall keep the plant clean and maintained, dispose of waste and residues, spray pesticides and fight the pests and rodents.
- The Licensee is obligated to provide safe drinking water for all factory workers and maintain network lines in order to avoid any malfunctions and to prevent leaks. Furthermore, the Licensee is obligated to use water services and drainage provided by Modon or one of its contractors such as developers and operators, and to coordinate with the said provider.
- The licensee is not entitled to sublease or assign the leased property subject of this contract or any part or the facilities thereof. No third parties are allowed to use the property or any part thereof, except after obtaining the prior written consent of Modon.
- The Licensee must abide by the clauses specified herein and in the lease contract. Any violation thereof may result in penalties according to the list of violations and penalties, or may lead to the cancellation of the license, suspension of operation or withdrawal of the property.
- The sealed license must be put in a clear place at the entry.
- Any abrasion or amendment shall cancel the license.

The Company did not commit to renew the expired license since September 2020G; the renewal has not taken place until the date of this Prospectus.

Except for what was mentioned above, the Company is in compliance with the regulations and instructions of MODON.



10.4.2 Continuous Obligations as per the Requirements of the Ministry of Industry and Mineral Resources (“The Ministry of Industry”)

Sara Medical Supplies Factory has an industrial license issued by the Ministry of Energy, Industry and Mineral Resources (currently the Ministry of Industry and Mineral Resources). Accordingly, the Ministry of Industry requires the licensed parties to adhere to the following conditions in order to maintain the license:

- Adhering to the articles of the unified industrial organization law for GCC countries and its executive regulations.
- Not making any expansion or modification in the products before obtaining the approval of the Ministry.
- Updating the factory data every six months through the Ministry website.
- Ensuing that the products comply with the approved specifications and standards adopted by the Saudi Standards, Metrology and Quality Organization.
- Adhering to the articles of the environmental law and its implementing regulations to preserve the environment from pollution.
- Adhering to the regulations, instructions, and safety, industrial security and public health regulations.
- Ensuring that the accounts of the industrial project comply with the accounting principles and the applicable legal rules, and providing the Ministry with the general budget statement certified by a certified accountant for each fiscal year.
- Not misusing the benefits granted to the project.
- Providing the Ministry with the complete and correct data it requests about the project.
- Allowing the Ministry employees to enter the industrial project, review the records, documents and accounts, and monitor production processes and other activities related to the project.
- It is not permissible to establish, expand or develop an industrial project, change its products, merge it with another industrial project, divide it into more than one project or change its location. It is also not permissible to dispose of the project in whole or in part, mortgage it, lease it, or assign it in any way without the approval of the Ministry.

The Company did not comply with the renewal requirement as the license expired since September 2020G and the renewal has not taken place until the date of this Prospectus.

Except for what was mentioned above in sub-paragraph (2-1-34) “**Risks related to the not obtaining or not renewing licenses, permits and certificates**” of Section (2) “**Risk Factors**”, the Company is in compliance with the regulations and instructions of the Ministry of Industry and Mineral Resources.

10.4.3 Continuous Obligations as per the Requirements of the Ministry of Commerce

- The Company is in compliance with the register of commerce regulations in terms of registration with the Commercial Registry Department in Riyadh, where the head office is registered under Commercial Registration Certificate number (1010077554) dated 25/11/1410H (corresponding to 19/06/1990G), which expires on 24/11/1447H (corresponding to 11/05/2026G).
- The Company is also complaint with the Companies Law in terms of updating its Company’s By-laws in line with the new and recent amendments made to the Companies Law, after obtaining a prior approval from the Ministry of Commerce on the draft By-laws and the approval of the shareholders in the Extraordinary General Assembly meeting on 29/01/1440H (corresponding to 10/10/2018G); the latest version of the By-laws was approved by the Corporate Governance Department (Ministry of Commerce) on 07/28/1443H (corresponding to 01/03/2022G). The Company complied with the requirements of the Capital Market Authority and the Saudi Tadawul (Tadawul) in terms of uploading a copy of the By-laws on the Tadawul website on the Company’s page.
- The Company branch (Sara Factory) has (3) trademarks that have been registered with the Ministry of Commerce. It will enable the Company to use its products it selling, marketing and dealings with others, as it has registered the trademark and granted it the necessary legal protection in accordance with the trademark law (for more information, please see paragraph (10.7) “**Trademarks**” of this section).
- The Company has a trademark (Sadirat Exports) filed with the Saudi Authority for Intellectual Property on 06/09/1441H (corresponding to 29/04/2020G) registered under the application (225263), category (4); as on the date this Prospectus, the trademark was not registered properly. In the event that the competent authority approves the registration of the trademark and the issuance of its certificate, this will enable the Company to put its name and logo on the external facade of the building or offices, as it has registered the trademark and granted it the necessary legal protection in accordance with the trademark law (for more information, please see paragraph (10.7) “**Trademarks**” of this section).
- The Company is also in compliance with the commercial registry law in terms of obtaining a membership certificate in the Chamber of Commerce and Industry registered under the Certificate (101000009572) on



17/12/1410H (corresponding to 10/07/1990G); it expires on 24/11/1447H (corresponding to 05/11/2026G).

- The Company complied with the commercial registry law in terms of registration of its branch office and the issuance of a commercial registration certificate for its branches in Riyadh. With the exception of the Company's branch (Sara Factory for Medical Supplies), the Company did not complete the procedures for establishing branches. It also did not obtain licenses from the Ministry of Transport - the Food and Drug General Authority - the Ministry of Interior.
- The Company engaged in electronic commerce activity as it displays, markets and sells its products through its website (siec.com.sa); the website has been registered at the Saudi Center for Network Information. Until the date of this Prospectus, the Company has not documented its online store by registering on the Marouf platform.

Except for what was mentioned above and in Subparagraph (2.2.1) “**Risks Related to Compliance with Laws and Regulations**” of Section No. (2) “**Risk Factors**” of this prospectus, the company is compliant with the regulations and rules of the Ministry of Commerce.

10.4.4 Continuous Obligations as per the Requirements of the General Authority of Zakat, Tax and Customs

- The Company, like other establishments and registered companies operating in the Kingdom, is obligated to submit its Zakat and tax returns within 120 days of the end of the fiscal year for the purpose of renewing the certificate issued by the General Authority for Zakat, Tax and Customs. The Company was registered as a taxpayer under the distinguished tax number 3000540621, and it obtained a Zakat declaration certificate for the fiscal year ended December 31, 2020G and obtained the certificate 1111035287 dated 05/03/1443H (corresponding to 11/10/2021G), valid till 29/09/1443H (corresponding to 30/04/2022G). This certificate enables the Company to complete all its transactions, including the payment of its final dues for contracts. It should be noted that the total zakat amount due by the Company and its subsidiary for the fiscal year ended December 31, 2020G amounted to SAR (847,185) eight hundred forty-seven thousand one hundred eighty-five Saudi riyals, paid to the General Authority of Zakat and Income for the same period by SAR (2,576,039) two million five hundred seventy-six thousand thirty nine Saudi riyals.
- The Company is in compliance with the VAT regulations and its executive regulations; it is registered at the Zakat, Tax and Customs Authority under the tax number (300054062100003) according to a certificate issued on 21/02/1439H (corresponding to 10/11/2017G), noting that the Company has been registered since 21/02/1439H (corresponding to 10/11/2017G).
- In compliance with the law of the General Authority for Zakat and Income, the Company is added its three branches in the zakat certificate issued of the parent Company.

- **Zakat assessment**

- **Zakat Status of the Company**

The Company submitted its zakat returns to the Zakat, Tax and Customs Authority and obtained zakat certificate valid until the year 2022G.

The Company received letters of adjustment for zakat assessments from the Zakat, Tax and Customs Authority from 2014G to 2018G. The value of the zakat differences amounted to approximately 2.5 million Saudi riyals; the Company paid the amount of 1 million Saudi riyals; it submitted an objection request to the General Secretariat of the Tax Committees. It has not been decided upon as of the date of this prospectus.

- **Tax Status of the Company**

The Company received letters of adjustment for VAT assessments from the Zakat, Tax and Customs Authority during 2018G and 2019G; the value of tax differences amounted to 7.5 million Saudi riyals and its fines amounted to 15.4 million Saudi riyals. The company paid an amount of 163 thousand riyals during the year 2021G. The Company submitted an objection request for the rest of the difference amounts to the General Secretariat of the tax committees. It has not been decided upon as of the date of this prospectus.

Except of what was above mentioned in subparagraph (2.1.25) “**Risks of Zakat’s Additional Liability**” of Section (2) “**Risk Factors**” of this Prospectus, the Company is in compliance with the regulations and regulations of the Zakat, Tax and Customs Authority.



10.4.5 Continuous Obligations as per the Requirements of the Ministry of Human Resources and Social Development

- A file was opened at the Ministry of Human Resources and Social Development (Labor Office) with the unified number (1-38552), according to the Saudization certificate. As on the date of this Prospectus, the Company benefits from the electronic services of the Ministry of Human Resources and Social Development; a Saudization certificate has been issued to indicate that the Company is in compliance with the required percentage of Saudization as per the Nitaqat program, which amounts to 54.17 percent and located in the platinum range (category B).
- A file was opened for Sarah Factory for Medical Supplies under the number (1-38552-100) according to the Nitaqat certificate. The factory is in compliance with to the percentage of resettlement requirements according to the Nitaqat program; it reached 100% on January 2022G; it is in the range (high green) - (small class A). The branch activity is classified under Activity (Very Small Aggregate Entities).
- The Company has an internal work regulation (HR - Policies and Procedures manual) and it is approved by the Ministry of Human Resources and Social Development No. (825566) on 21/02/1441H (corresponding to 20/10/2019G).

Wages Protection System

- The Wages Protection System is one of the programs of the Ministry of Human Resources and Social Development that aims to provide an appropriate and safe work environment in the private sector, in terms of raising the level of transparency and preserving the rights of the contracting parties, as the system monitors the payment of wages for all workers in the private sector (Saudis and expatriates) and measures the extent of firms commitment to pay wages on time and at the value agreed upon between contracting parties, with the aim of reducing wage differences between the firms and workers in the private sector. This system obliges the firm to upload the wage disbursement file on the Ministry e-services portal and to update the employment data periodically as soon as any changes occur, where the program monitors the monthly wage disbursement data for the establishments and compares them with the registered data. The Ministry monitors the employer discipline by paying on time and at the agreed value, according to what has been registered in the Wages Protection System.
- As of December, 2020G, this program became mandatory for all the firms which have 1 to 4 workers or more.
- As of the date of this Prospectus, the Company is adhered to the Wages Protection System, depositing the wages of its workers through local banks and regularly uploading the wages protection file, pursuant to a Certificate of the Wages Protection System (20012111023029) issued on 19/04/1443H (corresponding to 24/11/2021G).

Except for what is mentioned above and in Subparagraph (2.1.42) “Risks related to imposing a fine for violating labor laws” of Section (2) “Risk Factors”, the Company abides by the rules and regulations of the Ministry of Human Resources and Social Development.

10.4.6 Continuous Obligations as per the Requirements of the General Organization for Social Insurance

- A file for the Company was opened at the General Organization for Social Insurance under the 13225222, as the Company is registered in the departments of salaries and occupational hazards for Saudi subscribers and in the department of occupational hazards for non-Saudis, according to the Social Insurance Certificate 40296109 dated 04/01/1443H (corresponding to 12/08/2021G).
- It should be noted that the General Organization for Social Insurance grants registered establishments a commitment certificate valid for one month (maximum) and is renewable for a similar period.
- The contributions paid to the General Organization for Social Insurance for 2020G amounted to SAR (223,347.89).

Table No. (10-8): Saudi and Non-Saudi Employees

Authority	Reference*	Saudi Employees	Non-Saudi Employees	Total	Date / as on
Social Insurance	Social Insurance certificate	15	8	23	28/09/2021G
Nitaqat	Nitaqat certificate	13	11	24	January 2022G
Passports – Muqem	Extract from Muqem	N/A	13	-	29/11/2021G
The Company	Payroll sheets	-	-	26	30/11/2021G

Source: The Company



Unemployment Insurance Law (SANED)

The Company adhered to the Unemployment Insurance Law (SANED) in accordance with Royal Decree (M/18) dated 12/03/1435H (corresponding to 14/01/2014G). According to the royal decree stipulating the support of Saudi workers in private establishments affected by Covid-19 repercussions through SANED Law, and based upon the royal decree extending the support period for three months provided that the support percentage is a maximum of 70% of Saudi workers in the establishments most affected by the pandemic, and 50% in the least affected ones to fully benefit from the initiatives announced since the beginning of the pandemic, the Company submitted its first request for support on 17/04/2020G under the 150013313 and received support for 60% of the active Saudi workers in the Company.

Except for what is mentioned above and in Subparagraph (2.1.42) “Risks related to imposing a fine for violating labor laws” of Section (2) “Risk Factors”, the Company and its subsidiary abides by the rules and regulations of the General Organization for Social Insurance.

10.4.7 Continuous Obligations as per the Requirements of the Capital Market Authority (CMA)

- The CMA requires listed companies to abide by the rules on the offer of securities and continuing obligations and by the special instructions issued by the CMA, in particular the obligation to periodically disclose the material and financial developments and the Board of Directors report. Companies are required to announce their financial results according to the forms approved by the CMA, which must include clear data on the annual financial results announced on Tadawul website must be derived from the audited financial statements approved by the Company external auditor appointed by the Assembly and approved by the Board of Directors, and the Company must adhere to the disclosure forms included in the instructions for companies' announcements of their financial results. The Company must also provide a statement of all the causes and effects of the change in the financial results for the current fiscal year with the comparison period, so that the reasons include all the items of the financial results announcement.
- The CMA also required listed companies to disclose their stages of transition to the International Accounting Standards. On 02/05/1438H (corresponding to 30/01/2017G), the Company announced on Tadawul website its compliance with such transition disclosure requirements.
- On 23/01/1438H (corresponding to 24/10/2016G), the CMA Board issued the resolution 1-130-2016 stipulating the amendment of the procedures and instructions for companies whose shares are listed in Tadawul and whose accumulated losses amounted to 50% or more of their capital according to the new Companies Law, the name of which has been amended to “Procedures and Instructions Related to Listed Companies with Accumulated Losses amounting to 20% or more of its Share Capital” as amended by CMA Board resolution 1-77-2018 dated 05/11/1439H (corresponding to 18/07/2018G). On 25/03/1442H (corresponding to 11/11/2020G) the Company announced that its accumulated losses amounted to 47.21% of its capital.
- The CMA has also obligated listed companies on Tadawul to comply with the list of instructions for announcements of joint-stock companies whose shares are listed therein, issued pursuant to the CMA Board resolution 1-199-2006 dated 18/07/1427H (corresponding to 12/08/2006G), and amended by Resolution (1-104-2019) dated 01/02/1441H (corresponding to 30/09/2019G).
- According to Article 55 of the Rules for the Offer of Securities and Continuing Obligations, the Company must provide data of the proceeds of any previous rights issue and their use compared to what was disclosed in a previous Prospectus. It must also disclose to the public when the actual use of the rights issue proceeds is different by 5% or more from what was disclosed in the relevant Prospectus as soon as it becomes aware of such matter. The Company has complied with such disclosure on page (vi) “**Summary of the Offering**” of this Prospectus. The Company obtained the proceeds of the subscription in 2018G, and was partially used in other items, as indicated in the Prospectus issued on (05/08/2018G).
- Furthermore, the CMA required listed companies in Tadawul to appoint two representatives thereof at the CMA for all purposes related to the implementation of the CMA Law and its regulations. Accordingly, the Company Board of Directors appointed Mr. Hatem Hamad Al-Suhaibani (Chairman of the Board of Directors) and Mr. Hazem Fahd Al-Dossary (CEO) as per its resolution dated 24/12/1439H (corresponding to 04/09/2018G). On 08/03/1442H (corresponding to 25/10/2020G), the Board of Directors canceled the mandate of Mr. Hazem Fahad Al-Dossary as a representative of the Company at the CMA and appointed Mr. Suleiman Hamad Al-Gadeii (the new CEO) in his place and kept Mr. Hatem Hamad Al-Suhaibani (Chairman of the Board) as the second representative of the Company at the CMA.
- As for the Company's Corporate Governance Regulations, the table below includes a summary of the most important articles of the corporate governance regulations that the Company is compliant with.



Table No. (10-9): Company's Commitment to Corporate Governance Regulations

Article in Companies' Corporate Governance Regulation	Detail	Responsible / Competent Authority	Commentary
9/B	The Board of Directors must set a clear policy regarding the distribution of dividends in the interests of the shareholder and the Company in accordance with the Company By-laws	Board of Directors	Compliant - It was adopted by the Board of Directors on 12/07/1439H (corresponding to 29/03/2018G) and was approved by the General Assembly on 24/05/2018G
8/A	Provide a copy of the information about the candidate for membership of the Board of Directors on the Company website	Board of Directors	Compliant
12/5 & 54	Form the audit committee	Shareholders General Assembly	Compliant The appointment was made by the Ordinary General Assembly held on 02/02/1441H (corresponding to 01/10/2019G)
54/C	The general Assembly of the Company - based on a proposal from the Board of Directors - shall issue the work by-law of the audit committee, provided that this regulation includes the controls and procedures for the committee work, its tasks, the rules for selecting its members, how to nominate them, the term of their membership, their remuneration, and a mechanism for temporarily appointing its members in the event of a seat vacancy	Shareholders General Assembly	Compliant The regulations were approved by the Ordinary General Assembly on 02/02/1441H (corresponding to 01/10/2019G)
12/6	Approval of the 2020G financial statements	Shareholders General Assembly	Compliant The reissued consolidated financial statements for the financial year ending on December 31, 2020G were approved by the Ordinary General Assembly on 26/11/1442H (corresponding to 06/07/2021G)
12/7	Approval of the annual report of the Board of Directors for 2020G	Shareholders General Assembly	Compliant The report of the Board of Directors for the fiscal year 2020G was adopted by the Ordinary General Assembly held on 26/11/1442H (corresponding to 06/07/2021G)
12/9 & 81	Appointing Company auditors, determining their remuneration, reappointing them, changing them, and approving their reports	Shareholders General Assembly	Compliant A vote was taken by the Ordinary General Assembly on 26/11/1442H (corresponding to 06/07/2021G) to appoint Ahmed Al-Bassam & Partners Chartered Accountants Office as an auditor for a Company based on the recommendation of the Audit Committee, in order to examine, review and audit the financial statements for the second, third and annual quarters of the fiscal year 2021G, and the first quarter of 2022G, and determining his fees.
13/D	Publication of the announcement of the date of the general Assembly meeting, place and agenda twenty-one days before the date at least on the Company website	Board of Directors	Compliant
14/C	Make available to the shareholders through the Company website- when publishing the invitation to convene the general Assembly - obtaining information related to the items of the general Assembly agenda, especially the report of the Board of Directors, the auditor, the financial statements, and the report of the audit committee	Board of Directors	Compliant - through Tadawul
22/2	Lay down systems and controls for internal control and general supervision, including: Establishing a written policy to address actual and potential "conflicts of interest" cases for both members of the Board of Directors, executive management and shareholders, including misuse of the Company assets and facilities, and misbehavior resulting from dealings with related persons. To ensure the integrity of the financial and accounting systems, including those related to the preparation of financial reports. To ensure the application of appropriate control systems to measure and manage risks, by developing a general perception of the risks that the Company may face, creating an environment familiar with the culture of risk management at the Company level and presenting it transparently with stakeholders and related parties to the Company. The annual review of the effectiveness of internal control procedures in the Company	Board of Directors	Compliant There is no independent conflict of interest policy, as it is based on what is mentioned in the Company corporate governance regulation



Article in Companies' Corporate Governance Regulation	Detail	Responsible / Competent Authority	Commentary
22/3	Lay down clear and specific policies, standards and procedures for membership in the Board of Directors, and putting them into effect after their approval by the General Assembly	Shareholders General Assembly	Compliant The policy was adopted by the Board of Directors on 29/03/2018G and approved by the General Assembly on 24/05/2018G
22/4	Lay down a written policy that organizes the relationship with stakeholders in accordance with the provisions of the Governance Regulations, and must cover - in particular - the following: Mechanisms for compensation to stakeholders in the event of violation of their rights recognized by the regulations and protected by contracts. Mechanisms for settling complaints or disputes that may arise between the Company and stakeholders. Appropriate mechanisms to establish good relationships with customers and suppliers and to maintain the confidentiality of information related to them.	Board of Directors	Compliant There is no independent regulation based on what is stated in the Company corporate governance regulation
22/5	Lay down policies and procedures that ensure the Company compliance with laws and regulations and its commitment to disclosing essential information to shareholders and stakeholders, and verifying the executive management compliance with them	Board of Directors	Compliant There is no independent regulation based on what is stated in the Company corporate governance regulation
22/13 & 50 & 60 & 60/A & 64	Forming specialized committees emanating from it by decisions specifying the committee term, powers and responsibilities, and how the board will monitor them, provided that the formation decision includes naming members and specifying their duties, rights and duties, along with evaluating the performance and work of these committees and their members	Board of Directors	Compliant Some committees were formed according to the following: <ul style="list-style-type: none"> The Audit Committee was appointed by the Ordinary General Assembly held on 02/02/1441H (corresponding to 01/10/2019G). The Risk Committee was appointed pursuant to a Board Resolution dated 13/10/1440H (corresponding to 16/09/2019G). The Executive and Investment Committee was appointed by the Board of Directors on 15/05/1442H (corresponding to 30/12/2020G). The Nominations and Remuneration Committee was appointed in accordance with the Board of Directors' decision on 13/10/1440H (corresponding to 16/09/2019G).
23/1	Approving and developing internal policies related to the Company work, including defining the tasks, specializations and responsibilities assigned to the various organizational levels	Board of Directors	Compliant The by-law was adopted by the Board of Directors on 19/08/1440H (corresponding to 24/04/2019G)
23/2	Adopt a written and detailed policy specifying the powers delegated to the executive management and a table explaining those powers, the method of implementation and the duration of delegation, and the Board of Directors may request the executive management to submit periodic reports on its practices of the delegated powers	Board of Directors	Compliant Adopted by the Board of Directors according to a meeting on 19/08/1440H (corresponding to 24/04/2019G)
25	Appointing the Chief Executive Officer	Board of Directors	Compliant Dr. Sulaiman Hamad Al-Jedaie was appointed Chief Executive Officer pursuant to a Board Decision dated 13/02/1442H (corresponding to 30/09/2020G)
26/5	Lay down the organizational and functional structures of the Company and submitting them to the Board of Directors for consideration and approval	Board of Directors	Compliant The organizational structure of the Company was adopted by the Board of Directors on 04/04/1441H (corresponding to 30/12/2019G)
26/10	Suggesting a policy and the types of remuneration to be granted to workers, such as fixed bonuses, performance-related bonuses, and bonuses in the form of shares	Board of Directors	Compliant The Company remuneration list was adopted by the Board of Directors on 12/07/1439H (corresponding to 29/03/2018G)



Article in Companies' Corporate Governance Regulation	Detail	Responsible / Competent Authority	Commentary
43	A written and clear policy for dealing with current or potential conflicts of interest situations that may affect the performance of members of the Board of Directors, executive management, or other Company employees when they deal with the Company or other stakeholders	Board of Directors	Compliant There is no independent policy that is based on the provisions of the Company corporate governance regulation
55/B/4 & 74	Appointing a director of the internal audit unit or department or the internal auditor and proposing his remuneration	Board of Directors	Compliant The assignment to an external party (Al-Khalaf office) accountants and legal auditors for the Company for 2019G by the Board of Directors dated 22/06/1440H (corresponding to 27/02/2019G)
60/B & 64/B	The general Assembly of the Company - based on a proposal from the Board of Directors - shall issue a work by-law for the Remuneration and Nomination Committee, provided that this list includes the committee controls, procedures, and work plan, its functions, the rules for selecting its members, how they are nominated, term of their membership, Compensation and temporarily appointment in case one of the seats of the committee	Shareholders' general Assembly	Compliant The by-law was adopted by the Board of Directors on 12/07/1439H (corresponding to 24/04/2019G) The by-law was approved by the Ordinary General Assembly
61/1	The Remuneration and Nominations Committee shall prepare a clear policy for the remuneration of the members of the Board of Directors and the committees emanating from the Board and the Executive Management, and submit it to the Board of Directors for consideration in preparation for its approval by the General Assembly, so that the follow-up of this policy and the follow-up of that policy are taken into account	Shareholders' general Assembly	Compliant The by-law was adopted by the Board of Directors according to a decision issued on 12/07/1439H (corresponding to 29/03/2018G)
65/3	Preparing a description of the capabilities and qualifications required for membership of the Board of Directors and for occupying executive management positions	Remunerations and nomination committee	Compliant It was adopted by the Remuneration and Nominations Committee in a decision issued on 20/07/1440H (corresponding to 27/03/2019G)
68	Publication of the announcement of candidacy for membership of the Board of Directors on the Company website	Board of Directors	Compliant The announcement was made on Tadawul website on 24/02/2019G
84	Policies or procedures for stakeholders to file complaints or report violating practices	Board of Directors	Compliant There is no independent policy, as it relies on the provisions of the Company corporate governance regulation
86	A policy of professional conduct and ethical values	Board of Directors	Compliant There is no independent policy, as it relies on the provisions of the Company corporate governance regulation
89	Written disclosure policies, supervisory procedures and systems thereof in accordance with the disclosure requirements contained in the Companies Law and the Financial Market Law	Board of Directors	Compliant There is no independent policy, which is based on the provisions of the Company corporate governance regulation
91/B	Publication of the audit committee report on the Company website	Board of Directors	Not Compliant
94	The Company corporate governance rules and regulations do not contradict the mandatory provisions	Board of Directors	Compliant The Governance Regulations were approved by the Board of Directors on 12/07/1439H (corresponding to 29/03/2018G, and by the General Assembly on 24/05/2018G.

Source: The Company

* The Risk Committee has been canceled and its functions have been terminated according to the Board of Directors' decision on 05/10/1442H corresponding to 09/11/2020G.



- According to Article 22 of the Company By-laws, the Board of Directors appoints from among its members a chairman, a vice-president, as well as a managing director. It is not permissible to combine the position of the chairman of the Board of Directors with any executive position in the Company; the Board of Directors must appoint a secretary of the board.
- The Company is in compliance with the By-laws and the Corporate Governance Regulations in terms of mandatory appointment to these positions, as the Board of Directors approved appointment to these positions according to the table below:

Table No. (10-10): Mandatory Positions of the Board of Directors.

Chairman of Board of Directors	Board of Directors Decision (First Minutes - Tenth Session) dated 13/10/1440H (corresponding to 16/06/2019G)	Engineer / Hatem bin Hamad Al-Suhaibani
Deputy Chairman of the Board	Board of Directors Decision (First Minutes - Tenth Session) dated 13/10/1440H (corresponding to 16/06/2019G)	Mr. Ahmed bin Mohammed Al-Arini
Chief Executive Officer	Board of Directors Decision (14) by passing the tenth session dated 13/02/1442H (corresponding to 30/09/2020G)	Dr. Suleiman bin Hamad Al-Jedaie
Secretary of the Board of Directors	Board of Directors Decision B (Sixth Minutes of the Tenth Session) on 03/23/1442H (corresponding to 09/11/2020G)	Mr. Faisal bin Abdullah Al-Maqd

Source: The Company

- The powers of the Board of Directors were defined in Article 20 of the Company By-laws. The powers of the Board Chairman, his Deputy, the Managing Director and the Secretary have also been detailed in the Article 22 of the Company By-laws. The Secretary of the Board of Directors undertakes the tasks and powers specified for him by the Board of Directors.
- The Company is in compliance with Article 23 of the Company's By-laws, in terms of the number of board meetings, provided that it is not less than 4 times a year upon an invitation from its chairman, his deputy or the secretary, and the invitation is according to a letter and is accompanied by the agenda, when asked to do so by two members. The Board of Directors held 7 meetings in 2019G, and 4 meetings in 2020G.
- The remuneration of the Board of Directors is made in accordance with what is stipulated in the Article 21 of the By-laws, provided that the annual remuneration for a single board member does not exceed the limit stipulated in the Companies Law of (SAR five hundred thousand). The expenses of the members of the Board of Directors for the financial period ended December 31, 2019G, reached an amount of SAR 0.8 million, and SAR 0.75 million for the financial period ended December 31, 2020G.
- The senior executives management: It is headed by the CEO. This position is currently held by Dr. Sulaiman Hamad Al-Jedaie, as on 30/09/2020G; his duties, powers and remuneration have been defined in accordance with the By-laws and the internal policies and regulations of the Company.
- The table in sub-paragraph (4.4) "**Executive Management**" of Section 4 "**Company Organizational Structure**" shows the details of the Company executive management according to the first job level according to the form of the organizational structure referred to in paragraph 4.1 of the section 4 "**Company Organizational Structure**" of this Prospectus. The Company commitment to filling vacancies in the leadership positions has been demonstrated; the most important of which are those of CEO and CFO.
- The Company was not subject to any penalties from the Capital Market Authority during 2017G and 2018G, with the exception of one penalty during 2019G as follows:
 - On 07/11/1440H (corresponding to 10/07/2019G), a penalty was imposed on the Company by a decision of the Capital Market Authority, amounting to SAR 10000 for the Company violation of Paragraph b of the Article 46 of the financial market law.

With the exception of what has been mentioned above and in Subparagraph (2.1.48) "Risks related to the implementation of corporate governance" of Section (2) "Risk Factors" of this Prospectus, the Company is in compliance with the Corporate Governance Regulations in accordance with the requirements of the Capital Market Authority.



10.4.8 Continuous Obligations as per the Requirements of the Ministry of Municipal and Rural Affairs “Ministry of Municipalities” Requirements

- A municipal license should be obtained for administrative offices branches, and points of sale; so, the Company can operate, by submitting copies of the following documents: the Register of Commerce, By-laws, lease contract and building permit for the rented building, food establishment or shop and warehouse and real estate license and a remote photograph of the building with the billboard (with a copy of the billboard bill and the property registration of the Company trademark to be used on the facade) in addition to the civil defense license.

The Company has 5 sites rented for the purpose of conducting its activity (for more details, please refer to sub-paragraph 10.5.2 “Lease Contracts” of this section. As on the date of publication of this Prospectus, as on the date of publication of this prospectus, the Company extracted (4) municipal licenses and (5) safety certificates (5) for the leased sites, subject to the following:

Table No. (10-11): List of extracted municipal licenses and safety certificates

No.	Licensee	Municipal License No.	Date of issue	Date of Expiry	Address	Issuer	Safety Certificate (Civil Defense Permit)
1.	Saudi Industrial Export Company (Warehouse of the Export Company for Foodstuffs)	42055009935	30/05/1443H (corresponding to 03/01/2022G)	30/05/1444H (corresponding to 24/12/2022G)	Riyadh City - Al-Bireh District - Al-Hafira Street	Riyadh Municipality - Al-Sulay Municipality	Complied under Safety Certificate No. (42-000653618-1) issued on 23/05/1443H (corresponding to 27/12/2021G) valid until 23/05/1444H (corresponding to 17/12/2022G)
2.	Saudi Industrial Export Company (Warehouse of the Export Company for Foodstuffs)	42055010024	--	29/03/1444H (corresponding to 25/10/2022G)	Riyadh City - Al-Bireh District - Al-Hafira Street	Riyadh Municipality - Al-Sulay Municipality	Complied under Safety Certificate No. (42-000653741-1) issued on 18/03/1443H (corresponding to 24/10/2021G) valid until 18/03/1444H (corresponding to 14/10/2022G)
3.	Saudi Industrial Export Company (Warehouse of the Export Company for Foodstuffs)	42055010071	--	22/02/1444H (corresponding to 18/09/2022G)	Riyadh City - Al-Bireh District - Al-Hafira Street	Riyadh Municipality - Al-Sulay Municipality	Complied under Safety Certificate No. (42-000653742-1) issued on 15/02/1443H (corresponding to 22/09/2021G) valid until 15/02/1444H (corresponding to 11/09/2022G)
4.	Saudi Industrial Export Company (Warehouse of the Export Company for Foodstuffs)	42055010141	30/05/1443H (corresponding to 03/01/2022G)	30/05/1444H (corresponding to 24/12/2022G)	Riyadh City - Al-Bireh District - Al-Hafira Street	Riyadh Municipality - Al-Sulay Municipality	Complied under Safety Certificate No. (42-000653739-1) issued on 23/05/1443H (corresponding to 26/12/2021G) valid until 23/05/1444H (corresponding to 16/12/2022G)
5.	Saudi Industrial Export Company (Warehouse of the Export Company for Foodstuffs)	-	-	-	Riyadh City - Al-Bireh District - Al-Hafira Street	-	Complied under Safety Certificate No. (42-000654500-1) issued on 02/06/1443H (corresponding to 05/01/2022G) valid until 02/06/1444H (corresponding to 26/12/2022G)

With the exception of what is mentioned in Sub-paragraph (2.1.34) “Risks related to the not obtaining or not renewing licenses, permits and certificates” of Section (2) “Risk Factors” of this Prospectus, the Company and its subsidiary are compliant with the Ministry of Municipal and Rural Affairs regulations, implementing regulations and related instructions.



10.4.9 Continuous Obligations as per the Requirements of the Saudi Food and Drug Authority Requirements

- The Company business is subject to the Medical Devices and Products Control Regulation issued by the Saudi Food and Drug Authority Board of Directors Decision (1-8-1429) dated 29/12/1429H (corresponding to 27/12/2008G), as amended by the Food and Drug Authority Board of Directors Decision (4-16-1439) dated 09/04/1439H (corresponding to 19/05/2018G) as the Company is licensed by the Authority to work in the field of medical devices and products.
- According to the Medical Devices and Products Control Regulation, the licensee is obligated to do the following:
- Notify the manufacturer of the medical device/product or his legal representative when he wants to launch any of the devices.
- Ensure that the medical device/product is stored and/or transported in accordance with the instructions indicated in the attached manufacturer recommendations with the device/medical product.
- Documenting the sale of the medical device/product to ensure its traceability in the market, and it has responsibilities for monitoring the market, as well as tracking the medical device/product while using it.
- Ensuring that the identification cards and marketing authorization are attached, and informing the Authority in the event that he is unable to do so before offering marketing medical devices and products.
- Also, the business of the Riyadh branch (wholesale food and beverages, storage in silos and flour warehouses, food and agricultural products stores, dry food stores) is also subject to the food law that requires everyone who deals with food products (whether as a producer, distributor, store or marketer) with necessity to obtain a license from the Authority. As on the date of publishing this Prospectus, no license has been obtained from the Authority, with the exception of what has been mentioned in subparagraph (2.1.24) “**Risks related to contracts with third parties**” of Section (2) “**Risk Factors**” of this Prospectus. The Company is bound by the rules and regulations of the Food and Drug Authority.

10.5 Summary of Material Contracts

10.5.1 Contracts and Transactions with Related Parties

As on the date of publication of this Prospectus, there are no contracts, agreements or dealings concluded between the Company and related parties, and there is no direct or indirect interest for members of the Board of Directors or senior executives during 2018G, 2019G, 2020G and the financial period ending on September 30, 2021G.

10.5.2 Lease Contracts

The Company has entered into 5 contracts in its capacity as a lessee (which are offices and warehouses) in order to practice its activity, including 4 lease contracts for warehouses.

Most of these contracts are standard form lease contracts (that is, stipulate an annual rental amount that the Company pays the lessor) renewable, and are considered void if the lessee is late in paying the rent; the lessee is not entitled to sublet the property without taking the written consent of the lessor. The leased property or activity without the approval of the lessor.

The table below shows the Company sites lease contracts for the and their most important details:



Table No. (10-12): Valid and Renewed Lease Contracts for the Sites Occupied by the Company.

#	Lessor	Lessee	Address	Real Estate Type	Contract Date	Contract Duration Date	Contract End Date	Contract Value (SAR)	Remarks
1	Mansour Ayed Yahya Al-Qahtani	Saudi Industrial Exports Company	King Abdul Aziz Road, Al Ghadeer District, Riyadh 8550	Office	04/03/1441H corresponding to 01/11/2019G	1096 days	06/04/1444H corresponding to 31/10/2022G	SAR 525,987	Electronic lease contract
2	Al-Wasata Investment and Real Estate Development Company (a one-person Company), represented by Mohammed Omair Fahad Al-Qahtani	Saudi Industrial Exports Company	Al Birriyyah Riyadh 2777	Warehouse	15/03/1442H corresponding to 01/11/2020G	739 days	15/04/1444H corresponding to 09/11/2022G	SAR 149,598.90	Electronic contract
3	Al-Wasata Investment and Real Estate Development Company (a one-person Company), represented by Mohammed Omair Fahad Al-Qahtani	Saudi Industrial Exports Company	Al Birriyyah Riyadh 2777	Warehouse	15/03/1442H corresponding to 01/11/2020G	739 days	15/04/1444H corresponding to 09/11/2022G	SAR 149,785.20	Electronic contract
4	Al-Wasata Investment and Real Estate Development Company (a one-person Company), represented by Mohammed Omair Fahad Al-Qahtani	Saudi Industrial Exports Company	Al Birriyyah Riyadh 2777	Warehouse	15/03/1442H corresponding to 01/11/2020G	739 days	15/04/1444H corresponding to 09/11/2022G	SAR 148,294.80	Electronic contract
5	Al-Wasata Investment and Real Estate Development Company (a one-person Company), represented by Mohammed Omair Fahad Al-Qahtani	Saudi Industrial Exports Company	Al Birriyyah Riyadh 2777	Warehouse	15/03/1442H corresponding to 01/11/2020G	739 days	15/04/1444H corresponding to 09/11/2022G	SAR 312,425.10	Electronic contract
6	Saudi Authority for Industrial Estates and Technology Zones (MODON)	Sara Medical Supplies Factory	Riyadh - second industrial city	Factory	----	25 years	01/11/1459H corresponding to 08/12/2038G	----	----
7	Sudanese Free Zones and Markets Co. Ltd	Saudi Industrial Export Company	Khartoum	Warehouse	04/05/1441H corresponding to 30/12/2019G	Two years	25/05/1443H corresponding to 29/12/2021G	\$20,000 per year	Lease Agreement for Company's Branch in Sudan
8	EXIM Finance	Saudi Industrial Exports Company "SIEC", Dubai Branch	Dubai - United Arab Emirates - Sheikh Zayed Road - Emarat Atrium Building - Office No. 25	Office	17/05/1442H corresponding to 01/01/2021G	One year	27/05/1443H corresponding to 31/12/2021G	AED 140,000	Lease Agreement for Company's Branch in Dubai

Source: The Company

The Company confirmed that none of the lessors have any direct or indirect relationship with members of the Board of Directors or senior executives.



It should be noted that the Council of Ministers Decision (292) dated 16/05/1438H states that the unregistered lease contract at the electronic network is not considered a valid contract that produces its administrative and judicial effects, since the electronic network of rental services was launched in cooperation between the Ministries of Justice and Ministry of Housing on 17/05/1439H. A Ministry of Justice circular was issued approving the application of this to all contracts concluded after 05/05/1440H. As of the date of publication of this Prospectus, the Company is in compliance with the circular issued by His Excellency, the Minister of Justice, and has registered its lease contracts with the electronic network of leasing services.

10.5.3 Commercial Representation Agreements

The Company entered into certain commercial representation agreements according to the tables below:

Table No. (10-13): Commercial Representation Contracts

#	First party	Second party	Contract purpose	Contract date	Contract duration	Contract End Date	Contract Value (SAR)	Remarks
1	Saudi Industrial Exports Company	The basic portal for communications and information technology	The first party is an exclusive commercial representative to export products and facilitate the procedures for implementing projects of the second party outside KSA	20/05/1441H corresponding to 15/01/2020G	5 Gregorian years	This agreement is automatically renewed unless one of the two parties notifies the other in writing of his unwillingness to renew before the expiry of the 90-day period	Commission rate (External attachment) A percentage of 1% for each agreement concluded by the second party in the countries of his local area.	

The first party carries out the work of the second party: export and transfer, sales and collection operations, management support, support for the implementation of the second party work and projects.

- The first party represents the second party in front of the governmental and judicial agencies, the clients of the second party, as well any other parties related to the work of the second party, by obtaining the necessary licenses, and preparing certificates and invoices to complete the export process.
- The second party is obligated to appoint the first party as an exclusive commercial representative in the countries of Iraq, Jordan, Sudan, Egypt, the Gulf Cooperation Council countries, and the countries of Africa.
- The scope of application of this contract in Iraq, Jordan, Sudan, Egypt, African countries, Gulf Cooperation Council countries.

#	First party	Second party	Contract purpose	Contract date	Contract duration	Contract End Date	Contract Value (SAR)	Remarks
2	Saudi Industrial Exports Company	Sudan - Masdar International Arab Company Ltd. (Maiko)	Giving the second party an exclusive right of power of attorney to distribute the products of the first party in Sudan	22/03/1442H corresponding to 08/11/2020G	1 Gregorian year	1 year, automatically renewable for a similar period	6000000 / year	The second party uses the first party trademark within its domain

The second party shall be the exclusive agent for all the products and goods of the current first party mentioned within Sudan and for the Riyadh Food Industries Company (Riyadh Food) based on the contract concluded between the first party and Riyadh Food Company.

- Exporting products to the warehouse land of the first party (Free Zone villages - Sudan)
- The first party is not obligated to sell to any other party, except through the second party.
- The first party grants the second party the right to use its own trademark within the scope of the distribution areas in relation to marketing and distributing these products without granting it the right to own or register it.
- The second party does not have the right to sell the products of the first party at prices lower than the prices specified by the first party except after obtaining his approval.



10.5.4 Transport and Marketing Agreements

Table No. (10-14): Transfer and Marketing Agreements

#	First party	Second party	Contract purpose	Contract date	Contract duration	Contract End Date	Contract Value (SAR)	Remarks
1	National Manufacturing Marketing Petrochemicals Company	Saudi Industrial Exports Company	Transport and marketing of the second party products and services within the Kingdom borders *	17/01/2019G	12 months	17/01/2020G Renewed for the same period according to a notification between the two parties 60 days before the end of the contract	2% commission on products sold, in addition to the direct profit	

Source: The Company

* The Company does not carry out the transport activity by itself, but rather it is the transport of goods through intermediaries (Freight Forwarding).

10.5.5 Advisory Services Contracts

The Company has assigned advisory tasks to an external party mentioned in the table below:

Table No. (10-15): Advisory Services Contracts.

#	First party	Second party	Contract purpose	Contract date	Contract duration	Contract End Date
1	Ibrahim Ahmed Al-Bassam & Co.	Saudi Industrial Exports Company	The First Party shall be appointed to provide the required audit services and the required quarterly examination services as specified in the Agreement	23/12/1442H (Corresponding to 02/08/2021G)	--	--
2	Hamza Saad Muhammad Al-Tkhais Law Firm, Lawyers and Consultants	Leverage from experiences of the First Party in the area of Law and Legal Advices	Using the legal and advisory services of the First Party related to the activity of the Second Party from a legal point of view	14/02/1443H (corresponding to 21/09/2021G)	One year, renewable upon a written notice provided by the Other Party 30 days prior to the expiry of the Agreement and provided that the Other Party approves the same.	24/02/1444H (corresponding to 20/09/2022G)

Source: The Company

10.5.6 Supply Agreements and Contracts

Table No. (10-16): Supply Contracts

#	First party	Second party	Contract purpose	Contract date	Contract duration	Contract End Date	Contract value	Remarks
1	National Manufacturing Marketing Petrochemicals Company	Saudi Industrial Exports Company	Supply of butyl acrylate product from the first party to the second party to sell it again	25/04/1440H corresponding to 01/01/2019G	---	---	---	

The second party purchases and stores the products that the first party wishes to buy from him, according to the agreed specifications, standards and scheduling.

- 1- The second party purchases and stores the products that the first party wishes to buy from him, according to the agreed specifications, standards and scheduling.
- 2- The second party quotes to the first party the purchase costs and the agreed storage costs are added to it 3.5% annually.
- 3- The first party is committed to the specified payment date.
- 4- The first party has the right to return the goods in the event that there is a defect in it due to transportation, storage, or the same source in the event that it is difficult to prove damage to the goods with the first party.
- 5- The second party guarantees that the imported goods are free from defects for a period of one month from the date of supply.
- 6- The second party is obligated to transport the goods in containers designated for the first party warehouses.
- 7- The second party undertakes in the event of delay in supply to the first party to pay the difference in the goods in the event that the first party contracts with another supplier due to the delay of the second party.
- 8- The second party is obligated to provide warehouses in KSA and abroad as needed.



10.5.7 Memorandum of Understanding

First: Memorandum of Understanding with the Royal Commission for Jubail and Yanbu

The Company entered into a memorandum of understanding with the Royal Commission for Jubail and Yanbu in order to discuss ways of strategic cooperation and investment opportunities in the field of developing logistics services in Yanbu Industrial City. The Company also concluded a (non-binding) memorandum of understanding with the International Development Bank for Investment and Finance in the Republic of Iraq.

Both memoranda were concluded subject to the following details:

Table No. (10-17): Memorandum of Understanding

#	First party	Second party	Memorandum purpose	Memorandum date	Duration	End Date Remarks
1	The Royal Commission for Jubail and Yanbu represented by the Royal Commission in Yanbu	Saudi Industrial Exports Company	Discussed ways of strategic cooperation and investment opportunities in the field of developing logistics services in Yanbu Industrial City	25/06/1441H Corresponding to 19/02/2020G	----	This agreement will remain in effect until terminated by one of the parties with written notice
<ul style="list-style-type: none"> This Agreement is a non-binding agreement on both parties and does not have any material or moral effect. Rather, it is an initiative of goodwill and mutual understanding. Discussion of strategic cooperation and investment opportunities to develop logistics services in the industrial city of Yanbu in order to ensure compatibility to achieve the Saudi Vision 2030. 						
2	Saudi Industrial Export Company	International Development Bank for Investment and Finance (a Company registered in the Republic of Iraq and licensed by the Central Bank of Iraq)	Organizing the cooperative relationship between both parties in regard of the development of banking, commercial and marketing relations and seeking to reconcile transactions of both parties.	18/03/1443H (corresponding to 24/10/2021G)	The Gregorian year shall start from the date of signing it	The term of the memorandum is automatically renewed unless a Party notifies the other of its desire to terminate the Agreement one month prior to the end of the first or renewed contractual year.
<ul style="list-style-type: none"> The memorandum has specified the areas of cooperation between both Parties, most notably: <ol style="list-style-type: none"> Top ten export companies, from Saudi Arabia to Iraq, shall be empowered. Work of the Saudi Export Development Office in Iraq shall be carried out inside the Saudi Center in Baghdad. An office for the representatives of the Second Party shall be established in the Saudi Center in Baghdad. Paragraph (3) of Article (3) of the Memorandum stipulates that no financial liabilities will be imposed on the Parties under this memorandum, and both parties will sign a separate agreement for any activity or action plan outside the areas of cooperation in the memorandum. <p>Article (3) of the Memorandum also identified some of the mutual obligations of both Parties, most prominent of them are:</p> <ol style="list-style-type: none"> Both parties shall form a work team to develop mechanisms and details for the implementation of the provisions of this memorandum. Findings of work team shall not be binding on both parties except after the representatives of both parties signing a contract or joint minutes, and the contract or minutes, after being signed, shall be considered a part of this memorandum. Both Parties shall observe the intellectual property rights or those owned by the Other Party and shall not violate them. Both Parties shall maintain the confidentiality of the information, documents and papers of the Other Party, which will be reviewed to implement the work of this memorandum. <ul style="list-style-type: none"> The general provisions of this memorandum stipulate: <ol style="list-style-type: none"> In the event that this Memorandum of Understanding is not renewed, work will continue to implement the existing joint programs arising from it in accordance with the provisions of this Memorandum of Understanding until the Memorandum of Understanding is terminated. If there is a change in the working conditions of either Party that would affect the implementation of this Memorandum, both Parties may consult to revise its provisions according to developments, provided that the amendment shall be written and shall enter into force after being approved by both Parties. Both parties shall not be obligated to contract with any client who comes from the Other Party, and it is agreed by both Parties that each Party has absolute discretion to contract or not to contract with the clients that the other Party attracts. <p>It is understood by both Parties that this Memorandum of Understanding is not legally binding on either Party, and is intended only to show goodwill for dealing and cooperation between them.</p>						



#	First party	Second party	Third Party	Fourth Party	The purpose of the memo	The date of the memo	Duration
3	Saudi Industrial Export Compan	S&K AEROSPACE MIDDLE EAST BRANCH	Elm Technology for Industrial Development and Investment Company	Rikaz National Financial Company	Cooperation in the establishment and success of the Equipment Company, a company specialized in supply chains and logistics services for the military and defense industries sector	05/08/1443H (corresponding to 08/03/2022G)	The Memorandum of Understanding shall be valid from its date until: (1) The date of signing the strategy. (2) One year from its date. (3) Any other date agreed upon by the parties.

Here are the highlights of this note:

- The memorandum of understanding specified the main terms and conditions for strategic cooperation among them through the success of the Tadad Company, which specializes in supply chains and logistics services for the military and defense industries sector.
- It was agreed to form a steering committee that includes a representative from each of the parties to the memorandum. The meetings and deliberations of this committee were also determined.
- It was agreed that reasonable efforts would be made to finalize and sign the Strategic Cooperation Agreement within three months of the signing of the Memorandum.
- This memorandum does not constitute and is not intended to form or create any obligation or obligation of any person towards the parties.
- It was agreed to maintain the confidentiality of the information before, during or after the date of the memorandum.
- No right or obligation arising under this MOU may be assigned or otherwise disposed of, in whole or in part, without the prior written consent of the parties.

The memorandum is subject to the regulations in force in the Kingdom of Saudi Arabia. It was also agreed to resort to arbitration in the event of any dispute related to this memorandum, provided that the arbitration center is in the city of Riyadh and the English language is adopted in the arbitration procedures.

10.5.8 Contract for the Representation of Saudi Companies in Iraq

Table No. (10-18): Contract for the Project Regarding the Representation of Saudi Companies in Iraq

#	First party	Second party	Contract purpose	Contract date	Contract duration	Contract End Date	Contract Value (SAR)	Remarks
1	Saudi Export Development Authority	Saudi Industrial Exports Company	Implementation of services for the project of representing Saudi companies in Iraq	01/03/1442H corresponding to 18/10/2020G	24 Gregorian months	After 24 Gregorian months, starting from the contract date	14419927.39	

This contract is subject to the government tenders and procurement law issued by Royal Decree (M/128) dated 13/11/1440H and its implementing regulations issued by the Minister of Finance Decision (1242) dated 21/03/1441H, amended by Ministerial Resolution (3479) dated 11/08/1441H and by every amendment, law, or regulation that replaces them.

- When the entity representative performs his duties and obligations and exercises his powers, he performs them on behalf of the government entity.
- The second party undertakes to provide services according to the schedule specifications approved in the contract, and to exert the necessary care to implement the services assigned to it, in addition to provide the necessary skills and competencies and providing jobs for the Saudis.
- The responsibility of the second party is for any damage or allegation made on the government agency for poor performance of the second party, negligence, or breach of obligations or the Kingdom regulations.
- The second party shall ensure the quality of the services provided and their conformity with standard standards.
- Renting a headquarters for the project in Baghdad to display Saudi products and for the authority representatives to settle there, in addition to an open space prepared for companies' offices.
- Supporting the promotion of Saudi exports and increasing export opportunities through analyzing the market and its needs.
- Enabling the Saudi Export Development Authority to implement and provide its services to Saudi exporters through a permanent headquarters in the Iraqi market.
- The contract period is 24 months, divided into 2 phases: the preparation and processing phase and lasts 90 days, and the operation phase, which begins immediately after the preparation phase.

10.5.9 Loans and Facilities

On 14/07/2020G, the Company entered into a Murabaha-type credit facility agreement with Alinma Bank for a total amount of (100,000,000) Saudi riyals, and the term of the agreement has expired; all the amounts used from the loans were paid, thus canceling the agreement; this work is underway by the Company to issue a discharge from the bank and the procedures is under process.



10.5.10 Other Contracts

On 10/11/1442H (corresponding to 16/06/2021G), the Company entered into a membership agreement with Bayan Credit Information Company. The following is a table of its most important details:

Table No. (10-19): Membership Agreement with Bayan Credit Information Company

#	(First Party)	(Second Party)	Purpose of the Contract	Contract Date	Duration	Renewal	Value
1	Bayan Credit Bureau	Saudi Industrial Exports Company	The exchange of credit information between the two parties for the purpose of evaluating the credit comfort of customers and for any other purposes agreed upon between the two parties or stipulated by the law.	16/06/2021G	Five Gregorian years from the date of signing the contract	Automatically, unless either party notifies the other party in writing that he does not wish to renew, and that is not less than three months before the expiry of the original or renewed period	The financial consideration is determined according to the points method, so that the weight of the submitted report is determined according to a specific number of points, and it determines the price of the service provided.

10.6 Litigation

With the exception of the cases shown in the table below, the Company (and its subsidiaries) is not a party to any litigation, claim, arbitration, combined or individual administrative proceedings that exist or are likely to be instituted, that would materially affect the Company business or financial position.

It is worth noting that the Company is a party to lawsuits (as a plaintiff) estimated at (30.34) million Saudi riyals, and a party to lawsuits (as a defendant) estimated at (10.1) million Saudi riyals.

10.6.1 Lawsuits Filed by the Company in its Capacity as Claimant

Table No. (10-20): Lawsuits Filed by the Company in its Capacity as Claimant.

Claimant	Defendant	Allegation	Claimant's Claim	Defendant's Claim	Judicial entity	Current/Post-Action
Saudi Industrial Export Company	The case of the Al-Shatry Al-Mutairi Foundation	The accounting expert submitted his report to the department, and decided that the Saudi Industrial Export Company need from Ta'li Munawwar Al-Shatry Foundation, (342,831) riyals only.	Financial claim amounting to (342,831) riyals		Commercial Court (Riyadh)	On 19/03/1439H (corresponding to 07/12/2017G), a judicial decision was issued by the Execution Court obligating him to pay an amount of (4,200,000) riyals to the applicant for execution, Sadirat Company. In the session held on 14/06/1442H (corresponding to 27/01/2021G), the circuit ruled the following: First: The defendant, the Saudi Industrial Export Company, did not entitle the value of the bond to an order dated 14/07/1436H (corresponding to 03/05/2015G), issued by the plaintiff, Tala' Bin Munawwar Al-Shatry Al-Mutairi, owner of the Tali'a Munawwar Al-Shatry Al-Mutairi Commercial Corporation, with an amount of (4,210,000) riyals, issued by the decision of the Execution Court in Riyadh No. (39476863) dated 21/04/1439 H (corresponding to 01/08/01/2018G), Second: Obligating the plaintiff, Tale' bin Munawwar Al-Shatry Al-Mutairi, civil registry (1050372828), owner of the Ta'li Al-Shatry Al-Mutairi Trading Establishment, to pay the defendant, the Saudi Industrial Export Company, an amount of (348,649) riyals.



Claimant	Defendant	Allegation	Claimant's Claim	Defendant's Claim	Judicial entity	Current/Post-Action
Saudi Industrial Export Company	Riyadh Al-Dihan - in his capacity as Director of Shahd Al-Sahraa Trading Company (in which the company owns 49%)	Financial Claim - Proof of Order		Financial claim amounting to (30,000,000) riyals	Department	The department decided to convict the defendant/ Riyadh Abdul Rahman Muhammad Al-Dihan (the director of the company) of what was attributed to him of committing the crime of drawing (17) check in bad faith that has no return for an existing and withdrawable payment, in a manner that prevents its payment; he was punished for that under Article (118) by imprisoning him for a period of time. Three months shall be counted as the period of his suspension due to this case. On 30/05/1438 H (corresponding to 27/02/2017G), a judicial decision was issued by the Execution Court, obligating him to pay an amount of 30 million riyals to the applicant company. An execution dispute was opened by the defendant with transaction No. 363526023 dated 07/09/1442AH (corresponding to 19/04/2021G); a judgment was issued regardless of the case (execution dispute) in favour of the company. The suspension of executive decisions is lifted, and the bonds are being executed for an order.
Saudi Industrial Export Company	Brokers Real Estate Investment Company	End of warehouse lease contract No. (21)	--	--	Riyadh General Court, Circuit 38	The case was submitted and registered under No. 421438683 on 17/08/1442 H (corresponding to 30/03/2021G) at the General Court in Riyadh, Circuit 38. The session was attended on 25/12/1442H (corresponding to 02/08/2021G). The Judicial Department requested to attach the civil defence license of the defendant. The session was adjourned to 20/03/1443 H (corresponding to 26/10/2021G) at (10:00 a.m.) The session was adjourned for the parties to attend at the end of the session.
Saudi Industrial Export Company	Brokers Real Estate Investment Company	End of Warehouse Lease Contract No. (23)	-	-	-	A date was set for hearing the case on 24/12/1442 H (corresponding to 03/08/2021G) at 10 a.m. During the session, the case statement was submitted and the defendant responded; the department requested a review of the Civil Defense regarding the license. A letter to the civil defense was submitted, and was decided to postpone the session in order to receive the letter.
Saudi Industrial Export Company	Brokers Real Estate Investment Company	Warehouse Rental Contract No. (24-25-26)	-	-	Riyadh General Court, Chamber 47	The cases were submitted and registered under No. 421419263 dated 09/08/1442H (corresponding to 22/03/2021G) at the General Court in Riyadh, Circuit 47, and were referred to the competent departments for written pleading. The plaintiff filed its claim and the defendant did not respond to the case was closed on 25/01/1443H (corresponding to 02/09/2021G) and awaiting a date for the electronic pleading sessions.
Saudi Industrial Export Company	Rami Al-Rifai	Compensation claim	-	-	Riyadh General Court, Circuit 38	The lawsuit was submitted and registered under No. 421598134 on 01/12/1442 H (corresponding to 11/07/2021G) at the General Court in Riyadh, Circuit 38; the lawsuit is still in written pleading.



Claimant	Defendant	Allegation	Claimant's Claim	Defendant's Claim	Judicial entity	Current/Post-Action
Saudi Industrial Export Company	Abdulrahman Al-Qahtani	Punitive	Reprimanding the defendant for tampering with the company's government regulations	-	Riyadh Criminal Court, Single Circuit 13	The circuit ruled to disregard the lawsuit for lack of capacity, as the lawsuit was filed in the name of the Chairman, with the knowledge that the capacity will be corrected through the system and the lawsuit will be re-submitted.
Sarah Factory	Talal Al-Qahtani Foundation	Execution of a promissory note	Claiming the execution of a promissory note amounting to 264,000 Saudi riyals.	--		On 11/06/1442 H (corresponding to 24/01/2021G), Resolution 46 was issued under No. (400464200071970); a request was made and the execution has not been made by the executor against him till this date.
Saudi Industrial Export Company	Former Chairman and members of the Board of Directors in their personal capacity	Liability lawsuit for mismanaging the company's affairs and causing damage and losses to the company and shareholders as a result of the mistakes committed, which led to a capital reduction	Claim to compensate the company in the amount of (63,000,000) riyals for losses, in addition to obligate the defendants to pay the attorney fees.	-	Riyadh Commercial Court	The Company brought its lawsuit as plaintiff against the defendants, the Chairman and members of the Board of Directors of the eighth session in their personal capacity. The case was registered at the Commercial Court in Riyadh. The judgment was issued in Case No. 1370/1439H; the commercial courts have no jurisdiction to consider it. On 09/09/1440 H (corresponding to 14/05/2019G), the company submitted a request to set aside the judgment issued in the non-jurisdiction of the Commercial Court, and requested to consider the case. The case was registered with the Second Circuit of the Court of Appeal No. (2979) Court of Appeal. The ruling of the Court of Appeals rescinded the judgement issued by the Twenty-First Circuit of the Commercial Court in Riyadh and referred the case papers to the Circuit for consideration in substance. Note that on 03/04/1442H (corresponding to 18/11/2020G), and after referring the case to the Twenty-First Circuit of the Commercial Court, this circuit decided to strike out the case. Then, on 24/04/1442H (corresponding to 09/12/2020G), the Company submitted a request to consider the case that was struck off. Accordingly, after examining the case, the Circuit decided to open the exchange of notes. On 15/06/1443H (corresponding to 18/01/2022G), the Commercial Court in Riyadh (the Twenty-first Commercial Circuit) issued its ruling in Deed No. (437483530), ruling that the lawsuit is null and void. Based on the following reasons: The lawsuit was struck off twice, and based on Article (31) of the Commercial Courts Law, which states that if a period of (30) days has elapsed – as of the date on which the judgment issued by the court or the decision to strike it off due to the plaintiff's absence without providing an excuse acceptable to the court - and the plaintiff did not claim to proceed with the case or did not appear after proceeding with it, the court shall, on its own, consider the case as null and void. The company states that it will file an objection to the issued judgment.



10.6.2 Lawsuits Filed Against the Company in its Capacity as (Defendant)

Table No. (10-21): Lawsuits Filed Against the Company in its Capacity as (Defendant).

Claimant	Defendant	Allegation	Claimant's Claim	Defendant's Claim	Judicial Entity	Current / Post Procedure
Rami Jamal Hashem Al-Rifaii	SIEC	Remuneration and Transfer Claim - (Labour) Services	Request to refer the case to Court / Amount of money worth SAR (115,562)	Submit the Claim's data (Lawsuit's number, Judgement Deed and Court's Name)	The Committee member decided to refer the case to the Labour Court	Ended – The judgment was issued, the claimant's lawsuit was dismissed under the judgment deed Number 421507410, dated 23/09/1442H (corresponding to 05/05/2021G).
Mohamad Barakat Moeisar Al-Balawi	SIEC	Compensation Claim	Claiming a sum of SAR (1,175,307)	-	Labour Court of Riyadh	Ended – The judgment was issued on Thursday 25/04/1442H (10/12/2020G) "Failure to accept the claimant's claim due to the limitation of the right and the lapse of the period specified for the hearing " The Court of Appeal upheld the judgment issued on 22/06/1442H (corresponding to 04/02/2021G).
Amal Hodeeb Al-Shammari	SIEC	Labour Claim	The department considered the session and then decided to proceed with it in the presence of the claimant, Amal Al-Shammari, considering that the defendant (the Company) was not present for the hearing. The plaintiff limited her requests to the following: (1) - The defendant fired me without a legitimate reason, so I ask for compensation for the remaining period of the contract, which is twelve months, A total of SAR three hundred and seventy-one thousand. (2) -Reward Secretarial Nomination Committee amounting to SAR six thousand (3) - Deduction of the pledge amount, which is SAR 4,382. The court requested the submission of evidence and proof from the plaintiff, who asked for more time to collect evidence. The date of the next session was set for Wednesday 7/6/1442H corresponding to 20/1/2021G at 10:00 AM	labor	Saudi Industrial Export Company	On 08/06/1442H (corresponding to 21/01/2021G), the verdict was issued obligating the defendant to give the plaintiff an amount of SAR (12,825) Saudi End of service Remuneration. The judgment was executed and the Company paid the amount. An appointment has been booked at the Execution Court under No. (2419928) on Wednesday, 18/12/1442H (corresponding to 28/07/2021G) At 10 AM to receive the check. The check was received and given to the Company.
Saudi Summit Trading Company	SIEC	Financial claim for the value of the (sulfur) substance	Claim the amount of SAR (290,459.92)		The Court of Appeal	A judgment was issued obligating the Company to pay an amount of (265,459.92) Saudi riyals for the goods and an amount of (25,000) Saudi riyals in return for attorney fees. The case was registered in the court's appeal list No. (67383), dated 18/03/ 1442H (corresponding to 04/11/2020G) After filing an appeal list. A final judgment was issued, it was implemented, and the Company paid the full amount.
The case of the Company's former lawyer, Dr. Hassan Al Mulla's Firm	SIEC	Financial Claim	Claiming a sum of money equal to SAR (331,000)		Court of Appeal	A judgment was issued by the Court of Appeal on 14/05/1442H (corresponding to December 29, 2020G), obligating the Saudi Industrial Export Company to pay the plaintiff, Hassan Issa bin Issa Al-Mulla, an amount of (331,000) Saudi riyals.



Claimant	Defendant	Allegation	Claimant's Claim	Defendant's Claim	Judicial Entity	Current / Post Procedure
The case of the Company's former lawyer, Dr. Hassan Al Mulla's Firm	SIEC	Financial Claim	Obligating the Company to pay (sixty thousand Saudi riyals), which represents the remainder of (the plaintiff's) fees from the contract concluded between the two parties.			A judgment was passed, in favour of the Company, dismissing the case
The case of the Company's former lawyer, Dr. Hassan Al Mulla's Firm	SIEC	Financial Claim	Obligating the company to pay (one hundred thousand Saudi riyals), which represents the remainder of (the plaintiff's) fees from the contract concluded between the two parties			A court ruling was issued obligating the Company to pay an amount of (100,000) Saudi riyals.
Riyadh Al-Dihan - Shahd Al-Sahraa Trading Company	The plaintiff/ Faisal Abdul Mohsen Al-Rasis	Dispute Case Execution of a Promissory Note	<ul style="list-style-type: none"> Termination of the request for the execution of the promissory notes issued (in his personal capacity) Handing over the assets under the pretext that Shahd Al-Sahraa Trading Company has fulfilled the value of the promissory notes. 	The Company has not yet been asked to provide its response.	Executing Court	The lawsuit is closed and a judgment has been passed in favor of the company, regardless of the lawsuit.
Faisal AbdulMohsen Al-Rassis & Sons Group Company, a closed joint stock company	SIEC	Financial claim - for the payment of the lease for the Company's previous head office	<ul style="list-style-type: none"> Claiming the value of the lease for the first instalment for the period from 1/7/1441H to 30/06/1442H for Office No. 403 in Al-Dhabab, Building 5, in Al-Murabba Neighborhood No. 1585. The leasing is commercial and the contract is annual and automatically renewed and paid in two instalments) and it is requested to bind the Company to pay the amount of SAR (78,750). 	The Company's response has not yet been requested.	Riyadh General Court	On 04/04/1443H (corresponding to 09/11/2021G), the General Court in Riyadh issued a ruling obligating the Saudi Industrial Export Company to pay an amount of (150,000) to the plaintiff, representing the rent amount of the specified property for the period from 01/07/1441H until 30/06/1442H.
Abdulrahman Al-Qahtani	-	Labour Claim	Claiming a 15-day salary of SAR 4,050	-	-	The case is closed and a final judgment has been issued with a salary of (15) days. So far, the judgment has not been submitted to the executing court. In the event of execution, the Company is obligated to pay the amount.
Shahad Al Sahra Company	SIEC	Commercial / Financial Claim	Claiming the value of checks worth thirty million Saudi riyals.	-	Commercial Court	The checks case is still pending in the Commercial Court, and so far, Riyadh Al-Dihan has not proven the payment as he claims. The response memorandum was submitted on 26/11/1442H (corresponding to 06/07/2021G). The lawsuit is reserved to judgement in the hearing of 29/01/1443H (corresponding to 06/09/2021G). The judgment was issued by Deed No. (431967413) dated 24/04/1443H (corresponding to 29/11/2021G) dismissing the lawsuit and giving the plaintiff the right to file an objection to the judgment.
Khaled Al-Wara	SIEC	Labour Claim	Financial claim equal to SAR 86,629	-	Commercial Court	A judgment was issued regardless of the case because the Commercial Court did not have jurisdiction to hear the case.



Claimant	Defendant	Allegation	Claimant's Claim	Defendant's Claim	Judicial Entity	Current / Post Procedure
Ahmad Masoud	SIEC	Labour Claim	Claiming late salaries, salary deductions, end of service gratuity, vacation allowance, and compensation for unfair dismissal.	-	Court of Appeal	Judgment has been issued against the company to pay the wage in question of (8,333) Saudi riyals, deducted wages of (37,500) Saudi riyals, end-of-service benefits amounting to (16,562) Saudi riyals, the vacation leave in question of (13,333) Saudi riyals, and a compensation for dismissal of (52,500) Saudi riyals. An objection was submitted to the judgment. The verdict was upheld by the Court of Appeal under deed No. 427160818 dated 25/11/1442H (corresponding to 05/07/2021G).
Hazem Al-Dossary	SIEC	Labour Claim	Claiming end-of-service indemnity, two months' salary, the Board membership bonus, and an attendance allowance for each Board meeting.	-	Labour Court	The court's hearing was attended on 01/01/1443H (corresponding to 09/08/2021G), and the Company submitted its response along with the documents and it was decided to obligate the Company to pay the end of service indemnity of (64,340.45) Saudi riyals, a vacation leave allowance of (53,640) Saudi riyals, and September's salary of (96,025) Saudi riyals. A verdict objection list is under preparation to claim compensation for the notice period.

Source: The Company



10.7 Trademarks

- The Company has a trademark (Sadirat), which was filed with the Saudi Authority for Intellectual Property on 06/09/1441H (29/04/2020G) with Application (225263) category (4), as of the date of publication of this Prospectus, the trademark was not properly registered. If the competent authority approves the registration of the trademark and the issuance of its certificate, the Company can put its name and logo on the external facade of its building or their offices, because it has registered the trademark and granted the necessary legal protection in accordance with the trademark law. The Company branch (Sarah Factory for Medical Supplies) has 3 trademarks registered at the Ministry of Commerce; so, the Company is allowed to put its name and logo on the external facade of its building or their offices, because it has registered the trademark and granted the necessary legal protection in accordance with the trademark law. The table below shows the Company trademarks:

Table No. (10-22): Trademarks.

#	Certificate Number	Registration Date	Company Owner	Protection Start Date	Protection End Date	Category	Trademark
1	35/540	14/06/1421H corresponding to 12/09/2000G	Sara Medical Supplies Factory	17/11/1420H corresponding to 23/02/2000G	16/11/1430H corresponding to 04/11/2009G	10	Baby Love"
2	34/590	16/07/1422H corresponding to 03/10/2001G	Sara Medical Supplies Factory	20/08/1417H corresponding to 31/12/1996G	19/08/1427H corresponding to 12/09/2006G		Baby Care"
3	61/533	01/05/1421H corresponding to 01/08/2000G	Sara Medical Supplies Factory	11/09/1419H corresponding to 30/12/1998G	10/09/1429H corresponding to 10/09/2008G	23	Sara Med"

Source: The Company

* The register trademarks authority was transferred to the Saudi Authority for Intellectual Property.

** All trademarks have expired, and their data has not been updated in terms of the name of the license holder, as it is still registered under the name of Dr. Hassan Muhammad Al-Suwaidan, owner of Sarah factory, before transferring his ownership to Sadirat.

The Company is compliant to register its website <https://www.siec.com.sa/> with the Communications and Information Technology Commission.

It should be noted that the Company does not have any intangible assets except for its trademark as on the date of publication of this Prospectus.

10.8 Insurance

The Company, its subsidiaries maintain insurance policies to cover some risks, and protect its assets and properties, including the followings:

- The Company has a health insurance policy for its employees and their families concluded with the Company for Bupa Arabia for Cooperative Insurance Company, a Company licensed to work in KSA. This document is valid for one year, from 18/10/2021G until 17/10/2022G. This policy covers health care through the network of service providers appointed by the Company, and provides that the claim is covered by insurance coverage.
- The Company owns 2 vehicles, according to a report issued by the Ministry of Interior dated 29/11/2021G, including details about the type and model of the vehicle, plate number, name and ID number of the user. The report indicates that the vehicle insurance policy has expired.
- Note that the Company has a comprehensive insurance policy for the vehicles it owns concluded with the Al-Rajhi Takaful Company, a Company licensed to operate in KSA, from 23/06/2020G until 23/06/2021G. This policy covers 1 vehicle; the liability limits extend to SAR 10,000,000.



10.9 Material Information that has Changed Since the Authority's Approval of the Latest Prospectus

The following is a summary of the most prominent information that has changed since the Authority approval of the latest rights issue Prospectus, which was issued on 23/11/1439H (corresponding to 05/08/2018G):

- **Company Capital:** On 29/01/1440H (corresponding to 09/10/2018G), the Extraordinary General Assembly of shareholders agreed to increase the Company capital from SAR 10,800,000 to SAR 64,800,000, and increase the number of shares from 1,080,000 to 6,480,000, increasing the number of shares from 1,080,000 to 6,480,000, with an increase of 500%, by offering and listing priority rights shares for 5,400,000 shares on the shareholders registered with the Securities Depository Center (Edaa), at the end of trading on the second day following the holding of the Extraordinary General Assembly. The association also approved the amendment of the seventh and eighth of the By-laws accordingly. On 05/22/1443H (corresponding to 12/26/2021G), the company's board of directors issued a decision that included a recommendation to reduce the company's capital to become, after the reduction, (21,600,000) twenty-one million six hundred thousand Saudi riyals. Ordinary share with a nominal value of (10) ten Saudi riyals per share. And on 06/07/1443 H (corresponding to 07/02/2022G), the Capital Market Authority approved the company's request to reduce its capital from (64,800,000) sixty-four million eight hundred thousand Saudi riyals to (21,600,000) twenty-one million six hundred thousand Saudi riyals, and thus Reducing the number of shares from (6,480,000) six million four hundred and eighty thousand shares to (2,160,000) two million one hundred and sixty thousand shares. The Extraordinary General Assembly held on 07/14/1443H (corresponding to 02/15/2022G) approved this reduction. The Assembly also agreed to amend Article Seven and Eight of the By-laws accordingly.
- **Board of Directors:** A new Board of Directors was elected for a new term of 3 years, from 13/10/1440H (corresponding to 16/06/2019G) until 16/11/1443H (corresponding to 15/06/2022G).
- **Board Committees:** The Executive Committee and the Investment Committee were merged under the name of the Executive and Investment Committee; the Chairman and members of the Committee were appointed by the Board of Directors in its meeting dated 04/09/2018G. On 09/11/2020G, it was approved to separate the two committees, and to keep the Executive Committee as an independent committee. However, on 15/05/1442H (corresponding to December 30, 2020G), the Board of Directors reconsidered its previous aforementioned resolution and decided to change the name of the Committee from the Executive Committee to the Executive and Investment Committee and to appoint its members.
- The Risk Committee was also canceled in the sixth meeting of the Board of Directors dated 09/11/2020G.
- A review committee was formed for a new session from 01/10/2019G until 15/06/2022G.
- **Chairman of the Board of Directors:** Appointment of a new Chairman and Vice President.
- **CEO:** The resignation of the former CEO and the appointment of a serious CEO, Dr. Suleiman Hamad Al-Jedaie, on 30/09/2020G.
- **General Manager of Sara Factory:** Dr. Sulaiman Hamad Al-Jedaie was appointed General Manager of Sara Factory for Medical Supplies, on 30/09/2020G.
- **Company's Losses:** The accumulated losses of the Company reached more than 20% of the capital, reaching 62.27% as on 31/03/2021G
- **New Branches:** Two branches of the Company were opened in the United Arab Emirates and Sudan.
- **Company's Head Office:** The headquarters of the Company general administration has been moved to the new location in Riyadh, Al-Ghadeer district, King Abdul Aziz Road, View Plaza Al-Ghadeer building, third floor, office (20,21), on Wednesday 02/07/1441H (corresponding to 26/02/2020G).
- **Subsidiaries or Companies in which the Company Owns Shares:** In August 2020G, the commercial registration certificate of Shahad Al Sahara Trading Company was liquidated and canceled. The Company exited Warehousing and Logistics Services Company. The Company's entire share of (3.8%) was sold.
- **By-laws:** The By-laws were amended; a new version was issued in accordance with the resolution of the Extraordinary General Assembly held on 07/14/1443H (corresponding to 02/15/2022G), which was approved by the Ministry of Commerce (Corporate Governance Department) on 07/28/1443H (corresponding to 01/03/2022G).
- **Board of Directors' Recommendation for a Capital Increase:** On 22/05/1443H (corresponding to 26/12/2021G), the Company's Board of Directors issued a resolution that includes a recommendation to decrease the Company's capital by (66.66%) to become (21,600,000) twenty-one million six hundred thousand Saudi riyals, to amortize an accumulated loss of Forty-three million two hundred thousand (43,200,000) Saudi riyals.
- The Board of Directors also recommended, subject to the same resolution, to increase the Company's capital through the issuance of priority rights at a rate of (800%), so that the capital, after the increase, shall become (194,400,000) one hundred ninety-four million four hundred thousand Saudi riyals by issuing (8) priority rights for each share to raise the financial suitability and strategic expansion of the Company.



- **Dissolving the Jordanian Subsidiary:** The Board of Directors issued a decision dated 23/07/1442H (corresponding to 07/03/2021G), approving the dissolution of the subsidiary, the Saudi Industrial Export Company in Jordan, due to lack of economic feasibility and in order to reduce public and administrative expenses.
- **Use of Rights Issue Proceeds for the year 2018G:** The Company issued new shares in 2018G after the approval of the (Extraordinary) General Assembly on 10/09/2018G to increase its capital, for the purpose of supporting the financial position of the Company and develop its business activity and operations. Pursuant to this offering, the Company obtained an amount of (54,000,000) four Fifty million Saudi riyals from shareholders as a result of offering (5,400,000) five Million four hundred one thousand shares from rights issue for SAR (10) per share, representing the nominal value. The following table shows the uses of the actual offering proceeds and their percentage, amounts and deviation rate and the reasons of deviation for each project or item as follows:

No.	Client's Name (Company)	Declared Amount (SAR)	Actual Use (SAR)	Deviation Amount (SAR)	Deviation Rate	Actual Expenditure vs Planned Expenditure	Deviation Reasons and Project/Item Position
1	Saudi Aramco Lubricating Oil Refining Company (Luberef)	4,500,000	402,393	4,097,607	(91%)	9%	Luberef stopped working for maintenance during the period, in addition to the drop in international sulfur prices
2	Al Jouf Cement Company	6,000,000	0	6,000,000	(100%)	0%	Suspending the import of cement in the Hashemite Kingdom of Jordan
3	Abdul Rahman Al Abdul Aziz Al Shaalan Sons Trading Company	18,000,000	0	18,000,000	(100%)	0%	No agreement has been reached on prices to date
4	New Marketing Contracts*	21,500,000	40,954,628	19,454,628	(90%)	190%	Profitability opportunities are higher for contracts
5	Remaining Amount	0	8,604,867	49,940,505	(100%)	100%	
Total		54,000,000	54,000,000	-			

* The Company's management decided to direct part of the offering proceeds to finance new contracts, and they were disbursed as shown in the table below:

No.	Description	Paid Amount (SAR)
1	National Polymer Industrialization Company during the first quarter of 2019G	2,572,220
2	Investment in deals with Saudi Aramco to export (sulfur)	38,382,408

- **Judicial Claims:** The previous prospectus included a statement of judicial claims under lawsuits brought by the company in the State of Ethiopia against a number of debtors, namely:
 - (1) Awad Ahmed Al-Amin (it was announced amicably settlement without the debt being collected).
 - (2) Al-Borouj General Trading and (3) Nork Agro Industries (these lawsuits were still pending until the date of issuance of the previous prospectus).

And on 06/08/1443 H (corresponding to 03/09/2022 G), the company received a final report from the company's external lawyer stating that the claims had been settled with the above-mentioned parties, with a total value of five million three hundred and thirty-seven thousand and fifty-one (5,337,051) dollars. As a result of this settlement, the parties agree to withdraw all claims and terminate all judicial proceedings between them. As of the date of this prospectus, the amounts settled have not been collected

10.10 Directors' Declarations Pertaining to Legal Information Section

In addition to the other declarations referred to in this Prospectus, the members of the BOD declare the following:

- The issuance does not constitute a breach of the relevant Saudi laws and regulations.
- The issuance does not constitute a breach of any contract or agreement entered into by the Company or its subsidiary.
- All material legal issues concerning the Company and its subsidiary have been disclosed in this Prospectus.
- The Company and its subsidiary are not subject to any claims, litigious cases or any other type of legal proceedings that could individually or collectively have a material effect on the business of the Company or its subsidiary or their financial position.
- The Directors are not subject to any claims, litigious cases or any other type of legal proceedings that could individually or collectively have a material effect on the business of the Company or its subsidiary or their financial position.



11. Underwriting Arrangement

The Company and the Underwriter, have entered into an undertaking agreement to cover the subscription of (17,280,000) seventeen million two hundred eighty thousand ordinary shares, at a price of SAR 10/share, with a total value of SAR (172,800,000) one hundred seventy-two million eight hundred thousand Saudi riyals, representing the entire amount of the rights shares being offered for subscription (“Underwriting Agreement”).

11.1 The Underwriter

Al Khair Capital Saudi Company

Riyadh, King Abdulaziz Road, Ministries District, Madarat Towers

P.O. Box: 69410, Riyadh 11547

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الخير كابيتال
ALKHAIR CAPITAL



11.2 Summary of the Underwriting Agreement

In accordance with the terms and conditions of the Underwriting Agreement:

- 1- The Company pledges to the underwriter that on the date of allocation, all the Right issue shares promised to be covered will be issued and allocated to the underwriter in this subscription, which were not subscribed by the eligible shareholders as additional shares, and that at the subscription price.
- 2- The underwriter undertakes to the Company that on the date of allocation, he will purchase the shares pledged to be covered in this subscription, which were not subscribed by the eligible shareholders as additional shares, and that at the subscription price.
- 3- The underwriter charges a specific financial consideration in exchange for his underwriting, which will be paid from the proceeds.



12. **Waivers**

The Company has not submitted a waiver request to the CMA in relation to this Offering.



13. Information related to shares and the provisions of the offering

The Company has filed a request with the CMA for registration and admission of the New Shares, and with the Saudi Stock Exchange (Tadawul) for listing the New Shares. All requirements have been fulfilled in accordance with the Rules on the Offer of Securities and Continuing Obligations and the Listing Rules.

All Eligible Persons and bidding investors shall read the Offering terms and conditions carefully before online subscription or submission of the Subscription Application form through a broker or filling of the Rump Offering form. The submission of the Subscription Application form, or signing and delivery of the Rump offering form shall be deemed an approval and acceptance of the aforementioned offering's terms and conditions.

13.1 The Offering

The offering is an increase in the Company capital by issuing Right issue shares at the value of SAR (172,800,000) one hundred seventy-two million eight hundred thousand Saudi riyals, divided into (17,280,000) seventeen million two hundred eighty thousand ordinary shares, with a nominal value of SAR 10 per share, at an offer price of SAR 10 per share.

13.2 How to Apply for Subscription to the Rights (New Shares)

Eligible shareholders wishing to subscribe to the Rights Issue shall submit the Subscription Applications during the Subscription Period through the investment portfolio in the trading platforms used to insert purchase and sale orders in addition to subscribing through other channels available at the broker and shares Custodian. If there is a Rump offering period, Subscription Application Forms can also be submitted during such period by Institutional Investors for any Rump Shares only.

By presenting the Subscription Application form, the Subscriber declares that they will:

- Agree to subscribe for the Company Shares in the number of such Shares specified in the Subscription Application.
- Declare that he/she has read the Prospectus and understood its content.
- Accept the Company By-laws and the terms of the Prospectus.
- Not Apply to subscribe to the same shares for this offering through broker, and the Company has the right to reject all applications in the event of a repeat subscription request.
- Accept the number of Shares allocated thereto and all other subscription instructions and terms mentioned in the Subscription Application Form and in this Prospectus.
- Make sure not to cancel or amend the Subscription Application Form after submitting it to the Broker.

13.3 Subscription Application Form

Eligible Persons wishing to exercise their full right and subscribe for all the New Shares to which they are entitled must fill and submit a completed Subscription Application Form through the investment portfolio in the trading platforms used to insert purchase and sale orders in addition to subscribing through other channels available at the broker and shares Custodian.

The number of Shares to which the Eligible Person is entitled to subscribe will be calculated based upon the number of Rights held by him. As for the subscription monies that the subscriber must pay for the New Shares will be calculated by multiplying the number of Rights owned prior to closing of the Subscription Period by SAR 10.

13.4 Trading Period, Offering Period and Rump Offering Period

Eligible Shareholders wishing to subscribe to the Rights shall submit the Subscription Application during the Subscription Period, which begins on Monday 22/10/1443H (corresponding to 23/05/2022G) and ends on Thursday 03/11/1443H (corresponding to 02/06/2022G).

The EGA held on 10/10/1443H (corresponding to 11/05/2022G), approved the recommendation of the BOD to increase the Company share capital through Rights Issue. Under this Prospectus, 17,280,000 seventeen million two hundred eighty thousand Ordinary Shares (800% of the Capital before the offering period) will be offered at a nominal value of SAR 10/share, and at an Offer Price of SAR 10/share, with a total value of SAR (172,800,000) one hundred seventy-two million eight hundred thousand Saudi riyals. New shares will be issued with one share for every eight (8) shares. Rights Subscription is entitled to all Shareholders registered in the Company register as of the close on the second trading day following the EGA Meeting dated Sunday 14/10/1443H (corresponding to 15/05/2022G), and to those Eligible Persons who purchased the offered Rights during the Trading Period in addition to the Registered Shareholders who purchased additional Rights alongside the Rights they already own.

In the event that the Eligible Persons do not exercise their right to subscribe to the New Shares at the end of the Offering Period, the Rump Shares, in addition to Fractional Shares (if any) will be offered to the Institutional Investors during the Rump Offering Period.



The Registered Shareholders may trade in the Rights deposited in their portfolios through the Tadawul system. Such Rights are deemed a right entitled to all Shareholders registered in the Company register as of the close on the second trading day following the EGA Meeting. Each Right grants its holder eligibility to subscribe to one New Share at the Offer Price. The Rights will be deposited after the Extraordinary General Assembly. The Shares will appear in the portfolios of Registered Shareholders under a new symbol that designates Priority Rights.

Rights shares will be offered according to the phases and dates set out below:

- 1- **Eligibility Date:** Close of trading on the day of the EGA Meeting dated Wednesday 10/10/1443H (corresponding to 11/05/2022G).
- 2- **Trading Period and Offering Period:** The Trading Period and Offering Period start on Monday 22/10/1443H (corresponding to 23/05/2022G), and the Trading Period will end on Monday 29/10/1443H (corresponding to 30/05/2022G), while the Offering Period will continue until the end of Thursday 03/11/1443H (corresponding to 02/06/2022G).
- 3- **Rump Offering Period:** The period will start at 10:00 am on Tuesday 08/11/1443H (corresponding to 07/06/2022G) until the following day at 5:00 pm on Wednesday 09/11/1443H (corresponding to 08/06/2022G). During this period, Rump Shares will be offered to several institutional investors (referred to as "Investment Institutions"). These investment institutions shall make offers to buy the Rump Shares during the Rump Offering Period. The Rump Shares will be allocated to the Investment Institutions in order of priority based on the price per Share offered (provided that it is not less than the Offering Price) with shares being allocated on a proportional bases among those Institutional Investors that tendered offers at the same price. Fractional Shares will be added to the Rump Shares and treated in the same manner. In the event that the price of the unsubscribed shares is higher than the offer price, the difference (if any) shall be distributed as compensation to holders of priority rights who did not subscribe for their rights in proportion to the rights they own.
- 4- **Final Allocation of Shares:** Shares will be allocated to each investor based on the number of Rights properly and fully exercised thereby. As for Shareholders entitled to fractional Shares, these shall be accumulated and offered to Institutional Investors during the Rump Offering. The total remaining Offering Price will be paid to the Company, and the remaining proceeds from the sale of the Rump Shares and fractional shares (i.e., above the offering price) shall be paid to the Eligible Persons, no later than Sunday 13/11/1443H (corresponding to 12/06/2022G).
- 5- **Trading of New Shares on the Exchange:** Trading in the New Shares will start on Tadawul upon the completion of all procedures relating to the registration, allocation and listing of the New Shares.

The Company has applied to the CMA for registration, admission and offering of the New Shares, and has also applied to Tadawul for listing the New Shares.

13.5 Allocation and Refund

The Company and the Lead Manager will open an escrow account in which the proceeds of the Offering will be deposited. The Rights shall be allocated to Eligible Persons based on the number of Rights properly and fully exercised by it. As for the fractional Shares, these shall be accumulated and offered to Institutional Investors during the Rump Offering. The total remaining offering price will be paid to the Company, and the remaining proceeds from the sale of the Rump Shares and fractional shares (i.e., above the offering price, if any) shall be paid to Eligible Persons, whichever is due by the date of Thursday 17/11/1443H (corresponding to 16/06/2022G). Excess unsubscribed Shares shall purchase by and allocated to the Underwriter at the launch price.

Final notice for the number of Shares allocated to each Eligible Person is expected to take place by depositing the shares into the accounts of Subscribers without any charges or withholdings by the Lead Manager. Eligible Persons shall contact the branch of the Broker where they have submitted the Subscription Application Form to obtain any further information. The announcement regarding the allocation shall be made no later than Sunday 13/11/1443H (corresponding to 12/06/2022G).

The Cash compensation amounts (the remaining proceeds of the offering process beyond the offering price) will be paid to the Eligible Persons who did not subscribe wholly or partially to the Rights (if any) without any commissions or deductions no later than one day, dated Monday 17/11/1443H (corresponding to 16/06/2022G).

13.6 Supplementary Prospectus

In accordance with the requirements of the Rules on the Offer of Securities and Continuing Obligations, A supplementary Prospectus must be submitted to CMA if, at any time after the date of the publication of this Prospectus and before the completion of the offering, the Company becomes aware that:

- There has been a significant change in material matters contained in this Prospectus.
- Additional significant matters have become known which would have been required to be included in this Prospectus.

The investor who subscribed for the new shares prior to the publication of the supplementary Prospectus may cancel or amend his subscription for these shares before the end of the offering period.

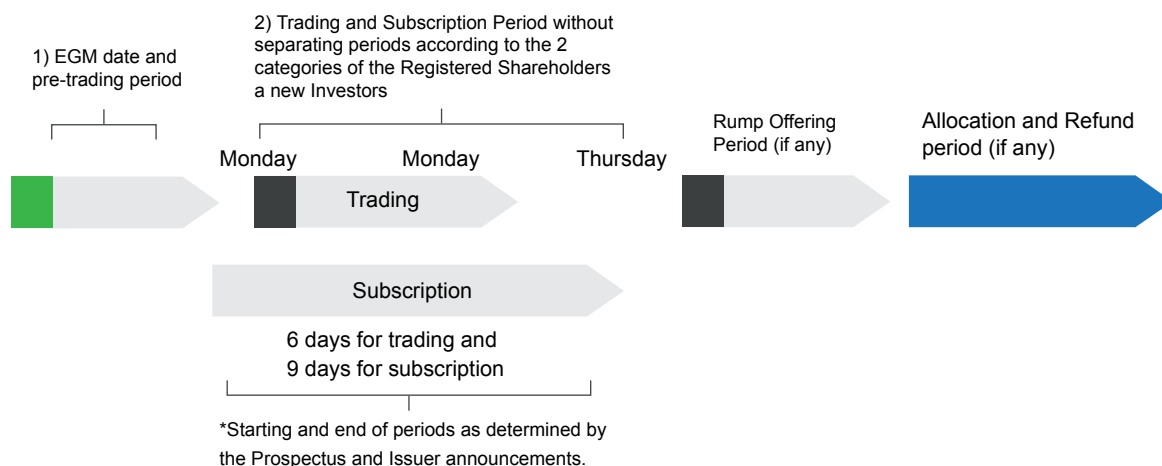


13.7 Suspension or Cancellation of the Offering

The CMA may at any time issue a decision to suspend the offering if it deems that the offering may result in a breach of the capital market law, its implementing regulations, or the market rules. In addition, the offer will be canceled if the EGA does not approve any of the details of the offer.

The following figure shows the mechanism for trading and subscribing to the traded right issue.

Figure (2): Mechanism for trading and subscribing to the traded right issue.



13.8 Allocation and Refund period

Questions and Answers on Rights issue

What is a Rights issue?

Rights are tradable securities that give their holder the right to subscribe to the new shares offered, upon approval of the capital increase. All shareholders registered in the Company's shareholders register (at the Depository Center) at the close of the second trading day following the date the Extraordinary General Assembly at which the capital increase has been approved will be entitled to receive the Rights. Each right grants its holder eligibility to subscribe for one new share at the offering price.

Who is granted the Rights?

All registered shareholders recorded in the Company's shareholders register at the close of trading on the second trading day following the date of the Extraordinary General Assembly at which the capital increase has been approved.

Who is a Registered Shareholder?

Any shareholder whose name appears in the Company's Shareholders' Register at the end of second trading day following the Extraordinary General Assembly at which the capital increase has been approved.

When are the Rights deposited?

After the Extraordinary General Assembly convenes and its approval of the capital increase through the offering of Right issue shares, the Rights issue are deposited as securities in the shareholders' own portfolios in the Company's shareholders' register at the Depository Center at the end of the second trading day after the extraordinary general meeting. The shares will appear in their portfolios under a new symbol for Rights issue. Trading or subscribing to these rights will not be permitted until the beginning of the trading and subscription periods.

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

The notification is made through announcement on the Tadawul website, as well as through the (Tadawulaty) service provided by the Securities Depository Center Company, and short text messages sent through the brokerage firms.

How many Rights issue can be acquired by a registered shareholder?

The number is subject to the rights issue ratio and the number of the current shares held by the registered shareholder as at the close of the second trading day after the date of the Extraordinary General Assembly.



What is the Rights issue ratio?

It is the ratio that enables registered shareholders to know how many Rights he/she is entitled to in relation to the current shares that he/she already owned at the close of the second trading day after the date of the Extraordinary General Assembly meeting at which the capital increase has been approved. This parameter is calculated by dividing the number of new shares by the number of the current shares of the Company, and accordingly, the eligibility factor is (8) right approximately for every (1) share owned by the registered shareholder on the eligibility date, and accordingly, if a registered shareholder owns (1000) shares on the eligibility date, then he will be allocated (8,000) eight thousand rights in exchange for the shares he owns.

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

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

What is the right's value upon the commencement of trading?

The opening price of the Rights is the difference between the Company's share closing price on the day preceding such Right's listing, and the Offer Price (indicative Rights value). For example: If the closing price of a share on the preceding day is SAR (40) Fourteen Saudi Riyals and the Offer Price is SAR (10) ten Saudi Riyals, the opening price of the Rights will, at the beginning of trading, be SAR (30) (40-10=30 Saudi Riyals).

Can Registered Shareholders subscribe for additional shares?

Yes, the registered shareholders can subscribe for additional shares by purchasing new Rights through the market during the trading period.

Is it possible for a Registered Shareholder to lose his eligibility to subscribe even if he has the right to attend the Extraordinary General Assembly and vote on the capital's increase through a Rights issue?

Yes, the shareholder loses his right to subscribe if he sells his shares on the day of the Extraordinary General Assembly meeting or one business day before it.

How does the subscription take place?

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

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

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

In the event that the Company's shares are owned through more than one investment portfolio, in which portfolio the Rights will be deposited?

Rights will be deposited into the same portfolio where the related shares exist. For example, if a shareholder owns (1,000) (one thousand) shares in the Company, (800) of them in portfolio (A) and (200) in portfolio (B), then the total number of rights to be deposited are (8,000) (eight thousand) rights considering that each share has (8) rights. In this case, 6,400 (six thousand four hundred) rights will be deposited in portfolio (A) and 1,600 (one thousand six hundred) rights will be deposited in portfolio (B).

Are share certificate holders allowed to subscribe and trade?

Yes, they are allowed to subscribe. However, they will only be able to trade after depositing their certificates in electronic portfolios through the recipient or Tadawul Securities Depository Center Company ("Edaa") and submitting the requisite documents.

Are additional Rights purchasers entitled to trade them once again?

Yes, purchaser of additional rights may sell them and purchase other rights only during the trading period only.

When can a shareholder subscribe for the Rights he purchased during the Trading Period?

After settlement of the purchase of Rights (two working days), provided that he shall subscribe to the Rights during the Subscription Period.

Can a holder of Rights sell or assign them after expiry of the Trading Period?

That is not possible. After the expiry of the Trading Period, holder of the Rights may only exercise the right to subscribe for the Rights or not. In case the Right is not exercised, the investor may be subject to loss or decrease in the value of his investment portfolio or profit in the event that shares are sold in the Rump Offering Period at a price higher than the Offering Price.



What will happen to Rights that are unsold or unsubscribed 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) for the Rights holder will be calculated after deducting the subscription price. The investor may not receive any compensation if the sale occurs in the Rump Offering Period at the Offering Price.

What will happen in the event of subscribing to the new shares and selling the rights thereafter?

In the event that the Registered Shareholder subscribes and then sells the Rights, yet the number of purchased Rights is not equal to the number of Rights he subscribed for before the end of the trading period, then the subscription application will be entirely rejected in case all Rights are fully or partially sold, and the shareholder will be notified and refunded through his intermediary.

Who has the right to attend the Extraordinary General Assembly and vote to increase the Company capital by offering Right issue shares?

A shareholder who owns the share two days prior to the meeting of the Extraordinary General Assembly and is registered in the shareholders' register of the Company at the depository center after the end of the trading day of the Extraordinary General Assembly Day has the right to attend the Extraordinary General Assembly and vote on an increase in the Company capital by first proposing their right.

When is the share adjusted as a result of the Company capital increase by offering Right issue shares?

The share price is adjusted by the market before the start of trading on the day following the day of the Extraordinary General Assembly.

If an investor purchases security on the day of the Assembly, is he entitled to obtain the Right issue resulting from the increase in the issuer capital?

Yes, as the investor will be registered in the register of the shareholders of the Company after two business days from the date of the purchase of the shares (i.e., by the end of the second trading day on the day of the Extraordinary General Assembly meeting), knowing that the two rights of the first share will be awarded to the Company. The next trading day is the date of the Extraordinary General Assembly. However, he will not have the right to attend or vote in the Extraordinary General Assembly to increase the capital.

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

The investor share will be distributed to the portfolios owned by the investor, according to the percentage of ownership in each portfolio, and in case there are fractions, those fractions will be combined, and if you complete a correct number or more, the correct number is added to the shareholder in the portfolio.

What are Trading and Subscription periods?

Trading in and Subscription to the Rights shall commence at the same time until the end of trading on the sixth day, while 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, that is not possible.

Can public investors other than registered shareholders subscribe to rights issue shares?

Yes, after completing the purchase of the Right issue during the Trading period.

Further Assistance:

In case of any inquiries, please contact the Company on the e-mail (shareholder.relations@siec.com.sa). For legal reasons, the Company will only be able to provide the information contained in this Prospectus and will not be able to provide advice on the merits of issuing rights or even provide financial, tax, legal or investment advice.

For more information on the Subscription terms, conditions and instructions, please refer to Section (13) "Information related to shares and the provisions of the offering" as well as other information contained in this Prospectus.



13.9 Decisions and Approvals According to Which Shares Will be Offered

- On 22/05/1443 H (corresponding to 26/12/2021G), the company's board of directors issued a decision that included a recommendation to reduce the company's capital to become, after the reduction, (21,600,000) twenty one million six hundred thousand Saudi riyals. The Board of Directors also recommended, according to the same resolution, to increase the company's capital through the issuance of rights issue shares, so that the company's capital after the increase becomes (194,400,000) one hundred and ninety-four million four hundred thousand Saudi riyals divided into (19,440,000) nineteen million four hundred and forty thousand shares Ordinary with a nominal value of (10) ten Saudi riyals per share.
- On 06/07/1443 H (corresponding to 07/02/2022G), the Capital Market Authority approved the company's request to reduce its capital from (64,800,000) sixty-four million eight hundred thousand Saudi riyals to (21,600,000) twenty-one million and six hundred thousand Saudi riyals. Consequently, the number of shares has been reduced from (6,480,000) six million four hundred and eighty thousand shares to (2,160,000) two million one hundred and sixty thousand shares. And on 14/07/1443H (corresponding to 15/02/2022 G), the Extraordinary General Assembly agreed to reduce the company's capital from (64,800,000) sixty-four million eight hundred thousand Saudi riyals to (21,600,000) twenty-one million six hundred thousand riyals Saudi and reducing the number of shares from (6,480,000) six million four hundred and eighty thousand shares to (2,160,000) two million one hundred and sixty thousand shares.

And on 14/08/1443H (corresponding to 17/03/2022 G), the Capital Market Authority's approval was issued for the company's request to increase the company's capital, by offering rights-based shares at a value of (172,800,000) one hundred and seventy-two million eight hundred thousand Saudi riyals , from (21,600,000) twenty-one million six hundred thousand Saudi riyals to (194,400,000) one hundred and ninety-four million four hundred thousand Saudi riyals, thus increasing the number of shares from (2,160,000) two million and one hundred and sixty thousand shares to (19,440,000) nineteen million four hundred and forty thousand ordinary shares .

On 10/10/1443H (corresponding to 11/05/2022G), the company's extraordinary general assembly agreed to increase the company's capital through the issuance of rights issue shares, and the subscription is represented by an offering (17,280,000) seventeen million two hundred and eighty thousand A new ordinary share at an offer price of ten (10) Saudi riyals per share, and a nominal value of ten (10) Saudi riyals, in order to increase the company's capital from (21,600,000) twenty-one million and six hundred thousand Saudi riyals, to (194,400,000) one hundred and four Ninety million four hundred thousand Saudi riyals, and an increase in the number of shares from (2,160,000) two million one hundred and sixty thousand ordinary shares to (19,440,000) nineteen million four hundred and forty thousand ordinary shares.

Then The Saudi Tadawul Company (Tadawul) approved the application for listing the new shares on 09/07/1443H (corresponding to 08/02/2022G). Also, the publication of this Prospectus and all the supporting documents requested by the Authority were approved on the announcing date on the Authority website on 14/08/1443H (corresponding to 17/03/2022G).

13.10 Miscellaneous Items

- The subscription application and all related terms, provisions and undertakings shall be binding and for the benefit of their parties, their successors, assigners in their favor, the executors of trusts, administrators of estates and heirs. It is stipulated that, except for what is specifically stipulated in this Prospectus, the application or any rights, interests or obligations arising from it, or delegated to them by any of the parties referred to in this publication, shall not be assigned to it without the written consent of any of the parties referred to in this publication.
- These instructions, clauses, and any receipt of subscription application forms or contracts arising therefrom shall be subject to the laws of the Kingdom and shall be construed in accordance with them. This Prospectus may be distributed in both Arabic and English; in the event of a conflict between the Arabic text and the English text, the Arabic text of the Prospectus will be used.

13.11 Statement of Any Existing Arrangements to Prevent Disposal of Certain Shares

There are no arrangements in place to prevent disposal of any shares.



14. Change in Share Price as a Result of The Capital Increase

The closing price of the Company share on the day of the Extraordinary General Assembly is SAR (416), and it is expected to reach SAR (55.1) at the opening day of the following day; this change represents a decrease of (86.75%). In the event that any of the shareholders registered in the Company records in the Securities Depository Center (Edaa) does not subscribe at the end of the second trading day following the date of the Extraordinary General Assembly, this will lead to a decrease in their ownership percentage.

The method for calculating the share price as a result of the capital increase is as follows:

First: Calculating the market value of the Company upon closing on the day of the Extraordinary General Assembly

The number of shares at the end of the Extraordinary General Assembly Day X The closing price of the Company share on the day of the Extraordinary General Assembly = the market value of the Company at the close on the day of the Extraordinary General Assembly.

Second: Calculating the share price at the opening day of the day that follows the day of the Extraordinary General Assembly

(The market value of the Company upon closing the day of the Extraordinary General Assembly + the value of the shares offered) / (the number of shares at the end of the day of the Extraordinary General Assembly + the number of shares offered for subscription) = the expected share price in the opening of the Ordinary General Assembly on the following day.



15. Underwriting Undertakings

15.1 About the Application and Undertaking

It is possible to subscribe using trading platforms or through any other means provided by the broker to the investors. The new shares will be subscribed in one stage according to the following:

- 1- During this period, all registered shareholders and new investors will be able to subscribe to the new shares.
- 2- The registered shareholder will be allowed to subscribe directly for the number of his shares during the subscription period, and if he buys new rights, he will be allowed to subscribe for them after the end of the settlement period (two working days).
- 3- New investors will be able to subscribe to the new shares immediately after the rights purchase is settled (two working days).
- 4- Subscription will be made available electronically through the investment portfolio in the trading platforms and applications through which the buying and selling orders are entered in addition to the subscription in the channels and other means available to the broker.

Each of the Right issue gives its holder the right to subscribe to one new share, at the offering price. The subscriber to the new shares declares that he:

- Has accepted all the terms and conditions of the subscription set forth in this Prospectus.
- Has read this Prospectus and all its contents, carefully studied it and understood its content.
- Has accepted the By-laws of the Company.
- Will not cancel or amend the subscription application after its implementation.

15.2 Allocation Processes

Right issue shares are allocated to eligible persons based on the number of rights that they have exercised in a complete and correct manner. As for those entitled to fractional shares, fractions of shares will be collected and put to the investment institutions during the Rump offering period, and the total price of the Rump Shares will be paid to the Company, and the remaining proceeds will be distributed from the sale of the Rump Shares and fractions of the shares (in the amount that exceeds the value of the shares) in the amount that exceeds the price of the residual shares. A maximum deadline of one day Thursday 17/11/1443H (corresponding to 16/06/2022G). In the event that shares remain unsubscribed after that, the underwriter will purchase those remaining new shares and allocate them.

Eligible persons must contact the broker through which the subscription was made, to obtain any additional information. The results of the privatization will be announced no later than one day Sunday 13/11/1443H (corresponding to 12/06/2022G).

15.3 Saudi Tadawul Company (Tadawul)

A Tadawul system was established in 2001G as an alternative system to the electronic securities information system, and electronic stock trading began in the Kingdom in 1990. The trading process takes place through an integrated electronic system, starting with the execution of the deal and ending with its settlement. Trading takes place every business day from Sunday to Thursday in a single period from 10 am to 3 pm, during which orders are executed. Outside these times, orders are allowed to be entered, modified, and canceled from 9:30 in the morning until 10 in the morning.

The transactions are executed through automatic matching of orders, and orders are received and prioritized according to the price. In general, the market orders are executed first, which are the orders that include the best prices, followed by the fixed-price orders, and in the event that several orders are entered at the same price, they are executed according to the time of entry.

The Tadawul system distributes a comprehensive range of information through various channels, most notably the Tadawul website. Market data is provided instantly to well-known information providers such as "Reuters". Deals are automatically settled within two business days (T+2).

The Company must disclose all important decisions and information regarding investors through the "Tadawul" system. The Tadawul System is responsible for monitoring the market, with the aim of ensuring fair trading and the efficiency of market operations.



15.4 Trading the Company Shares in the Saudi Stock Exchange

An application was submitted with the CMA to register and offer the Right issue shares on the Saudi stock Exchange, and a request was made to the stock exchange (Tadawul) to be listed, and this Prospectus was approved, and all requirements were met.

It is expected to approve the registration and start trading in the Right issue shares in the Saudi stock Exchange after the final allocation of the Right issue shares has been completed. This will be announced in a timely manner on the Tadawul website. The dates mentioned in this Prospectus are preliminary and may be changed with the approval of the Capital Market Authority.

Although the existing shares are registered in the Saudi stock market and the Company is listed on the stock exchange (Tadawul), the new shares cannot be traded except after the final allocation of shares has been approved and deposited in the subscribers' portfolios. Trading in new shares prior to the approval of the allocation process is strictly prohibited.

The underwriters and the bidders of the Rump offering who deal in these prohibited trading activities bear full responsibility for them, and the Company will not bear any legal responsibility in this case.



16. Documents Available for Inspection

The following documents will be available for inspection at the head office of “Sadirat” located in Riyadh city, Al Riyadh, King Abdulaziz street, Al Ghadir quarter, Al Riyadh (13311), P.O. Box. (4199), Kingdom of Saudi Arabia, during the official working days from Sunday to Thursday between the hours of 8 in the morning until 4 in the evening, on the first working day after the Extraordinary General Assembly invitation, provided that the period is not less than 14 days before the date of the Extraordinary General Assembly. These documents will remain available for inspection until the end of the offering:

Documents Related to Incorporation and Company By-laws:

- Commercial Registration Certificate.
- By-laws.

Approvals Related to Capital Increase Shares:

- Board recommendation increasing the capital.
- A copy of the Capital Market Authority announcement of the approval of the capital increase of the Company via Rights issue.
- The approval of the Saudi Stock Exchange Company (Tadawul) to list Right issue shares.

Reports, Letters and Documents:

- Underwriting agreement and lead management agreement.
- Written approvals of the financial advisor, lead manager, underwriter, legal advisor, and chartered accountants regarding the inclusion and of their names, logos and statements in the Prospectus.



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