



Rights issue prospectus

Filing and Packing Materials Manufacturing Co.

Filing and Packing Materials Manufacturing Co. is a Saudi Joint Stock Company incorporated under Ministerial Resolution No. 851, issued on 17/10/1411H (Corresponding to 02/05/1991G) and Ministerial Resolution No. 953, dated 29/11/1411H (corresponding to 12/06/1991G), under CR No. (1010084155), issued in Riyadh on 04/12/1411H (corresponding to 16/06/1991G).

The offering of (11,500,000) ordinary shares at an Offer Price of SAR 10 per share through the issuance of Pre-emptive Rights Shares with a total value of SAR (115,000,000) representing an increase of (100%) in the Company's capital, where the Company's capital reached SAR (230,000,000).

Trading Period: Starts as of 05/05/1444H (corresponding to 29/11/2022G) until 05/05/1444H (corresponding to 29/11/2022G)

Subscription Period: Starts as of 05/05/1444H (corresponding to 29/11/2022G) until 05/05/1444H (corresponding to 29/11/2022G)



Filing and Packing Materials Manufacturing Co. ("FIPCO" or "Company") is a Saudi Joint Stock Company incorporated under Ministerial Resolution No. 851, issued on 17/10/1411H (Corresponding to 02/05/1991G) licensing its incorporation, and Ministerial Resolution No. 953, dated 29/11/1411H (corresponding to 12/06/1991G) announcing its incorporation based on the resolutions of the Company's constituent assembly held on 14/11/1411H (corresponding to 28/05/1991G). The Company is registered with the Ministry of Commerce under CR No. (1010084155), issued in Riyadh on 04/12/1411H (corresponding to 16/06/1991G). The head office is located in Riyadh, Kingdom of Saudi Arabia. The capital of the Company is one hundred fifteen million (115,000,000) Saudi Riyals, divided into eleven million five hundred thousand (11,500,000) ordinary shares in a nominal value of ten (10) Saudi Riyals per share, fully paid. As of the date of this Prospectus ("Prospectus"), the Company does not have any substantial shareholders (who own 5% or more of the Company's shares).

On 20/07/1443H (corresponding to 21/02/2022G), the Company's Board of Directors recommended increasing the Company's capital through the offering of Pre-emptive Rights Shares in the amount of one hundred fifteen million (115,000,000) Saudi Riyals. On 05/05/1444H (corresponding to 29/11/2022G), the Company's extraordinary general assembly approved the increase in the Company's capital through the issuance of Pre-emptive Rights Shares ("Subscription"). This will be completed through the offering of eleven million five hundred thousand (11,500,000) new ordinary shares (hereinafter referred to as the "Pre-emptive Rights Shares" or "New Shares") with an Offer Price of ten (10) Saudi Riyals per share (hereinafter referred to as the "Offer Price") in a nominal value of ten (10) Saudi Riyals to increase the Company's capital from one hundred fifteen million (115,000,000) Saudi Riyals, divided into eleven million five hundred thousand (11,500,000) ordinary shares, to two hundred thirty million (230,000,000) Saudi Riyals, divided into twenty-three million (23,000,000) ordinary shares, i.e., an increase representing 100%. This will be subject to obtaining all necessary legal approvals and the (extraordinary) general assembly's approval.

The Pre-emptive Rights will be issued in the form of tradable securities (referred to collectively as "Pre-emptive Rights" and individually as "Pre-emptive Rights") to shareholders owners of shares as at the close of trading on the date of convening the extraordinary general assembly, which resolved to increase the share capital (referred to as "Eligibility Date"), who are recorded in the Company's Shareholders Register held with the Depository Center as of the close of the second trading day following the date of the extraordinary general assembly approving the capital increase on 05/05/1444H (corresponding to 29/11/2022G) (referred to collectively as "Registered Shareholders" and individually as "Registered Shareholder"), provided such Pre-emptive Rights will be deposited into the Registered Shareholders' portfolios following the extraordinary general assembly, considering the settlement procedures of approximately (1) right for each (1) share. Each Right grants its holder the right to subscribe for one New Share at the Offer Price.

All Registered Shareholders and other investors ("New Investors"), who may trade the Pre-emptive Rights and subscribe for the New Shares, will be able to trade and subscribe for the Pre-emptive Rights in the Saudi Exchange ("Tadawul" or "Saudi Exchange"). The Trading Period and the Subscription Period begin (3) three working days following the approval of the extraordinary general assembly, including the approval of the capital increase dated 05/05/1444H (corresponding to 29/11/2022G), provided the Trading Period ends on 05/05/1444H (corresponding to 29/11/2022G) (the "Trading Period"), while the Subscription Period continues until the end of 05/05/1444H (corresponding to 29/11/2022G) (the "Subscription Period"). It is important to note that the Trading Period and the Subscription Period will start on the same day while the Trading Period continues until the end of the sixth day of the period, and the Subscription Period will continue until the end of the ninth day of the same period. During the Trading Period, the Registered Shareholders will be able to trade the Pre-emptive Rights by selling the acquired Pre-emptive Rights or part thereof or purchasing additional Pre-emptive Rights through Saudi Exchange. They will also be entitled to take no action in respect of the Pre-emptive Rights they hold. In addition, New

Investors will be able to purchase and sell the Pre-emptive Rights during the Trading Period through Saudi Exchange.

The Subscription to New Shares during the Subscription Period will be available through one phase as follows:

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

If any shares remain unsubscribed after the end of the Subscription Period ("Rump Shares"), they will be offered to a number of Institutional Investors (hereinafter referred to as the "Institutional Investors") (hereinafter referred to as the "Rump Offering"). Such Institutional Investors shall submit their offers for purchasing the Rump Shares and the receipt of those offers shall commence at 10:00 AM on 05/05/1444H (corresponding to 29/11/2022G) and continue until 5:00 PM on 05/05/1444H (corresponding to 29/11/2022G) ("Rump Offering Period"). The Rump Shares shall be allocated to institutional investors in order of the offered price starting with the highest offer up to the lowest offer (provided that the price shall not be less than the Offer Price). The Rump Shares shall be allocated on a pro-rata basis among Institutional Investors that provided offers at the same price. The fractional shares shall be added to the Rump Shares and treated in the same manner. The total Offer Price shall be paid from the Company's remaining offering. All remaining proceeds resulting from the offering shall be distributed without calculating any fees or deductions (exceeding the Offer Price) to the eligible persons as per their entitlement on a pro-rata basis no later than 05/05/1444H (corresponding to 29/11/2022G).

In the event that the Institutional Investors do not subscribe for all Rump Shares and fractional shares, such shares shall be allocated to the Underwriters, which will subscribe for the same at the Offer price (Please see Section (12) - "Subscription Terms, Conditions, and Instructions"). The final allocation will be announced no later than 05/05/1444H (corresponding to 29/11/2022G) (the "Allocation Date") (Please refer to Section (12) "Subscription Terms, Conditions and Instructions"). Upon completion of the offering, the Company's capital shall reach two hundred thirty million (230,000,000) Saudi Riyals, divided into twenty-three million (23,000,000) ordinary shares. The net proceeds of the offering will be used to finance the working capital, promote investment expansions and pay loans (please see Section (6) "Use of Offering Proceeds"). The Company has one class of shares. No Shareholder shall have any preferential rights. The New Shares will be fully paid and will be exactly equal to the outstanding shares. Each Share entitles its holder to one vote and each shareholder (referred to as "Shareholder") has the right to attend and vote at the Shareholders' (ordinary or extraordinary) general assembly meetings ("General Assembly"). Holders of New Shares shall be entitled to any dividends announced by the Company after the issuance of such shares (if any).

The Company is incorporated as a Saudi Joint Stock Company under Ministerial Resolution No. (851), issued on 17/10/1411H (Corresponding to 02/05/1991G) licensing its incorporation, and Ministerial Resolution No. (953), dated 29/11/1411H (corresponding to 12/06/1991G) announcing its incorporation based on the resolutions of the Company's constituent assembly held on 14/11/1411H (corresponding to 28/05/1991G). The Company is registered with

the Ministry of Commerce under CR No. (1010084155), issued in Riyadh on 04/12/1411H (corresponding to 16/06/1991G). The capital is sixty-eight million seven hundred fifty thousand (68,750,000) Saudi Riyals, divided into six hundred eighty-seven thousand five hundred (68,750) ordinary shares in a nominal value of one hundred (100) Saudi Riyals per share. Filing and Packing Materials Manufacturing Co. "FIPCO" is one of the first companies, whose shares were listed on the Saudi Exchange. The Company's shares started trading in 1998G. On 21/12/1418H (corresponding to 18/04/1998G), the extraordinary general assembly approved dividing the Company's shares from six hundred eighty-seven thousand five hundred (68,750) ordinary shares to one million three hundred seventy-five thousand (1,375,000) ordinary shares in a nominal value of fifty (50) Saudi Riyals per share. Pursuant to the issuance of the CMA Resolution No. ((2006-154-4)), dated 27/02/1427H (corresponding to 27/03/2006G), which ordered the division of the shares of the joint stock companies over four stages based on the Council of Ministers Resolution ordering that the nominal value of shares of the joint stock companies is to be ten (10) Saudi Riyals per share. The Company's shares were divided from six hundred eighty-seven thousand five hundred (68,750) ordinary shares to six million eighty hundred seventy-five thousand (6,875,000) ordinary shares in a nominal value of SAR (10) per share. On 11/01/1431H (corresponding to 28/12/2009G), the extraordinary general assembly approved the Board of Director's recommendation to increase the Company's capital from sixty-eight million seven hundred fifty thousand (68,750,000) Saudi Riyals to one hundred fifteen million (115,000,000) Saudi Riyals, divided into eleven million five hundred thousand (11,500,000) ordinary shares, through the issuance of four million six hundred twenty-five thousand (4,625,000) ordinary shares in the amount of forty-six million two hundred fifty thousand (46,250,000) Saudi Riyals representing an increase of (67.27%) through the grant of one bonus share against each (1.4864) outstanding share owned by the Registered Shareholders in the Shareholders Register as at the close of trading on the date of convening the extraordinary general assembly. The capital was increased through the statutory reserve by ten million four hundred sixty-three thousand two hundred thirteen (10,463,213) Saudi Riyals, the retained profits by twenty-seven million four hundred thirty-one thousand two hundred seventy-two (27,431,272) Saudi Riyals, and the net profits by eight million three hundred fifty-five thousand five hundred fifteen (8,355,515) Saudi Riyals as on 30/06/2009G. The current capital of the Company is one hundred fifteen million (115,000,000) Saudi Riyals, divided into eleven million five hundred thousand (11,500,000) ordinary shares in a nominal value of ten (10) Saudi Riyals per share, fully paid.

The Company's outstanding shares are currently traded on Saudi Exchange ("Tadawul" or "Saudi Exchange"). The Company has applied to the Capital Market Authority of the Kingdom of Saudi Arabia (Hereinafter referred to as "CMA") for listing, offering, and admission of the New Shares. A request was also submitted to Tadawul to be admitted for listing. All required documents were provided, all requirements of related entities were met and this Prospectus has been approved. Trading of New Shares is expected to commence on Saudi Exchange soon after the final allocation of the New Shares and refund of extra subscriptions (please refer to page (z) "Key Dates and Subscription Procedures"). Upon registration and admission of the New Shares, Saudi nationals, legal residents, nationals of GCC countries, Saudi and GCC companies and investment funds, and eligible foreign investors will be permitted to subscribe for the same under the Rules for Qualified Foreign Financial Institutions Investment in Listed Securities. Furthermore, other categories of foreign investors are entitled to the economic benefits associated with the New Shares by concluding swap agreements with persons authorized by CMA (the "Licensee Person"), noting that the Licensee Person shall in such case be the registered legal owner of shares.

This Prospectus must be read in full and the "Important Notice" section, in Page (a), and Section 2 "Risk Factors" of this Prospectus must be considered prior to make any investment decision with regard to Pre-emptive Rights or New Shares.

Financial Advisor and Underwriter

wasatah capital
وساطة كابتال

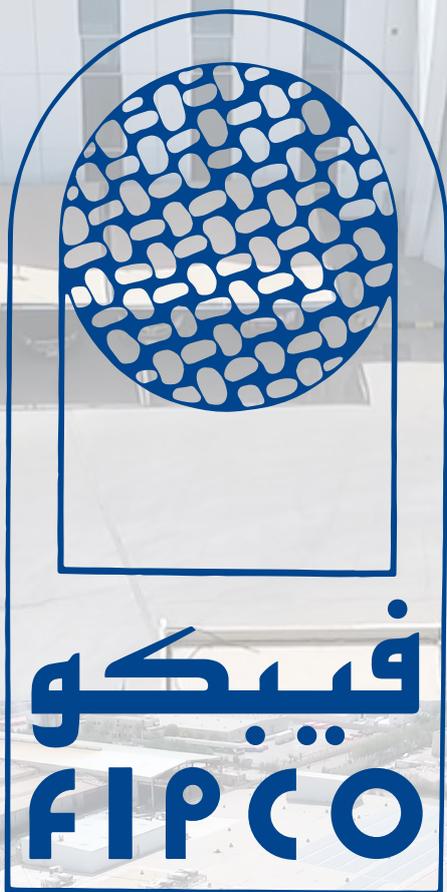


Lead Manager

مجموعة النفيعي للاستثمار
AL-NEFAEI INVESTMENT GROUP

This Prospectus includes information provided in the application for listing and offering of securities in accordance with Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority of the Kingdom of Saudi Arabia (referred to as "CMA"), and the application for listing of securities in compliance with the listing rules of the Saudi Exchange. The Directors, whose names appear on this Prospectus, 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 CMA and Saudi Exchange do not take any responsibility for the contents of this Prospectus, do not make any representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus.

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



Important Notice

This Prospectus (the "Prospectus") provides full details of information relating to Filing and Packing Materials Manufacturing Co. and the Pre-emptive Rights Shares offered for Subscription. In applying for the Subscription for New Shares, investors shall be treated as applying on the basis of the information contained in this Prospectus, copies of which are available at the Company's headquarters, the Lead Manager, or by visiting the website of the Company (www.fipco.com.sa), the Financial Advisor (www.wasatah.com.sa) and the website of CMA (www.cma.org.sa).

The Prospectus will be published and assured to be available to the public within a period not less than (14) days prior to the date of the extraordinary General Meeting for the capital increase. In the event that the extraordinary general meeting does not approve the capital increase within six months from the date of CMA's approval on registering and offering the Pre-emptive Rights, such an approval given by CMA shall be deemed to be canceled.

The Company has appointed Al Wasatah Al Maliah ("Wasatah Capital") as a Financial Advisor ("Financial Advisor") and Al-Nefae Investment Group ("Al-Nefae") as Lead Manager ("Lead Manager"). The Company also appointed Al Wasatah Al Maliah ("Wasatah Capital") as Underwriter ("Underwriter") regarding the offering of Pre-emptive Rights Shares to increase the Company's capital under this Prospectus.

This Prospectus includes information given in compliance with the Rules of Offering Securities and Continuing Obligations issued by the CMA Board pursuant to its Resolution No. 3-123-2010, dated 09/04/1439H (corresponding to 27/12/2017G), as amended by the CMA Board Resolution, as amended by the CMA Board Resolution No. (2022-94-1), dated 24/01/1444H (corresponding to 22/08/2022G). The Directors, whose names appear on page (c), collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable inquiries, that to the best of their knowledge and belief, there are no other facts that omission of which would make any statement herein misleading. CMA and Tadawul Group (Tadawul) 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.

While the Company has made all reasonable studies and inquiries as to the accuracy of the information contained in this Prospectus as of the date hereof, substantial portions of the information herein are derived from external sources. While neither the Company nor any of directors, Financial Advisor, or Company's advisors, whose names appear on page (E) ("Advisors"), have any reason to believe that such information is materially inaccurate, and such information was not independently verified; however, no representations or assurances are made with respect to the accuracy or completeness of any of this information.

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

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

All Registered Shareholders and other investors ("New Investors"), who may trade the Pre-emptive Rights and subscribe for the New Shares, will be able to trade and subscribe for the Pre-emptive Rights in the Saudi Exchange ("Tadawul" or "Saudi Exchange"). The trading period and the Subscription Period begin (3) three working days following the approval of the extraordinary general assembly, including the approval of the capital increase dated ** ***/**/****H (corresponding to ** ***/**/****G), provided the Trading Period ends on ** ***/**/****H (corresponding to ** ***/**/****G) (the "Trading Period"), while the Subscription Period continues until the end of ** ***/**/****H (corresponding to ** ***/**/****G) (the "Subscription Period"). It is important to note that the Trading Period and the Subscription Period will start on the same day while the Trading Period continues until the end of the sixth day of the period, and the Subscription Period will continue until the end of the ninth day of the same period.

The Registered Shareholders will be allowed to trade the Pre-emptive Rights during the Trading Period, by selling the acquired Pre-emptive Rights or part thereof or purchasing additional Pre-emptive Rights through Tadawul. During the Trading Period, the New Investors will also be allowed to purchase and sell Rights through Tadawul.

The Subscription to New Shares during the Subscription will be available through one phase as follows:

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

If any shares remain unsubscribed after the end of the Subscription Period ("Rump Shares"), they will be offered to a number of Institutional Investors ("Institutional Investors") (referred to as "Rump Offering"). Such Institutional Investors shall submit their offers for purchasing the Rump Shares and the receipt of those offers shall commence at 10:00 AM on ** ***/**/****H (corresponding to ** ***/**/****G) and continue until 5:00 PM on ** ***/**/****H (corresponding to ** ***/**/****G) ("Rump Offering Period"). The Rump Shares shall be allocated to Institutional Investors

in order of the offered price starting with the highest offer up to the lowest offer (provided that the price shall not be less than the Offer Price). The Rump Shares shall be allocated on a pro rata basis among Institutional Investors that provided offers at the same price. The fractional shares shall be added to the Rump Shares and treated in the same manner. The total Offer Price shall be paid from the Company's remaining offering. All remaining proceeds (if any) resulting from the offering shall be distributed (exceeding the Offer Price) to the eligible persons as per their entitlement on a pro rata basis no later than ***/**/****H (corresponding to */**/****G)**. To be noted that the investor and owners of fractional shares, who did not subscribe or sell the rights, may not receive any consideration if the sale occurs during the Rump Offering Period at the Offer Price.

In the event that the Institutional Investors do not subscribe for all Rump Shares and fractional shares, such shares shall be allocated to the Underwriter, which will subscribe for the same at the Offer price (Please see Section (12) - "Subscription Terms, Conditions and Instructions"). The final allocation will be announced no later than ***/**/****H (corresponding to */**/****G)** (the "Allocation Date") (Please refer to Section "Subscription Terms, Conditions and Instructions").

Financial Information

The Company's audited consolidated financial statements for the financial years ended on December 31, 2019G, December 31, 2020G and December 31, 2021G, the audited interim financial statements for the period ended on March 31, 2022G and the accompanying notes, have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted in the Kingdom of Saudi Arabia as well as other standards and publications approved by the Saudi Organization for Chartered and Professional Accountants (SOCPA). The Company's financial statements for the financial year ended on December 31, 2019G were audited by Hamoud Al Robian & Co - Chartered Accountants and Consultants. The Company's financial statements for the financial years ended on December 31, 2020G and December 31, 2021G, and the interim financial statements for the period ended on 31/03/2022G were audited by OSAMA A. ELKHEREIJI & PARTNER CO. CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS. The Company issues its financial statements in Saudi Riyals.

It should be noted that some of the financial and statistical information contained in this Prospectus have been rounded up to the nearest whole number. Accordingly, in case of adding up the numbers in the tables, the total number may not correspond to what was mentioned in this Prospectus.

Forecasts and Forward-Looking Statements

Forecasts set forth in this Prospectus have been prepared on the basis of certain stated assumptions, which were stated in relevant topics. Operating conditions may differ from the assumptions used, consequently no representation or warranty is made with respect to the accuracy or completeness of any of these forecasts. The Company confirms that the statements set in this Prospectus were made based on the necessary professional due diligence.

Certain statements in this Prospectus constitute "forward-looking-statements". Such statements can generally be identified by their use of forward-looking words such as "decides/plans", "estimates", "believes", "expects", "it is possible", "will", "intends", "should", "it is expected", "may", "holds" or the negative or other variation of such terms or comparable terminology. These forward-looking statements reflect the current views of the Company with respect to future events, and are not a guarantee of future performance. Many factors could cause the actual results, performance or achievements of the Company to be significantly different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Some of the most important risks and factors are described in more detail in other sections of this Prospectus (please see Section (2) "Risk Factors"). Should any one or more of the risks or uncertainties materialize or any underlying assumptions prove to be inaccurate or incorrect, actual results may vary materially from those expectations, beliefs, estimations or plans described herein.

Pursuant to the requirements of Rules of Offer Securities and Continuing Obligations, the Company shall provide CMA with a supplementary Prospectus if at any time, after the Prospectus has been published and before the offering is completed, it becomes aware that:

- (1) there has been a significant change in material matters contained in the Prospectus; or
- (2) additional significant matters have become known that would have been required to be included in the Prospectus.

With the exception of these two events, the Company does not intend to update or otherwise revise any information in this Prospectus, whether as a result of new information, future events or otherwise in relation to the Company, sector or risk factors. Due to such risks and other risks and assumptions, the forecast-related events and circumstances in this Prospectus might not occur in the manner expected by the Company or might not occur at all. Hence, the prospective investors must study all forecast data in light of these interpretations without unnecessary reliance on the forecast data.

Corporate Directory

Board of Directors Members and Secretary:

Name***	Position	Representing	Nationality	Age	Capacity	Owned Shares*				Date of Membership
						Direct	Indirect**	Total	Percentage	
Ahmed Abdul Latif Al Barrak	Chairman	-	Saudi	43	Non-Executive	1050	-	1050	0.0091304%	01/01/2022
Faisal Mohammed Al Harbi	Vice-Chairman	-	Saudi	39	Executive	-	-	-	-	01/01/2022
Abdullah Mohammed Al Harbi	Member	-	Saudi	32	Executive	-	-	-	-	01/01/2022
Hathal Safar Alotaibi	Member	-	Saudi	42	Independent	-	-	-	-	01/01/2022
Nemer Nasser Alharbi	Member	-	Saudi	43	Independent	-	-	-	-	01/01/2022
Salah Mohammed Sabry	Board secretary	-	Egyptian	37	-	-	-	-	-	01/01/2022

Source: Management of the Company

*Means the shares owned in the Company by the Board Members directly or indirectly through their ownership in companies holding shares in the Company or shares owned by relative to the Board Members directly or indirectly, or through their ownership in companies holding shares in the Company.

**The Board Members do not have indirect ownership in the Company.

***The ordinary general assembly (thirty-fourth) appointed the current council in its meeting held on 29/10/1442H (corresponding to 10/06/2021G). The appointment shall be valid as of 01/01/2022G for three years ending on 31/12/2024G.

Address of Company

Filing and Packing Materials Manufacturing Co.
P.O. Box: 8762, Riyadh 11492

Riyadh, 2nd Industrial City

Tel: +966 (11) 2652299

Fax: +966 (11) 2651275

Website: www.fipco.com.sa

Email: fir@fipco.com.sa



First Authorized Representative of Company

Abdullah Mohammed Al Harbi

Director of Risk Management Department - Board Member

Filing and Packing Materials Manufacturing Co.
P.O. Box: 8762, Riyadh 11492

Riyadh, 2nd Industrial City

Tel: +966 (11) 2652299 Ext: 770

Fax: +966 (11) 2651275

Website: www.fipco.com.sa

Email: amh@fipco.com.sa

Second Authorized Representative of Company

Salah Mohammed Sabry

Director of Governance and Compliance Department - Board Secretary

Filing and Packing Materials Manufacturing Co.
P.O. Box: 8762, Riyadh 11492

Riyadh, 2nd Industrial City

Tel: +966 (11) 2652299 Ext: 777

Fax: +966 (11) 2651275

Website: www.fipco.com.sa

Email: sms@fipco.com.sa

Saudi Exchange

King Fahd Road, Al Olaya 6897

Unit No. 15

Riyadh 3388-12211

Kingdom of Saudi Arabia

Tel: +966 92 0001919

Fax: +996 11 2189133

Email: csc@saudiexchange.sa

Website: www.saudiexchange.com.sa



Advisors

Financial Advisor and Underwriter

Riyadh, Public Al Olaya Street, building No. 7459
Sub-No. 2207, Al Muruj District, Postal Code: 12283
P.O. Box: 50315, Riyadh 11523
Kingdom of Saudi Arabia
Tel: +996 11 4944067
Fax: +966 11 4944205
Website: www.wasatah.com.sa
Email: info@wasatah.com.sa

wasatah capital
وساطة كابيتال



Lead Manager

Al-Nefaie Investment Group
Bin Hamran Center, Al Tahlia St., 7th Floor, Office No. B704
P.O. Box: 17381 Jeddah 21484
KSA
Tel: +966 12 6655071
Fax: +966 12 6655723
Email: www.nefaie.com
Website: info@nefaie.com



مجموعة النفيعي للإستثمار
AL-NEFAIE INVESTMENT GROUP

Legal Advisor

FERAS KHALID ALJERAIWI LAYWERS AND LEGAL ADVISORS
Othman bin Afan Road, At Taawun District, Riyadh
P.O. Box: 3833 Riyadh 12478
Kingdom of Saudi Arabia
Tel: +966 11 4894446
Fax: +966 11 4894446
Website: www.feraslaw.com
Email: maha.almogren@feraslaw.com



Company's Auditors for the Financial Years ended on December 31, 2019G.

Hamoud Al Robian & Co - Chartered Accountants and Consultants
Riyadh, Al Olaya Road
P.O. Box: 60930 Riyadh 11555
KSA
Tel: +966 11 4602551
Fax: +966 11 4602470
Website: www.aacap.com.sa
Email: info@aacpa.com.sa

شركة المحاسبون المتضامنون

حمود الربيعان وشريكه - محاسبون قانونيون واستشاريون



Chartered Accountant for the Company for the financial years ended in 2020G and 2021G and the period ended on March 31, 2022G.

OSAMA A. ELKHEREIJI & PARTNER CO. CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS
Jeddah, Ar Rawdah District, Mahmoud Aaref Street
P.O. Box: 50461 Jeddah 21444
KSA
Tel: +966 12 6600085
Fax: +966 12 6609320
Website: www.oakcpa.com
Email: info@oakcpa.com



شركة أسامة عبد الله الخريجي وشريكه
محاسبون قانونيون واستشاريو أعمال

OSAMA A. ELKHEREIJI & PARTNER CO.
CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

PrimeGlobal | An Association of Independent Accounting Firms

Summary of the Offer

Prospective Investors should read the entire Prospectus before making an investment decision as to whether to subscribe for the Pre-emptive Rights Issue, because the summary of offering stated below is insufficient to make an investment decision. Below is the summary of the Offering:

<p>Issuer's name, description and information on its incorporation</p>	<p>Filing and Packing Materials Manufacturing Co. ("FIPCO" or "Company") is a Saudi Joint Stock Company incorporated under Ministerial Resolution No. 851, issued on 17/10/1411H (Corresponding to 01/05/1991G) licensing its incorporation, and Ministerial Resolution No. 953, dated 29/11/1411H (corresponding to 12/06/1991G) announcing its incorporation based on the resolutions of the Company's constituent assembly held on 14/11/1411H (corresponding to 28/05/1991G). The Company is registered with the Ministry of Commerce under CR No. (1010084155), issued in Riyadh on 04/12/1411H (corresponding to 16/06/1991G).</p> <p>The head office is located in Riyadh, 2nd Industrial City. The capital of the Company is one hundred fifteen million (115,000,000) Saudi Riyals, divided into eleven million five hundred thousand (11,500,000) ordinary shares, each of which have the nominal value of ten (10) Saudi Riyals per share, fully paid.</p>
<p>Issuer's activities</p>	<p>The Company practices its business under Commercial Registration No. (1010084155), issued on 04/12/1411H (corresponding to 16/06/1991G), in weaving textiles from industrial threads, such as nylon, cutting and detailing covers for machinery and goods, making plastics (plastics) in their primary forms, manufacturing industrial threads, including (nylon, polyesters... etc.), manufacturing containers from plastics, and manufacturing plastic bags.</p> <p>According to its By-law, the Company's main objectives are summed up as follows:</p> <ol style="list-style-type: none"> 1. Manufacturing and its products according to industrial licenses. 2. Electricity, gas, water and their products. Construction and building. 3. Mines, oil and their products. 4. Transportation, storage and cooling. 5. Construction and building. 6. Contracting. 7. Operation and maintenance. 8. Trade. 9. Information Technology. 10. Money, business and other services. 11. Security and safety. 12. Social, group and personal services. 13. Cultivation and fishing. <p>The Company practices its business according to the applicable laws and after obtaining the licenses required from the competent authorities, if any.</p>
<p>Substantial Shareholders</p>	<p>The Company does not have any Substantial Shareholders (who own 5% or more of the Company's shares).</p>
<p>The public</p>	<p>Means in the Rules on the Offer of Securities and Continuing Obligations the unmentioned persons below:</p> <ol style="list-style-type: none"> 1. employees of issuer; 2. Substantial Shareholders in the issuer; 3. Directors and Senior Executives of the issuer; 4. Directors and Senior Executives of the issuer's employees; 5. Directors and Senior Executives of the issuer's Substantial Shareholders; 6. any relatives to the persons referred to in Clauses (1, 2, 3, 4 or 5) above; 7. any company controlled by any person referred to in Clauses (1, 2, 3, 4, 5 or 6) above; or 8. Persons acting in concert together and jointly owning (5%) or more of the category of shares to be listed.
<p>Type of offering</p>	<p>Increase the Company's capital through the issuance of Pre-emptive Rights Shares.</p>
<p>Purpose of issuing proposed Pre-emptive Rights Shares</p>	<p>By increasing its capital through the issuance of Pre-emptive Rights Shares, the Company aims to promote investment expansions, pay loans and finance the working capital (please see Section (6) "Use of Offering Proceeds").</p>
<p>Issuer's pre-offering capital</p>	<p>One hundred fifteen million (115,000,000) Saudi riyals</p>
<p>Total number of issuer's pre-offering shares</p>	<p>Eleven million five hundred thousand (11,500,000) ordinary shares.</p>
<p>Nominal value per share</p>	<p>Ten (10) Saudi Riyals per share.</p>

Total number of offered shares	Eleven million five hundred thousand (11,500,000) ordinary shares.																		
Offering price	Ten (10) Saudi Riyals per share.																		
Total offering value	One hundred fifteen million (115,000,000) Saudi riyals.																		
Adjusted price	The Company's share price in SEE has been modified to (***) Saudi Riyals per one share prior to the trading day following the day, on which the extraordinary general assembly on the capital increase was convened. This represents a decrease in the Share Price by (**) Saudi Riyals per one share.																		
Registered Shareholders	Shareholders holding shares at the close of the date of the extraordinary general assembly meeting on capital increase as recorded in the Company's Shareholders Register at the close of the second trading day following the extraordinary general assembly meeting on capital increase.																		
New Investors	General Individual and institutional investors - with the exception of the Registered Shareholders - who have purchased the Rights Issue during the trading period.																		
Categories of targeted investors	Registered Shareholders and New Investors.																		
Pre-emptive Rights	Are tradable securities giving their holders the priority to subscribe for the offered New Shares upon approval of the capital increase, an acquired right by all registered shareholders. Rights may be traded in trading period. Each Right grants its holder the right to subscribe for one New Share at the Offer Price. Rights will be deposited in the registered investors' portfolios after the extraordinary general assembly for Capital Increase. The Rights will appear in the portfolios of the Registered Shareholders under a new symbol specifying the Rights Issue.																		
New Shares	Eleven million five hundred thousand (11,500,000) ordinary shares, which shall be issued as a result of the capital increase.																		
Eligibility Factor	Each Registered Shareholder shall be entitled to approximately (1) right per each (1) existing share; this Factor is the result of a fraction whose numerator is the number of New Shares and whose denominator is the number of existing shares of the Company.																		
Number of issued Pre-emptive Rights	Eleven million five hundred thousand (11,500,000) Pre-emptive Rights.																		
Number of underwritten shares	Eleven million five hundred thousand (11,500,000) ordinary shares.																		
Total value of the underwriting offer	One hundred fifteen million (115,000,000) Saudi riyals.																		
Number of issued shares after capital increase	Twenty-three million (23,000,000) ordinary shares.																		
Company's capital after capital increase	Two hundred thirty million (230,000,000) Saudi Riyals.																		
Percentage of shares offered from issued capital	Approximately (100%).																		
Total expected proceeds along with independent analysis of the proposed usage	<p>The total Subscription proceeds in the Pre-emptive Rights Shares is one hundred fifteen million (115,000,000). It is expected that the net offering proceeds will be approximately one hundred eleven million (111,000,000) Saudi Riyals after deducting the offering costs, which are approximately four million (4,000,000) Saudi Riyals.</p> <p>The Company intends to use the net offering proceeds to promote investment expansions, pay loans and finance the working capital.</p> <p>The following table explains the expected usage of the offering proceeds:</p> <table border="1"> <thead> <tr> <th>Description</th> <th>Value in Saudi Riyals</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Investment expansions</td> <td>49,000,000</td> <td>42.61%</td> </tr> <tr> <td>Loan payment</td> <td>30,000,000</td> <td>26.09%</td> </tr> <tr> <td>Working capital finance</td> <td>32,000,000</td> <td>27.83%</td> </tr> <tr> <td>Offering expenses</td> <td>4,000,000</td> <td>3.48%</td> </tr> <tr> <td>Total</td> <td>115,000,000</td> <td>100%</td> </tr> </tbody> </table> <p>(For more information, please see Section (6)'Use of Offering Proceeds')</p>	Description	Value in Saudi Riyals	Percentage	Investment expansions	49,000,000	42.61%	Loan payment	30,000,000	26.09%	Working capital finance	32,000,000	27.83%	Offering expenses	4,000,000	3.48%	Total	115,000,000	100%
Description	Value in Saudi Riyals	Percentage																	
Investment expansions	49,000,000	42.61%																	
Loan payment	30,000,000	26.09%																	
Working capital finance	32,000,000	27.83%																	
Offering expenses	4,000,000	3.48%																	
Total	115,000,000	100%																	
Offering costs	It is expected that the offering costs will reach about four million (4,000,000) Saudi Riyals. This includes the costs of the Financial Advisor, Lead Manager, Underwriters, Legal Advisor, Auditor, Marketing, Printing, Distribution and other expenses related to the Subscription. To be noted that this amount is an estimate (Please see Section (6) "Use of Offering Proceeds").																		
Maturity date	Shareholders own shares at the end of trading on the day, on which the extraordinary general assembly on capital increase is held, and who are registered in the Company's Shareholders Register at the end of the second trading day following the day, on which the extraordinary general assembly on capital increase is held, on ***/**/****H (corresponding to ***/**/****G).																		
Offering period	<ul style="list-style-type: none"> The Trading Period begins three (3) working days following the approval of the extraordinary general assembly, including the approval of the capital increase, on ***/**/****H (corresponding to ***/**/****G) and continues until the end of ***/**/****H (corresponding to ***/**/****G). During this period, all Pre-emptive Rights holders, whether registered investors or New Investors, may trade in Pre-emptive Rights. The Subscription Period begins three (3) working days following the approval of the extraordinary general assembly, including the approval of the capital increase, on ***/**/****H (corresponding to ***/**/****G) and continues until the end of ***/**/****H (corresponding to ***/**/****G). During this period, all Pre-emptive Rights holders, whether registered investors or New Investors, may exercise their right in Subscription to the New Shares. 																		
Rump Shares	Rump Shares unsubscribed during the Subscription Period.																		

Rump Offer	If any shares remain unsubscribed after the end of the Subscription Period (Rump Shares), they will be offered to a number of Institutional Investors (Institutional Investors). Such Institutional Investors shall submit their offers for purchasing the Rump Shares and the receipt of those offers shall commence at 10:00 AM on **/**/****H (corresponding to **/**/****G) and continue until 5:00 PM on **/**/****H (corresponding to **/**/****G) ("Rump Offering Period"). The Rump Shares shall be allocated to Institutional Investors in order of the offered price starting with the highest offer up to the lowest offer (provided that the price shall not be less than the Offer Price). The Rump Shares shall be allocated on a pro rata basis among Institutional Investors that provided offers at the same price. Fractional shares shall be added to the rump shares and treated in the same way.
Payment of compensation amounts (if any)	Cash compensation amounts will be paid to eligible persons who did not subscribe, wholly or partially, for New Shares, as well as to the holders of fractional shares no later than **/**/****H (corresponding to **/**/****G) . The compensation amounts represent the remaining proceeds from the sale of Rump Shares and fractional shares.
Listing and trading of the Pre-emptive Rights	<p>Pre-emptive Rights shall be listed in Tadawul during the Trading Period. A separate symbol will be given to the Company's Pre-emptive Rights, independent from the symbol of the Company's Shares on the Saudi Exchange screen.</p> <p>During the Trading Period, the Registered Shareholders shall have several options including selling the Rights, or a part thereof, on Saudi Exchange, purchasing additional Rights through the Saudi Exchange or refraining from taking any action in respect of the Pre-emptive Rights whether by selling or purchasing additional Rights. During the Trading Period, New Investors will be entitled to purchase Rights through the Saudi Exchange, sell them or a part thereof or take no action in respect of the Rights purchased.</p> <p>The "Tadawul" system will cancel the Company's Pre-emptive Rights Issue symbol on the Tadawul screen following the end of the Trading Period. Accordingly, Pre-emptive Rights trading will cease by the end of the Trading Period.</p>
How to apply	The Subscription Application Forms shall be submitted online via brokers' websites and platforms, which provide such service for Subscribers or by any other means provided by brokers.
Exercise of Subscription to the Pre-emptive Rights	<p>Eligible persons may subscribe for the Pre-emptive Rights Shares through electronic Subscription via financial brokers websites and platforms, which provide such services for Subscribers or by any other means provided by the brokers. Eligible persons may exercise their Pre-emptive Rights as follows:</p> <p>During the Subscription Period, Registered Shareholders may exercise the Rights granted to them on the maturity date and any additional Rights purchased during the Trading Period through Subscription to the New Shares. They will also be entitled to take no action in respect of the Rights they hold.</p> <p>During the Subscription Period, New Investors may exercise the Rights purchased during the Trading Period through Subscription to the New Shares.. They will also be entitled to take no action in respect of the Rights they hold.</p> <p>If the Rights to subscribe for the New Shares during the Subscription Period have not been exercised by Registered Shareholders or New Investors during the Subscription Period, the Rump Shares resulting from these Rights will be offered in the Rump Offering Period.</p>
Indicative value of the Right	<p>The indicative value of a Right reflects the difference between the market value of the Company's share during the Trading Period and the Offer Price.</p> <p>"Tadawul" will continuously calculate and publish the indicative value of a Right during the Trading Period on its website with a 5-minute delay. The market information providers will also publish this information, which will allow investors to be informed of the indicative value of a Right when entering orders.</p>
Right trading price	The price at which the Right is traded, noting that such price is set through the offer and demand mechanism. Hence, it may be different from the indicative value of the Right.
Allocation date	The date when final allocation will be announced no later than **/**/****H (corresponding to **/**/****G) .
Method of Allocation and Refund	<p>Shares will be allocated to each investor based on the number of Rights properly and fully exercised. As for fractional shares, they will be collected and offered to Institutional Investors during the Rump Offering Period.</p> <p>The Total Offer Price of the Rump Shares shall be paid to the Company, and all remaining proceeds shall be distributed, without calculating any fees or deductions (in excess of the Offer Price), among their eligible persons who have not, wholly or partially, subscribed for the New Shares and the eligible persons of the fractional shares (Please see Section (12) - "Subscription Terms, Conditions and Instructions").</p>
New Shares Trading	After completing all necessary procedures, the start date of trading in the New Shares will be announced on the Tadawul website. The time period between the end of Subscription in Pre-emptive Rights and share deposit in shareholders' portfolio will be 9 working days.
Eligibility of dividends	The holders of the New Shares will be entitled to any dividends that the Company declares to be distributed after the date of their issuance
Voting Rights	The Company has one class of shares. No Shareholder shall have any preferential rights. The New Shares will be fully paid and will be exactly equal to outstanding shares. Each Share entitles its holder to one vote and each shareholder has the right to attend and vote at the shareholders' (ordinary or extraordinary) general assembly meetings.
Restrictions on shares	There are no restrictions on trading Company shares, except for the regulatory restrictions on generally-listed shares.
Restrictions imposed on New Shares due to capital increase	There are no restrictions imposed on shareholders in general and founding shareholders after the Subscription resulting from capital increase.
Restrictions on Rights trading	There are no restrictions on Rights Trading.

Previously listed shares	<p>The Company is incorporated as a Saudi Joint Stock Company under Ministerial Resolution No. (851), issued on 17/10/1411H (Corresponding to 01/05/1991G) licensing its incorporation, and Ministerial Resolution No. (953), dated 29/11/1411H (corresponding to 12/06/1991G) announcing its incorporation based on the resolutions of the Company's constituent assembly held on 14/11/1411H (corresponding to 28/05/1991G). The Company is registered with the Ministry of Commerce under CR No. (1010084155), issued in Riyadh on 04/12/1411H (corresponding to 16/06/1991G). The capital is sixty-eight million seven hundred fifty thousand (68,750,000) Saudi Riyals, divided into six hundred eighty-seven thousand five hundred (687,500) ordinary shares in a nominal value of one hundred (100) Saudi Riyals per share. Filing and Packing Materials Manufacturing Co. "FIPCO" is one of the first companies, whose shares were listed on the Saudi Exchange. The Company's shares started trading in 1998G. On 21/12/1418H (corresponding to 18/04/1998G), the extraordinary general assembly approved dividing the Company's shares from six hundred eighty-seven thousand five hundred (687,500) ordinary shares to one million three hundred seventy-five thousand (1,375,000) ordinary shares in a nominal value of fifty (50) Saudi Riyals per share. Pursuant to the issuance of the CMA Resolution No. ((2006-154-4)), dated 27/02/1427H (corresponding to 27/03/2006G), which ordered the division of the shares of the joint stock companies over four stages based on the Council of Ministers Resolution ordering that the nominal value of shares of the joint stock companies is to be ten (10 Saudi Riyals per share. The Company's shares were divided from six hundred eighty-seven thousand five hundred (687,500) ordinary shares to six million eighty hundred seventy-five thousand (6,875,000) ordinary shares in a nominal value of SAR (10) per share. On 11/01/1431H (corresponding to 28/12/2009G), the extraordinary general assembly approved the Board of Directors' recommendation to increase the Company's capital from sixty-eight million seven hundred fifty thousand (68,750,000) Saudi Riyals to one hundred fifteen million (115,000,000) Saudi Riyals, divided into eleven million five hundred thousand (11,500,000) ordinary shares, through the issuance of four million six hundred twenty-five thousand (4,625,000) ordinary shares in the amount of forty-six million two hundred fifty thousand (46,250,000) Saudi Riyals representing an increase of (67.27%) through the grant of one bonus share against each (1.4864) outstanding share owned by the Registered Shareholders in the Shareholders Register as at the close of trading on the date of convening the extraordinary general assembly. The capital was increased through the statutory reserve by ten million four hundred sixty-three thousand two hundred thirteen (10,463,213) Saudi Riyals, the retained profits by twenty-seven million four hundred thirty-one thousand two hundred seventy-two (27,431,272) Saudi Riyals and the net profits by eight million three hundred fifty-five thousand five hundred fifteen (8,355,515) Saudi Riyals as on 30/06/2009G. The current capital of the Company is one hundred fifteen million (115,000,000) Saudi Riyals, divided into eleven million five hundred thousand (11,500,000) ordinary shares in a nominal value of ten (10) Saudi Riyals per share, fully paid.</p>
Risk Factors	<p>There are certain risks associated with investing in this Offer, which can be generally categorized into: (1) risks related to the Company; (2) risks related to the market and sector; and (3) risks related to the New Shares Trading. These risks have been discussed in Section (2) "Risk Factors" of this Prospectus, which must be carefully reviewed before making any investment decision on the Pre-emptive Rights or New Shares.</p>
Terms of Subscription to the Pre-emptive Rights Issue	<p>Eligible persons desiring to subscribe for the New Shares must fulfill the relevant Subscription conditions. To review the Subscription terms, conditions and instructions, please see Section (12) "Subscription Terms, Conditions and Instructions".</p>
<p>Note: The Section "Important Notice" of Page "a" as well as Section "2" (Risk Factors) of this Prospectus should be read carefully prior to making a decision to invest in the Rights Issue under this Prospectus.</p>	

Important Dates and Subscription Procedures

Timetable	Date
The convening of the extraordinary general assembly that includes the approval of the capital increase and the determination of the eligibility date and the eligible shareholders, noting that the eligible shareholders are the shareholders registered in the Company's register, and they will not be registered until two days after the date of the meeting.	**/**/****H (corresponding to **/**/****G)
Trading Period	The Trading Period begins three (3) working days following the approval of the extraordinary general assembly, including the approval of the capital increase, on **/**/****H (corresponding to **/**/****G) and continues until the end of **/**/****H (corresponding to **/**/****G). During this period, all Pre-emptive Rights holders, whether registered investors or New Investors, may trade in Pre-emptive Rights.
Subscription Period	The Subscription Period begins three (3) working days following the approval of the extraordinary general assembly, including the approval of the capital increase, on **/**/****H (corresponding to **/**/****G) and continues until the end of **/**/****H (corresponding to **/**/****G). During this period, all Pre-emptive Rights holders, whether registered investors or New Investors, may exercise their right in Subscription to the New Shares.
Expiry of Subscription Period	The Subscription Period shall end and the receipt of Subscription applications shall cease on **/**/****H (corresponding to **/**/****G).
Rump Offering Period	The Rump Offering Period shall start from 10:00 AM on **/**/****H (corresponding to **/**/****G) until 05:00 PM of the next day on **/**/****H (corresponding to **/**/****G).
Notice of final allocation	On **/**/****H (corresponding to **/**/****G)
The compensation amounts (if any) shall be paid to the eligible persons who have not participated, in whole or in part, and the beneficiaries of the fractional shares.	On **/**/****H (corresponding to **/**/****G)
Expected date to start trading in the New Shares	After completing all necessary procedures, the start date of trading in the New Shares will be announced on the Tadawul website. The time period between the end of Subscription in Pre-emptive Rights and share deposit in shareholders' portfolio will be 9 working days.

Note: All dates mentioned in the above table are approximate. The actual dates will be announced on the website of Tadawul (www.saudiexchange.com.sa)

Important Announcement Dates

Announcement	Announcer	Date of Announcement
Announcement regarding the extraordinary general assembly meeting on capital increase	Company	On **/**/****H (corresponding to **/**/****G)
Announcement regarding the results of the extraordinary general assembly results on capital increase	Company	On **/**/****H (corresponding to **/**/****G)
Announcement of the amendment to the Company's share price, the deposit of rights, and the indicative value of the right	Tadawul	On **/**/****H (corresponding to **/**/****G)
Announcement of adding Pre-emptive Rights to Filing and Packaging Materials Manufacturing Co.	Edaa	On **/**/****H (corresponding to **/**/****G)
Announcement of the determination of Trading Period and Subscription Period	Company	On **/**/****H (corresponding to **/**/****G)
Announcement on the start of the Trading Period and Subscription Period	Tadawul	On **/**/****H (corresponding to **/**/****G)
Reminder announcement regarding the commencement of Trading Period and Subscription Period	Company	On **/**/****H (corresponding to **/**/****G)
Reminder announcement regarding the last day of Pre-emptive Rights trading	Company	On **/**/****H (corresponding to **/**/****G)
Announcement: • Subscription results • Details of the Sale of shares that have not yet been underwrote (if any) and the start date of the Rump offering period	Company	On **/**/****H (corresponding to **/**/****G)
Announcement of the results of the Rump Offering and notice of final allotment	Company	On **/**/****H (corresponding to **/**/****G)
Announcement of the deposit of New Shares in the investors' portfolios	Edaa	On **/**/****H (corresponding to **/**/****G)
Announcement of the distribution of compensation amounts (if any)	Company	On **/**/****H (corresponding to **/**/****G)

Note: All dates mentioned in the above table are approximate. The actual dates will be announced on the website of Tadawul (www.saudiexchange.com.sa) in coordination with Securities Depository Center Company (Edaa) to determine the share depositing date.

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

- 1) The issuer's name and its commercial registration number
- 2) The securities, their value, type, and class covered by the securities registration and offering application
- 3) Addresses and places where the public can obtain the Prospectus

4) The date of publication of the Prospectus

5) A statement that the announcement is for information purposes only and does not constitute an invitation or an offer to own the securities by purchasing or subscribing thereto

6) Name of the Lead Manager, Underwriters (if any), Financial Advisors and Legal Advisor

7) A disclaimer as follows: "CMA and the Saudi Exchange (Tadawul) do not take any responsibility for the contents of this announcement, 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 announcement"

How to apply

Subscribing for the New Shares is limited to Eligible persons, whether Registered Shareholders or New Investors. In the event that eligible persons do not subscribe for the Rights, the unsubscribed Shares shall be offered to Institutional Investors during the Rump Offering Period. Eligible persons wishing to subscribe for the New Shares should submit the Subscription application forms via the means and services provided by the broker to investors, provided the eligible person shall have one investor account at any broker providing such services.

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

Q&A related to the Rights

What is a Pre-emptive Rights Issue?

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

Who is granted the Rights?

The Rights shall be granted to Shareholders registered in the Company's Register as of the close of the second trading day of the extraordinary general assembly meeting on capital increase.

When are the Rights deposited?

Following the extraordinary general assembly meeting approving capital increase through a Rights Issue, the Rights shall be deposited as securities in the portfolios of shareholders recorded in the Company's Shareholders Register held with the Depository Center at the close of the second trading day following the date of the extraordinary general assembly meeting. The Shares will appear in the portfolios of the shareholders under a new symbol that designates these Rights. These Rights cannot be traded or exercised by the Registered Shareholders until the beginning of the Trading Period and Offering Period.

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

The Registered Shareholders are notified through an announcement on the Tadawul website as well as by the (Tadawulaty) service provided by the Securities Depository Center Company and SMS messages sent through brokerage companies.

How many Rights can be acquired by a Registered Shareholder?

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

What is the Rights Issue eligibility factor?

It is the means by which the Registered Shareholder can determine the Rights it is entitled to in relation to its shareholding under the Company's Shareholders Register held with the Depository Center at the close of the second trading day following the date of the extraordinary general assembly meeting. It is calculated by dividing the number of New Shares by the number of the Company's existing Shares. Hence, the eligibility factor is roughly (1) Rights per (1) share owned by the Registered Shareholder on the eligibility date. Accordingly, if a Registered Shareholder owns one thousand (1,000) shares on the eligibility date, (1000) Rights will be allocated for him/her against the shares owned by him/her.

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

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

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

The opening price of the Right is the difference between the closing price of the share on the day preceding the Rights listing and the Offer Price (the indicative value of the Right). For example, if the closing price of a share on the preceding day is fifteen (15) Saudi Riyals and the Offer Price is ten (10) Saudi Riyals, the opening price of the Rights will be five (5) Saudi Riyals.

Who is the Registered Shareholder?

A shareholder who appears in the Company's shareholder register at the end of the second trading day after the extraordinary general assembly meeting.

Can Registered Shareholders subscribe for additional shares?

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

Is it possible for a Registered Shareholder to lose his/her eligibility to subscribe even if he/she has the right to attend the extraordinary general assembly and vote on raising the capital through the Pre-emptive Rights Issue?

Yes, the Shareholder loses his/her eligibility to subscribe if he/she sells his/her shares on the day of the extraordinary general meeting or one working day before it.

How does the Subscription take place?

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

Is it possible to subscribe more than once and through more than one broker?

Yes, it is possible but it must be taken into account that the quantity of subscribed shares does not exceed the number of Rights owned at the end of the Trading Period, as any increase in the quantity of subscribed shares over the number of Rights owned at the end of the Trading Period will result in the cancellation of the Subscription application.

Can an eligible person subscribe for more shares than the Rights owned by him/her?

An eligible person cannot subscribe for more shares than the Rights owned by him/her.

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

The Pre-emptive Rights will be deposited in the same portfolio, in which the shares of the Company connected to the Rights are deposited. For example, if a shareholder holds one thousand (1000) shares in the Company as follows: eight hundred (800) shares in portfolio (a) and two hundred (200) shares in portfolio (b), then the total Rights amounting one thousand (1000) Rights, as each share is eligible for a Right, will be deposited. Therefore, eight hundred (800) Rights will be deposited in portfolio (a) and two hundred (200) Rights will be deposited in portfolio (b).

Are share certificate holders allowed to subscribe and trade?

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

Are additional Rights purchasers entitled to trade them once again?

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

Is it possible to sell a part of these Pre-emptive Rights?

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

When can a Shareholder subscribe for the Pre-emptive Rights purchased by him/her during the Trading Period?

During the Subscription Period after settlement of the purchase of Pre-emptive Rights (two business days).

Can the eligible person sell the Pre-emptive Right after expiry of the Trading Period?

No. After the expiry of the Trading Period, the eligible person may only exercise the right to subscribe for the Pre-emptive Rights Shares or may refrain from the same. In case the Right is not exercised, the investor may be subject to loss or decrease in the value of his investment portfolio.

What happens to the Pre-emptive Rights that are unsold or unsubscribed for during the Subscription Period?

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

Who has the right to attend the extraordinary general assembly and vote on increasing the Issuer's share capital through a Pre-emptive Rights Issue?

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

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

The share price is adjusted by Saudi Exchange before the start of trading on the day, following the extraordinary general assembly.

If an investor purchases securities on the date of the extraordinary general assembly, will he/she be eligible for the Pre-emptive Rights resulting from the increase of the Issuer's share capital?

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

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

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

What are the Trading and Subscription Periods?

Trading in and Subscription to the Rights shall commence at the same time (3) three working days following the approval of the extraordinary general assembly, including the approval for the capital increase, until the end of trading on the sixth day. However, Subscription shall continue until the ninth day as stated in the Prospectus and the Company's issued announcements.

Is it possible to subscribe during the weekend?

No.

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

Yes, but after full purchase of Pre-emptive Rights during the Trading Period.

Additional assistance:

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

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

Key Information Summary

This summary provides a brief overview of the background contained in this Prospectus. Since it is a summary, it does not include all information that may be interested to shareholders and other general institutional and individual investors. Recipients of this Prospectus should read the entire Prospectus before making an investment decision in relation to Rights or New Shares.

Description of Issuer

The Company is incorporated as a Saudi Joint Stock Company under Ministerial Resolution No. (851), issued on 17/10/1411H (Corresponding to 01/05/1991G) licensing its incorporation, and Ministerial Resolution No. (953), dated 29/11/1411H (corresponding to 12/06/1991G) announcing its incorporation based on the resolutions of the Company's constituent assembly held on 14/11/1411H (corresponding to 28/05/1991G). The Company is registered with the Ministry of Commerce under CR No. (1010084155), issued in Riyadh on 04/12/1411H (corresponding to 16/06/1991G). The capital is sixty-eight million seven hundred fifty thousand (68,750,000) Saudi Riyals, divided into six hundred eighty-seven thousand five hundred (687,500) ordinary shares in a nominal value of one hundred (100) Saudi Riyals per share.

FIPCO is one of the first companies, whose shares were listed on the Saudi Exchange. The Company's shares started trading on 13/02/1419H (corresponding to 08/06/1998G). The Company's shares were listed in Stock Exchange (Main Market).

The Company's head office is located in 2nd Industrial City, Riyadh, Kingdom of Saudi Arabia, P.O. Box: 8762, Postal Code: 11492

The capital of the Company is one hundred fifteen million (115,000,000) Saudi Riyals, divided into eleven five hundred million (11,500,000) ordinary shares in a nominal value of ten (10) Saudi Riyals per share, fully paid.

The Company does not have any Substantial Shareholders.

Summary of the Issuer's business

The Company practices its business under Commercial Registration No. (1010084155), dated 04/12/1411 H (corresponding to 16/06/1991G). The Company's business is weaving textiles from industrial threads, such as nylon, cutting and detailing covers for machinery and goods, making plastics (plastics) in their primary forms, manufacturing industrial threads, including (nylon, polyesters... etc.), manufacturing containers from plastics, and manufacturing plastic bags.

According to its By-law, the Company's main objectives are summed up as follows:

1. Manufacturing and its products according to industrial licenses.
2. Electricity, gas, water and their products. Construction and building.
3. Mines, petrol and their products.
4. Transportation, storage and cooling.
5. Construction and building.
6. Contracting.
7. Operation and maintenance.
8. Trade.
9. Information Technology.
10. Money, business and other services.
11. Security and safety.
12. Social, group and personal services.
13. Cultivation and fishing.

Structure of Issuer's Capital

The Company is incorporated as a Saudi Joint Stock Company under Ministerial Resolution No. (851), issued on 17/10/1411H (Corresponding to 01/05/1991G) licensing its incorporation, and Ministerial Resolution No. (953), dated 29/11/1411H (corresponding to 12/06/1991G) announcing its incorporation based on the resolutions of the Company's constituent assembly held on 14/11/1411H (corresponding to 28/05/1991G). The Company is registered with the Ministry of Commerce under CR No. (1010084155), issued in Riyadh on 04/12/1411H (corresponding to 16/06/1991G). The capital is sixty-eight million seven hundred fifty thousand (68,750,000) Saudi Riyals, divided into six hundred eighty-seven thousand five hundred (687,500) ordinary shares in a nominal value of one hundred (100) Saudi Riyals per share. Filing and Packing Materials Manufacturing Co. "FIPCO" is one of the first companies, whose shares were listed on the Saudi Exchange. The Company's shares started trading in 1998G. On 21/12/1418H (corresponding to 18/04/1998G), the extraordinary general assembly approved dividing the Company's shares from six hundred eighty-seven thousand five hundred (687,500) ordinary shares to one million three hundred seventy-five thousand (1,375,000) ordinary shares in a nominal value of fifty (50) Saudi Riyals per share. Pursuant to the issuance of the CMA Resolution No. ((2006-154-4)), dated 27/02/1427H (corresponding to 27/03/2006G), which ordered the division of the shares of the joint stock companies over four stages based on the Council of Ministers Resolution ordering that the nominal value of shares of the joint stock companies is to be ten (10) Saudi Riyals per share. The Company's shares were divided from six hundred eighty-seven thousand five hundred (687,500) ordinary shares to six million eighty hundred seventy-five thousand (6,875,000) ordinary shares in a nominal value of SAR (10) per share. On 11/01/1431H (corresponding to 28/12/2009G), the extraordinary general assembly approved the Board of Directors' recommendation to increase the Com-

pany's capital from sixty-eight million seven hundred fifty thousand (68,750,000) Saudi Riyals to one hundred fifteen million (115,000,000) Saudi Riyals, divided into eleven million five hundred thousand (11,500,000) ordinary shares, through the issuance of four million six hundred twenty-five thousand (4,625,000) ordinary shares in the amount of forty-six million two hundred fifty thousand (46,250,000) Saudi Riyals representing an increase of (67.27%) through the grant of one bonus share against each (1.4864) outstanding share owned by the Registered Shareholders in the Shareholders Register as at the close of trading on the date of convening the extraordinary general assembly. The capital was increased through the statutory reserve by ten million four hundred sixty-three thousand two hundred thirteen (10,463,213) Saudi Riyals, the retained profits by twenty-seven million four hundred thirty-one thousand two hundred seventy-two (27,431,272) Saudi Riyals and the net profits by eight million three hundred fifty-five thousand five hundred fifteen (8,355,515) Saudi Riyals as on 30/06/2009G. The current capital of the Company is one hundred fifteen million (115,000,000) Saudi Riyals, divided into eleven million five hundred thousand (11,500,000) ordinary shares in a nominal value of ten (10) Saudi Riyals per share, fully paid.

Vision of Issuer

To be a major player in the field of manufacturing industries, achieving competitive efficiency, sustainable growth, leadership in the regional market and presence in global markets.

Message of Issuer

Expanding its local and global presence through efficient production, effective marketing, best professional practices, and achieving the desired results for stakeholders.

Issuer's General Strategy

1. Strengthen the current position through the following:

- Meeting the needs of the local and global market of the Company's products by increasing sales and targeting new markets and sectors.
- Working to reduce employee turnover rates in terms of improving the work environment and maintaining qualified cadres.
- Production efficiency and development of the production process.

2. Optimal investment in growth sectors through the following:

- Sharing experiences with and promoting the subsidiary (FPC Industries Co.) to lead in the regional and global market.
- Diversifying the sources of income through cash management and entering into new investments with growth.

Strengths and Competitive Advantages of the Issuer

- One of the first companies listed on the Saudi Exchange
- Leader of the local market with a successful career of more than 30 years.
- A member of the "Saudi Authorized Economic Operator Program" and a member of the "Made in Saudi" Program
- A Company supporting Saudi Vision 2030.
- A well-established and strong brand name in the local, regional and international market.
- Huge human resources and highly experienced technical and administrative cadres having more than 1000 employees from 15 different nationalities.
- High Saudization rates and qualified national technical and administrative cadres of both sexes.
- A wide and diverse customer base where the Company sells and markets products on 5 continents, and exports products to more than 30 countries.
- One of the largest companies working in the field of packaging materials manufacturing in the Middle East.
- A huge production capacity estimated at about 2500 tons per month of various products.
- Exports account for almost third of the sales volume.
- Diversity of products and packaging solutions, as the Company manufactures more than 20 different products.
- Strategic account with the Saudi Export Development Authority.
- A high percentage in the index measuring the percentage of local content in products according to the measurement mechanism followed by the Local Content and Government Procurement Authority.
- Giant plants built on an area of 75,000 meters (approximately equivalent to the size of 10 football fields according to professional measurements) that include the latest industrial technologies and machines in the 2nd Industrial City in Riyadh.
- A strong reputation for commitment to the highest quality rates approved by major international bodies.
- The Company has obtained all accredited certificates related to the (Quality Management) System 9001:2015 & 22000:2005 (Food Safety Management System).
- The Company is fully responsible for the quality of its products in front of customers at all stages of manufacture. To increase reliability, all Company's products are tested in specialized and technically supported laboratories through highly reputable international laboratories, such as LABORDATA in Germany and others.

Market Overview

Industrial production can be defined as the process of converting raw materials (inputs) into consumables in their final form in the form of (outputs) for the purpose of achieving a material return for the enterprise.

This concept represents three types of industry: manufacturing, extractive industries and electricity and gas supply.

Manufacturing are industries whose activity involves the transformation of raw materials into finished products or intermediate products.

Extractive industries are raw materials extracted from the ground. Such industries depend on natural resources that cannot be replenished or replaced, such as oil and minerals.

Electricity, gas and water supply includes electricity and gas delivery as well as water supply, sanitation activities and waste management and treatment.

Industrial production is measured by the Industrial Production Index (IPI), which is an economic indicator that reflects the relative changes in the volume of industrial production quantities based on the data of the Industrial Production Survey that is done on a sample of industrial enterprises working in the targeted industrial activities represented in mining and quarrying activity, manufacturing activity, and electricity and gas supply activity. The data of this index, which is published on a monthly basis, is classified according to the International Industrial Classification of Economic Activities (ISIC4).

The index of industrial production quantities increased by 26.7% in April 2022G compared to the same month of 2021G. It continued to achieve positive growth trends as a result of higher production in mining, quarrying, and manufacturing activities.

Clear indicators of recovery in industrial production

The annual growth rate in the IPI in April 2022G was 26.7%. This is the highest annual growth rate in almost the last three years. Looking at the long term, it can be seen that the growth of the IPI has become positive since May 2021G, and has continued its upward trend during the following months, accelerating at the end of 2021G until now, after a series of months that witnessed negative growth rates in 2019G and 2020G, partially affected by the effects of the global pandemic.

Source: IPI, April 2022G, General Authority for Statistics, official reports.

Financial Information Summary

The Financial Information Summary is based on the Company's audited financial statements for the financial years ended on December 31, 2019G, 2020G and 2021G, and the audited interim financial statements for the period ending on March 31, 2022G and the accompanying notes.

Statement of Financial Position

(Saudi Riyals)	December 31, 2019G	December 31, 2020G	December 31, 2021G	March 31, 2022G
Total current assets	137,875,204	149,106,849	147,903,358	149,112,554
Total non-current assets	154,316,606	160,553,827	155,541,489	159,291,674
Total assets	292,191,810	309,660,676	303,444,847	308,404,228
Total current liabilities	85,200,391	98,156,446	87,279,780	92,171,146
Total non-current liabilities	54,423,634	82,800,525	96,077,072	95,778,625
Total liabilities	139,624,025	180,956,971	183,356,852	187,949,771
Shareholders' equity	152,567,785	128,703,705	120,087,995	120,454,457
Total shareholders' equity and liabilities	292,191,810	309,660,676	303,444,847	308,404,228

Source: Audited financial statements for the financial years ended on December 31, 2019G, December 31, 2020G and December 31, 2021G, and the audited interim financial statements for the period ended on March 31, 2022G.

Statement of Income

Statement of Income (in Saudi Riyals)	December 31, 2019G	December 31, 2020G	December 31, 2021G	March 31, 2021G	March 31, 2022G
Revenues	164,139,844	181,512,822	222,590,032	48,535,667	62,879,065
Cost of revenues	(143,502,931)	(152,205,203)	(193,605,049)	(40,328,272)	(54,253,965)
Total income	20,636,913	29,307,619	28,984,983	8,207,395	8,625,100
Income/(loss) from operations	(18,367,698)	3,829,567	(4,999,564)	(675,091)	707,234
Net pre-Zakat income/(loss)	(22,436,453)	347,756	(5,066,511)	(537,717)	1,356,462
Net profit/loss during the year	(26,026,206)	(2,976,031)	(9,063,067)	(1,527,717)	366,462
Total comprehensive income (loss) for the year	(25,071,270)	(3,539,080)	(8,615,710)	(1,527,717)	366,462

Source: Audited financial statements for the financial years ended on December 31, 2019G, December 31, 2020G and December 31, 2021G, and the audited interim financial statements for the period ended on March 31, 2022G.

Statement of Cash Flows

Cash flows (in Saudi Riyals)	December 31, 2019G	December 31, 2020G	December 31, 2021G	March 31, 2021G	March 31, 2022G
Net cash realized from operating activities	(23,383,888)	18,569,897	(14,723,501)	(4,402,724.00)	(11,741,321.00)
Net cash used in investment activities	(5,509,832)	(31,800,610)	29,626,210	14,803,253.00	(3,537,245.00)
Net cash realized from financing activities	10,499,992	15,649,906	(11,405,162)	(5,416,074.00)	7,283,386.00

Source: Audited financial statements for the financial years ended on December 31, 2019G, December 31, 2020G and December 31, 2021G, and the audited interim financial statements for the period ended on March 31, 2022G.

KPIs

Financial Indicators	December 31, 2019G	December 31, 2020G	December 31, 2021G	March 31, 2022G
Growth rate in revenues	-	10.58%	22.63%	29.55%
Growth rate in net income*	-	88.57%	(204.54%)	123.99%
Margin of total profit	12.57%	16.15%	13.02%	13.72%
Margin of net profit	(15.86%)	(1.64%)	(4.07%)	0.58%
Trading rate (once)	1.62	1.52	1.69	1.62
Total assets/total liabilities	209.27%	171.12%	165.49%	164.09%
Total revenues/assets	56.18%	58.62%	73.35%	-
Return on total assets	(8.91%)	(0.96%)	(2.99%)	-
Debt ratio/total assets	47.79%	58.44%	60.43%	60.94%
Return on total shareholders' equity	(17.06%)	(2.31%)	(7.55%)	-
Debt ratio/shareholders' equity	91.52%	140.60%	152.69%	156.03%

Summary of Risk Factors

There are a number of risks related to the issue of Pre-emptive Rights Shares, which are summarized as follows:

- Issuer-related risks
- Market and sector related to risks, in which the Issuer operates
- Risks related to the offered securities

Table of contents

1 Definitions and Terms	1
2 Risk Factors	6
2-1 Issuer-Related Risks	6
2-1-1 Risks related to revenue concentration	6
2-1-2 Risks related to the Company's ability to supply raw materials and price changes	6
2-1-3 Risks related to reliance on major suppliers	7
2-1-4 Risks related to credit and due receivables	7
2-1-5 Risks related to export	7
2-1-6 Risks related to reliance on key customers	7
2-1-7 Risks related to transportation	8
2-1-8 Risks of financing sources	8
2-1-9 Liquidity risks	8
2-1-10 Risks related to trade payables	8
2-1-11 Risks related to Adequacy of Insurance Coverage	8
2-1-12 Risks related to Inventory	9
2-1-13 Risks related to Manufacturing Defects	9
2-1-14 Risks of Changes in Significant Accounting Standards and Applying New Standards	9
2-1-15 Risks related to Zakat	10
2-1-16 Risks related to Non-issuance or Non-renewal of Licenses, Permits and Certificates	10
2-1-17 Risks Related to Penalties by the Competent Regulatory Authorities	10
2-1-18 Risks Related to Equipment, Machinery, and the Mechanism of Use	10
2-1-19 Risks Related To Saudization	11
2-1-20 Risks related to Government Fees Applicable to Non-Saudi Employees	11
2-1-21 Risks related to Dependence on Key Personnel and Executive Management	12
2-1-22 Risk of Employee Misconduct or Errors	12
2-1-23 Risks related to Imposing Fines Regarding Violating Labor Laws	12
2-1-24 Risks related to the Stopping of Government Support	12
2-1-25 Risks related to Rented Sites	13
2-1-26 Risks related to Transactions of Related Parties	13
2-1-27 Risk related to Litigation	13
2-1-28 Risks related to Expansion and Growth Strategy	13
2-1-29 Risks related to the Protection of Trademarks	13
2-1-30 Risks related to the Company's Reputation	13
2-1-31 Risk related to Operating Systems and Information Technology	14
2-1-32 Risks related to the Occurrence of Natural Disasters	14
2-1-33 Risks related to the Outbreak of the Coronavirus "Covid-19"	14
2-1-34 Risks related to the Increasing of Energy Prices in the Future	14

2-2 Risks related to the Market and the Sector in which the Issuer Operates	14
2-2-1 Risks related to Political and Economic Instability in the Region	14
2-2-2 Risks related to the Application of the Companies Law	15
2-2-3 Risks related to the Economic Performance of the Kingdom of Saudi Arabia	15
2-2-4 Risks related to Currency Fluctuations	15
2-2-5 Risks related to Interest Rate Fluctuation	15
2-2-6 Environment, Safety and Occupational Health	15
2-2-7 Risks related to Changes in Relevant Laws and Regulations	15
2-2-8 Risks related to the Imposition of New Fees or Taxes	16
2-3 Risks related to the Offer Securities	16
2-3-1 Risks related to Shareholders' Lack of Awareness of the Trading Mechanism and the Exercise of Their Rights	16
2-3-2 Risks related to Potential Fluctuation and Speculation in the Price of the Rights	16
2-3-3 Risks related to Potential Fluctuations in the Share Price	16
2-3-4 Risks related to non-Profitability or Selling of Right Issues	16
2-3-5 Risks related to Future Data	17
2-3-6 Risks related to the Possibility of Issuing New Shares	17
2-3-7 Risks of Lack of Demand for the Company's Right Issues and Shares	17
2-3-8 Risks related to Potential Dilution of Ownership	17
2-3-9 Risks related to Not Exercising the Rights in a Timely Manner	17
2-3-10 Risks related to Dividends	17
2-3-11 Risks related to Speculation in Priority Rights	17
2-3-12 Risks related to Suspension of Trading or Cancellation of the Company's shares as a Result of not Announcing its Financial Statements during the Regular Period	17
3 Company Background and Nature of Business	20
3-1 Overview of the Company	20
3-2 Company's history and most significant developments in its capital structure	20
3-3 Vision, Message and Strategy	21
3-4 Competitive Benefits	21
3-5 Company's Branches	22
3-6 Trademarks	22
3-7 Company's Business	22
3-8 Company Business Model	23
3-9 Subsidiaries	24
3-10 Business Interruption	25
3-11 Employees	25
3-12 Share programs for existing employees prior to submitting the application for securities registration and offer subject to this Prospectus:	25
3-13 Arrangements involving employees in capital	25

4 Company's Organizational Structure	27
4-1 Organizational Structure	27
4-2 Board of Directors and Secretary	28
4-3 Board Committees	28
4-3-1 Executive Committee	28
4-3-2: Audit Committee	29
4-3-3: Remuneration and Nominations Committee	31
4-3-4 Investment Committee	32
4-3-5 Governance Committee	33
4-4 Executive Management	33
4-5 Executive Management of the Subsidiary	33
4-6 Remuneration of Board Members and Senior Executives	34
5 Financial Information and Management Discussion and Analysis.....	36
5-1 Introduction	36
5-2 Declarations by the Board Members regarding the Financial Information.....	36
5-3 Overview of the Company:	37
5-3-1 Founding of Filing and Packing Materials Manufacturing Co.....	37
5-3-2 The Company carries out its business in:.....	37
5-3-3 The Company's capital	37
5-3-4 The financial year	37
5-3-5 The Company's head office is located at:	37
5-3-6 The accompanying consolidated financial statements include the financial statements of Filing and Packing Materials Manufacturing Co. (the "Company") or (the Parent Company) and its local subsidiary.	37
5-3-6-1 At the end of the first quarter of 2020G, the Company (Filing and Packing Materials Manufacturing Co.) announced on Tadawul website on Rajab 07, 1441H (corresponding to March 02, 2020G).....	38
5-4 Basis for the preparation of the consolidated financial statements:.....	38
5-4-1 Applicable accounting standards	38
5-4-2 Accounting custom / measurement basis:.....	38
5-4-3 Functional currency and display currency:	38
5-5 Basis for consolidation of consolidated financial statements:.....	38
5-6 Significant Accounting Policies:.....	39
5-6-1 New standards, amendments to standards and interpretations:	39
5-6-2 Issued standards that have not yet been applied:.....	40
5-7 Adopted accounting policies:.....	40
5-7-1 Classification of what is current versus what is not.....	40
5-7-2 Cash and cash equivalents.....	41
5-7-3 Inventory.....	41
5-7-4 Property, Plant and Equipment	41

5-7-5 Intangible Assets	42
5-7-6 Borrowing costs	42
5-7-7 Lease Contracts	43
5-7-8 Impairment of Non-Financial Assets	43
5-7-9 Fair Value Measurement	44
5-8 Financial Instruments	44
5-9 Revenue recognition	48
5-10 Revenue Costs	49
5-11 Expenses	49
5-12 Zakat and Taxes	49
5-13 Transfer of transactions in foreign currencies	50
5-14 Provisions	50
5-15 Employees' Benefits	50
5-16 Contingent assets and liabilities	51
5-17 Earnings per share.....	51
5-18 Cash dividends for Company's shareholders.....	51
5-19 Prepaid expenses.....	51
5-20 Sectoral Reports	51
5-21 Significant accounting judgments, estimates and assumptions.....	52
5-21-1 Provisions:.....	52
5-21-2 Estimates and Assumptions:.....	52
Going Concern.....	53
5-22 Attention drawn from auditor upon financial statements of 2019	53
5-23 Transactions with related parties:.....	53
5-24 Capital Commitments and Contingent Liabilities:	54
5-25 Earnings per share:	54
5-26 Geographical sector	54
5-27 Results of Operations	55
5-27-1 Statement of profit and loss and other comprehensive income.....	55
5-27-2 Key Performance Indicators	56
5-27-3 Sales	57
5-27-4 Sales Cost.....	58
5-27-5 Sales and Marketing Expenses.....	58
5-27-6 General and Administrative Expenses	59
5-27-7 Financing Expenses	59
5-27-8 Other Revenues.....	60
5-27-9 Zakat	60

5-27-10 Net profit/loss for the year	61
5-28 Financial Position	61
5-28-1 Non-current Assets.....	62
5-28-1-1 Property, Plant and Equipment	62
5-28-1-2 Total Depreciation of Property, Plant and Equipment	63
5-28-2 Current Assets	63
5-28-2-1 Cash and Cash Equivalent	64
5-28-2-2 Trade Receivables	65
5-28-2-3 Expenses paid in advance and other Debit Balances - net.....	65
5-28-2-4 Inventory- net.....	66
5-28-3 Current Liabilities	66
5-28-3-1 Accrued Expenses and other Credit Balances.....	67
5-28-4 Non-current Liabilities	68
5-28-4-1 Long term loans.....	68
5-28-4-2 Employee defined Benefit Obligations.....	69
5-29 Shareholders' equity	69
5-30 Cash Flow Statement	70
5-30-1 Cash flow from operating activities	70
5-30-2 Cash flow from investment activities.....	72
5-30-3 Cash flow from financing activities.....	73
6 Use of Offering Proceeds and Future Projects	75
6-1 Net Offering Proceeds.....	75
6-2: The use of Offering Proceeds:.....	75
7 Expert Statements	77
8 The board of directors' approval.....	79
9 Legal Information.....	81
9-1 An introduction to the Company and the most prominent changes happened to it.....	81
9-2 Board of Directors, Committees and Executive Management:	82
9-2-1 Formation of the Board of Directors:.....	82
9-2-2 Company's Committees	84
9-2-2-1 Audit Committee.....	84
9-2-2-2 Remunerations and Nominations Committee.....	84
9-2-2-3 Executive Committee.....	85
9-2-2-4 Governance Committee.....	85
9-2-2-5 Investment Committee.....	86
9-2-3 Company's Executive Management	87
9-2-4 Subsidiary's Executive Management.....	87

9-3 Certificates, approvals and licenses obtained by the Company	88
9-3-1 Company's approvals and licenses.....	88
9-3-2 Subsidiary's approvals and licenses.....	89
9-4 Company branches	89
9-5 Subsidiaries.....	89
9-6 Investment companies:.....	90
9-7 Continuing Obligations imposed by the Governmental Authorities on the Company in its Capacity as a License Holder	91
9-7-1 The Continuing Obligations as per the requirements of the Ministry of Commerce.....	91
9-7-2 The Continuing Obligations as per the requirements of Zakat, Tax and Customs Authority	91
9-7-3 The Continuing Obligations as per the requirements of the Ministry of Human Resources and Social Development	91
9-7-4 The Continuing Obligations as per the requirements of the General Organization for Social Insurance.....	92
9-7-5 As per the requirements of the Ministry of Municipal, Rural Affairs and Housing	92
9-7-6 The Continuing Obligations as per the requirements of the Ministry of Industry and Mineral Resources.....	92
9-7-7 As per the requirements of the Capital Market Authority (CMA).....	92
9-7-8 The Continuing Obligations as per the requirements of Saudi Authority for Industrial Cities and Technology Zones (MODON).....	94
9-7-9 Continuing obligations as per the requirements of the National Center for Environmental Compliance (The Center)	94
9-8 Material Contracts.....	94
9-8-1 Material business contracts whose revenues equal or exceed 5% of the total revenues.....	94
9-8-2 Related Parties.....	94
9-8-3 Lease Contracts.....	94
9-9 Loans and facilities	97
9-10 Properties of the Company	98
9-11 Litigation.....	98
9-12 Intellectual properties	99
9-13 Insurance	99
9-14 Material information that has changed since the CMA's approved the last share issue Prospectus	100
9-15 Declarations of Board Members in relation to legal information	100
10 Underwriter	102
10-1 Underwriter	102
10-2 Summary of Subscription Underwriter Agreement	102
11 Exemptions.....	104
12 Information related to the shares and the offering terms and conditions	106
12-1 Offering	106
12-2 How to apply for subscription for Pre-emptive Rights Shares (New Shares)	106
12-3 Subscription Request.....	106
12-4 Stages of Trading and Subscription Rump Offering Period.....	106

12-5 Eligible persons not participating in subscription for the New Shares	107
12-6 Allocation and surplus refund	107
12-7 Supplementary Prospectus	108
12-8 Suspension or cancellation of the offering	108
12-9 The decisions and approvals whereby the shares will be offered	110
12-10 Miscellaneous	110
12-11 Statement of any existing arrangements to prevent the disposal of certain shares.....	110
13 Changes to share price out of capital increase	112
14 Subscription Undertakings	114
14-1: About Request and Undertakings of Subscription	114
14-2: Allocation processes	114
14-3: Saudi Tadawul Group (Tadawul).....	114
14-4: Trading of the Company Shares in Tadawul	114
15 Examinable documents	116

Tables

Table 1 Company's revenue by product type	6
Table 2 Raw material prices	6
Table 3 Receivables aging.....	7
Table 4 Financing sources.....	8
Table 5 Trade payables aging	8
Table 6 Company Inventory Details.....	9
Table 7 Company's Branches	22
Table 8 brands	22
Table 9 Group's wholly-owned subsidiary	24
Table 10 Number of employees and percentage of Saudization in the company.	25
Table 11 members of the board of directors	28
Table 12 Number of Board of Directors meetings	28
Table 13 Members the Executive Committee	29
Table 14 Number of Executive Committee members' meetings	29
Table 15 Audit Committee Members	30
Table 16 Number of Audit Committee members' meetings.....	30
Table 17 Members of the Remuneration and Nominations Committee	32
Table 18 Number of meetings of the Remuneration and Nomination Committee members	32
Table 19 Members the Investment Committee.....	32
Table 20 Number of Investment Committee Meetings	33
Table 21 Members of the Governance Committee.....	33
Table 22 Number of meetings of members of the Governance Committee	33
Table 23 Executive Management Team	33
Table 24 Executive management of the subsidiary company.....	33
Table 25 Remuneration of Board Members and Executives.....	34
Table 26 company branches	37
Table 27 Subsidiary information.....	38
Table 28 Subsidiary Branches.....	38
Table 29 The estimated useful life of the asset according to the straight line method.....	42
Table 30 Method of proof and presentation of the profits or losses resulting from the classification of categories.....	46
Table 31 Earnings per share for the fiscal years ending on December 31, 2019, 2020, and 2021.....	54
Table 32 Revenue classification for the financial years ending on December 31, 2019G, 2020G, and 2021G.....	54
Table 33 Income statement for the financial years ending on December 31, 2019G, 2020G, and 2021G, and for the two periods ending on March 31, 2021G and March 31, 2022G.....	55
Table 34 Key performance indicators of the financial statements for the financial years ending on December 31, 2019, 2020, and 2021	56
Table 35 The company's financing structure for the financial years ending on December 31, 2019, 2020, and 2021.....	57
Table 36 The sales of the financial years ending on December 31, 2019, 2020, and 2021, and for the two periods ending on March 31, 2021, and March 31, 2022.	57
Table 37 The sales cost of the financial years ending on December 31, 2019, 2020, and 2021, and for the two periods ending on March 31, 2021, and March 31, 2022.	58

Table 38 The Sales and Marketing Expenses of the financial years ending on December 31, 2019, 2020, and 2021, and for the two periods ending on March 31, 2021, and March 31, 2022.....	58
Table 39 the General and Administrative Expenses of the financial years ending on December 31, 2019, 2020, and 2021, and for the two periods ending on March 31, 2021, and March 31, 2022.....	59
Table 40 the Financing Expenses of the financial years ending on December 31, 2019, 2020, and 2021, and for the two periods ending on March 31, 2021, and March 31, 2022.....	59
Table 41 the Other Revenues of the financial years ending on December 31, 2019, 2020, and 2021, and for the two periods ending on March 31, 2021, and March 31, 2022.....	60
Table 42 Financial Statements for the financial years ending on December 31, 2019G, 2020G, and 2021G, and for the two periods ending on March 31, 2021G, and March 31, 2022G.....	61
Table 43 Non-current assets for the financial years ending on December 31, 2019G, 2020G, and 2021G, and for the two periods ending on March 31, 2021G, and March 31, 2022G.....	62
Table 44: The net book value of property, plant and equipment for the financial years ending on December 31, 2019G, 2020G, and 2021G and for the two periods ending on March 31, 2021G and March 31, 2022G.....	63
Table 45 Total depreciation for the financial years ending on December 31, 2019G, 2020G, and 2021G, and for the two periods ending on March 31, 2021G, and March 31, 2022G.....	63
Table 46 current assets for the financial years ending on December 31, 2019G, 2020G, and 2021G, and for the two periods ending on March 31, 2021G, and March 31, 2022G.....	64
Table 47 Cash and Cash Equivalent for the financial years ending on December 31, 2019G, 2020G, and 2021G, and for the two periods ending on March 31, 2021G, and March 31, 2022G.....	64
Table 48 trade receivables for the financial years ending on December 31, 2019G, 2020G, and 2021G, and for the two periods ending on March 31, 2021G, and March 31, 2022G.....	65
Table 49 Advance paid expenses and other debit balances for the financial years ending on December 31, 2019G, 2020G, and 2021G, and for the two periods ending on March 31, 2021G, and March 31, 2022G.....	65
Table 50 Inventories for the financial years ending on December 31, 2019G, 2020G, and 2021G, and for the two periods ending on March 31, 2021G, and March 31, 2022G.....	66
Table 51 Total current liability for the financial years ending on December 31, 2019G, 2020G, and 2021G, and for the two periods ending on March 31, 2021G, and March 31, 2022G.....	67
Table 52 Accrued Expenses and other Credit Balances for the financial years ending on December 31, 2019G, 2020G, and 2021G, and for the two periods ending on March 31, 2021G, and March 31, 2022G.....	67
Table 53 Non-current Liabilities for the financial years ending on December 31, 2019G, 2020G, and 2021G, and for the two periods ending on March 31, 2021G, and March 31, 2022G.....	68
Table 54 Shareholders' equity for the financial years ending on December 31, 2019G, 2020G, and 2021G, and for the two periods ending on March 31, 2021G, and March 31, 2022G.....	69
Table 55 The cash flow statement for the financial years ending on December 31, 2019G, 2020G, and 2021G, and for the two periods ending on March 31, 2021G, and March 31, 2022G.....	70
Table 56 Cash flow statement from operating activities for the financial years ending on December 31, 2019G, 2020G, and 2021G, and for the periods ending on March 31, 2021G, and March 31, 2022G.....	70
Table 57 Cash flow statement from investment activities for the financial years ending on December 31, 2019G, 2020G, and 2021G, and for the two periods ending on March 31, 2021G, and March 31, 2022G.....	72
Table 58 The following is a list of cash flows from financing activities for the financial years ending on December 31, 2019G, 2020G, and 2021G, and for the periods ending on March 31, 2021G, and March 31, 2022G.....	73
Table 59 The use of Offering Proceeds.....	75
Table 60 Names of the founders and the number of their shares.....	81
Table 61 The current board of directors of the company.....	83
Table 62 Decisions appointing the Chairman of the Board of Directors, Vice Chairman of the Board of Directors, Managing Director and Secretary of the Board of Directors.....	83
Table 62 Remunerations for membership of the Board and membership of its committees for the previous three fiscal years.....	84
Table 63 Board of Directors meetings during the previous three fiscal years.....	84
Table 64 members of the audit committee.....	84
Table 65: Members of the Remuneration and Nomination Committee.....	85

Table 66: Members of the Executive Committee.....	85
Table 67 Governance Committee members	86
Table 68 Investment Committee members.....	86
Table 69 Executive management of the company	87
Table 70 Executive management of the subsidiary company.....	87
Table 71 Approvals and licenses related to the company.....	88
Schedule 72 Approvals and Licenses Related to the Subsidiary	89
Table 73: Branches established inside the Kingdom	89
Table 74: Subsidiary branches inside the Kingdom.....	90
Table 75 Licenses for subsidiary companies.....	90
Table 76: Distribution of the number of company employees according to the data of the company's government agencies	91
Table 77 Distribution of the company's employees according to the data of the government agencies of the subsidiary company.....	92
Table 78 A summary of the most important provisions of the Corporate Governance Regulation that the Company abode by.....	94
Table 79 lease contracts entered into by the subsidiary.....	95
Table 80 Lease contract for the headquarters of the subsidiary company.....	95
Table 81 Lease contracts for subsidiaries' branches.....	96
Table 82 Details of credit facilities and financing agreements as of June 2022	97
Table 83 Details of the subsidiary company's financing contract	98
Table 84 Cases and Judicial Claims of FIPCO.....	98
table 85 Enforcement Issues Related to the Subsidiary	99
Table 86 Trademarks owned by the Company and its subsidiaries	99
Table 87 The main details of the insurance policies held by the company and its subsidiaries	100



1 Definitions and Terms

1 Definitions and Terms

Term	Definition
"Company", "FIPCO" or "Issuer"	Filing and Packing Materials Manufacturing Co. ("FIPCO" or "Company") is a Saudi Joint Stock Company incorporated under Ministerial Resolution No. 851, issued on 17/10/1411H (Corresponding to 01/05/1991G) licensing its incorporation, and Ministerial Resolution No. 953, dated 29/11/1411H (corresponding to 12/06/1991G) announcing its incorporation based on the resolutions of the Company's constituent assembly held on 14/11/1411H (corresponding to 28/05/1991G). The Company is registered with the Ministry of Commerce under CR No. (1010084155), issued in Riyadh on 04/12/1411H (corresponding to 16/06/1991G).
Group	Filing and Packing Materials Manufacturing Co. and subsidiaries (hereinafter referred to as the "Group").
Advisors	The Company's Advisors, whose names are mentioned in pages (E).
Management	Management of the Company.
Board or Board of Directors	The Board of Directors of the Company, whose names appear on pages (c).
Substantial Shareholders	The Company does not have any Substantial Shareholders (who own 5% or more of the Company's shares).
Related Parties	They mean: <ol style="list-style-type: none"> 1. Company's employees; 2. substantial shareholders in the Company; 3. Directors and Senior Executives of the Company; 4. Directors and Senior Executives of the Company's employees; 5. Directors and Senior Executives of the Company's substantial shareholders; 6. any relatives to the persons referred to in Clauses (1, 2, 3, 4 or 5) above; and 7. any company controlled by any person referred to in Clauses (1, 2, 3, 4, 5 or 6) above. 8. Persons acting in concert together and jointly owning (5%) or more of the category of shares to be listed.
Senior Executives	Any natural person assigned (solely or with others) by the Company's Administrative Body or by a member of the Company's Administrative Body to supervision and administration tasks. He/she shall report to: (1) Administrative Body directly, (2) member of the Administrative Body and (3) CEO.
Administrative Body	Group of individuals, who take strategic decisions for the Company. The contributing Company's Board of Directors shall be considered its Administrative Body.
By-law	Company's By-law.
Saudi Authority for Industrial Cities and Technology Zones ("MODON")	Saudi Authority for Industrial Cities and Technology Zones ("MODON") is a governmental authority that has an independent corporate personality, which was established based on the Council of Ministers Resolution No. (235), dated 27/08/1422H, it directly reports to His Excellency Minister of Industry.
Capital Market Authority or CMA	The Capital Market Authority in the KSA.
Companies Law	The Companies Law in the Kingdom of Saudi Arabia promulgated by Royal Decree No. (M/3), dated 28/01/1437H (corresponding to 10/11/2015G), which entered into force on 25/07/1437H (corresponding to 02/05/2016G) as amended on 01/07/1441H (corresponding to 25/02/2020G).
Stock Exchange	Saudi Exchange (Tadawul).
Founding Shareholders	Founding Shareholders of the Company
General Assembly	The Shareholders' General Assembly of the Company.
Ordinary General Assembly	The ordinary general assembly of the Company's Shareholders, which is held according to the Company's By-law.
Extraordinary general assembly	The extraordinary general assembly of the Company's Shareholders, which is held according to the Company's By-law.

GCC	The Gulf Cooperation Council.
GDP	The gross domestic product of the Kingdom of Saudi Arabia.
Government	The Government of the Kingdom of Saudi Arabia.
Corporate Governance Regulations	Corporate Governance Regulations in the Kingdom of Saudi Arabia issued by the CMA Board pursuant to Resolution No. (8-16-2017), dated 16/05/1438H (corresponding to 13/02/2017G), in accordance with the Companies Law promulgated by Royal Decree No. M/3, dated 28/01/1437H, as amended by the CMA Board Resolution No. (2022-94-1), dated 24/01/1444H (corresponding to 22/08/2022G).
KSA	Kingdom of Saudi Arabia.
Rights or Pre-emptive Rights	They are tradable securities giving their holders the priority to subscribe for the offered New Shares upon approval of the capital increase. An acquired right by Registered Shareholders. Each Right grants its holder the right to subscribe for one New Share at the Offer Price. Rights Issue will be deposited after the extraordinary general assembly for Capital Increase. The Rights will appear in the accounts of the Registered Shareholders under a new symbol specifying the Rights Issue. The Registered Shareholders will be informed of the deposit of the Rights in their portfolios.
Capital Market Law	The Capital Market Law promulgated by Royal Decree No. M/30 dated 02/06/1424H (corresponding to 01/08/2003G).
Rules on the Offer of Securities and Continuing Obligations	The Rules on the Offer of Securities and Continuing Obligations issued by CMA Board Pursuant to its Resolution No. 2017-123-3, dated 09/04/1439H (corresponding to 27/12/2017G), based on the Capital Market Law promulgated by Royal Decree No. M/30, dated 02/06/1424H, as amended by CMA Board Resolution No. 2022-94-1, dated 24/01/1444H (corresponding to 22/08/2022G).
Listing Rules	Listing Rules issued by the Saudi Exchange (Tadawul) and approved by virtue of CMA Board Resolution No. 2017-123-3, dated 09/04/1439H (corresponding to 27/12/2017G), as amended by Resolution No. 1-52-2022, dated 12/09/1443H (corresponding to 13/04/2022G).
Lead Manager	Al-Nefae Investment Group.
Net Proceeds of the Offer	Proceeds of the offering after deducting the offering expenses.
Offer/Subscription Price	10 Saudi Riyals per share.
Offered Shares	11,500,000 ordinary shares.
Indicative Value of the Right	The difference between the market value of the Company's share during the Trading Period and the Offer Price.
Offering Period	The period commencing three (3) working days following the approval of the extraordinary general assembly, including the approval of the capital increase, on ** ***/**/****H (corresponding to **/**/****G) until ** ***/**/****H (corresponding to **/**/****G) .
Rump Offer	Rump shares unsubscribed by eligible persons shall be offered to Institutional Investors by offering them during the Rump Offering Period.
Rump Offer Period	If any shares remain unsubscribed after the end of the Subscription Period ("Rump Shares"), they will be offered to a number of Institutional Investors ("Institutional Investors") (hereinafter referred to as the "Rump Offering"). Such Institutional Investors shall submit their offers for purchasing the Rump Shares and the receipt of those offers shall commence at 10:00 AM on ** ***/**/****H (corresponding to **/**/****G) and continue until 5:00 PM on ** ***/**/****H (corresponding to **/**/****G) (Rump Offering "Period"). The Rump Shares shall be allocated to Institutional Investors in order of the offered price starting with the highest offer up to the lowest offer (provided that the price shall not be less than the Offer Price). The Rump Shares shall be allocated on a pro rata basis among Institutional Investors that provided offers at the same price. Fractional shares shall be added to the rump shares and treated in the same way.
Eligible persons	All Rights holders, whether Registered Shareholders or those who have purchased the Rights during the Trading Period.
Registered Shareholders	Shareholders holding shares on the date of the extraordinary general assembly meeting on capital increase as recorded in the Company's Shareholders Register at the close of the second trading day following the extraordinary general assembly.
Person	Natural person.
Prospectus	This document prepared by the Company in relation to the Subscription of Pre-emptive Rights Shares.
SAR	Saudi Riyal - Official currency of the KSA.
Functional Currency	The Saudi Riyal, in which the consolidated financial statements are presented.
USD	Official currency of the United States of America.
Euro	Current official currency of the European Union.
Shareholder	Owner or holder of shares as of any specified time.

Total offered shares	The Company's ordinary shares of eleven million five hundred thousand (11,500,000) ordinary shares with a nominal value of ten (10) Saudi Riyals per share.
Al Wasatah Al Maliah or Wasatah Capital	Al Wasatah Al Maliah is a Saudi Closed Joint Stock Company licensed by CMA under No. (08125-37) permitting it to act as a principal, underwrite, manage, arrange and maintain securities.
Brokers	The market institutions licensed by the Capital Market Authority to engage in the activity of dealing in securities in the capacity of an agent.
Institutional Investors	<p>Include a number of institutions, as follows:</p> <ol style="list-style-type: none"> 1. Government entities and government owned companies, whether investing directly or through a portfolio manager, or any international entity recognized by CMA, the Saudi Exchange or any other stock exchange recognized by CMA or the Depository Center; 2. Mutual funds established in the Kingdom of Saudi Arabia and publicly offered besides private funds, which invest in the securities listed in the Saudi Exchange, if such is permitted by the fund's terms and conditions, subject to the provisions and restrictions provided in the Investment Fund Regulations; 3. Persons authorized to deal in securities as principals, provided that the financial adequacy requirements are observed; 4. Customers of a person authorized to perform the works of the management, provided such authorized person has been appointed on terms, upon which it may make decisions regarding the acceptance of engagement in the offering and investment in Saudi Exchange on behalf of the customer without obtaining prior approval; 5. Any other corporate persons may open an investment account in the Kingdom of Saudi Arabia and an account with the Depository Center, considering the controls on investment companies listed in financial markets, provided the participation of the Company shall not cause any conflict of interests; 6. GCC Investors with Legal Personality, Including companies and funds established in the GCC countries; 7. Qualified foreign investors; and 8. A final beneficiary of a legal capacity in a mutual agreement concluded with an authorized person in accordance with the terms and conditions of the mutual agreements.
SOCPA	The Saudi Organization for Chartered and Professional Accountants in the Kingdom of Saudi Arabia, formerly the Saudi Organization for Certified Public Accountants.
IFRS	A set of accounting standards and interpretations thereof issued by the IASB.
Ministry of Commerce	Ministry of Commerce in the Kingdom of Saudi Arabia (the name of the "Ministry of Commerce and Investment" was modified to be the "Ministry of Commerce").
Subscriber	Any Person subscribing for shares offered for Subscription
Tadawul	Automated Saudi securities trading system.
External Manpower	Manpower rented from local manpower supply companies through Ajeer.
VAT	On 02/05/1438H, the Cabinet decided to approve the unified VAT agreement for Gulf Cooperation Council (GCC) countries, which came into force on January 01, 2018G, as a new tax added to the system of taxes and other fees to be implemented by Specific industries in the KSA, and in the GCC countries. The amount of this tax is (5%), where a number of products have been excluded from it (such as basic foods, services related to health care and education). The Kingdom of Saudi Arabia's government decided to increase the value-added tax rate from 5% to 15% starting from July 2020G.
Underwriter	Al Wasatah Al Maliah (Wasatah Capital)
Underwriting Agreement	The underwriting agreement concluded between the Company and the Underwriter.
Capital	The balance shown as a separate item within shareholders' equity in the statement of financial position.
Litigation	Resorting to courts and judicial and semi-judicial committees to reach a dispute settlement.
Rules of Qualified Foreign Financial Institutions Investment in Listed Securities	These are rules for regulating the investment of securities by non-Saudi persons residing outside the KSA, issued by the CMA Board pursuant to its Resolution No. (1-42-2015), dated 15/07/1436H (corresponding to 04/05/2015G), as amended by the Resolution of the Board of the Capital Market Authority No. 3-65-2019, dated 14/10/1440H (corresponding to 17/6/2019G).

IPI	It is an economic indicator that reflects the relative changes in the volume of industrial production quantities based on the data of the Industrial Production Survey that is done on a sample of industrial enterprises working in the targeted industrial activities represented in mining and quarrying activity, manufacturing activity, and electricity and gas supply activity. The data of this index, which is published on a monthly basis, is classified according to the International Industrial Classification of Economic Activities (ISIC 4).
Industrial Production	The process of converting raw materials (inputs) into consumables in their final form in the form of (outputs) for the purpose of achieving a material return for the enterprise.
Transformative industries	They are industries whose activity involves the transformation of raw materials into finished products or intermediate products.
National Classification of Economic Activities (ISIC 4):	It is a statistical classification based on the International Standard Industrial Classification of All Economic Activities, as this is the reference classification of productive activities. The purpose of using this classification in the survey of small and medium enterprises is to determine the main economic activity practiced by the enterprise.
Economic Activity	All works or services practiced or provided by the enterprise that achieve a financial return. Sometimes the enterprise does not reap a financial return from its work, as is the case in charities that depend on donations.
Production Quantity	It is the amount of production from a certain commodity
Commodities	They are tangible materials, which the consumer purchases for the purpose of final consumption.
Polypropylene	They are chemically manufactured thermoplastics and are used in a wide range of applications, including packaging and weaving (e.g. ropes, thermal underwear and carpets)



2 Risk Factors

2 Risk Factors

2-1 Issuer-Related Risks

2-1-1 Risks related to revenue concentration

The Company's revenues are concentrated on the production and sale of packaging materials. The Company relies heavily on the sales of small bags and giant bags, where the sales of small bags accounted for (29.66%), (28.35%), (19.36%) and (26.32%) of the Company's total sales for the financial years ended on December 31, 2019G, 2020G and 2021G, and the three-month period ended on March 31, 2022G, respectively. Sales of giant bags accounted for (28.96%), (23.15%), (25.53%) and (24.80%) of the Company's total sales for the financial years ended in 2019G, 2020G, 2021G and March 31, 2022G, respectively. The following table sets out the details of the Company's revenues by product type and their percentage of total sales:

Table 1 Company's revenue by product type

Source of Revenue	Company's Revenue							
	2019G		2020G		2021G		March 31, 2022G	
	Saudi Riyals	Ratio (%)	Saudi Riyals	Ratio (%)	Saudi Riyals	Ratio (%)	Saudi Riyals	Ratio (%)
Small bags	48,677,760	29.66%	51,465,550	28.35%	43,099,924	19.36%	16,549,233	26.32%
Giant bags	47,530,149	28.96%	42,016,541	23.15%	56,835,328	25.53%	15,596,068	24.80%
Round products	1,179,818	0.72%	831,233	0.46%	868,235	0.39%	167,535	0.27%
Cable filler	6,036,108	3.68%	12,568,863	6.92%	20,080,049	9.02%	6,233,914	9.91%
Fabric	28,594,987	17.42%	23,965,674	13.20%	34,337,458	15.43%	8,441,599	13.43%
Tie rolls	2,917,080	1.78%	2,980,837	1.64%	5,236,519	2.35%	929,534	1.48%
Cement valve bags	16,260,516	9.91%	12,320,818	6.79%	12,469,971	5.60%	3,842,060	6.11%
Container liner	22,500	0.01%	1,715	0.00%	0	0.00%	0	0.00%
Subsidiary sales	12,920,926	7.87%	35,361,591	19.48%	49,662,548	22.31%	11,119,122	17.68%
Total	164,139,844	100%	181,512,822	100.00%	222,590,032	100.00%	62,879,065	100.00%

We point out that in the event that something negative affects the sales of the small bag and giant bag products, or if there is any change in the prices of the Company's products locally and globally as a result of the change in supply and demand and competition for these products or the Company's inability to reach a satisfactory solution with suppliers that caused interruption or delay in the receipt of raw materials, the Company's revenues will be directly affected and this will be reflected negatively and materially on the Company's business, operation results, financial position and future prospects.

2-1-2 Risks related to the Company's ability to supply raw materials and price changes

The Company relies in the continuity of its operations on the continuity of obtaining sufficient supplies of raw materials used in its production process, as the cost of raw materials used in the production process formed (69.26%), (66.76%) and (69.64%) of the total cost of sales for the Company for the financial years ended on December 31, 2019G and 2020G and 2021G, respectively. The prices of raw materials are subject to fluctuations in their prices in the future for any reason, such as the high fees and costs associated with the process of obtaining raw materials, and it should be noted that the increase in raw material prices in 2021G was due to the rise in global energy prices. The following table shows the most prominent raw materials used by the Company and the change in their prices during the financial years ending in 2019G, 2020G and 2021G and the three-month period ending on March 31, 2022G, respectively.

Table 2 Raw material prices

Raw Materials	2019G Saudi Riyals	2020G Saudi Riyals	2021G Saudi Riyals	March 31, 2022G Saudi Riyals	Change Ratio in 2020G	Change Ratio in 2021G	Change Ratio on March 31, 2022G
Pure Polypropylene Granules, type: 500B	3.87	3.83	5.48	5.39	(1.03%)	43.08%	(1.64%)
Pure Low Density Linear Polyethylene Granules, type: 500026	3.87	3.82	5.51	5.45	(1.29%)	44.24%	(1.09%)
Pure Polypropylene Granules, type: 511A	4.14	4.02	5.76	5.65	(2.90%)	43.28%	(1.91%)
Calcium Carbonate Powder	1.64	1.43	1.77	2.02	(12.80%)	23.78%	14.12%
Pure Low Density Polyethylene Granules, type: HP 0322N	4.03	4.05	5.9	6.06	0.50%	45.68%	2.71%
Pure Low Density Linear Polyethylene Granules, type: NG 118	3.85	3.4	4.62	4.69	(11.69%)	35.88%	1.52%

The Company's processes and productivity are extremely sensitive to the availability of raw materials. Therefore, the unavailability of any raw materials, the inability of the Company to obtain them from their manufacturers or the inability of the suppliers of the raw materials to provide them for any reason, whether temporarily or permanently, will hinder the Company's productive operations. In the event of any other factors relating to suppliers or raw materials, including but not limited to the issuance of new laws or regulations related to the production

of raw materials, the extent to which the Company's suppliers deal with other buyers and prefer them to the Company, the inability of suppliers to provide the required quantities at the times agreed with the Company, their cessation of production for any reason, the emergence of any material incidents in the production or supply of suppliers, or the emergence of wars, natural disasters or political disturbances and similar force majeure, will materially affect the Company's ability to provide raw materials as required for its production, and thus will have a negative and material impact on the Company's business, the results of its operations, financial position and future forecast.

2-1-3 Risks related to reliance on major suppliers

The continuity of the Company depends on its ability to provide raw materials at reasonable prices. The Company deals with local and international suppliers to provide its raw materials. It deals with suppliers through the issuance of direct purchase orders. The procurement of raw materials by Filing and Packing Materials Manufacturing Co. is one of the top five suppliers represents (73.04%), (68.76%), (76.50%) and (74.46%) of the total procurement for the financial years ended on December 31, 2019G, 2020G, 2021G and the three-month period ending on March 31, 2022G, respectively. Due to the Company's reliance in its dealings on direct purchase agreements and not according to a contractual relationship based on agreements concluded with specific periods of time, it may be exposed to risks related to the possibility of interruption of raw materials and fluctuations in its prices, whether for a short or long period of time in the absence of contracts or agreements with these major suppliers. This in turn will negatively and materially affect the Company's operating margins, financial position, results of operations and future expectations.

2-1-4 Risks related to credit and due receivables

The Company may face credit risks in several temporary or permanent cases, including: the existence of debit balances from customers, and the failure of other debtors to fulfill their obligations to the Company. The balance of net trade receivables of the Company reached (48.40), (40.25), (48.03) and (55.97) million Saudi Riyals for the financial years ended on December 31, 2019G, 2020G and 2021G and the three-month period ended on March 31, 2022G, respectively, representing (16.57%), (13%), (15.83%) and (18.15%) of the total assets of the Company for the financial years ended on December 31, 2019G, 2020G and 2021G and the three-month period ended on March 31, 2022G, respectively. The turnover of receivables reached (3.39) times, (4.51) times and (4.63) times for the financial years ended on December 31, 2019G, 2020G and 2021G, respectively.

The following table shows the average age of receivables during the financial years 2019G, 2020G, and 2021G, and the three-month period ended on March 31, 2022G.

Table 3 Receivables aging

Saudi Riyals	2019G	2020G	2021G	March 31, 2022G
Undue	7,937,848	18,127,402	31,664,223	35,621,381
Up to two months	23,785,839	14,105,601	8,414,998	11,867,606
From two to three months	7,836,093	8,236,604	3,151,550	4,111,844
From three months to a year	11,533,357	1,748,644	6,329,448	5,158,457
More than a year	1,501,591	878,475	5,276,226	6,779,059

Some of the Company's customers may face financial and operational difficulties due to economic or market conditions or other factors specific to those customers that limit their ability to meet their obligations to the Company; therefore, the Company has formed a provision for credit losses amounting (4.19), (2.91), (6.80) and (7.56) million Saudi Riyals for the financial years ended on December 31, 2019G, 2020G, and 2021G and the three-month period ended on March 31, 2022G, respectively. If the Company is unable to collect its dues from its customers and continues to form additional provisions, this may negatively and materially affect the Company's business, financial position, results of operations and future expectations.

2-1-5 Risks related to export

The Company exports its products to more than 30 countries outside the Kingdom of Saudi Arabia. The exports constitute a large percentage of the Company's total sales reaching (35.24%), (28.68%), (32.51%) and (26.33%) of the total sales as on December 31, 2019G, 2020G, 2021G, and the three-month period ending on March 31, 2022G, respectively.

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

2-1-6 Risks related to reliance on key customers

Revenues generated by the Company's top five major customers amounted 76.8 million, 57.8 million, 69.3 million and 19.7 million Saudi Riyals representing (46.78%), (31.87%), (31.11%) and (31.32%) of the Company's total revenues for the financial years ended on December 31, 2019G, 2020G, and 2021G and the three-month period ended on March 31, 2022G, respectively. There is no guarantee that the volume of sales to the key customers will be sustained. The Company may not be able to maintain its customers in general, or any of its key customers in particular, so the Company must work to expand its customer base and diversify the sold goods to reduce dependence on the key customers locally or internationally to avoid continuous change in price levels and pressure on profit margins.

There is no guarantee that the volume of sales to the key customers will be sustained due to the lack of contracts for fixed periods, where purchases are made between customers and the Company by issuing direct purchase orders. Hence, the Company may not be able to maintain its customers in general, or any of its key customers in particular, so the Company must work to expand its customer base and diversify the sold goods to reduce dependence on key customers locally or internationally to avoid continuous change in price levels and pressure on profit margins. It should be noted that if the Company loses one or more of these five key customers or if there is a decline in the volume

of business with them, it will make the Company lose a large share of its revenues without the ability to compensate from other customers. This will have a negative and material impact on the Company's business, financial position, results of operations and future expectations.

2-1-7 Risks related to transportation

The Company delivers its products to its customers inside and outside the Kingdom of Saudi Arabia through third parties (transport service providers) and the transportation and shipping expenses are charged according to the agreement concluded with the customer. Accordingly, any malfunction occurs to the transport fleet that the Company deals with or in the event of any change in the laws and regulations of transport and regulatory requirements for the transportation of the Company's products or the occurrence of an increase in costs associated with transportation such as gasoline, maintenance, spare parts and labor costs will limit the Company's ability to supply its products to its customers, which in turn will negatively and materially affect the Company's business, the results of its operations, its financial position and its future expectations.

2-1-8 Risks of financing sources

The Company may need to obtain finance and bank facilities to finance future expansion plans. It is worth noting that obtaining financing depends on the Company's capital, financial condition, cash flows, guarantees provided by the same, and credit record. The Company might be unable to obtain the appropriate financing if the need arises. Therefore, the Company's inability to obtain funding for its needs from financing sources, or to get financing at acceptable preferential terms commensurate with the Company, will have a material adverse impact on the Company's performance, operations and future plans. The following table explains the credit facilities and loans obtained by the Company as on March 31, 2022G:

Table 4 Financing sources

Guarantees	Repayments	Borrowing amount	Financier (In Saudi Riyals)
Mortgage of machinery	15,081,590	50,400,000	Saudi Industrial Development Fund
Guarantees	Used amounts	Facilities	Financier (In Saudi Riyals)
Promissory note	50,947,264	73,688,000	Riyad Bank
Promissory note	24,450,000	30,000,000	Bank Albilad

If the Company is unable to meet its repayment obligations under the above-mentioned loans or dishonors, in the future, any of its obligations or undertakings for its debts, the above financiers may require immediate repayment of the debt and collection of guarantees provided by the Company. In this case, there is no guarantee that the Company will be able to obtain sufficient alternative sources of financing to meet repayment of such debts. Any of these factors will have a materially negative impact on the Company's business and financial position.

2-1-9 Liquidity risks

The Company faces liquidity risk when it is unable to provide the funds necessary to meet its financial obligations arising from operating activities and liabilities on time. The Company's liquidity ratio was (1.62) times as on December 31, 2019G, (1.52) times as on December 31, 2020G, (1.69) times as on December 31, 2021G and (1.62) times as on March 31, 2022G. To be noted that there is no guarantee to maintain this rate of liquidity in the long term as it is possible that the Company will be exposed to sudden events that require the use of a more than expected and estimated cash rate to cover its short-term liabilities, which will cause a decrease in such rates in the future. If the Company does not have sufficient liquidity, it may have to sell some of its assets quickly and for an amount below its fair value to provide liquidity in a timely manner. Therefore, if the Company's liquidity ratios decrease, this will negatively affect the Company's business and thus the results of operational and financial operations.

2-1-10 Risks related to trade payables

Payable risks arise when the Company defaults on time to pay its suppliers, which may prompt the owners of payables to stop dealing with the Company; thus, it may face difficulties in providing the necessary materials for the conduct of its business. The Company may be subject to legal issues that may result in financial losses and damage to the Company's reputation. The following table sets out the average aging of trade payables as on December 31, 2019G, 2020G, 2021G and the three-month period ended on March 31, 2022G

Table 5 Trade payables aging

	2019G	2020G	2021G	March 31, 2022G
Less month (undue)	7,955,753	8,032,589	19,138,288	16,927,474
From One to two months	412,889	1,133,303	5,310,026	3,079,390
From two to three months	228,342	403,124	324,113	716,290
From three to four months		2,441,385		

If the Company is unable to effectively manage and pay the payables on time, it will adversely and materially affect the Company's business, financial position, results of operations and future expectations.

2-1-11 Risks related to Adequacy of Insurance Coverage

The Company maintains different types of insurance contracts to cover its business and assets, divided into six insurance policies, which are fidelity insurance for Fipco, insurance for the assets and property of Fipco and its subsidiary, car insurance for Fipco and its subsidiary, and insurance for employees in Fipco and FPC (for more details about the Insurance Policies, please refer to paragraph (9-12) "Insurance" of Section (9) "Legal Information" of this Prospectus). However, the Company may not have sufficient insurance coverage in all insured cases. It is also possible that events may occur in the future that the Company is not insured against in a way that covers potential losses, or it may not be insured against it at all, or the insurance policy is expired, and there is no guarantee that the Company's insurance contracts will

remain available on commercially acceptable terms, or will remain available at all. Any of these events or circumstances or the occurrence of an uninsured event with the Group will negatively and materially affect the Company's business, assets, financial positions, business results, and future prospects.

2-1-12 Risks related to Inventory

The Company relies on its experience in the market to know the expectations of demand for its products to manage its inventory, as the net inventory balance reached (47.6) million Saudi riyals, (47.90) million Saudi riyals, (63.03) million Saudi riyals, and (63.40) million Saudi riyals, representing (16.29%), (15.47%), (20.77%), and (20.56%) of the Company's total assets for the financial years ending in 2019G, 2020G, and 2021G, and the three-month period ending on March 31, 2022G, respectively. The inventory allocation amounted to (6.4), (4.7), (3.7), and (2.9) million Saudi riyals for the financial years ending in 2019G, 2020G, and 2021G, and the three-month period ending on March 31, 2022G, respectively. The inventory turnover rate was 2.09 times, 2.13 times, and 2.43 times, for the financial years ending in 2019G, 2020G, and 2021G, respectively. It is the Company's policy to strive to maintain an optimum level of inventory to control its transportation costs, and use working capital more efficiently while ensuring timely delivery of goods. The Company also reviews inventory control methods and procedures periodically in order to reduce spoilage and overstocking. If the Company is unable to maintain the optimal level of inventory, and to monitor the inventory periodically, this will lead to a severe shortage or a significant increase in inventory levels, which in turn will lead to the Company's inability to fulfill some orders, and this will negatively and materially affect the Company's business, results of its operations and financial position and future prospects. The following table shows the Company's inventory details:

Table 6 Company Inventory Details

(Thousands Saudi Riyals)	2019G	2020G	2021G	March 31, 2022G
Raw Materials	21,869,393	19,293,797	28,412,904	17,384,333
Goods under Manufacture	9,684,924	10,851,439	12,386,552	9,507,900
Supplies, not for sale	6,501,662	6,842,902	7,525,857	7,529,964
Finished Goods	13,497,969	12,858,747	12,417,170	16,691,249
Inventory of Materials and Other Supplies	2,364,972	2,550,841	2,936,221	9,208,639
Goods in transit	-	70,926	3,065,326	2,774,084
Letter of Credits	118,869	207,962	43,124	3,185,509
Total	54,037,789	52,605,68	66,787,154	66,281,678

2-1-13 Risks related to Manufacturing Defects

The Company's revenues depend on its ability to convert raw materials into final products that meet the needs of its customers. Therefore, the Company will be exposed to risks related to defects that occur during the production process and defects resulting from human errors of employees. In the event that the Company is unable to maintain the quality of its products or does not comply with the specifications, it may expose it to several risks, including withdrawing its products from markets and stores and asking it to bear responsibility for those products. It is worth noting that the Company does not provide, according to its dealings with its customers, a guarantee for its products, such as guarantees against manufacturing defects and others after the sale process, except in some transactions in which contracts require that with other parties. Consequently, this will negatively and substantially affect the Company's reputation and will cause some customers to refrain from dealing with it and will weaken its ability to maintain its competitive advantages, in addition to the Company incurring any costs or compensation resulting from the issuance of any judgments against the Company related to any claims related to products withdrawn from the market, which will have a negative and material impact on the Company's future prospects, results of operations, financial position.

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

The Company's audited financial statements for the financial years ending on December 31, 2019G, December 31, 2020G, and December 31, 2021G, and the reviewed financial statements for the period of March 31, 2022G, and the accompanying clarifications, have been prepared in accordance with the International Financial Reporting Standards (IFRS) approved in the Kingdom of Saudi Arabia and other standards and versions approved by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

The Company and its subsidiary have adopted the following new standards and amendments for the first time, as of January 1, 2021G:

- Amendments to IFRS 7 and IFRS 16 -Interest Rate Measurement Correction - Stage Two. The amendments to the second stage address problems that arise from the implementation of reforms, including the replacement of benchmark rates with alternative prices. The Stage Two amendments provide additional temporary exemptions from applying the hedge accounting requirements of IAS 39 and IFRS 9 to hedging relationships directly affected by the interest rate index reform.
- Amendment to IFRS 16, "Leases" - In response to the effects of COVID-19 on tenants - as a result of the coronavirus (COVID-19) pandemic, lease concessions have been granted to tenants. In May 2020G, the IASB published an amendment to IFRS 16 that provides an optional practical way for lessees to assess whether a COVID-19 related lease lien is a lease modification. On March 31, 2021G, the IASB published an additional amendment to extend the date from June 30, 2021G, to June 30, 2022G. Tenants can choose to account for lease liens the same way they would if there were no lease adjustments. In many cases, this results in the lien being accounted for as variable lease payments in the period(s) in which the event or circumstance that triggered the reduced payment occurred.

Although the application of these amendments does not have any material impact on the consolidated financial statements during the year. However, there are some issued standards that have not yet been applied, including, but not limited to:

- Classification of liabilities (amendments to IAS 1 "Presentation of Financial Statements"), and these narrow-ranging amendments to IAS 1, "Presentation of Financial Statements," clarify that liabilities are classified as current or non-current, depending on the existing rights at the

end of the reporting period. The rating is not affected by the entity's expectations or by events after the reporting date (for example, receipt of a waiver or breach of a covenant). The amendment also clarifies what IAS 1 means when it refers to the "settlement" of an obligation.

- Amendments to IFRS 3 and IAS 16 and IAS 37, IFRS 3, "Business Combinations" updating a reference in IFRS 3 to the conceptual framework for financial reporting without changing the accounting requirements for a business combination, and IAS 16, Property, Plant and Equipment, prohibits a Company and its subsidiary from deducting from the cost of property, plant and equipment amounts received from the sale of items produced while the Company and its subsidiary prepare the asset for its intended use. Instead, the Company and its subsidiary will recognize such sales proceeds and related costs in the statement of profit or loss.

- Classification of amendments to IAS 1, Practice Statement No. 2, and IAS 8. The amendments aim to improve accounting policy disclosures and help users of consolidated financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

The Company is obligated in this case to apply the amendments or changes that occur to these standards from time to time. Therefore, any changes in these standards or the mandatory application of some new standards may adversely affect the financial statements and, accordingly, the Company's financial results and financial position.

2-1-15 Risks related to Zakat

The Company submitted its zakat returns for all years from the beginning of the Company's incorporation until 2021G, and the Company obtained a certificate valid until 30/04/2023G that enables it to review government agencies and finalize its transactions with them. It also gives the Company the right to enter tenders in accordance with the regulations in force in this regard, including payment of final dues for contracts.

The Zakat, Tax and Customs Authority has re-assessed the zakat on the declarations submitted by the Company for the years from 2013G to 2020G, and this resulted in zakat differences of 1,108,998 Saudi riyals, and the Company paid the full amount due. In addition, there are no disputes or claims for other zakat differences, and the Company cannot predict that the Zakat, Tax and Customs Authority will accept its zakat and tax returns for all previous years from the beginning of its incorporation until the end of the financial year ending on December 31, 2012G. The Zakat, Tax and Customs Authority may impose other substantial zakat differences on the Company that exceed the value of the provision made by the Company, bearing in mind that the Company has a zakat provision amounting to 3,657,075 Saudi riyals as of March 31, 2022G, which will negatively and materially affect the Company's business results, financial performance, and future prospects.

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

The Company shall obtain and maintain various regulatory permits, licenses, and approvals regarding its activities. These licenses include: Company registration certificate issued by the Ministry of Commerce, Chamber of Commerce membership certificate, Saudization certificate, Zakat and Income Certificate, VAT and social insurance registration certificate, municipality license and civil defense permit. In addition to certificates related to specialized activities carried out by the Company, such as licenses issued by the Ministry of Industry and Mineral Resources, operating licenses issued by the Saudi Authority for Industrial Cities and Technology Zones, and permits of the National Center for Environmental Compliance. (For more details about the licenses and permits obtained by the Company, please refer to Paragraph (3-9) "Certificates, Approvals and Licenses Obtained by the Company" of Section (9) "Legal Information").

The Company, as the (License Holder), shall abide by the terms and conditions of each license and certificate it has obtained. In the event that the Company is not able to do so, it may not be able to renew these licenses and certificates or obtain other new licenses that it may require from time to time for the purposes of expanding its activities. This may result in the suspension or failure of the Company's business or the imposition of financial fines on it by government agencies, which will negatively and materially affect the Company's business, its financial position, the results of its operations, and future prospects.

2-1-17 Risks Related to Penalties by the Competent Regulatory Authorities

Since the Company's business is subject to many regulations and instructions issued by a number of government agencies, the Company is subject to fines and penalties in case of non-compliance with any of these regulations and instructions, or delays in fulfilling any of them. The Company may be exposed to a number of penalties and violations from the Capital Market Authority and other authorities. It should be noted that the Company and its subsidiary have been subjected to several fines during the past three years as follows:

- During 2022G, the Company received financial fines estimated at sixty-seven thousand, two hundred and sixty-three (67,263) Saudi riyals, which were imposed by customs in exchange for floors.
- During 2022G, the Company received financial fines estimated at four thousand seven hundred and twenty-five (4,725) Saudi riyals, which were imposed by the Ministry of Interior in exchange for renewing iqama permits.
- During 2021G, the Company received a fine of five thousand (5,000) Saudi riyals issued by the Ministry of Transport.
- During 2021G, the Company received a financial fine of thirty thousand (30,000) Saudi riyals, which was imposed by the General Organization for Social Insurance, for violating the registration and subscription regulations.

Penalties may also lead to the suspension of some or all of its business or suspension of trading in its shares, and there is no guarantee that the Company will not receive any fines or penalties resulting from any violations of laws and regulations and if this happens, it will negatively and materially affect its business, financial position, and future prospects.

2-1-18 Risks Related to Equipment, Machinery, and the Mechanism of Use

The Company has specialized machinery and equipment that it uses in the production of its products. The accumulated depreciation percentage of the total book value of machinery and equipment has reached (55.39%), (52.96%), and (52.59%) as on December 31 of 2019G, 2020G, and 2021G, and (52.89%) for the three-month period ending on March 31, 2022G. Most of these machines and equipment are mort-

gaged in favor of the Saudi Industrial Development Fund in exchange for the loans received. Therefore, in the event of non-fulfillment of the installments or failure to pay, the obligations required of these machines may be fulfilled, which affects the production capacity and volume of production, which will lead to a decrease in sales.

The company depends on the continuity of its operations on the functioning and effectiveness of production lines and machines. Industrial facilities are exposed to significant operational risks resulting from several factors, including malfunctions in production lines or main equipment resulting from old machines and equipment, misuse, or unexpected accidents such as interruption of the electricity supply or the outbreak of fire. This will result in the disruption of the Company's operations and incurring additional costs, which in turn will have a negative and material impact on the Company's business, results of operations, financial position and future prospects.

2-1-19 Risks Related To Saudization

Compliance with the Saudization requirements is a statutory requirement issued by the Ministry of Human Resources and Social Development in the Kingdom, according to which all companies operating in the Kingdom, including the Company, are committed to employing a certain percentage of Saudi employees among its total employees and maintaining that percentage. According to the Nitaqat program issued by the Ministry of Human Resources and Social Development, the Saudization rate for the Company is about (28.92%) and it is classified within the green range.

Note that on 11/10/1442H (corresponding to 23/05/2021G), the Ministry of Human Resources and Social Development launched the Nitaqat program, which offers three main benefits:

First: Clear-sighted and transparent Saudization plan for the next three years, with the aim of increasing the organizational stability of private sector establishments.

Second: Direct relationship between the number of workers and the Saudization percentages required for each establishment is based on a linear equation that is proportionally linked to the number of workers at the establishment, instead of the current Saudization percentage system based on firm classification and consistency.

Third: Simplifying the program design and improving the customer experience by merging the classifications of activities with common characteristics so that they number 32 activities instead of 85 activities in Nitaqat. This program will also contribute to providing more than (340,000) three hundred and forty thousand jobs until the year 2024G.

The "Nitaqat" program may impose requirements on the Company and may make it difficult for it to maintain the same percentage of Saudis and retain it in the future, and then it no longer meets the requirements of the "Nitaqat" program. If the Company is unable to comply with the requirements of the "Nitaqat" program and its classification becomes within the red range, in this case the Company may be subject to a number of penalties, including:

- Suspension of its applications for new work visas.
- Suspension of its requests to transfer the sponsorship of a current employee or a potential employee.
- Preventing non-Saudi employees working with it from changing their occupations on work visas.
- The possibility of a number of non-Saudi employees working for it transferring their sponsorship to other companies that fall within the green or platinum range without obtaining Company approval.
- Excluding the Company from participating in government tenders or depriving it of obtaining government loans.

In addition, the government is taking measures to regulate the employment of non-Saudi workers in the Kingdom in accordance with the Labor Law and the Residence Laws of the Kingdom of Saudi Arabia. These measures include strict measures against employees who are not Saudi who do not work for their sponsorship and the nature of their work does not match their job requirements as stated in their work permit, especially after the abolition of the sponsorship system -Starting from the second quarter of 2021G, which will allow the foreign employee, at the end of its work contract, to move to work from one place to another without the employer's approval, as part of the initiative (improving the contractual relationship) for the workers of private sector establishments. The initiative also limits the mechanisms of movement during the validity of the contract, provided that the notice period and the specified controls are adhered to. The exit and return service allows the expatriate worker to travel outside the Kingdom upon submitting the application and notifying the employer electronically, while the final exit service enables the expatriate worker to leave immediately after the end of the contract with notifying the employer without requiring its approval. In addition to the possibility of leaving the Kingdom with the worker bearing all the consequences of terminating the contract, noting that all these services will be available through the "Absher" platform and the "Qiwa" platform of the Ministry of Human Resources and Social Development.

The Company faces the risks of the availability of manpower and the difficulty of the high cost of labor from abroad. The Company faces these factors by equipping modern training centers to train Saudi cadres so that workers from abroad are replaced by trained Saudi workers. The Company also uses, when necessary, licensed companies to hire workers. There is no guarantee that the Company will be able to secure the necessary manpower or employ the required number of foreign workers on favorable terms for the Company. The Company may also face challenges in retaining its Saudi employees, and in the event of a decrease in the number of these employees, this will lead to a decrease in its total Saudization rate. The occurrence or realization of any of the above-mentioned events will have a material and negative impact on the Company's business, financial position, results of operations and future prospects.

2-1-20 Risks related to Government Fees Applicable to Non-Saudi Employees

The government of the Kingdom of Saudi Arabia, in 2016G, approved a number of decisions that aim to conduct comprehensive reforms for the work market in the Kingdom of Saudi Arabia, within which the approval of the imposition of additional fees for each non-Saudi employee working for a Saudi entity as of 01/01/2018G at the rate of (400) four hundred Saudi riyals per month for each non-Saudi employee for the year 2018G, increasing to (600) six hundred Saudi riyals per month for the year 2019G, then to (800) eight hundred Saudi riyals per month

for the year 2020G. In view of this, any decision related to increasing fees for non-Saudi employees in the future will lead to an increase in the company's costs in general, which will negatively affect its business, financial performance and results of its operations.

2-1-21 Risks related to Dependence on Key Personnel and Executive Management

The Company and its future plans for success depend on the expertise and competencies of its executive management and key personnel. The Company aims to attract and employ qualified people to ensure the efficiency and quality of business through effective management and proper operation. There is no assurance that the Company will be able to guarantee the continuity of its employees' services. The Company will also need to increase the salaries of its employees in order to ensure their survival or to attract new cadres with appropriate qualifications and experience. Accordingly, if the Company loses any of the senior executives or qualified employees and is unable to hire replacements with the same level of experience and qualifications at an appropriate cost for the Company, this will have a material negative impact on the Company's business, results of operations and future prospects.

2-1-22 Risk of Employee Misconduct or Errors

The Company is committed to preparing an internal work bylaw to organize the work according to the model prepared by the Ministry of Human Resources and Social Development. The Company may include the internal work bylaw with additional terms and conditions, in a manner that does not contradict the provisions of the Labor Law, its regulations, and its administrative decisions. The Company shall announce the internal work bylaw and any amendments to it in a visible place in the establishment or by any other means to ensure that those subject to it are aware of its provisions. The Company has an internal work bylaw approved by the Ministry of Human Resources and Social Development. Although the Company cannot guarantee avoidance of employee's misconduct or errors such as cheating, deliberate and unintentional mistakes, embezzlement, fraud, theft, forgery and abuse of property and disposal on behalf of the Company without getting required administrative delegations. Such actions may result in consequences and responsibilities held by the Company, or regular penalties, or financial responsibility, which may adversely affect the Company's reputation. So, the Company cannot guarantee that the misconduct or violations by its employees will not cause substantial and negative damage to its financial position or results of operations.

2-1-23 Risks related to Imposing Fines Regarding Violating Labor Laws

The labor law and its implementing regulations oblige all employers to ensure that the employment contract with any employee or worker is in writing and in two copies. The Ministry of Human Resources and Social Development also required that employment contracts be documented electronically by uploading and updating information on workers' employment contracts and giving workers the opportunity to verify the validity of their contract data by documenting contracts through the electronic services portal of the General Organization for Social Insurance, in accordance with Ministerial Resolution No. (156309) dated 18/08/1440H (corresponding to 23/04/2019G). Noting that all contracts of workers with whom contracts are contracted shall be documented immediately after the date of this decision. As for those previously contracted, documenting their contracts is mandatory and in time stages that end at the end of the fourth quarter of the year 2020G. The lack of adherence by the Company may be a violation of the labor law and its executive regulations, and the Company will be subject to a fine of (1,000) one thousand riyals, multiplied by the number of violating workers. This is according to what was stated in the schedule of violations and penalties issued pursuant to Ministerial Resolution No. (178743) dated 27/09/1440H (corresponding to 01/06/2019G), which will negatively affect the Company's business and the results of its operations.

2-1-24 Risks related to the Stopping of Government Support

The Company benefits from government initiatives and support directed at the private sector, which aims to facilitate the entry of new facilities into the labor market, and in particular the support directed at industrial companies. The Company is subject to several requirements imposed by the donors for support and for the time period specified by them, as the Company benefited from the recovery initiative of the General Authority for Small and Medium Enterprises "Monshaat" through its subsidiary FPC, which allowed it to recover all of: Commercial registration fees, Chamber of Commerce subscription, Trademark registration, Saudi Post subscription, fees for publishing the Memorandum of Association, municipal license, licenses for economic activities, 80% of the financial compensation for expatriate workers, which contributed to saving 485,039 Saudi riyals as in 2020G and 159,347 Saudi riyals as in 2021G.

At the present time, the Company is benefiting from several initiatives that support and help the Company reduce its costs, which are explained as follows: Support of the Human Resources Development Fund through the employment support program - the industrial path, which pays 30% of the salaries of the Company's employees during the first two years from the date of appointment, and the support reaches 40% if the beneficiary is a woman.

The Company also benefits from the export incentive program of the Saudi Export Development Authority, which allows the Company to obtain compensation in excess of 50% for the services provided within the program. The Company also benefited from the individual participation service in international exhibitions, which allowed it to recover 65% of the fees paid for registration fees and product samples (including freight), design and construction of the stand. The Company benefited from the service of recovering the costs of product certificates, which allowed it to recover 50% of the fees, with a maximum of 250,000 Saudi riyals, for export-related certificates. It also benefited from the listing service on e-commerce platforms, which allowed the Company to obtain compensation of 70% of the costs, with a maximum of 55,000 Saudi riyals for fees related to registering products on e-commerce platforms and platforms for attracting potential customers to reach Saudi products to a larger range of foreign markets, and the value of refunds by the Saudi Export Development Authority amounted to 78,617 Saudi riyals, 5,625 Saudi riyals, 68,474 Saudi riyals, and 15,747 Saudi riyals for the financial years ending on December 31, 2019G, 2020G, and 2021G, and the three-month period ending on March 31, 2022G, respectively.

The Company also benefits from the decision to allow deferring the payment of value-added tax on foreign purchases, as the value of the deferred tax for the Company amounted to 547,988 Saudi riyals, for the three-month period ending on March 31, 2022G. The Company benefits from customs exemption, which allows it to recover 5% or more of imports related to raw materials, machinery, and machine spare parts, where the exemptions amounted to 1,225,055 Saudi riyals, 1,167,506 Saudi riyals, and 377,054 Saudi riyals, for the financial years ending on December 31, 2020G, 2021G, and the three-month period ending on March 31, 2022G, respectively.

There is no guarantee of the continuity of the initiatives mentioned above, as in the event that any decision is issued regarding stopping

government support initiatives or any fundamental change in the terms and conditions that may make the Company not eligible for support that would negatively affect the Company's business, results of its operations and profitability.

2-1-25 Risks related to Rented Sites

The Company enters into lease contracts with the Saudi Authority for Industrial Cities and Technology Zones "MODON" and other lessors. (For more details about the substantial contracts concluded by the Company, refer to sub-paragraph (9-8-1) "Lease Contracts" of Section (9) "Legal Information"). The Company's inability to maintain the continuity of the lease contracts related to these sites and to renew them under the same current terms or preferential terms, or its inability to use the leased property for the purpose allocated to it for whatever reason, will make it forced to vacate the rented property and search for other places that are more suitable for carrying out the Company's activity, without guaranteeing the conditions of appropriate lease contracts such as those currently in place. In the event of the occurrence of any of the aforementioned risks associated with lease contracts for rented sites, it may affect the Company's expected business results and its operational and financial statements.

2-1-26 Risks related to Transactions of Related Parties

In the course of carrying out its business, the Company deals with related parties that are presented to the general assembly without giving the right to shareholders who have an interest in those contracts to vote on them, and the board members' acknowledgment not to compete with the Company's business and to deal with related parties based on competitive bases. In addition, in the event that any member of the Board decides to withdraw from the Company, transactions with companies related to that member may be stopped, or a request may be made to amend the terms of the agreement or to deal with terms that do not satisfy the Company, which will force it to choose other companies to contract with, and it may not get the same treatment from them, which will negatively affect the Company's business and profitability. As of the date of publication of this Prospectus, the Company has no contracts and transactions with related parties.

2-1-27 Risk related to Litigation

The Company and its subsidiary are exposed to lawsuits and complaints by virtue of the nature of their activities and their dealings with third parties within the framework of the business sectors in which they operate. These lawsuits may include, but are not limited to, zakat and tax issues, labor issues and other damages that result from negligence or fraud on the part of persons or institutions in a way that is beyond the scope of the Company's control. Therefore, the Company and its subsidiary cannot accurately anticipate the size of the cost of the lawsuits or judicial procedures that may be instituted or evaluated against it, or the final results of those lawsuits, or the judgments issued in them, and the compensation and penalties they include. As of the date of this Prospectus, there are no lawsuits filed against the Company as a defendant by institutions and individual companies before the labor or commercial courts. There are also other lawsuits filed by the Filling and Packing Materials Manufacturing Company (Fipco) in its capacity as a plaintiff in the face of companies and institutions before the Commercial Court. The value of these lawsuits is estimated at about 3,643,461 three million six hundred and forty-three thousand four hundred and sixty-one Saudi riyals. (For more information, please refer to paragraph (9-11) "Litigation" of Section (9) Legal Information" of this Prospectus). Therefore, any negative results of such cases may negatively affect the Company and the results of its operations, noting that, regardless of the results of these cases, lawsuits or procedures, the Company may have to incur high costs and allocate resources for it while proceeding with it, which will have a material negative impact on the Company's business, financial position, results of its operations, and future prospects.

2-1-28 Risks related to Expansion and Growth Strategy

The Company's future performance depends on its ability to implement growth plans and strategies that include awarding new tenders for projects, participating in new opportunities that may arise from privatization projects and developing new solutions for clients. These activities depend on the Company's ability to continue implementation and improve operational and management information systems efficiently in a timely manner, and there is no guarantee that the Company's employees or current systems will be sufficient to support growth and expansion in the future, or the Company's ability to obtain the necessary approvals for any future growth plans in time or get it at all. In addition, the Company's expansion plans are subject to specific timelines and may require additional funding to cover additional costs. Failure to comply with these timetables or failure to obtain additional financing may lead to failure to achieve the desired economic results for growth and expansion plans. The Company's failure to implement its business plans and growth strategies will have a negative and material impact on the Company's business, financial position, results of its operations, and future prospects.

2-1-29 Risks related to the Protection of Trademarks

The ability of the Company to market its products and develop its business depends on the use of its name, logo and trademarks, which support its business and competitive position and give it a clear distinction in the market among customers. The Company owns four trademarks registered in the Kingdom of Saudi Arabia with the competent authorities, (please refer to subsection (3-6) "Trademarks" of section (3) "Background on the Company and the Nature of its Business" of this prospectus). Any breach of property rights or illegal use of the Company's trademarks will affect the Company's reputation, and the Company may have to enter into costly judicial procedures and focus the efforts of some of its administrative staff on these procedures in order to protect its trademarks. In the event that the Company fails to effectively protect its trademark when renewing registration certificates or tracking similar marks, this will negatively affect its value, which will reflect negatively and materially on the Company's business, results of operations, financial position and future prospects.

2-1-30 Risks related to the Company's Reputation

The reputation of the Company is very important to attract new clients, retain them and establish a strong relationship with counterparties. The Company's reputation can be harmed in future as a result of several factors, including but not limited to, decline or amending its financial results, legal or regulatory actions against the Company, or behavior of any of its employees, who may cause the Company to violate the applicable legal requirements. The damage to the Company's reputation will adversely affect its business, financial position, results of operations, profitability of share and future prospects.

2-1-31 Risk related to Operating Systems and Information Technology

The Company relies mainly on information technology systems to manage its business and facilities, and the Company uses the ERP system in all its financial, administrative and operational operations, which may expose the Company to the risks of disruption of these systems, such as system collapse, failure of protection systems, penetration of the Company's systems, electronic viruses, natural disasters, fires, communication errors, or lack of skilled labor necessary to operate and manage these systems, leakage of confidential data and information of the Company, its customers, or its employees, or the low degree of security of such data and information. As the Company also continues to update its accounting systems and ERP system on a regular basis, it is possible that some data may be lost or some technical operations may be disrupted. In view of this, 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, or in the event of the occurrence of any of the above-mentioned events, this will have a negative and material impact on the Company's business and its financial and operational results.

2-1-32 Risks related to the Occurrence of Natural Disasters

Any damage from natural disasters that affect the Company's facilities or any of its subsidiaries, such as floods, fires, earthquakes and other natural events for which there is no sufficient insurance coverage, may cause the Company to incur huge costs, which will severely affect the Company's ability to perform and practice its operations, and thus will reduce its results and compliance with the requirements of its customers. In the event of natural disasters occurring and damaging the Company's facilities and assets, this will have a negative and material impact on the Company's business, results of operations, financial position and future prospects.

2-1-33 Risks related to the Outbreak of the Coronavirus "Covid-19"

The spread of the new Coronavirus (COVID-19) began in December 2019G, and the World Health Organization declared the virus as a global pandemic in March 2020G, and the virus then spread widely and rapidly to affect more than 194 countries around the world, so that the world faced 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. The development of the situation in this way has led to a sudden halt in economic activities and a sharp decline in the economic prospects for 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, like many countries in the world and the region, and health measures included the imposition of partial or complete curfews in some cities and governorates of the Kingdom, the complete and partial closure of economic and government activities, the closure of shopping centers and retail exhibitions, and the closure of commercial complexes and all activities within them, with the exception of food stores and pharmacies during the current year, and reducing the number of working hours for some sectors and forcing some of them to work remotely, and suspending all domestic flights, buses, taxis, and trains, suspending entry for the purposes of Umrah and visiting the Prophet's Mosque from outside the Kingdom, and quarantine. While the economic measures included financial support for citizens and those affected by the Corona pandemic, family and sick leaves paid by the state, expansion of unemployment compensation, delaying tax payments, and other measures to support companies.

Although the Company is committed to the instructions issued by the Ministry of Health and the Ministry of Human Resources and Social Development by applying preventive measures and precautions such as applying social distancing in the workplace, measuring the temperature of each employee when entering the Company's headquarters, and wearing a mask when entering and being at the Company's headquarters or one of its facilities, the Company does not guarantee that one of its employees will not be infected with the virus, which may lead to it being unable to work or transmitting the infection to its colleagues, which will lead to a disruption of the operation process, and thus negatively affect the Company's business, the results of its operations, its financial position and its future prospects.

On 03/09/1441H corresponding to 26/04/2020G, the Royal Decree was issued to return life to normal and partially lift the curfew in all regions of the Kingdom, while ensuring adherence to the precautionary measures of physical distancing and determining the number of those present in workplaces and providing services. The current health situation in the Kingdom is subject to daily follow-up by the Ministry of Health by issuing the daily statistical report to follow up the numbers of ill people, recoveries and deaths, and all regions and cities of the Kingdom of Saudi Arabia are subject to continuous evaluation by the Ministry of Health.

Since there is no expected date to the end of this pandemic until the date of this Prospectus, the Company cannot estimate the size of losses caused by the spread of this pandemic. It cannot guarantee that there will be no future consequences that will adversely and significantly affect the Company's business, financial flows, financial position and future operations.

2-1-34 Risks related to the Increasing of Energy Prices in the Future

The Company's sales and profitability depend directly on two main elements, which are the prices of energy products and the prices of raw materials, as it is difficult for the Company to predict them, especially with the recent government decisions that included a rise in the prices of energy products with a lack of clarity in the possibility of an increase in the future. In addition to the volatility of raw material prices, which is associated with the volatility of global oil prices, the Company's performance depends on its ability to include these changes in costs within the selling prices of products. In the event that the Company fails to do so, it will negatively affect the results and operations of the Company.

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

2-2-1 Risks related to Political and Economic Instability in the Region

The Company's headquarters and factory, in which it conducts its operational activities, are located in the Kingdom of Saudi Arabia. The Company sells its products in several different countries and regions, including North America, Europe, Africa, Asia and the Gulf states. Any unexpected changes in the political, social or economic conditions in the Kingdom and in the countries where the Company's products are sold may have a direct and negative impact on the Company's ability to produce in an economic and effective manner, its profitability, and its costs, and may reduce profit margins and demand for the Company's products. These changes include, but are not limited to, changes in

governments and administrations, changes in public policies, economic conditions, changes in laws and incentives (which include restricting and discouraging foreign products) and others. This makes the Company exposed to the risks of these countries and other countries in which the Company hopes to expand and any factors that affect the economy of these countries and the existing investments in them, which will affect the Company's business, operations, financial position, cash flows and future prospects.

2-2-2 Risks related to the Application of the Companies Law

The Company complied with the Companies Law issued by Royal Decree No. (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 27/01/1437H (corresponding to 04/05/2016G) and amended by Royal Decree No. (M/79) dated 25/07/1439H (corresponding to 11/04/2018G), and it also complied with Article (224) of the Companies Law in terms of amending its By-law. The latest version of its By-law was issued based on the decision of the extraordinary general assembly on 20/01/1440H corresponding to 30/09/2018G.

The Companies Law imposes some legal requirements that the Company shall comply with. This will require the Company to take procedures and measures to comply with such requirements, which may affect its business plan or take a long time. The current companies law also imposed stricter penalties for violating its provisions and mandatory rules, as the fine reaches 500 thousand Saudi riyals, according to Article (213) of the Companies Law. Article (214) of the Companies Law stipulates that the penalties shall be doubled in the event of repeated violations, and therefore the Company will be subject to such penalties in the event of its non-compliance with those rules and provisions, which would adversely affect the Company's operations and its financial position and results of its operations.

It should be noted that the Company did not comply with Article 81 of the law, which obliges the Company to determine the special reward for the chairman of the board and the managing director in the Company's By-law, noting that a special reward for the chairman of the board exceeding 500 thousand riyals was granted for the previous three years and a special reward for the managing director exceeding 500 thousand riyals in 2020G

2-2-3 Risks related to the Economic Performance of the Kingdom of Saudi Arabia

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

2-2-4 Risks related to Currency Fluctuations

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

2-2-5 Risks related to Interest Rate Fluctuation

The loans under the Company's banking facilities are mainly at variable interest rates. An increase in variable interest rates that are not subject to protection under hedging agreements may increase the Company's cost of borrowing, increase interest expense, and decrease cash flows. Interest rates are also affected by many factors, including factors related to governmental, monetary and tax policies, international and local economic conditions, and other factors beyond the Company's control. The Company does not currently hedge against exposure to any fluctuations in interest rates, and this may lead to losses in the event of an increase in interest rates, which will have a negative and material impact on the Company's business, results of operations, financial position and future prospects.

2-2-6 Environment, Safety and Occupational Health

The Company's operations, like other companies in the same sector, are subject to a wide range of laws and regulations related to environmental protection, health and safety in the Kingdom, which increasingly impose strict standards that the Company shall adhere to on an ongoing basis. The costs of compliance with these laws and regulations and the resulting fines may be large, as well compliance with new and stringent standards requires incurring additional capital expenditures or changes in operating practices. Environmental, health and safety incidents may arise outside the Company's control. For example, the Company's operations may result in a number of waste and polluting materials that, if not properly controlled and managed, could lead to or, if left untreated or properly managed, the risk of environmental pollution. Non-compliance and full compliance with environmental legislation and regulations can lead to the closure of the Company's industrial facilities and will expose the Company to violations, fines or penalties that may be imposed by the regulatory authorities, which will negatively affect its operations so as to limit the growth of its revenues or suspend its work or license and this will affect on its ability to conduct its business and thus negatively affect its financial results and profitability.

2-2-7 Risks related to Changes in Relevant Laws and Regulations

Like other companies operating in the Kingdom of Saudi Arabia, the Company is subject to a number of laws and regulations, such as the Companies Law, the Labor Law, Municipality Laws, Civil Defense, and the rules and regulations issued by the Capital Market Authority and others, which may be subject to change or update. Also, new laws and regulations may be issued by the relevant official authorities from time to time. Accordingly, the Company's business may be negatively affected in the event of any fundamental change to any of the relevant laws or the introduction of additional laws that have a direct impact on the Company's performance and profitability.

Likewise, the Company, as a public shareholding company, may be subject to penalties and fines if it does not meet the requirements of the Capital Market Authority, the rules for offering securities and the continuing obligations issued by the Capital Market Authority, and the listing rules issued by the Saudi Stock Exchange. In terms of non-disclosure of some events considered material according to Article (79) of the Rules on the Offer of Securities and Continuing Obligations, in addition to the required financial reports on time according to Articles (81) and (82) of the Rules on the Offer of Securities and Continuing Obligations, or the delay in the timing of disclosure, which will have a negative and material impact on the Company's business, financial position, and future prospects.

Likewise, the sub -paragraph (F) of Article (72) of the Offer of Securities and Continuing Obligations requires the public contribution companies to disclose to the public when the existence of a difference in the (5%) or more of the actual use of the rights issue proceeds against what was disclosed in the relevant prospectuses immediately upon becoming aware of that. For more information on the use of the offering proceeds and future projects, please refer to subsection (2-6) (Using the offering proceeds from Section (6) 'Usage of Proceeds from the offering and future projects' in this prospectus).

In the event that the Company's management is not obligated to do so or the occurrence of any prohibition, the Company is forced to disclose this in the position of trading without delaying, as well as the subject of which is presented in the first meeting of the General Assembly of the shareholders following the occurrence of this event, in order to approve the modification or deviation that occurred in the method of using the proceeds disclosed in this prospectus. In the event of non-compliance with the procedures, it will result in legal risks for the Company in the event that one of the shareholders protests against not obtaining the approval of the General Assembly. In the event that this happens, this will reflect negatively on the Company's operations and its financial position.

2-2-8 Risks related to the Imposition of New Fees or Taxes

Although the Company is not currently subject to any kind of tax other than legal zakat and value-added tax, which currently amounts to 15% of the product fees provided by the Company, it is possible that other fees or taxes will be imposed on companies by the government in the future, and therefore in the event that new taxes or fees other than the currently applied ones have been imposed on companies, as this will negatively affect the Company's net profits.

2-3 Risks related to the Offer Securities

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

In 2013, the Capital Market Authority, in cooperation with the Saudi Tadawul, developed a mechanism for offering, registering and trading rights as securities that allow registered shareholders to subscribe, sell their rights in whole or in part, or buy or trade in rights during the rights trading period. This mechanism allows investors (non-shareholders) to purchase rights from eligible shareholders during the rights trading period. Although the Authority has published awareness materials and special workshops to introduce investors to priority rights and the method of raising capital through the issuance of priority rights shares and how to participate and trade and others, it may be difficult for some shareholders and investors to understand the mechanism of priority rights trading, especially the method of calculating the final price, which may miss the opportunity for the shareholders to take an appropriate decision at the right time. It should be noted that an investor who buys a right and then does not subscribe to the shares may lose the entire investment he paid for the right if the institutional investors subscribe to the new shares during the remaining offering period at the offering price.

2-3-2 Risks related to Potential Fluctuation and Speculation in the Price of the Rights

The market price of the priority rights may be subject to heavy fluctuations due to the change in the factors affecting the market trends related to the Company's Share. This fluctuation may be large due to the difference between the permissible daily fluctuation rate for rights trading prices (which is represented by 10% up and down from the closing price of the previous day), compared to the permissible daily fluctuation rate for the Company's shares. The rights trading price depends on the trading price of the Company's shares and the market's view of the fair price of the rights. These factors may adversely affect the rights trading price.

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

The market price of the Rights during the trading period may not be an accurate indication of the market price of the Company's shares after the Offering. Also, the Company's share price may not be stable and may be greatly affected to fluctuations due to changes in the market conditions related to the current rights or shares of the Company. In addition, such fluctuations may be caused by many factors, including but not limited to, market conditions related to the index, sector or shares, or by any regulatory changes in the conditions and changes in the circumstances and trends of this sector, the degradation of the Company's performance and failure to implement future plans, entry of new competitive companies being licensed or advertisements by the company or its competitors on mergers, acquisitions, strategic alliances.

Sale of large quantities of shares by shareholders after the offering or expecting that can negatively affect the share price in the market. In addition, the investors face the risk of not being able to sell their shares in the market without adversely affecting the share price. There is no guarantee that the market price of the Company's shares would not be lower than the Offering Price, and if this happens after investors' subscription to the new shares, their subscription cannot be canceled or modified. Accordingly, investors may incur losses as a result of that. In addition to the foregoing, there is no guarantee that a shareholder will be able to sell his shares at a price equal to or higher than the Offering Price after subscribing to the new shares.

2-3-4 Risks related to non-Profitability or Selling of Right Issues

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

2-3-5 Risks related to Future Data

The future results and performance data of the Company are not actually predictable 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 can not 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. Whereas, in the event that the future results and performance data are fundamentally different from what is mentioned in this Prospectus, this will lead to the shareholders losing part or all of their investment in the Company's shares.

2-3-6 Risks related to the Possibility of Issuing New Shares

If the Company decides to issue new shares (other than the priority rights shares mentioned in this Prospectus) by the company, it depends on the approval of the extraordinary general assembly of the shareholders. If the Company decides to issue new shares as priority rights to increase its capital, and the extraordinary general assembly of shareholders approves this decision, and the shareholders have not exercised their rights by subscribing to the new shares, the ownership of shares will decrease proportionally. In addition to its supplemental of the right to vote and obtain profits, which will affect the market price of the share.

2-3-7 Risks of Lack of Demand for the Company's Right Issues and Shares

There is no guarantee that there will be sufficient demand for subscription in the Company's Rights during the Trading Period. Also, there is no guarantee that there will be sufficient demand for the Company's shares by the Institutional Investors during the Rump Offering. In case the Institutional Investors do not subscribe for the Rump Shares at a high price, the compensation amount may not be sufficient in order to be distributed to the unexercised Rights holders. Moreover, there can be no assurance that there will be sufficient market demand for the New Shares purchased by an investor either through exercise of the Rights, or during the Rump Offering or in the market.

2-3-8 Risks related to Potential Dilution of Ownership

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

2-3-9 Risks related to Not Exercising the Rights in a Timely Manner

The subscription period begins after (3) three working days from the approval of the extraordinary general assembly, including the approval of the capital increase, on ****/**/**** H (corresponding to **/**/****G)** and will end in ****/**/****H (corresponding to **/**/****G)**. The Right holders and the financial brokers/agents representing them must take appropriate measure to follow all necessary instructions before the subscription period expires. If the eligible shareholders are not able to properly exercise the subscription rights by the end of the subscription period, based on their rights, there is no guarantee that there will be a compensation amount distributed to the deserving shareholders who have not subscribed or who have not properly performed the procedures for practicing the subscription, or holders of fractional shares.

2-3-10 Risks related to Dividends

Future dividends will depend on, amongst other things, the Company's future profit, financial position, capital requirements, distributable reserves, available credit for the Company, general economic conditions. Increasing the Company's capital may lead to a decrease in the 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-law.

2-3-11 Risks related to Speculation in Priority Rights

Speculation in rights is subject to risks that may cause material losses. The permissible daily fluctuation range of the trading price of the rights priority is greater than the permissible daily fluctuation range of the market price (which is 10% up and down from the closing price of the previous day). There is also a positive relationship between the Company's share price and the indicative value of the right. Accordingly, the daily price limits (ie the daily volatility range) for rights trading will be affected by the daily price limits for shares trading. In the event that the speculator does not sell the rights before the end of the trading period, and does not exercise these rights to subscribe to the new shares, he may incur some losses. 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. (Please refer to Section (12) "Information Related to Shares and Offering Terms and Conditions" in this Prospectus).

2-3-12 Risks related to Suspension of Trading or Cancellation of the Company's shares as a Result of not Announcing its Financial Statements during the Regular Period

In the event that the Company is unable to publish its financial information during the statutory period (thirty days from the end of the financial period for the initial financial statements and three months from the end of the financial period for the annual financial statements), the procedures for suspending the listed securities are applied in accordance with the listing rules - Capital Market Authority Board No. (2017-123-3) dated 09/04/1439H (corresponding to 27/12/2017G) and amended by Resolution No. (1-52-2022) dated 12/09/1443H (corresponding to

13/04/2022G)- which states that Saudi Exchange will suspend securities for one trading session following the end of regular period. If financial information is not published in twenty trading sessions following the first suspended trading session, Saudi Exchange will announce the resuspension of securities of the company until it announces its financial results. If the Company's shares continue to be suspended for six months without taking appropriate measures to correct this suspension, the CMA may cancel the listing of the company's securities. Saudi Exchange will raise the suspension after one trading session following the announcement of the financial results of the company. However, if the company delayed the announcement of its financial results, or if it could not announce them during the regular period referenced above, this will cause the suspension of company's shares or cancelling their listing, which will negatively affect the interest of the shareholders and the Company's reputation and results of operations. In addition, the Capital Market Authority may cancel the Company's right issue offering in case it deems that the offering is not for interest of the shareholders.



3 Company Background and Nature of Business

3 Company Background and Nature of Business

3-1 Overview of the Company

Filing and Packing Materials Manufacturing Co. ("FIPCO" or "Company") is a Saudi Joint Stock Company incorporated under Ministerial Resolution No. 851, issued on 17/10/1411H (Corresponding to 01/05/1991G) licensing its incorporation, and Ministerial Resolution No. 953, dated 29/11/1411H (corresponding to 12/06/1991G) announcing its incorporation based on the resolutions of the Company's constituent assembly held on 14/11/1411H (corresponding to 28/05/1991G). The Company is registered with the Ministry of Commerce under CR No. (1010084155), issued in Riyadh on 04/12/1411H (corresponding to 16/06/1991G). The head office is located in Riyadh, Kingdom of Saudi Arabia. The capital of the Company is one hundred fifteen million (115,000,000) Saudi Riyals, divided into eleven million five hundred thousand (11,500,000) ordinary shares in a nominal value of ten (10) Saudi Riyals per share, fully paid.

3-2 Company's history and most significant developments in its capital structure

The Company is incorporated as a Saudi Joint Stock Company under Ministerial Resolution No. (851), issued on 17/10/1411H (Corresponding to 01/05/1991G) licensing its incorporation, and Ministerial Resolution No. (953), dated 29/11/1411H (corresponding to 12/06/1991G) announcing its incorporation based on the resolutions of the Company's constituent assembly held on 14/11/1411H (corresponding to 28/05/1991G). The Company is registered with the Ministry of Commerce under CR No. (1010084155), issued in Riyadh on 04/12/1411H (corresponding to 16/06/1991G). The capital is sixty-eight million seven hundred fifty thousand (68,750,000) Saudi Riyals, divided into six hundred eighty-seven thousand five hundred (687,500) ordinary shares in a nominal value of one hundred (100) Saudi Riyals per share. Filing and Packing Materials Manufacturing Co. "FIPCO" is one of the first companies, whose shares were listed on the Saudi Exchange. The Company's shares started trading in 1998G. On 21/12/1418H (corresponding to 18/04/1998G), the extraordinary general assembly approved dividing the Company's shares from six hundred eighty-seven thousand five hundred (687,500) ordinary shares to one million three hundred seventy-five thousand (1,375,000) ordinary shares in a nominal value of fifty (50) Saudi Riyals per share. Pursuant to the issuance of the CMA Resolution No. ((2006-154-4)), dated 27/02/1427H (corresponding to 27/03/2006G), which ordered the division of the shares of the joint stock companies over four stages based on the Council of Ministers Resolution ordering that the nominal value of shares of the joint stock companies is to be ten (10) Saudi Riyals per share. The Company's shares were divided from six hundred eighty-seven thousand five hundred (687,500) ordinary shares to six million eighty hundred seventy-five thousand (6,875,000) ordinary shares in a nominal value of SAR (10) per share. On 11/01/1431H (corresponding to 28/12/2009G), the extraordinary general assembly approved the Board of Directors' recommendation to increase the Company's capital from sixty-eight million seven hundred fifty thousand (68,750,000) Saudi Riyals to one hundred fifteen million (115,000,000) Saudi Riyals, divided into eleven million five hundred thousand (11,500,000) ordinary shares, through the issuance of four million six hundred twenty-five thousand (4,625,000) ordinary shares in the amount of forty-six million two hundred fifty thousand (46,250,000) Saudi Riyals representing an increase of (67.27%) through the grant of one bonus share against each (1.4864) outstanding share owned by the Registered Shareholders in the Shareholders Register as at the close of trading on the date of convening the extraordinary general assembly. The capital was increased through the statutory reserve by ten million four hundred sixty-three thousand two hundred thirteen (10,463,213) Saudi Riyals, the retained profits by twenty-seven million four hundred thirty-one thousand two hundred seventy-two (27,431,272) Saudi Riyals and the net profits by eight million three hundred fifty-five thousand five hundred fifteen (8,355,515) Saudi Riyals as on 30/06/2009G. The current capital of the Company is one hundred fifteen million (115,000,000) Saudi Riyals, divided into eleven million five hundred thousand (11,500,000) ordinary shares in a nominal value of ten (10) Saudi Riyals per share, fully paid.

The Company practices its business under Commercial Registration No. (1010084155), dated 04/12/1411H (corresponding to 16/06/1991G). The Company's business is weaving textiles from industrial threads, such as nylon, cutting and detailing covers for machinery and goods, making plastics (plastics) in their primary forms, manufacturing industrial threads, including (nylon, polyesters... etc.), manufacturing containers from plastics, and manufacturing plastic bags.

According to its By-law, the Company's main objectives are summed up as follows:

1. Manufacturing and its products according to industrial licenses.
2. Electricity, gas, water and their products. Construction and building.
3. Mines, oil and their products.
4. Transportation, storage and cooling.
5. Construction and building.
6. Contracting.
7. Operation and maintenance.
8. Trade.
9. Information Technology.
10. Money, business and other services.
11. Security and safety.
12. Social, group and personal services.
13. Cultivation and fishing.

3-3 Vision, Message and Strategy

Vision of the Company

To be a major player in the field of manufacturing industries, achieving competitive efficiency, sustainable growth, leadership in the regional market and presence in global markets.

Message of the Company

Expanding its local and global presence through efficient production, effective marketing, best professional practices, and achieving the desired results for stakeholders.

Company Strategy

1. Strengthen the current position through the following:

- Meeting the needs of the local and global market of the Company's products by increasing sales and targeting new markets and sectors.
- Working to reduce employee turnover rates in terms of improving the work environment and maintaining qualified cadres.
- Production efficiency and development of the production process.

2. Optimal investment in growth sectors through the following:

- Sharing experiences with and promoting the subsidiary (FPC Industries Co.) to lead in the regional and global market.
- Diversifying the sources of income through cash management and entering into new investments with growth.

3-4 Competitive Benefits

- One of the first companies listed on the Saudi Exchange
- Leader of the local market with a successful career of more than 30 years.
- A member of the "Saudi Authorized Economic Operator Program" and a member of the "Made in Saudi" Program
- A Company supporting Saudi Vision 2030.
- A well-established and strong brand name in the local, regional and international market.
- Huge human resources and highly experienced technical and administrative cadres having more than 1000 employees from 15 different nationalities.
- High Saudization rates and qualified national technical and administrative cadres of both sexes.
- A wide and diverse customer base where the Company sells and markets products on 5 continents, and exports products to more than 30 countries.
- One of the largest companies working in the field of packaging materials manufacturing in the Middle East.
- A huge production capacity estimated at about 2500 tons per month of various products.
- Exports account for almost third of the sales volume.
- Diversity of products and packaging solutions, as the Company manufactures more than 20 different products.
- Strategic account with the Saudi Export Development Authority.
- A high percentage in the index measuring the percentage of local content in products according to the measurement mechanism followed by the Local Content and Government Procurement Authority.
- Giant plants built on an area of 75,000 meters (approximately equivalent to the size of 10 football fields according to professional measurements) that include the latest industrial technologies and machines in the 2nd Industrial City in Riyadh.
- A strong reputation for commitment to the highest quality rates approved by major international bodies.
- The Company has obtained all accredited certificates related to the (Quality Management) System 9001:2015 & 22000:2005 (Food Safety Management System).
- The Company is fully responsible for the quality of its products in front of customers at all stages of manufacture. To increase reliability, all Company's products are tested in specialized and technically supported laboratories through highly reputable international laboratories, such as LABORDATA in Germany and others.

3-5 Company's Branches

Table 7 Company's Branches

Company's Name	Place of Incorporation	CR No.	Business	Equity
Filing and Packing Materials Manufacturing Co.	Riyadh	1010608121	Weaving of textiles from synthetic yarns, such as nylon, and making plastic bags	100%
Filing and Packing Materials Manufacturing Co. Branch	Riyadh	1010675111	Manufacture of plastics in their primary forms, spinning and preparation of plant fibers such as hemp and kenaf	100%

3-6 Trademarks

The Company relies in marketing its services on its trademark, which supports its business and competitive position, and gives it a clear distinction in the market among customers. The Company has registered its trademark with the Saudi Authority for Intellectual Property in the Kingdom of Saudi Arabia according to the table below:

Table 8 brands

Trademark	Company owner of trademark	Country	Category	Registration No.	Registration Date	Status	End Date of Protection
	Filing and Packing Materials Manufacturing Co.	KSA	22	1439004740	06/05/1439H	Valid	23/02/1449H
	FPC Industries Co.	KSA	22	1439004925	06/05/1439H	Valid	26/02/1449H
	FPC Industries Co.	KSA	22	1442007507	27/05/1442H	Valid	02/03/1452H
	FPC Industries Co.	KSA	22	1442007501	27/05/1442H		02/03/1452H

3-7 Company's Business

The Company's main business is the production of polypropylene woven bags lined with heavy-duty low-density polyethylene bags, oversized bags, plastic tarpaulins for cables, plastic yarns, polypropylene woven rolls, ethylene liners, valve cement bags, and recycling of plastic waste. The Company manufactures more than 20 products, each of which will take its different needs and purposes, and adapts its products to satisfy customer requirements, as well as proposing the right product for customers and making recommendations that help meet their needs while reducing cost.

Examples of the Company's main products include:

1. Jumbo bags

Large woven bags made of polypropylene large size and high capacity. The capacity of such bags starts from 500 kg up to more than 2000 kg, these bags are used in many fields, including, but not limited to (construction and reconstruction, food and grain industries, petrochemicals, chemical industries and mining). In terms of design and types, there are many designs according to the customer's request and also according to the purpose of use.

2. Small bags

Woven bags made of polypropylene are small in size and are the most widespread due to their versatility, these bags are used in the pack-

aging of foodstuffs such as rice, flour, sugar, salt... etc. They are also used in the packaging of feed, chemicals, petrochemicals and recycled materials, and also in the field of contracting.

There are more than one type that varies according to the filling capacity and the type of materials packed inside it. There are also types that contain an inner plastic layer or an armored outer layer of polyethylene that prevents air or water leakage to the products. Furthermore, FIPCO is in line with the instructions of the Saudi Organization for Standardization and Metrology in adhering to Saudi standards in the production of bags with biodegradable materials to protect the environment in all sizes and colors, the capacity of these bags ranges from 5 kg up to 100 kg.

3. Valve bags

Side-opening packing bags known as valve. Such bags are a major breakthrough in the field of packaging, as they were specially manufactured to pack building materials from cement, lime gypsum, glue... etc., but soon spread to other fields such as organic compounds, chemicals and petrochemicals.

The reasons for the transformation of most industries from paper bags to these bags are to reduce the percentage of production and transportation synthesis, as paper bags are known to be easy to damage and cannot resist moisture or rain, which prompted most consumers to go for this distinguished quality of bags.

In addition, some countries require that exported and imported materials be packed in this type of bag known to be environmentally friendly.

4. Container liner

Woven bags for containers. These bags are container wrap in order to pack the materials inside, which secures the materials during the transport process and prevents their leakage outside the container, thus preserving the value of the product from the country of origin to unloading and consumption, and these products are used in the transport of bulk goods, such as petrochemicals and foodstuffs as well as grain and crumbled or ground materials, whatever their quality.

This type of products come in two sizes of 40 feet and 20 feet depending on the capacity of the container. This product is also characterized by saving the time required to complete the process of loading containers, as the process is done automatically by pumping materials into the bag inside the container so that the container is completely filled in a few minutes.

5. Strapping band

Plastic fastening tapes, which are used to tie and secure goods and close carton packages such as electrical and electronic device packages, as well as securing orders and concrete blocks in order to keep the product itself from slipping or leaking out of the package during the shipping process, which helps reduce transportation losses.

This product is divided into two types, the first type is made of PET and the second type is made of polypropylene. The type of material and sizes of the tape itself vary according to the type of material that is secured and tied during the transportation process and also differ according to the quality of the machines that will tie the tapes, including automatic machines, such as manual machines. This product is manufactured in different densities according to customer requirements

6. Agri twins

FIPCO provides many products, including threads of all kinds, whether for agriculture, tying or knitting. These products are available in different densities, colors and weights. They also contain a high percentage of UV resistant materials due to the environmental factors that may be exposed to them during their use.

7. Cable fillers

The product is used in the field of electrical cable industry and works to secure the integrity of internal wires, as this product is manufactured in different and accurate measurements and sizes vary according to the types of cables, whether they are high, medium or low voltage

This product is wrapped on rollers, either paper, wooden or plastic according to the size of the filling, and then it is coated from the outside with thermoplastic material

In order to meet the desires of customers, FIPCO has produced a cable filler product without using a twist unit. Its steps have pioneered and spread to some large customers in the production of cables.

3-8 Company Business Model

FIPCO's main business is the production and sale of packaging materials. Its business and work are managed through several departments and sections divided as follows:

• Operations Management:

The department responsible for all FIPCO products to ensure quality and efficiency and in line with customer needs and for this purpose the FIPCO Operations Department relies on four main departments, all of which work in harmony to achieve the objectives of FIPCO, and these sections are:

First: Production Department

It is the department responsible for the main production processes, as it converts raw materials into a final product according to the special specifications of each customer, and under this section there are several sub-classifications, each of which specializes in manufacturing different products in terms of size, capacity and use. FIPCO's main products include woven bags of various kinds.

Second: Research and Development Department

It is the department responsible for research and development initiatives with the aim of reaching a standard operating mechanism to raise production capacity and improve production rates through a model strategy for flexible manufacturing by working on developing the best international technologies that will improve production processes, raise the quality of existing products, and create new products and old different solutions for customers in line with their aspirations and desires.

Third: Quality Control Department

It is the department responsible for ensuring the quality of the product and its compatibility with the requirements and satisfaction of customers. An efficient and professional team uses laboratory equipment to verify the quality of raw materials used in manufacturing and then review all stages of production and review the technical specifications and bearing capacity of the bags produced.

In addition to reviewing customer complaints, conducting re-examination and auditing, taking the necessary corrective actions and developing future practical solutions.

Fourth: Maintenance Department

This section includes a team of engineers and specialized technicians, who provide the necessary technical and technical support for machines and production lines to ensure the continuity of work to ensure the manufacture of the required products according to the specified time limits. The department adopts a new policy aimed at reducing the consumption of spare parts and working on development and modifications that reduce energy consumption in line with the measures taken by FYPCO to reduce energy costs.

• Sales and Marketing Department:

The Company engages in marketing operations and the distribution of its products through a qualified, experienced and highly efficient team that includes multiple nationalities in order to serve all spectra of the Company's customers around the world. The Company's customer base includes local, regional and international companies to five different continents around the world to achieve one of the Company's strategies in expansion and spread, relying on the quality of products and the efficiency of the marketing team.

3-9 Subsidiaries

The Company recently acquired a company entirely and became one of its subsidiaries.

Table 9 Group's wholly-owned subsidiary

No.	Company	Business	Country of Incorporation	Capital of Subsidiary	Currency	FIPCO's Share %
1.	FPC Industries Co.	Transformative industries and their branches	KSA	18,000,000	Riyal	100%

• FPC Industries Co.:

FPC Industries Co. is a company for the manufacture of textiles with technical and industrial characteristics of high-density yarns coated with polyvinyl chloride (PVC), silicon or Teflon. One of the objectives of FIPCO from this project is to start, invest and reduce risks, investment returns for shareholders and create double value for all stakeholders, achieve sustainable growth and localize the industry in line with the goals of Saudi Vision 2030, more diversity in the field of qualitative transformation industry and targeting the export of at least 60% of products in line with the plans of the Kingdom of Saudi Arabia to raise the proportion of non-oil exports.

• Products of FPC Industries Co.:

- Fabrics and sheets of promotional materials.
- Technical fabrics for sails, covers and side curtains for fixed and mobile printed and non-printed conveyors.
- Technical fabrics for insulators (PVC).
- Multi-use PTFE fabrics.
- Blackout.
- Technical fabrics that have been applied to service in agricultural soil layers.
- Collapsible water tanks.
- Hajj tents.
- Technical fabrics for umbrellas and screens that serve all purposes.
- Technical fabrics for military use.
- Facades of buildings.
- Food delivery bags.
- Entertainment tents.

• Stages of the production process:

- Thread Arrangement: It is the process of combining threads from different cones together to form a sheet. The important point in arranging the yarn is to maintain the elongation of the yarn and maintain it at a uniform level. This is done to achieve better performance during weaving in terms of low break rate.
- Knitting process: Textile weaving is a method of textile production where two distinct groups of yarn or yarn are intertwined at right angles to form a fabric
- Coating process: Fabric coating can be defined as the process of depositing the LPVC mixture over a fabric substrate, on one or two sides, which consists of impregnating the fibers, not only the coated threads, but also the voids between them
- Quality and Development: The quality control process is carried out, where samples are withdrawn during the production stage and the required tests are performed (tensile strength, adhesion strength, colors) to ensure that they conform to the approved specifications. Also, all experiments are done in the laboratory when developing any new product before moving to actual experiments on production lines.
- Inspection: The product is inspected by cameras to detect manufacturing defects as well as theoretical examination by technicians
- Storage: Materials are stored in the form of specific rolls such as length, width and specifications.
- The most prominent achievements of FPC during 2021G
- Increase of Company's production to 27% and sales to 29%
- Increase of retail sales to 35%
- Connect with the American market and start dealing with one of the largest companies in the field of tents and textile industries for military use.
- Reduce the average finished product inventory by 45%.

3-10 Business Interruption

There has been no interruption in the Company's business that could or has significantly affected the financial position during the last 12 months.

3-11 Employees

Company Employees and Saudization Rate

Saudization Certificate No. (20002202033625), dated 27/07/1443H (corresponding to 01/03/2022G), states that the Company has achieved the required Saudization rate according to its activity. The Company falls under the (medium green) range of the Saudization Nitaqat program. The following table sets out the number of employees and the Saudization rate in the Company

Table 10 Number of employees and percentage of Saudization in the company.

Total Number	Non-Saudi Number		Saudi Number		Year	
1009	842		167		2019	
976	807		169		2020	
1024	779		245		2021	
1022	766		256		March 31, 2022G	

	2019G		2020G		2021G		March 31, 2022G	
	Number	Ratio (%)	Number	Ratio (%)	Number	Ratio (%)	Number	Ratio (%)
Saudis	167	16.55%	169	17.32%	245	23.93%	256	25%
Non-Saudis	842	83.45%	807	82.68%	779	76.07%	766	75%
Total	1009		976		1024		1022	

3-12 Share programs for existing employees prior to submitting the application for securities registration and offer subject to this Prospectus:

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

3-13 Arrangements involving employees in capital

As at the date of this Prospectus, there are no arrangements involving employees in the Company's capital.

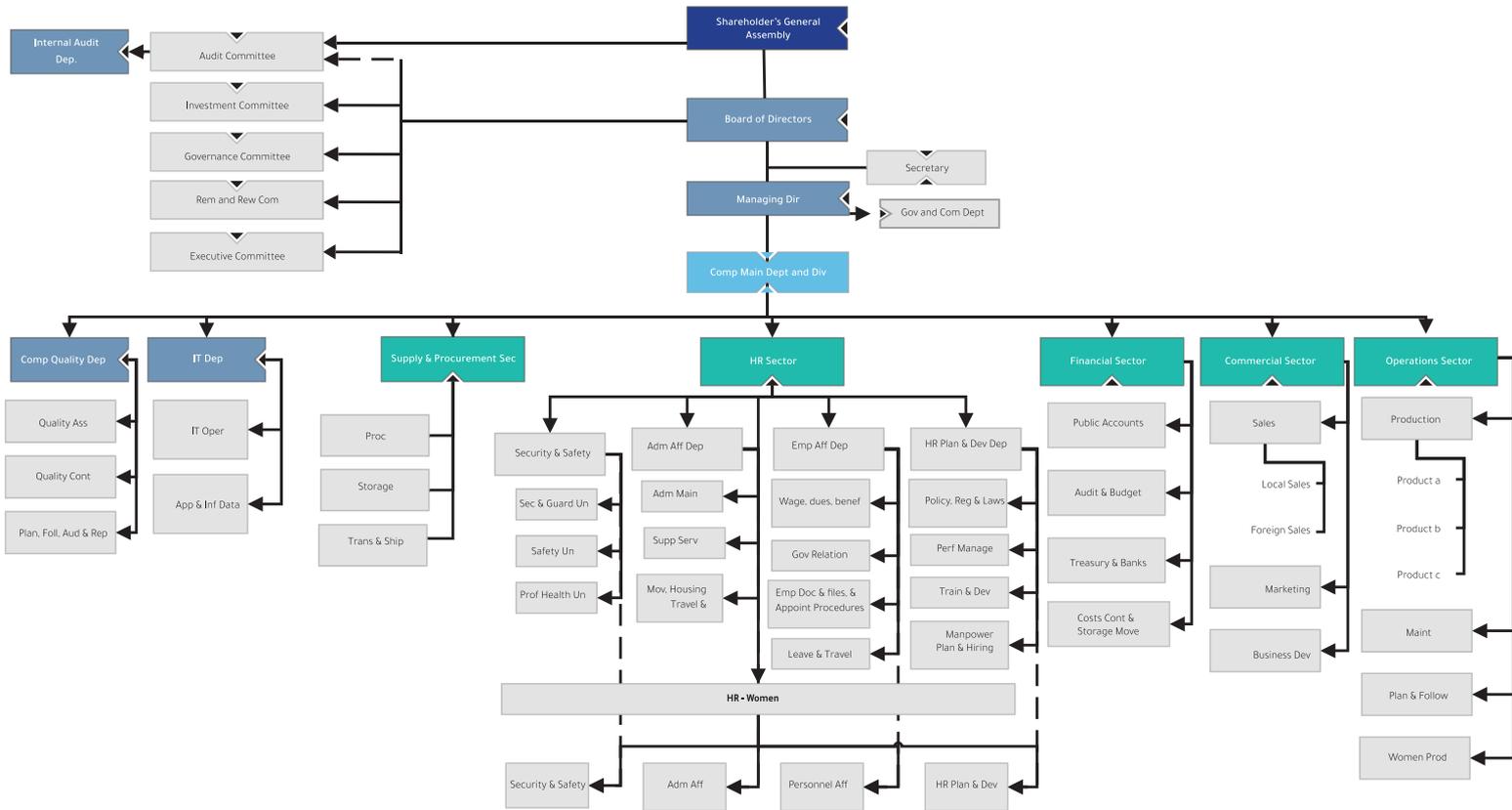


4 Company's Organizational Structure

4 Company's Organizational Structure

4-1 Organizational Structure

The following figure shows the Company's Organizational Chart:



Source: Company

4-2 Board of Directors and Secretary

The Board of Directors consists of five (5) members as follows: two (2) independent members, two (2) executive members and one (1) non-executive member.

The General Assembly (thirty-fourth) appointed the current council in its meeting held on 29/10/1442H (corresponding to 10/06/2021G). The appointment shall be valid as of 01/01/2022G for three years ending on 31/12/2024G.

The following table shows the Board of Directors Members as of the date of this Prospectus:

Table 11 members of the board of directors

Name	Position	Representing	Nationality	Age	Capacity	Owned Shares*				Date of Membership
						Direct	Indirect**	Total	Percentage	
Ahmed Abdul Latif Al Barrak	Chairman	-	Saudi	43	Non-Executive	1050	-	-	0.0091304%	01/01/2022
Faisal Mohammed Al Harbi	Vice-Chairman	-	Saudi	39	Executive	-	-	-	-	01/01/2022
Abdullah Mohammed Al Harbi	Member	-	Saudi	32	Executive	-	-	-	-	01/01/2022
Hathal Safar Alotaibi	Member	-	Saudi	42	Independent	-	-	-	-	01/01/2022
Nemer Nasser Alharbi	Member	-	Saudi	43	Independent	-	-	-	-	01/01/2022
Salah Mohammed Sabry	Secretary	-	Egyptian	37	-	-	-	-	-	01/01/2022

Source: Management of the Company

*Means the shares owned in the Company by the Board Members directly or indirectly through their ownership in companies holding shares in the Company or shares owned by relative to the Board Members directly or indirectly, or through their ownership in companies holding shares in the Company.

**The Board Members do not have indirect ownership in the Company.

Table 12 Number of Board of Directors meetings

Administrative Body	2019G	2020G	2021G	31/03/2022
Board of Directors Members	3	2	2	2

Source: Management of the Company

4-3 Board Committees

The Board has five (5) committees emanating from it: (1) the Executive Committee, (2) the Audit Committee, (3) the Remuneration and Nomination Committee, (4) the Investment Committee, and (5) the Governance Committee. These committees support the Board of Directors in following up the Company's business and providing the Company's management with the necessary guidance and guidance. The committees were formed as follows:

4-3-1 Executive Committee

The Executive Committee consists of three (3) members appointed by the Board of Directors. The purpose of the Executive Committee is to assist the Board of Directors in overseeing the interests of the Company with the highest level of efficiency while adhering to best practices related to governance. The responsibilities and duties of the Executive Committee include:

- Review periodic management reports, evaluate performance, review or reinvest and approve new investments before submitting them to the Board for approval.
- Review budgets and annual plans and investigate substantial differences related to budgets (if any) before they are presented to the Board of Directors.
- Follow up and receive reports on the implementation and completion of major projects or major expansion works of the Company.
- Follow up on the Company's performance and seek explanations for any deviations from approved plans, budgets and expectations.
- Aid the Board in carrying out its responsibilities, especially with regard to the tasks entrusted to it by the Board when time is of the essence.
- Recommend the amendment of the Company's By-law.
- Provide recommendations on mergers and acquisitions to the Board of Directors
- Provide recommendations regarding the purchase of the Company's shares.
- Review the Company's excess liquidity investment plans.
- Receive periodic reports from the Company's management on the Company's risk management processes, including risk assessment and procedures put in place to address and follow up on these risks.

- Ensure that the Company's management committees (if any) are functioning effectively.
- Receive management reports periodically through the CEO on the Company's performance to be presented at the meetings of the Executive Committee for discussion and review before submitting them to the Board (if the need arises).

Other responsibilities:

- Review previous minutes and follow up on decisions taken and document them in the minutes of previous meetings in order to ensure that outstanding issues have been resolved.
- Manage and maintain the Committee's work list by the Secretary of the Committee, and ensure that the regulation is flexible to better adapt to changing circumstances and regulatory requirements.
- Review and re-evaluate the appropriateness of the regulation and recommend any proposed changes to the Board for approval.
- The Executive Committee may not delegate its functions to a subcommittee emanating from it.

The Executive Committee consists of the following members:

Table 13 Members the Executive Committee

Name	Position	Date of Membership
Ahmed Abdul Latif Al Barrak	Head	01/01/2022G
Hathal Safar Alotaibi	Member	01/01/2022G
Faisal Mohamed Al Harbi	Member	01/01/2022G

Source: Company

Table 14 Number of Executive Committee members' meetings

Administrative Body	2019G	2020G	2021G	31/03/2022
Executive Committee	5	2	1	-

Source: Company

4-3-2: Audit Committee

The Audit Committee consists of three (3) members appointed by the General Assembly on the recommendation of the Board of Directors. The Audit Committee is responsible for monitoring the Company's business and verifying the integrity and integrity of its reports, financial statements and internal control systems, and the Committee's tasks include, in particular, the following:

First: Financial Reports.

1. Study the interim and annual financial statements of the Company before presenting them to the Board of Directors and express its opinion and recommendation thereon to ensure its integrity, fairness and transparency.
2. Provide a technical opinion, at the request of the Board of Directors, on whether the report of the Board of Directors and the Company's financial statements are fair, balanced and understandable and include information that allows shareholders and investors to evaluate the Company's financial position, performance, growth of its work and strategy.
3. Study any important or unfamiliar issues included in the financial reports.
4. Research carefully in any issues raised by the financial director of the Company or whoever assumes his duties or the compliance officer in the Company or the auditor.
5. Verify accounting estimates in material matters contained in financial reports.
6. Study the accounting policies followed in the Company and express an opinion and recommendation to the Board of Directors in this regard.
7. The Audit Committee shall prepare a report on its opinion on the adequacy of the internal control system in the Company and the other work it has carried out within the scope of its competence. The Board of Directors shall deposit sufficient copies of this report at the Company's head office at least ten days before the date of the General Assembly to provide each of the shareholders with a copy thereof, and the report shall be read during the General Assembly.

Second: Internal Audit.

1. Study and review the internal and financial control systems and risk management in the Company.
2. Study the internal audit reports and follow up the implementation of corrective actions for the observations contained therein.
3. Control and supervise the performance and activities of the internal auditor and the internal audit department in the Company, if any, to verify the availability of the necessary materials and their effectiveness in performing the work and tasks entrusted to it. If the Company does not have an internal auditor, the committee shall submit its recommendation to the Board regarding the need to appoint him.
4. Recommend to the Board of Directors the appointment of the Director of the Internal Audit Unit or Department or the Internal Auditor and proposing his remuneration, provided the Internal Audit Department is administratively subordinate to the Chairman of the Board of

Directors and technically to the Audit Committee.

5. Verify the independence and impartiality of the internal auditor and the employees of the Internal Audit Department.

Third: Auditor.

1. Recommend to the Board of Directors the nomination and dismissal of auditors, determine their fees and evaluate their performance, after verifying their independence and reviewing the scope of their work and the terms of their contract.

2. Ensure that the auditors are invited to obtain at least 3 offers for auditing and Zakat work.

3. Verify the independence, objectivity and fairness of the auditor, and the effectiveness of the audit work, taking into account the relevant rules and standards.

4. Review the Company auditor's plan and work, verifying that he does not submit technical or administrative work outside the scope of the audit work, and expressing its views thereon.

5. Answer the inquiries of the Company's auditor.

6. Study the auditor's report and his observations on the financial statements and follow up on the actions taken in this regard.

7. Ensure that the auditor nominated for auditing the Company's accounts has not passed the statutory period of succession of auditors, in line with professional practices and instructions issued by the regulatory authorities.

8. Pre-approval of all professional services, whether audited or non-auditing, provided by the auditor to the Company, including services related to the internal control system.

9. Ensuring that the auditor is not appointed to provide any professional services to the Company that the relevant regulations issued by the regulatory authorities, and the rules of ethics and conduct of the profession issued by SOCPA do not allow them to practice during the period of their appointment as auditors for the Company.

10. Discuss any accounting adjustments observed or proposed by the auditor that were not recorded in the Company's books and reflected in the financial statements of the relevant financial period in accordance with the concept of materiality or otherwise.

11. Inform the auditor to provide the Committee, at least once a year, with a written report on:

a. The quality of internal control procedures in his office.

b. Any important issue recently raised as a result of the examination by SOCPA of the quality of the internal control of the auditor's office during the past five years related to the audit of the auditor's office or any inquiries or investigation by the regulatory authorities and any steps taken to address such issues.

c. Any decision issued against the office or partners by the Committee for the Investigation of Chartered Accountants issued by a decision of the Minister of Commerce and Investment or the Board of Grievances.

d. The relationship between the auditor and the Company's employees, members of the Board of Directors and senior executives in order to evaluate the auditor's impartiality.

Fourth: Compliance Warranty.

1. Review the results of the reports of the regulatory authorities and verify that the Company has taken the necessary measures in this regard.

2. Verify the Company's compliance with the relevant laws, regulations, policies and instructions.

3. Review the contracts and transactions proposed to be conducted by the Company with the relevant parties, and submit its views thereon to the Board of Directors.

4. Submit any issues it deems necessary to take action on to the Board of Directors and make recommendations on the actions to be taken.

The Audit Committee consists of the following members:

Table 15 Audit Committee Members

Name	Position	Date of Membership
Fawzi Ibrahim Alhabeeb	Head	17/02/2022G
Khalid Bin Ali Atin	Member	17/02/2022G
Hathal Safar Alotaibi	Member	17/02/2022G

(9.6 pt)Source: Management of the Company

Table 16 Number of Audit Committee members' meetings

Administrative Body	2019G	2020G	2021G	31/03/2022
Audit Committee	5	6	5	1

Source: Management of the Company

4-3-3: Remuneration and Nominations Committee

The Remuneration and Nomination Committee consists of three (3) members appointed by the Board of Directors. The tasks and responsibilities of the Remuneration and Nomination Committee include:

Remuneration:

- a) Prepare and submit a clear policy for the remuneration of the Board Members and the committees members emanating from the Board and the Executive Management to the Board of Directors for consideration in preparation for approval by the General Assembly, taking into account in these policies the adoption of standards related to performance, disclosure and verification of their implementation.
- b) Clarify the relationship between the bonuses awarded and the applicable remuneration policy, and indicate any material deviation from this policy.
- c) Periodically review the remuneration policy and evaluate its effectiveness in achieving the objectives envisaged.
- d) Article Sixty-Two of the Corporate Governance Regulations shall be taken into account when developing the remuneration policy.
- e) Recommend to the Board of Directors the remuneration of the members of the Board, the committees emanating from the Board and the Company's senior executives in accordance with the approved policy.

Nominations:

1. Propose clear policies and criteria for membership in the Board of Directors and Executive Management.
2. Recommend to the Board of Directors the nomination and re-nomination for membership of the Board in accordance with the approved policies and standards, taking into account that no person has been previously convicted of a crime involving moral turpitude or dishonesty shall be nominated.
3. Prepare a description of the capabilities and qualifications required for membership of the Board of Directors and filling executive positions.
4. Provide advice and advice to the Board of Directors regarding the selection of senior executives, who have appropriate qualities and qualifications for the Company's operational operations.
5. Review the structure of the Board of Directors and the executive management and make recommendations regarding the changes that can be made.
6. Ensure on an annual basis the independence of the independent members, and that there is no conflict of interest if the member is a member of the Board of Directors of another company, with an emphasis on the independent members of the Board of Directors to fill out form (A) attached to this policy periodically.
7. Annually review the necessary needs of skills or experience appropriate to the membership of the Board of Directors and executive management functions.
8. Establish special procedures in the event of a vacancy in the position of a member of the Board of Directors or senior executives.
9. Identify the weaknesses and strengths of the Board of Directors, and propose solutions to address them in accordance with the interest of the Company.
10. The Committee supervises the preparation of an induction program for new members.
11. The Committee shall recommend to the Board of Directors for approval and supervision of the Board's annual self-evaluations, which may be done through the Committee or through the assistance of a third party.

Other responsibilities:

1. Submit proposals to the Board regarding the approval of the appointment or dismissal of the Chief Executive Officer or acceptance of his resignation.
2. Submit proposals to the Board on the appointment, dismissal, or acceptance of the resignation of any senior executive.
3. Review the minutes of previous meetings of the Committee and ensure that there are no outstanding issues.
4. Keep and manage the Committee's work regulations through the Secretary of the Committee.
5. Review and re-evaluate the adequacy of such regulations and recommend any proposed changes to the Board of Directors for approval.
6. The Committee may not delegate any of its functions to a subcommittee emanating from it.
7. Carry out any other activities in accordance with such regulations, the Company's By-law and the prevailing regulations as the Board deems necessary and appropriate.
8. The Committee should submit its decisions and recommendations to the Board of Directors no later than the next Board meeting.
9. Committee members shall maintain the confidentiality of their work and discussions and shall judge their discretion and diligence in the business to act in a manner that they believe in good faith to be in the interests of the Company.

Table 17 Members of the Remuneration and Nominations Committee

Name	Position	Date of Membership
Nemer Nasser Alharbi	Head	01/01/2022
Hathal Safar Alotaibi	Member	01/01/2022
Ahmed Abdul Latif Al Barrak	Member	01/01/2022

Source: Management of the Company

Table 18 Number of meetings of the Remuneration and Nomination Committee members

Administrative Body	2019G	2020G	2021G	31/03/2022
Remuneration and Nominations Committee	3	3	2	1

Source: Management of the Company

4-3-4 Investment Committee

The Investment Committee consists of three (3) members appointed by the Board of Directors. In particular, the Committee's functions include:

1. Discuss and take decisions related to topics that need to be taken urgent investment decisions, such as entering into public offerings or linking the public or other aspects of investment.
2. Review the Company's strategic planning procedures and processes in cooperation with the executive management and in light of the directives of the Board of Directors.
3. Distribute the Company's resources in order to achieve compatibility between the strategic plans of the company and its subsidiaries, operational objectives and investment objectives.
4. Take into account the Company's operational priorities, the Committee shall review and prepare recommendations to the Board of Directors regarding strategic decisions on current or future investments.
5. Prepare and review recommendations to the Board of Directors related to annual and long-term financial objectives and strategies (financial planning of the Company).
6. Review the important financial matters of the Company and its subsidiaries, such as matters related to capital structure, the Company's credit rating, cash flows, borrowing, and investment deposits, in cooperation with the Company's executive management and in a manner that does not conflict with the work of other committees.
7. Prepare and review the recommendations submitted to the Board of Directors related to the Company's dividend policy and how to implement it.
8. Study strategic opportunities for investment locally, regionally or globally.
9. Identify aspects of investment in terms of operational, expansion, strategic or financial aspects.
10. Determine the investment objective in terms of short-term, medium-term or long-term.
11. Evaluate existing investments or discuss future opportunities and submit a periodic report thereon to the Board of Directors when applicable or upon request.
12. The possibility of using specialized companies, individuals or expertise houses to assist in evaluating or entering into any investment opportunity after verifying its economic feasibility.
13. Verify the Company's compliance with the relevant laws, regulations, policies and instructions that regulate investment operations in joint stock companies or others.

The Investment Committee consists of the following members:

Table 19 Members the Investment Committee

Name	Position	Date of Membership
Ahmed Abdul Latif Al Barrak	Head	01/01/2022G
Faisal Mohamed Al Harbi	Member	01/01/2022
Abdullah Mohammed Al Harbi	Member	01/01/2022

Source: Management of the Company

Table 20 Number of Investment Committee Meetings

Administrative Body	2019G	2020G	2021G*	31/03/2022
Investment Committee	-	-	2	1

Source: Management of the Company

* Start of Committee's formation

4-3-5 Governance Committee

The Governance Committee consists of three (3) members appointed by the Board of Directors. The responsibilities and duties of the Governance Committee include:

1. Verify the Company's compliance with the laws and regulations of the Ministry of Commerce, the Capital Market Authority and any other relevant parties.
2. Review and update policies and rules in accordance with regulatory requirements and best practices.
3. Review and develop the rules of professional conduct that represent the Company's values, and other internal policies and procedures to meet the needs of the Company and consistent with best practices.
4. Always inform the members of the Board of Directors of developments in the field of corporate governance and best practices, or delegate this to the Audit Committee or any other committee or management

Table 21 Members of the Governance Committee

Name	Position	Date of Membership
Abdullah Mohammed Al Harbi	Chairman	01/01/2022
Ahmed Abdul Latif Al Barrak	Member	01/01/2022
Salah Mohammed Sabry	Member	01/01/2022

Source: Management of the Company

Table 22 Number of meetings of members of the Governance Committee

Administrative Body	2019G	2020G	2021G	31/03/2022
Governance Committee	1	1	1	-

Source: Management of the Company

4-4 Executive Management

The table below sets out the names of the members of the executive management team as in this Prospectus:

Table 23 Executive Management Team

Name	Position	Nationality	Age	Capacity	Number of Owned shares		Equity		Date of Appointment
					Direct	Indirect	Direct	Indirect	
Faisal Mohammed Al Harbi	Managing Director	Saudi	39	Executive	N/A	N/A	N/A	N/A	01/01/2019G
Abdullah Mohammed Al Harbi	Risk Manager	Saudi	32	Executive	N/A	N/A	N/A	N/A	15/10/2017G
Hamza Baybars	Head of Financial Affairs	Jordanian	38	Executive	N/A	N/A	N/A	N/A	24/07/2016G
Salah Mohammed Sabry	Director of Governance and Compliance Department and Secretary	Egyptian	37	Executive	N/A	N/A	N/A	N/A	01/07/2016G

Source: Management of the Company

4-5 Executive Management of the Subsidiary

Table 24 Executive management of the subsidiary company

Name	Position	Nationality	Age	Capacity	Number of Owned shares		Equity		Date of Appointment
					Direct	Indirect	Direct	Indirect	
Karim Marquis	General Manager	Lebanese	54	Executive	N/A	N/A	N/A	N/A	06/10/2019G
Hamza Baybars	Chief Financial Officer	Jordanian	38	Executive	N/A	N/A	N/A	N/A	24/07/2016G

Source: Management of the Company

4-6 Remuneration of Board Members and Senior Executives

The responsibility of proposing the remuneration received by the members of the Board of Directors and senior executives lies within the framework of the Remuneration and Nomination Committee based on what is stated in the Company's By-law, where the remuneration of the Board of Directors in accordance with Article Twenty-One (21) of the By-law, consists of a certain amount, attendance allowance for meetings, certain benefits or a certain percentage of net profits, and two or more of these benefits may be combined. If the remuneration is a certain percentage of the Company's profits, such percentage may not exceed (10%) of the net profits, after deducting the reserves decided by the General Assembly, and after distributing a profit to shareholders of not less than 5% of the Company's paid-up capital. In all cases, the financial or in-kind benefits obtained by a Board Member shall not exceed the amount of five hundred thousand Saudi Riyals annually in accordance with the controls set by the Ministry of Commerce. The remuneration of members may be of varying amount to reflect the extent of the member's experience, competence and tasks entrusted to him/her, independent and number of sessions attended as well as other any considerations according to the Board of Directors' discretion. The report of the Board of Directors to the Ordinary General Assembly shall include a comprehensive statement of all remuneration, expense allowance and other benefits received by the Board Members during the financial year, as well as a statement of what the Board Members received during the financial year as employees, directors or what they received for technical, administrative or consulting work. It shall also include a statement of the number of Board meetings and the number of sessions attended by each member as of the last meeting of the General Assembly. The remuneration of independent Board Members shall not be a percentage of the profits achieved by the Company or be based directly or indirectly on the profitability of the Company as set by the competent authority. The following table sets out the value of salaries, bonuses and allowances received by the Board Members during the past three years:

Table 25 Remuneration of Board Members and Executives

In Saudi Riyals	2019G	2020G	2021G	31/03/2022
Board of Directors Members	1,516,500.00	1,331,500.00	813,000.00	-
Senior Executives	4,184,714.00	5,074,906.00	4,132,500.00	-

Source: Management of the Company



5 Financial Information and Management Discussion and Analysis

5 Financial Information and Management Discussion and Analysis

5-1 Introduction

The following section on management discussion and analysis includes as a review of the financial position and operational performance of Filing and Packing Materials Manufacturing Co. (a Saudi Joint Stock Company). This section is based on the consolidated financial statements of the Company for the financial years ended on December 31, 2019G, 2020G and 2021G, interim condensed consolidated financial statements for the periods ended on March 31, 2021G and March 31, 2022G. The financial statements of Filing and Packing Materials Manufacturing Co. for the financial year ended on December 31, 2019G by Hamoud Al Robian & Co - Chartered Accountants and Consultants. The consolidated financial statements for the period ended on December 31, 2020G and 2021G, and the interim condensed consolidated financial statements for the period of 2022G were also reviewed by Osama A. Elkhereiji & Partner Co. Certified Public Accountants & Business Consultants. The consolidated financial statements referred to above are considered part of this Prospectus.

The financial statements of the Company and its subsidiary have been prepared in accordance with the IFRS adopted in the Kingdom of Saudi Arabia and other standards and publications approved by the SOCPA. It should be noted that all amounts are in Saudi Riyals unless otherwise stated, and percentages are rounded to one decimal place. In addition, for the purposes of this section on management discussion and analysis, the financial information for the financial years ended on December 31, 2019G, 2020G and 2021G has been used through the financial information included in the consolidated and audited financial statements for the financial years ended on December 31, 2019G, 2020G and 2021G, respectively. The financial statements for the periods ended on March 31, 2021G and March 31, 2022G. The financing structure of the company and its subsidiary is explained in this Prospectus (Note 10-12-4-f)

Neither Hamoud Al Robian & Co - Chartered Accountants and Consultants, nor OSAMA A. ELKHEREIJI & PARTNER CO. CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS, nor any of their subsidiaries, have any shareholding or interest whatsoever in the Company or its subsidiary. They have given their written consent, which has not been withdrawn, with respect to the reference in the prospectus to their role as auditors for Filing and Packing Materials Manufacturing Co. and its subsidiary for the financial years ended in 2019G, 2020G and 2021G and the periods ended on March 31, 2021G and March 31, 2022G.

The Company and its subsidiary do not have any existing assets to be purchased or leased other than what has been disclosed.

The Company and its subsidiary do not have any loans or other liabilities, overdrafts from bank accounts, any obligations under acceptance and acceptance credit or lease purchase obligations except as disclosed in this prospectus in the Non-Current Liabilities Section (10-4).

The Company and its subsidiary do not have any contingent liabilities or warranties except as disclosed in this Prospectus, (note 6).

The Company's Board of Directors acknowledges that the financial information and the financial and commercial position of the Group are unchanged for the three years immediately preceding the date of submitting the application for the issuance of Pre-emptive Rights Shares in addition to the end of the period included by the chartered accountant's report in approving the Prospectus. This is set out in the financial statements issued by the Company and its subsidiary, except for what has been disclosed, which is that the parent company (Filing and Packing Materials Manufacturing Co.) acquired the subsidiary (FPC Industries Co.) by 100% (note 1-2-6-1). The accumulated losses of the subsidiary (FPC Industries Co.) were also extinguished through the balance of a related party (the parent company - Filing and Packing Materials Manufacturing Co.) (note 5).

This section may include forward-looking statements of the Company based on management's current plans and expectations regarding the Company's growth, results of operations, and financial position, which may involve uncertain risks and perceptions. The Company's actual results may differ materially from those indicated or included in these forward-looking statements due to various factors and future events, including those discussed below and elsewhere in this Prospectus, in particular in the ("Risk Factors") section of this Prospectus.

The property and equipment of the Company and its subsidiary consist of buildings and constructions on leased land, machinery and equipment, improvements to leased buildings, automobiles, furniture, fixtures and office equipment, tools and tools, capital works under implementation with a net book value of SAR 146.4 million for the financial year 2019G, SAR 153.1 million for the financial year 2020G, SAR 148.6 million for the financial year 2021G, SAR 150.9 million for the financial period ended on March 31, 2021G, and SAR 152.5 million for the financial period ended on March 31, 2022G. The Company and subsidiary do not have any property, including contractual securities or any assets subject to fluctuations or difficult to ascertain in value, which significantly affects the assessment of the consolidated financial position of the Company and its subsidiary, as management reviews the book value of these assets to assess whether there is any indication of a decline in value.

The Company's financing structure is represented by capital of SAR 115 million for the financial year 2019G, SAR 115 million for the financial year 2020G, SAR 115 million for the financial year 2021, SAR 115 million for the financial period ended on March 31, 2021G, and SAR 115 million for the financial period ended on March 31, 2022G.

5-2 Declarations by the Board Members regarding the Financial Information

- The Board of Directors of the Company and its Subsidiary declares, according to its knowledge and belief, that the financial information included in this section has been extracted from the consolidated and audited financial statements for the financial years ended on December 31, 2019G, 2020G and 2021G and the two periods (unaudited) ended on March 31, 2021G and 2022G without any material amendment thereto and in accordance with them. The consolidated and audited financial statements have been prepared in accordance with the IFRS approved in the Kingdom of Saudi Arabia and other standards and issuances approved by SOCPA.
- The Board Members declare that the Company and its subsidiary have sufficient funds to meet the working capital requirements for a period of 12 months as of this Prospectus.

- Other than what is stated in this Prospectus, the Board Members declare that the Company and its subsidiary have not issued any Sukuk, bonds, debt instruments or term loans whether personal security, uncovered by personal guarantee, secured by a mortgage or unsecured by mortgage as of this Prospectus .
- The Board Members declare that the Company and its subsidiary do not have any other loans or debts, including overdrafts from bank accounts. They also declare that there are no collateral obligations (including personal guarantee, non-personal collateral, mortgage-secured or unsecured mortgage), obligations under acceptance, acceptance credit, leasing purchase obligations, any issued and existing debt instruments, approved and not issued debt instruments or term loans except as disclosed in this Prospectus.
- The Board Members declare that there are no shares in the Company or its subsidiary subject to an option contract as of the date of this Prospectus.
- The Board Members declare that the Company and its Subsidiary are not privy to any information regarding governmental, economic, financial, monetary, political policies or any other factors that affect or have a material impact (directly or indirectly) on its operations.
- The Board Members declare that no commissions, discounts, brokerage fees or cash consideration were awarded by the Group to any of the Board Members, senior executives, offerors, or experts during the three years immediately preceding the date of submission of the application for Pre-emptive Rights Shares issuance.
- The Board Members further declare that all material information to their knowledge has been disclosed in this Prospectus.
- The Board Members declare that the Company and its subsidiary do not have any seasonal factors or economic cycles related to the activity that may have an impact on the business and financial situation.
- The Board Members declare that the Company and its subsidiary do not have any contractual securities or other assets, whose value is subject to fluctuations or difficult to ascertain in value, significantly affecting the valuation of financing status.
- The Board Members declare that there are no mortgages, rights or other fees incurred on the Company's property as of the date of this Prospectus except as disclosed in this Prospectus, Non-Current Assets Section, Property, Machines and Equipment (note 1-10) Loans are explained in this Prospectus in the Non-Current Liabilities Section (10-4).

5-3 Overview of the Company:

5-3-1 Founding of Filing and Packing Materials Manufacturing Co.

Filing and Packing Materials Manufacturing Co. is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under CR No. 1010084155 issued in Riyadh on Dhu al-Hijjah 04, 1411H (corresponding to June 17, 1991G). The Company was established by Ministerial Resolution No. 851, dated Shawwal 17, 1411H (corresponding to May 02, 1991G), and Ministerial Resolution No. 953, dated Dhu al-Qa'dah 29, 1411H (corresponding to June 12, 1991G).

5-3-2 The Company carries out its business in:

weaving textiles from industrial threads, such as nylon, cutting and detailing covers for machinery and goods, making plastics (plastics) in their primary forms, manufacturing industrial threads, including (nylon, polyesters... etc.), manufacturing containers from plastics, and manufacturing plastic bags under industrial license No. 1001009549, issued on Safar 29, 1441H (corresponding to September 29, 2020G).

- The Company also carries out its business through the following branches:

Table 26 company branches

Name of Branch	Branch Registration No.	Issue Date and Place	Business
Filing and Packing Materials Manufacturing Co.	1010608121	Sha'ban 11, 1438H, Riyadh	Weaving of textiles from synthetic yarns, such as nylon, and making plastic bags.
Filing and Packing Materials Manufacturing Co. Branch	1010675111	Jumada I 05, 1442H, Riyadh	Manufacture of plastics in their primary forms, spinning and preparation of plant fibers such as hemp and kenaf.

5-3-3 The Company's capital

is set at SAR 115,000,000 (one hundred fifteen million Saudi Riyals) divided into 11,500,000 shares of SAR 10 each.

5-3-4 The financial year

shall commence on the 1st of January of each year and shall end on 31st of December of the same year.

5-3-5 The Company's head office is located at:

7306 - 2nd Industrial Area - Unit No. 7306 Riyadh - Kingdom of Saudi Arabia, P.O. Box: 14335 Riyadh 2483.

5-3-6 The accompanying consolidated financial statements include the financial statements of Filing and Packing Materials Manufacturing Co. (the "Company") or (the Parent Company) and its local subsidiary.

The Company and its subsidiary collectively produce and market polypropylene woven bags lined inside and outside the KSA and unlined from diluted polyethylene, oversized bags, plastic tapes, fillings, mesh bags for packing vegetables and fruits, polypropylene woven rolls, polyethylene liners, plastic waste recycling, construction contracting, and construction

Table 27 Subsidiary information

Company's Name	Country of Incorporation	Main Business	Equity	
			2021G	2020G
FPC Industries Co.	KSA	Manufacture of ready-made textiles except clothing	100%	100%

The Company's capital is SAR 18 million, and the subsidiary has a material impact on business results as total revenues, total assets, total liabilities exceed 5% of total revenues, total assets and total liabilities of the Group as a whole for the years 2019G, 2020G and 2021G.

- The subsidiary also carries out its business through the following branches:

Table 28 Subsidiary Branches

Name of Branch	Branch Registration No.	Issue Date and Place	Business
FPC Industries Co.	1010468794	Jumada Al-Thani 13, 1438H - Riyadh	Manufacture of ready-made textiles except clothing - business code 1392
Makamen Eltawreed Trading & Contracting Company	1010499598	Rabi II 11, 1440H - Riyadh	Retail sale of textiles and fabrics of all kinds other than clothing such as curtains, retail sale of tents
Makamin Al Gharbia Tents Company One Person Company	4030381209	Ramadan 27, 1441H - Jeddah	Retail sale of textiles and fabrics of all kinds worn Retail sale of textiles and fabrics of all kinds other than clothing such as curtains, retail sale of tents.
Makamen Al Dammam for Tents Company	2050143023	Rajab 17, 1442H - Dammam	Retail sale of textiles and fabrics of all kinds worn Retail sale of textiles and fabrics of all kinds other than clothing such as curtains, retail sale of tents.
Makamen Al Qassim for Tents Company	1131311975	Rajab 17, 1442H - Buraydah	Retail sale of textiles and fabrics of all kinds worn Retail sale of textiles and fabrics of all kinds other than clothing such as curtains, retail sale of tents.

5-3-6-1 At the end of the first quarter of 2020G, the Company (Filing and Packing Materials Manufacturing Co.) announced on Tadawul website on Rajab 07, 1441H (corresponding to March 02, 2020G),

the signing of an agreement to acquire all non-controlling equity shares in the subsidiary, where the share of Filing and Packing Materials Manufacturing Co. in the subsidiary pre-acquisition is 80%. The partner (Erad Investment Company) owns 20%, and accordingly the subsidiary will become wholly owned by the Company (Filing and Packing Materials Manufacturing Co.). The acquisition agreement requires the partner (Erad Investment Company) to assign its entire 20% share in the subsidiary with its rights and obligations in favor of the Company (Filing and Packing Materials Manufacturing Co.) in exchange for 20% of the net profit according to the audited financial statements at the end of each financial year and for a period of ten years only (the term of the agreement) until the end of the financial year ending on December 31, 2029G. The Memorandum of Association of the subsidiary has been accordingly amended.

The impact of this Agreement on the consolidated financial statements for the financial years ended on December 31, 2021G and 2020G, and for the financial periods ended on March 31, 2022G and 2021G, is presented.

5-4 Basis for the preparation of the consolidated financial statements:

5-4-1 Applicable accounting standards

These consolidated financial statements have been prepared in accordance with the IFRS adopted in the Kingdom of Saudi Arabia and other standards and issuances approved by the SOCPA.

5-4-2 Accounting custom / measurement basis:

These consolidated financial statements have been prepared using the accrual accounting principle and the concept of going concern and on a historical cost basis, except for the following significant items contained in the consolidated statement of financial position:

- Defined benefit obligations are recognized as the current value of future obligations using the expected credit unit method.
- Investments at fair value through profit or loss.

5-4-3 Functional currency and display currency:

These consolidated financial statements are presented in Saudi Riyals representing the functional currency of the Group as well as the currency of the offer, unless otherwise noted.

5-5 Basis for consolidation of consolidated financial statements:

- The consolidated financial statements include the consolidated statement of financial position, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows as well as the notes to the consolidated financial statements, which include the assets, liabilities and results of the business of the Company and its subsidiary as set out in note (1).

- Subsidiaries are companies controlled by the parent company. The parent company controls the Company when it has the right to various

returns as a result of its participation in the Company and the ability to influence those returns through its control of the Company. Specifically, the parent company controls an investee company only if the parent company:

- Has influence over the investee company (i.e. having existing rights that give the parent company an existing ability to direct activities related to the investee company);

- is exposed to variable returns, or have rights in them as a result of their participation with the investee company; and

- Has the ability to use its influence over the investee company to influence its revenues.

- In general, there is an assumption that a majority of voting rights results in control. To support such assumption and if the Group has less than a majority of voting rights or similar rights in the investee company, the parent company takes into account all relevant facts and circumstances when assessing whether it has influence over the investee company including:

- Retirement arrangements with other voting rights holders in the investee company;

- Rights arising from other contractual arrangements; and

- Voting rights of the parent company and potential voting rights.

- The parent company reassesses the extent of its control over the subsidiary when the facts and circumstances indicate changes to one or more of the three elements to assess control.

- The non-controlling share is measured by its share of the net assets of the controlled company at the date of acquisition. The share in profit or loss and net assets not owned by the parent company is presented as a separate item in the consolidated statement of profit or loss and within equity in the consolidated statement of financial position.

- The subsidiaries shall be consolidated from the date of the parent company's control over the subsidiaries and until they cease to exercise such control.

- The parent company uses the acquisition method for accounting when control is transferred to the group, where:

- The cost of acquisition is measured at the fair value of the specific assets acquired.

- The increase in the cost of acquisition plus the fair value of non-controlling equity over the net value of assets identified and acquired as goodwill is recorded in the consolidated statement of financial position.

- Costs related to the acquisition are credited when incurred and included in the administrative expenses.

- Non-controlling equity is measured by its share of the net assets of the acquired company at the date of acquisition. The share in profit and loss and each of the other components of comprehensive income is presented attributable to the shareholders of the Group's parent company and to the owners of non-controlling interests, even if this results in a deficit for the owners of non-controlling interests.

- Both transactions as well as unrealized balances and profits and losses resulting from transactions between the Company and subsidiaries are excluded. The accounting policies of the subsidiaries are amended as necessary to ensure their compliance with the policies followed by the company and its subsidiary. The Company and its subsidiary prepare their financial statements for the same year.

- The change in ownership interests in the subsidiary, without loss of control, is included as an equity transaction.

- If the parent company loses control of the subsidiary:

The following shall be done:

- It shall derecognize the assets (including goodwill) and liabilities of the affiliate.

- It shall derecognize the book value of any non-controlling equity.

- It shall derecognize the accumulated transfer differences restricted in equity.

- It shall recognize the fair value of the consideration received.

- It shall recognize the fair value of any remaining investment.

- It shall recognize any surplus or deficit in profits or losses.

- The parent company's share in the components previously included in the other comprehensive profit is reclassified to profit, loss or retained profit, as appropriate and required when the parent company excludes directly related assets or liabilities.

5-6 Significant Accounting Policies:

5-6-1 New standards, amendments to standards and interpretations:

- The Company and its subsidiary adopted the following new standards and amendments for the first time as of January 01, 2021G:

- Amendments to IFRS 7 and IFRS 16 Interest Rate Measurement Correction - Phase II

- Phase II amendments address problems arising from the implementation of reforms, including the replacement of standard prices with alternative prices. Phase II amendments provide additional temporary exemptions from the application of the hedge accounting requirements of IAS 39 and IFRS 9 to hedging relationships directly affected by the interest rate index reform.

· Amendment to IFRS 16, "Leases" - In response to the impacts of COVID-19 on tenants"

- As a result of the COVID-19 pandemic, tenants have been granted lease privileges. In May 2020G, the IASB published an amendment to IFRS 16 that provides an optional practical means for tenants to assess whether a COVID-19 lease concession is an amendment to the lease. On March 31, 2021G, the IASB published a further amendment to extend the date as of June 30, 2021G to June 30, 2022G.

- Tenants can choose to be charged for rental concessions in the same way they would if there are no adjustments to the rent. In many cases, this results in the accounting of the concession as variable lease payments in the period(s) in which the event or circumstance that gave rise to the reduced payment occurred.

· The application of these amendments has no material impact on the consolidated financial statements during the year.

5-6-2 Issued standards that have not yet been applied:

- The following are the amendments to the non-applicable standards that have been issued and are valid for the annual periods starting from or after January 01, 2022G with early application permitted, but were not applied by the Company and its subsidiary when preparing these financial statements. The Company and its subsidiary do not anticipate a substantial impact on the consolidated financial statements if the following standards and adjustments are applied:

· Classification of obligations (amendments to IAS 1 "Presentation of financial statements")

These narrow amendments to IAS 1, "Presentation of Financial Statements", clarify that liabilities are classified as current or non-current, depending on the rights at the end of the reporting period. The classification is unaffected by the enterprise's expectations or by events after the report date (for example, receipt of a waiver or breach of undertaking). The amendment also clarifies what IAS No. 1 means when it refers to the "settlement" of an obligation.

· Amendments to IFRS 3 and IAS 16 and 37

- IFRS 3, "Business Combinations" An update of a reference in IFRS (3) to the conceptual framework for financial reporting without changing the accounting requirements for a business combination.

- IAS 16, Property, Plant and Equipment, prohibits a company and its subsidiary from deducting from the cost of property, plant and equipment amounts received from the sale of items produced as the company and its subsidiary prepare the asset for its intended use. Instead, the Company and its subsidiary will recognize such sales proceeds and related costs in the statement of profit or loss.

- IAS 37 "Provisions, Liabilities and Contingent Assets" specifies the costs that a company and its subsidiary include when assessing whether a contract will cause a loss.

· Classification of amendments to IAS No. 1, Practice Statement No. 2 and IAS No. 8

These amendments aim to improve accounting policy disclosures and help users of the consolidated financial statements distinguish between changes in accounting estimates and changes in accounting policies.

· Classification of an amendment to IAS 12 - Deferred Tax relating to assets and liabilities arising from a single transaction

These amendments require companies to recognize deferred tax on transactions that, on initial recognition, result in equal amounts of deductible and taxable temporary differences.

5-7 Adopted accounting policies:

The following is a presentation of the most important accounting policies adopted and adopted by the company and its subsidiary to all accounting periods presented.

5-7-1 Classification of what is current versus what is not

assets

· The Company and its subsidiary present assets and liabilities in the consolidated statement of financial position based on the current/non-current classification. An asset is classified as a current asset if:

· The asset is expected to be sold or intended to be sold or consumed in the normal operating business cycle; or

· holding the asset primarily for the purpose of trading; or

· The asset is expected to be sold within 12 months after the reporting date; or

The asset is in 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 financial report.

The Company and its subsidiary classify all other assets as non-current assets.

Liabilities

A liability is considered a current liability if:

· Expect settlement of the obligation within the normal operating cycle; or

· holding the obligation mainly for the purpose of trading; or

- settle the liability within 12 months after the reporting date; or
- There is no unconditional right to postpone the settlement of the obligation for at least 12 months from the date of the financial report.

The Company and its subsidiary classify all other liabilities as non-current liabilities.

5-7-2 Cash and cash equivalents

For the purposes of preparing the Cash flow statements, cash and cash equivalents consist of bank balances, cash on hand, short-term deposits with an original maturity of three months or less, and banks and other short-term highly liquid investments, if any, with an original maturity of three months or less than the date of its creation and is available to the group without any restrictions. It also includes overdraft accounts, which are an integral part of the company's management and its cash subsidiaries, which are expected to be changed from overdrafts to current accounts.

5-7-3 Inventory

Inventory is stated at cost or net realizable value, whichever is lower. Cost is determined as follows:

- Raw materials, spare parts and packaging materials at purchase cost on a weighted average basis. Inventory purchase costs include the purchase price, import duties and other taxes (other than those that can be recovered - later - from the tax authorities) and transportation, handling and other costs that are directly attributable to - To acquisition Trade discounts, rebates and other similar items are subtracted when determining purchase costs.

- Completed production and in operation The cost includes all direct manufacturing costs (materials and wages) as well as related indirect manufacturing costs on the basis of the normal level of activity.

Net realizable value consists of the estimated selling price less further costs of manufacturing to completion and an appropriate share of selling and distribution expenses. Any decrease in the cost of inventories to net realizable value is recognized as an expense in the period in which the write-down occurs. Any reversal of impairment should be recognized in the income statement in the period in which the reversal occurs.

A provision is made, when necessary, for any slow moving or defective inventory and the cost of inventory is recognized as an expense and recognized in cost of revenue.

5-7-4 Property, Plant and Equipment

a. Recognition and Measurement

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The asset acquisition cost includes all costs related to the acquisition of the asset.

- Any item of property, plant and equipment is derecognised when it is disposed or no future economic benefits are expected from its use or disposal.

Profits and losses on disposal of an item of property, plant and equipment are determined by comparing the net disposal proceeds with the book value of property, plant and equipment and are recognized net within other income (expenses) in profit or loss.

- Subsequent expenditure is capitalized only when it results in an increase in future economic benefits to the Group and can be measured reliably.

- Finance costs related to loans to finance the construction of qualifying assets are capitalized during the year necessary to complete and prepare the assets for the purpose for which they are intended.

- In the event that significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items of property, plant and equipment.

The cost of replacing a significant part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that future economic benefits will flow to the Company and its subsidiary and those costs can be measured reliably. The carrying amount of the replaced item is derecognised when significant parts of property, plant and equipment are required to be replaced at intervals. The Company and its subsidiary include such parts as individual assets with specific useful lives and are depreciated accordingly. Similarly, when a major inspection is performed, its cost is included in the carrying amount of the property and equipment as a replacement if the recognition criteria are met. Other repair and maintenance costs are charged to profit or loss as incurred.

b. Depreciation

The cost is depreciated less the estimated residual value using the straight-line method over the estimated useful lives of the assets. Some production lines are depreciated on the basis of the quantity produced during the period in proportion to the estimated quantity produced for the asset during its useful life. Depreciation is calculated for the remaining property, plant and equipment on the basis of the estimated useful life of the asset according to the installment method. The constant is as follows:

Table 29 The estimated useful life of the asset according to the straight line method

Item	Useful life
Buildings on leased land	33 years or lease term, whichever is less
Machinery and equipment	10-25 years
Vehicles	4 years
Office furniture and equipment	5 years
Tools	7 years

Land and capital work in progress are not depreciated.

The residual value, useful lives of assets and indicators of impairment are reviewed at the end of each financial year and amended prospectively, when needed.

c. Capital work in progress

Capital work-in-progress at the end of the year includes some assets that have been acquired or constructed but are not ready for use for which they are intended. Capital work-in-progress is recorded at cost less any recorded impairment in value. These assets are transferred to the relevant asset classes and are depreciated when they become ready to use.

5-7-5 Intangible Assets

- Intangible assets (except goodwill) acquired separately are measured at cost upon initial recognition. After initial recognition, intangible assets are measured at cost less accumulated amortization and accumulated impairment losses, if any.

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

Internally produced assets (except for capitalized development costs) are not capitalized and related expenses are shown in profit or loss in the period in which they are incurred.

Intangible assets with finite useful lives are amortized over the economic useful life.

- The residual values of intangible assets with finite useful lives, their useful lives and indicators of impairment are reviewed at the end of each financial year, where they are evaluated to determine impairment if there is an indication that the intangible asset may have been impaired.

• Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by adjusting the amortization period or method, as appropriate, and are treated as changes in accounting estimates and amended prospectively, when necessary.

• The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss and other comprehensive income in the expense category in line with the function of the intangible assets.

• Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow to the Company and its subsidiary, and the expenditure can be measured reliably.

Gains or losses resulting from the derecognition of an intangible asset are measured by the difference between the net sale proceeds and the book value of the asset and are included in the statement of profit or loss and other comprehensive income upon disposal of the asset.

5-7-6 Borrowing costs

Borrowing costs consist of interest and other costs incurred by the Company and its subsidiary in connection with the borrowing of funds.

- Borrowing costs directly attributable to the construction of an asset are capitalized using the capitalization rate up to that stage when the work necessary to prepare the qualifying asset for its intended purpose is actually completed and then these costs are charged to profit or loss. In the case of specific loans, all such costs directly attributable to the acquisition, construction or production of an asset that require a substantial period of time to prepare it for its intended purpose or for sale, such costs are capitalized as part of the cost of the related asset. All other borrowing costs are expensed in the period in which they occur.

5-7-7 Lease Contracts

The determination of whether the agreement is (or its content) a lease is based on the substance of the agreement at the date of the contract inception. The arrangement is evaluated to determine whether fulfillment of the arrangement is dependent on the use of an asset (or assets) or the arrangement conveys a right to use the asset (or assets) even if the asset (or assets) is not explicitly identified in the arrangement.

- The Company and its subsidiary as a lessee

Assets and liabilities related to lease contracts that meet the requirements of IFRS (16) are recognized as:

Each lease payment is allocated between the liability and the finance cost.

The financing cost is charged to the profit and loss over the lease period so that a fixed periodic commission rate is achieved on the remaining balance of the liability for each period.

- The right to use the asset is depreciated at a cost that includes the following:
 - The amount of the initial measurement of the lease liability.
 - Any rental payments made on or before the contract start date less any rental incentives received
 - Renewal costs. (if any)
- Lease liabilities include the net present value of the following lease payments:
 - Fixed payments (including fixed payments in substance) less any lease incentives receivable.
 - Variable lease payments that are based on an index or rate (if any).
 - Amounts expected to be paid by the lessee under the residual value guarantees.
 - The exercise price of the purchase option if the lessee is reasonably certain to exercise this option, if any.
 - Payments of fines for terminating the lease, if the lease term reasonably reflects the tenant's exercise of that option (if any).

The lease payments are discounted using the incremental borrowing rate, which represents the rate that the lessee would have to pay to borrow the funds necessary to acquire an asset of similar value in a similar economic environment with similar terms and conditions.

- Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit and loss. Short term leases are lease contracts with a lease period of 12 months or less.

- The terms of leases are renegotiated on an individual basis and contain a wide range of different terms and conditions. Lease agreements do not impose any covenants, but the leased assets may not be used as security for borrowing purposes.

The company and its subsidiary as a lessor

The determination of whether the agreement is (or its contents) a lease contract is based on the substance of the agreement at the date of the beginning of the contract.

Each of the lease contracts (if any) is classified as either an operating lease contract or a financing lease contract, as the consideration of a lease contract as a financing contract or an operating contract depends on the essence of the transaction and not on the form of the contract.

A lease contract is classified as a finance lease if it substantially transfers nearly all the risks and benefits of ownership of the asset subject of the contract.

A lease contract is classified as an operating lease if it does not substantially transfer nearly all the risks and benefits of ownership of the asset subject of the contract.

Lease incentives or any raise in lease contracts are included as an integral part of the total liability of receivables from the lease contract and are calculated on a straight-line basis over the term of the contract. Contingent rents are recognized as revenue in the period in which they are calculated.

5-7-8 Impairment of Non-Financial Assets

• The Company and its subsidiary, at each consolidated statement of financial position date, review the non-financial assets (other than inventories) to determine whether there is any indication or circumstance that an impairment loss has occurred, or an impairment loss has reversed. If any such indication exists, the recoverable amount of those assets is estimated to determine the extent of the impairment loss or reversal of the impairment loss, if any.

• When it is not possible to estimate the recoverable amount of individual assets, the Company and its subsidiary estimate the recoverable amount of the cash-generating unit to which the assets belong. When a reasonable and consistent basis of distribution can be determined, the joint assets are allocated to individual cash-generating units, or otherwise to the smallest group of cash-generating units for which a reasonable and consistent basis of allocation can be determined.

• An asset's recoverable amount is the fair value of an asset or cash-generating unit less costs to sell or value in use - whichever is higher,

- The recoverable amount of an individual asset is determined unless the asset generates cash inflows that are largely independent of the inflows from other assets or groups of assets.
- When the book value of the asset or cash-generating unit exceeds the recoverable amount, the asset is considered impaired and its value is reduced to the recoverable amount.
- When assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets for which the estimates of future cash flows have not been modified.
- When determining the fair value minus the costs of completing the sale, recent market transactions are taken into account, and in the event of the inability to identify such transactions, an appropriate valuation model is used.
- An impairment loss is recognized directly in profit or loss unless the related assets are carried at a revalued amount, in which case the impairment loss is treated as a revaluation reduction.
- Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, so that increased carrying amount does not exceed the carrying amount that would have been determined had the impairment loss been recognized. For assets (or cash-generating unit) in prior years, a reversal of an impairment loss is recognized directly in profit or loss unless the related assets are carried at a revalued amount, in which case the impairment loss is treated as a revaluation increase.
- Intangible assets with indefinite useful lives as well as intangible assets not yet available for use are examined for impairment at least annually and whenever there is an indication of impairment in the value of the assets.

5-7-9 Fair Value Measurement

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

- Through the principal market for the asset or liability, or
- Through the most advantageous market for the asset or liability in the absence of a principal market.
- The main market or the most advantageous market must be accessible to the company and its subsidiary.
- The fair value of an asset or a liability is measured using the assumptions used by market participants when pricing the asset or liability, assuming that market participants act in their economic best interest.
- Measurement of the fair value of a non-financial asset takes into account the ability of market parties to provide economic benefits by using the asset in a way that achieves the best benefit from it or selling it to another party in the market to achieve the best benefit from it.
- The company and its subsidiary use valuation methods that are appropriate to the circumstances and have sufficient data to measure fair value, maximize the use of relevant observable inputs and minimize the use of unobservable inputs, as:
- Management is responsible for the oversight of all significant fair value measurements, including Level 3 fair value measurements.
- Management reviews significant unobservable inputs and valuation adjustments periodically.
- Management evaluates the evidence obtained from a third party to support the conclusion that these valuations meet the requirements of IFRSs endorsed in KSA, including the level in the fair value hierarchy into which these valuations should be classified if information from Third party quotes, such as brokers' quotes or pricing services, are used to measure fair values.

The Company and its subsidiary use observable market data as much as possible when measuring the fair value of assets or liabilities. Fair values are classified into different levels in the fair value hierarchy based on the inputs.

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than prices included in Level 1 that are observable for the asset or liability either directly (eg prices) or indirectly (eg derived from prices).
- Level 3: inputs for assets and liabilities that are not based on observable market data (unobservable inputs).
- If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized entirely at the same level of the fair value hierarchy as the lowest level input is significant for the entire measurement.
- The Company and its subsidiary are recognized by transfers between levels of the fair value hierarchy at the end of the reporting period in which the change has occurred.

5-8 Financial Instruments

- Financial instruments are recognized and measured in accordance with the requirements of IFRS (9) "Financial Instruments", which defines and deals with the classification, measurement and disposal of financial assets, financial liabilities and some contracts for the purchase or sale of non-financial items.

The following are the details of the accounting policies related to this.

- Initial recognition - financial assets and financial liabilities

- The company and its subsidiary must include any financial asset or financial liability in the statement of financial position when the company and its subsidiary become a party to the contractual provisions of the instrument.

Initial measurement

On initial measurement, except for trade receivables that do not contain a significant financing component, the financial asset is measured at fair value through profit or loss. Transaction costs directly attributable to the acquisition of the financial asset are recognized in profit or loss.

If the financial asset is not at fair value through profit or loss, the financial asset is measured at its fair value in addition to the transaction costs directly attributable to the acquisition of the financial asset.

Trade receivables that do not contain a significant financing component or that mature in less than 12 months are measured at the transaction price in accordance with IFRS No (15).

• Classification and Subsequent Measurement

Subsequent measurement of non-derivative financial assets depends on classifying them into the following measurement categories based on the business model within which the financial assets are managed and contractual terms of cash flows:

a) Financial assets at fair value through profit or loss:

Financial assets are measured at fair value through the profit or loss statement at the end of each reporting period without deducting transaction costs that the company and its subsidiary may incur when selling or disposing of any of the financial assets in the future.

All financial assets that are not classified as measured at amortized cost or at fair value through other comprehensive income, and according to what will be shown below, are measured at fair value through profit or loss, and this includes all other derivative financial assets. Upon initial recognition, the company has the right to definitively allocate the financial assets, which in another way, it meets the conditions and requirements for measurement at amortized cost or at fair value through other comprehensive income as financial assets at fair value through profit or loss.

- If the company does so, it eliminates the accounting mismatch that may arise in one way or another or reduces the mismatch significantly.

b) Financial assets at fair value through other comprehensive income:

They are either (debt instruments at fair value through other comprehensive income) or (equity instruments at fair value through other comprehensive income).

Financial assets are measured at fair value through other comprehensive income at the end of each reporting period and transaction costs incurred by the Company and its subsidiary are not deducted when the asset is disposed of in the future.

- Bearing in mind that investments in debt instruments are measured at fair value through other comprehensive income if they meet the following two conditions and are not measured at fair value through profit or loss:

- It is maintained within a business model whose objective is achieved by collecting contractual cash flows and selling financial assets.

- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On derecognition of financial assets, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss. However, fair value gains or losses are not subsequently reclassified to profit or loss in the case of equity instruments.

c) Financial assets measured at amortized cost:

A financial asset shall be measured at amortized cost using the effective interest method if both of the following conditions are met:

1. Maintaining a financial asset within a business model that aims to retain financial assets from collecting contractual cash flows.

2. The contractual terms of the financial asset give rise on specified dates to cash flows that are payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost include trade and other receivables.

After initial measurement, these financial assets are subsequently measured at amortized cost using the effective interest method, less impairment (if any). Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included within finance income in the statement of profit or loss. Losses arising from impairment are included in profit or loss.

The following is the method of proof and presentation of the profits or losses resulting from the classification of the above categories:

Table 30 Method of proof and presentation of the profits or losses resulting from the classification of categories

Measurement Type	Evidence and presentation for profits and losses
Financial assets at amortized cost	<ul style="list-style-type: none"> • The following items are included in the statement of profit or loss: • Interest income using the effective interest rate method. • Expected credit losses (or reverse losses) (impairment and reversal). • Foreign exchange gains or losses. • When a financial asset is derecognized (disposal), the resulting gains or losses are recognized in profit or loss.
debt instruments at fair value through other comprehensive income	<ul style="list-style-type: none"> • Gains and losses are recognized in other comprehensive income, except for the following items, which are recognized in profit or loss in the same way as for financial assets measured at amortized cost: • Interest income using the effective interest method. • Expected credit losses (or reversed losses). (Depreciation and reversal) • Foreign exchange gains or losses. • When the financial asset is derecognized (disposal), the accumulated gain or loss in other comprehensive income is reclassified to profit or loss. • Gains or losses are recognized in other comprehensive income.
Investing in equity instruments at fair value through other comprehensive income	<ul style="list-style-type: none"> • Dividends from these investments should be recognized as income in profit or loss unless they clearly represent a payment of part of the cost of the investment. • Amounts recognized in other comprehensive income are not reclassified to profit or loss under any circumstances.
at fair value through profit or loss	<ul style="list-style-type: none"> • Gains or losses resulting from either subsequent measurement or derecognition are recognized in profit or loss.

• Reclassification

When the company changes its business model in managing financial assets, only then it must reclassify all of its affected financial assets in accordance with the classification requirements mentioned above.

• Derecognition of financial assets

A financial asset (or, as the case may be, a part of a financial asset or part of similar financial assets) is primarily derecognized (i.e., removed from the statement of financial position) when the contractual rights to the cash flows from the asset expire or when the financial asset or substantially all of its risks and rewards of ownership are transferred to another party. The difference in the book value is recognized in profit or loss.

• Impairment of financial assets

At the date of each financial report, the company evaluates the possibility of objective evidence that a financial asset or a group of financial assets has been impaired. Impairment appears when one or more events occur if the initial recognition of the asset has an impact on the estimated future cash flows from the financial asset or a group of financial assets that can be measured reliably.

IFRS 9 requires the company and its subsidiary to apply a model for measuring expected credit losses in relation to impairment of financial assets. A credit event does not necessarily have to occur in order for a credit loss to be included. Instead, the Company and its subsidiary, using the expected credit loss model, calculate expected credit losses and changes as at each reporting date.

The expected credit loss shall be measured and provided for either an amount equal to (a) 12-month expected losses or (b) long-term expected losses.

- In the event that the credit risk of the financial instrument does not increase significantly from the outset, then a provision equal to the expected loss for a period of 12 months is formed.
- In other cases, a provision should be made for long-term credit losses.
- For trade receivables and other receivable balances, the company adopted the simplified method in accordance with the standard and calculated credit losses according to projections of credit losses over the life of the financial assets, where:
- The Company has created a provision matrix based on the Company's past experience with respect to credit losses, and adjusted for future factors specific to the debtors and the economic environment.
- Impairment losses relating to trade receivables are presented separately in profit or loss.

Except for investments in debt instruments that are measured through other comprehensive income, the carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the statement of profit or loss. Interest income continues on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans are written off along with the provision associated with loans when there is no realistic prospect of future recovery and all collateral has been realized or transferred to the company.

- As for investments in debt instruments that are measured through other comprehensive income, the loss allowance is recorded in the

statement of other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the book value of the financial asset in the statement of financial position.

• And in all cases, if in a subsequent year - the amount of the impairment loss in the estimated value increased or decreased due to an event that occurred after recording the impairment in value, then the impairment loss in the previously recorded value is increased or decreased by adjusting the allowance account. If a write-off is later reversed, the recovery is credited to finance costs in profit or loss.

• **Financial obligations**

The Company's financial liabilities include accounts payable, accruals, loans and advances and due to related parties

• **Initial measurement**

Financial liabilities are classified upon initial recognition as financial liabilities at fair value through profit or loss and other comprehensive income and as loans and advances and accounts payable. as the case may be.

All financial liabilities are initially measured and recorded at fair value, and in the case of long-term loans, advances and accounts payable, after deducting the direct costs attributable to the transaction. (That is, with the exception of financial liabilities at fair value, transaction costs directly related to the acquisition of financial liabilities are recognized directly in profits or losses).

• Classification and subsequent measurement

a) At amortized cost

The Company and its subsidiary shall classify all financial liabilities at amortized cost and shall be subsequently measured accordingly, except for:

1. Financial liabilities at fair value through profit or loss.
2. The financial liabilities that arise when transferring a financial asset that does not qualify for derecognition or when applying the continuous participation method (continuing engagement approach).
3. Financial guarantee contracts.
4. Commitments or commitments to provide a loan at an interest rate below the market rate, which has not been measured at fair value through profit or loss.
5. The potential price (consideration) included by the acquirer in a business combination to which IFRS 3 applies. This potential consideration is subsequently measured at fair value, with changes recognized in profit or loss.

All of the Company's financial liabilities are subsequently measured at amortized value using the effective interest method. Gains and losses are recognized in profit or loss and other comprehensive income when the liabilities are derecognized through the effective interest rate amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest method. The effective interest rate amortization is recognized as a finance cost in the profit or loss.

Gains or losses on financial liabilities that are measured at fair value (which generally do not form part of a hedging relationship) are recognized in profit or loss. This excludes gains or losses for some financial liabilities that have been designated at fair value through profit or loss when the company is required to evaluate the effects of changes in credit risk associated with liabilities in other comprehensive income.

b) Financial liabilities at fair value through profit or loss

Financial liabilities that fall into this category include:

1. Commitments held for trading.
2. Derivative commitments that are not designated as hedging instruments.
3. Liabilities designated at fair value through statement of profit or loss.

After initial recognition, the company measures the financial liabilities at fair value and records the changes in profit or loss.

Profits and losses from financial liabilities designated at fair value are usually divided into profit or loss as follows:

1. The amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of those financial liabilities is recognized in other comprehensive income.
2. The remaining value of the change in the fair value of the financial liability is recognized in profit or loss.

c) Financial liabilities other than financial liabilities at fair value through profit or loss

Financial liabilities are measured at amortized cost using the effective interest rate. Proceeds from issued debts are adjusted over the life of the debt so that the book value at maturity is the value that will be repaid at maturity. Financial liabilities designated as hedging instruments are subject to hedge accounting requirements.

• Reclassification

The Company cannot reclassify any financial liability.

- Derecognition of financial liabilities

A financial liability is derecognized when it is fulfilled, canceled or expired. And when replacing an existing financial obligation with another from the same lender according to completely different terms, or when the terms of an existing obligation are fundamentally modified, such replacement or modification is dealt with as deregistration of the original financial obligation with the recognition of the new obligation. The difference between the respective carrying amounts is recognized in profit or loss.

- Clearing financial instruments (clearing between financial assets and financial liabilities)

Financial assets and financial liabilities are offset and recorded net in the statement of financial position only when the following two conditions are met:

1. The company currently has a legal and systematic right to set-off between the amounts recognized in assets and liabilities.
2. The company has an intention to settle on a net basis, or to recognize the asset and settle the liability at the same time.

- Classification and subsequent measurement

Subsequent measurement of non-derivative financial assets depends on classifying them into the following measurement categories based on the business model within which the financial assets are managed and the contractual terms of the cash flows:

a) Financial assets at fair value through profit or loss:

Financial assets are measured at fair value through the profit or loss statement at the end of each reporting period without deducting transaction costs that the company and its subsidiary may incur when selling or disposing of any of the financial assets in the future.

All financial assets that are not classified as measured at amortized cost or at fair value through other comprehensive income, and according to what will be shown below, are measured at fair value through profit or loss, and this includes all other derivative financial assets. Upon initial recognition, the group has the right to definitively allocate the financial assets, which In another way, it meets the conditions and requirements for measurement at amortized cost or at fair value through other comprehensive income as financial assets at fair value through profit or loss.

- If the company and its subsidiary company do so, it eliminates the accounting mismatch that may arise in one way or another or reduces the mismatch significantly.

5-9 Revenue recognition

- Revenues arising from contracts are recognized and measured in accordance with the requirements of applying IFRS (15), unless these contracts are within the scope of other standards, whereby revenues are included in the amount that reflects the price that the company and its subsidiary expect to receive in exchange for services to the customer.

- Revenue is measured on the basis of the consideration specified in the contract with the customer, and amounts collected on behalf of other parties are excluded. The Company and its subsidiary recognize revenue upon transfer of control of the products or services provided to the customer.

- IFRS (15) is adopted either by full retrospective or modified application, as:

- The company and its subsidiary adopted the IFRS in their financial statements starting from January 1, 2020 in a way that evaluates the cumulative effect, and the company and its subsidiary did not adjust their financial statements for the comparative periods presented according to the available exemptions.

Where the company and its subsidiary list the revenues from contracts with customers based on the following five steps:

a) Defining the contract with the customer: A contract is an agreement between two or more parties that gives rise to mandatory rights and obligations and clarifies the criteria that must be met for each contract.

b) Defining performance obligations in the contract: A performance obligation is a promise to the customer according to the contract in order to transfer goods or provide services to the customer.

c) Determining the transaction price: The transaction price is the price expected from the company and its subsidiary in return for the transfer of goods or services agreed upon with the customer, excluding amounts collected on behalf of third parties.

d) Allocation of the transaction price to the performance obligations in the contract: For a contract that contains more than one performance obligation, the company and its subsidiary distribute the transaction price to each performance obligation in the amount of an estimated amount of the price expected to be collected from the goods or services in exchange for the performance of the performance obligation.

e) Revenue is recognized when (or when) the Company and its subsidiary satisfy a performance obligation.

The Company will seek a performance obligation and recognize revenue over the term of the contract if it meets any of the following requirements:

a) The customer obtains the benefits resulting from the performance of the company and its subsidiary and consumes those benefits at the same time, or

b) B. The performance of the company and its subsidiaries leads to the creation or improvement of an asset under the control of the customer at the time of improvement or construction, or

c) The performance of the company and its subsidiary to the obligation is not an asset for other uses of the group, and the group also has the right to collect the amount of the performance completed to date enforceable.

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

- When the company and its subsidiary satisfy a performance obligation by providing the promised goods or services, the company and its subsidiary create an asset based on the contract for the price it received as a result of the performance. If the amount of the price invoiced to the customer exceeds the amount of the revenue included, this increases the contract obligation.

- Revenue is measured at the fair value of the consideration received or receivable, taking into account specific contractual payment terms.

- Revenues are included in profits or losses to the extent expected to flow economic benefits to the company and its subsidiary, with the ability to measure revenues and costs - where applicable - in a reliable manner.

The Company's revenues and its subsidiary are represented in:

• Revenues from selling products

• Revenue resulting from the sale of goods and the issuance of an invoice is recognized when all the following conditions are met:

• Transferring the significant risks and rewards of ownership of the goods to the buyer.

• The company and its subsidiaries did not retain the right of continuous administrative intervention to the extent usually associated with ownership or actual control over the sold commodities.

• The amount of revenue can be measured in a reliable manner.

• It is probable that the economic benefits associated with the transaction will flow to the Company and its subsidiary.

• The costs incurred or to be incurred by the Company in connection with the transaction can be measured reliably.

• The Company and its subsidiary do not have any loyalty programs under which points are awarded to customers and therefore no deferred revenue is recognized for the items sold.

Financing components

The Company and its subsidiary do not currently have or currently anticipate any contracts with customers on routine sales or products where the period between the transfer of the promised products or services to the customer and the customer's payment exceeds one year. As a result, the Company and its subsidiary do not at present make any adjustment to transaction prices for the time value of money. However, if any such situation is identified, the relevant amounts are remeasured in order to adjust the time value of money.

Warranty obligations

The company and its subsidiary provide guarantees regarding the goods sold when applying certain terms and conditions, and therefore the company and its subsidiary are subject to the requirements of IFRS 15 with regard to deferring revenue recognition and recording contract obligations.

5-10 Revenue Costs

All expenses are recorded on an accrual basis, and operating costs are recorded on a historical cost basis. Production costs and direct manufacturing expenses are classified as cost of sales. This includes raw materials, direct labor and other related indirect costs. Other costs such as selling costs are recorded as selling and distribution expenses, while all remaining expenses are shown as general and administrative expenses.

5-11 Expenses

Selling, marketing, general and administrative expenses include direct and indirect costs that are not specifically considered part of the cost of revenue.

• Selling and marketing expenses in those expenses arising from the efforts of the Company and its subsidiary behind the sales and marketing functions.

• All expenses except financial charges, depreciation, amortization and impairment losses are classified as general and administrative expenses.

• Other common expenses are distributed between revenue costs, selling and marketing costs, and general and administrative expenses on a fixed basis when necessary.

5-12 Zakat and Taxes

a. Zakat

Zakat provision is calculated in accordance with the regulations issued by the General Authority of Zakat and Income in KSA "the Authority".

The zakat provision is charged to the profits or losses.

Any additional obligations are recorded, and settlements resulting from the zakat assessments, if any, that may become due upon comple-

tion of the assessment in the same financial year in which the zakat assessment is approved, are processed.

b. Withholding tax

The Company and its subsidiary withhold taxes on some transactions with non-resident entities in KSA as required in accordance with the tax laws in force in KSA. Withholding tax related to foreign payments is recorded as a liability.

c. Transaction tax

1. Revenues, expenses and assets are recognized after deducting transaction tax (Value Added Tax), except for:

- Where the transaction tax incurred in connection with the purchase of assets or services is not recoverable from the taxing authority, in which case the transaction tax is recognized as part of the cost of purchasing the asset or, where applicable, as part of an expense item
- Receivables and payables that are included with the transaction tax amount.

1. The net amount of transaction tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the statement of financial position.

5-13 Transfer of transactions in foreign currencies

a. Transactions in foreign currencies are recorded after being converted according to the prevailing exchange rates into the functional currency (the Saudi Riyal) on the date of the transaction, and the balances of monetary assets and liabilities in foreign currencies are converted into the Saudi Riyal (the functional currency) at the prevailing exchange rates on the date of the financial statements. Gains and losses arising from changes in exchange rates are recognized in profit or loss.

b. Non-monetary items that are measured in terms of historical cost in a foreign currency are retranslated using the exchange rates as at the dates of the initial transactions and are not subsequently adjusted. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Gains or losses arising on translation of non-monetary items measured at fair value are treated in line with the recognition of a gain or loss on changes in the fair value of the related item.

5-14 Provisions

a. Provisions are recognized when the Company and its subsidiary have an obligation (statutory or constructive) arising from a past event and it is probable that the Company and its subsidiary will be required to settle this obligation through cash flows of resources outside the Company and its subsidiary that embody economic benefits and a reliable estimate of the amount can be made. Commitment. Where the Company and its subsidiary expect to pay some or all of the provision, for example, under an insurance contract, the payment is included as a separate asset but only when the payment is virtually certain. The expense relating to a provision is presented in profit or loss, net of any reimbursement.

b. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a current pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, increase in the provision due to the passage of time is recorded as a financing cost in profit or loss.

c. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of required external resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

d. Shutdown costs (obligations related to asset removal)

A provision for the obligation to discontinue operations is recognized when the Company and its subsidiary assume responsibility for the restoration or rehabilitation of the land. The degree of discontinuation required and the related costs depend on the requirements of current laws and regulations.

Costs included and included in the provision include all decommissioning liabilities expected to occur over the life of the assets. The provision for discontinuation of operations is discounted to its present value and capitalized as part of the assets under property, plant and equipment, and then amortized as an expense over the expected life of those assets.

Adjustments to the estimated amount and timing of cash flows for discontinuation operations are normal given the significant judgments and estimates involved. These adjustments are recorded as an increase in liabilities corresponding to an increase in related assets. Factors affecting these adjustments include the following:

- Technological development.
- Regulatory requirements and environmental management strategies.
- Changes in the estimated limit and expected activity costs, including the effects of inflation.
- Changes in economic sustainability.

5-15 Employees' Benefits

a. Defined benefit programme

The company and its subsidiary provide a defined benefits plan to employees in accordance with the labor law in KSA, where the net commitment of the company and its subsidiary in relation to defined benefit programs is calculated by estimating the number of future benefits that the employee has earned in the current and previous periods and deducting that amount. Defined benefit obligations are calculated annually by a qualified actuary using the projected unit credit method, which takes into account the provisions of the labor law in KSA and

the policy of the company and its subsidiary.

The defined benefit obligation is remeasured periodically by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows and since there is no deep market for government bonds/sukuk or corporate bonds/sukuk in Saudi Arabia, the discount rate is determined by reference to the "yield to maturity" of the Dow Jones Sukuk Index. Net commission cost is calculated by applying the discount rate to the net defined benefit obligation balance and the fair value of the plan assets.

The cost of the defined benefit obligation is calculated using actuarially determined retirement costs at the end of the previous year, after adjusting for significant market fluctuations and any significant one-time events such as program modification, downsizing and payment. In the absence of such significant market fluctuations and one-time events,

The actuarial obligations are extended based on the assumptions made at the beginning of the year. If there are significant changes in assumptions or arrangements during the initial period, they are considered to re-measure these liabilities and related costs.

Re-measurements of net defined benefit obligation plan that comprise actuarial gains and losses are recognized directly in other comprehensive income. The Company and its subsidiary calculate net interest by applying the discount rate used to measure the net defined benefit liability or asset. Net interest and other related expenses for defined benefit plans are recognized in profit or loss.

When the benefits of a program change or when the duration of the program is reduced, the resulting change in the benefit that relates to the previous service or profits or losses from the curtailment is recorded immediately in profit or loss.

b. Short-term employee benefits

A liability is recognized for benefits due to employees related to wages and salaries, including non-cash benefits, annual leave, sick leave and travel tickets during the period in which the related service is provided, as well as the undiscounted amount of benefits expected to be paid for that service on the basis that the related service has been performed. The liability recognized for short-term employee benefits is measured at the undiscounted amount expected to be paid for the service rendered.

c. Post-employment employees' benefits

The Company and its subsidiary pay retirement contributions for its Saudi employees to the Social Insurance Corporation. It represents a defined contribution plan and the payments are considered expenses when incurred.

5-16 Contingent assets and liabilities

a. Contingent liabilities are obligations that are likely to arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the Group's complete control. Or a current obligation that is not recognized because it is unlikely that there will be a need for an inflow of resources to settle the obligation, and in the event of the inability to measure the amount of the obligation with sufficient reliability, the company and its subsidiary do not recognize the potential obligations, but rather disclose them in the financial statements.

B. Potential assets are not recognized in the financial statements but are disclosed when it is probable that economic benefits will be realized.

5-17 Earnings per share

Basic earnings per share is calculated by dividing the net income attributable to shareholders of the group by the weighted average number of outstanding shares during the year.

Diluted earnings per share is calculated by dividing the profit attributable to shareholders of the Group (after adjusting for interest on convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued upon conversion of all the dilutive potential ordinary shares into normal shares.

Since the company and its subsidiary do not have any transferable shares, the basic earnings per share is equal to the diluted earnings per share.

5-18 Cash dividends for Company's shareholders

- The company records the obligations related to paying cash dividends to the company's shareholders when approving the distribution.

- According to the Companies Law in KSA, dividends are approved upon approval by the shareholders.

- According to the company's By-law, the initial dividends, if any, are recorded based on the proposal of the Board of Directors and the approval of the General Assembly by the Board of Directors.

The corresponding amount is recognized directly in equity statement.

5-19 Prepaid expenses

Long term prepaid expenses are stated at cost less any accumulated impairment losses.

5-20 Sectoral Reports

A business sector is a group of assets, operations, or establishments:

1. engages in business activities from which revenues can be earned and expenses incurred including revenues and expenses that relate to transactions with other components of the group;

2. the results of its operations are analyzed on an ongoing basis by the chief operating officer in order to make decisions related to resource allocation and performance assessment; And the

3. for which accurate information is available separately.

- The geographical sectoral provides products or services within a specific economic environment that are exposed to risks and returns that differ from operating sectoral in other economic environments.

5-21 Significant accounting judgments, estimates and assumptions

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts of reported revenues, expenses, assets and liabilities and disclosure of potential liabilities as at the date of the financial report. However, uncertainty about these assumptions and estimates could lead to outcomes that could require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

These estimates and assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying amounts of assets and liabilities that are difficult to obtain from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. The revision of accounting estimates is recorded in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect the current and future periods.

The significant accounting judgments, estimates and assumptions that have a significant impact on the financial statements are as follows:

5-21-1 Provisions:

fulfillment of performance obligations

The Company and its subsidiary must evaluate each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognizing revenue. The company and its subsidiary have evaluated this based on the sale and purchase agreements that it concluded with customers and the provisions of the relevant laws and regulations.

Determining transaction prices

The Company and its subsidiary must set transaction prices in relation to each of its contracts with customers. In making such judgment, the Company and its subsidiary shall evaluate the effect of any variable price in the contract as a result of deductions or penalties, the existence of any substantial financing component in the contract and any non-monetary price in the contract.

Consolidation of subsidiaries

The Company and its subsidiary have assessed all investee companies to see if they exercise control over them in accordance with IFRS (10) "Consolidated Financial Statements" The Company and its subsidiary have evaluated, among other things, the stake it owns, the applicable contractual arrangements, its capacity and the limits of its involvement in the related activities of the investee companies to determine whether or not they exercise control over them.

Corona Pandemic (Covid-19)

The Company and its subsidiary have reviewed the main sources of estimation uncertainty disclosed in the latest consolidated financial statements due to the coronavirus (COVID-19) pandemic. Management believes that other than expected credit losses for financial assets, impairment loss for non-financial assets and all other sources of estimation uncertainty remains similar to those disclosed in the annual consolidated financial statements. Management will continue to monitor the situation and any required changes will be reflected in the future reporting period (Note 30)

5-21-2 Estimates and Assumptions:

Defined Benefit Programmes

The cost of defined benefit plans and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making many different assumptions that differ from actual developments in the future. This includes determining discount rates, future salary increases, mortality rates, and employee turnover rates. Due to the complexities of the valuation process and its long-term nature, the defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are tested at the reporting date. The metrics most subject to change are the discount rate and future salary increase. In determining the appropriate discount rate, management relies on the market yield on high-quality corporate bonds. Future salary increases depend on future inflation rates, seniority, promotion, supply and demand in the employment market. The fatality rate is based on available mortality tables for specific countries. Extrapolations of mortality tables may change at intervals in response to population changes.

Expected Credit Losses (ECL)

The measurement of the ECL allowance for financial assets measured at amortized cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour.

There are a number of important judgments also required in applying the accounting requirements for measuring expected credit losses, such as:

1. Defining criteria for the significant increase in credit risk.
2. Choosing appropriate models and assumptions for measuring expected credit losses.

3. Establishing a relative weight for future scenarios for each type of product/market and the associated expected credit losses.
4. Establishing a group of similar financial assets for the purposes of measuring expected credit losses.

The Company and its subsidiary recognize an allowance for expected credit losses for financial instruments that are measured at amortized cost.

The Company and its subsidiary measure the loss allowance at an amount equal to the expected credit losses over the expected life of the financial instrument, except for:

- The following financial instruments for which the expected credit loss allowance is measured over a period of 12 months:
- Financial assets with low credit risk at the reporting date and financial instruments in which credit risk has not increased significantly since its initial recognition.

Property and Equipment Useful life

The Company and its subsidiary determine the estimated useful lives of property and equipment for calculating depreciation. This estimate is determined after taking into account the expected period of use of the asset and natural wear and tear. The management periodically checks the estimated useful lives and method of depreciation to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

Changes in depreciation expense in the current and future periods, if any, are adjusted.

Impairment of Non-Financial Assets.

At each reporting date, the Company and its subsidiary assess whether there are indications of impairment in the value of non-financial assets at each reporting date. Non-financial assets are selected for impairment when there are indications that the carrying amounts may not be recoverable.

When value in use is calculated, management evaluates the future cash flows from the asset or cash generating unit and chooses an appropriate discount rate to calculate the present value of these cash flows.

Going Concern

The company's management and its subsidiary made an assessment of its ability to continue on the basis of going concern principle and concluded that it has the resources to continue its activity in the foreseeable future. In addition, the management is not aware of any material uncertainty that may cast doubt on the ability of the Company and its subsidiary to continue as a going concern. Accordingly, the financial statements have been prepared on going concern basis.

5-22 Attention drawn from auditor upon financial statements of 2019

In the Group's financial statements for the financial year 2019, we would like to draw attention to the following:

- a) The subsidiary company (FBC Industrial Company) continued to realize operating losses, as the loss for the current year amounted to 18.39 million Saudi Riyals (2018: 11.68 million Saudi Riyals).
- b) The continuing deficit in cash flows from operating activities, which amounted to 23.9 million Saudi Riyals for the current year (2018: 36.12 million Saudi Riyals).
- c) Increasing reliance on external borrowing for the subsidiary, as the total loans for the current year amounted to 42.7 million Saudi Riyals (2018: 15 million Saudi Riyals).
- d) Almost total reliance on the parent company to finance the activities of the subsidiary, as the due to the parent company as of December 31, 2019 amounted to 74 million Saudi Riyals (2018: 89.57 million Saudi Riyals), and the debts owed by the subsidiary from other parties are guaranteed and guaranteed from the parent company.

We would also like to draw attention to the existence of many important events subsequent to the date of the consolidated financial statements:

- a) The approval of the company's board of directors, held by circulation on March 12, 2020, to extinguish part of the accumulated losses of the subsidiary in the amount of 33 million Saudi Riyals from the current account between the two companies.
- b) The company signed on facilities financing agreements in the amount of 18 million Saudi Riyals with the subsidiary (FBC Industrial Company), in addition to a cash and in-kind financing agreement in the amount of 33 million Saudi Riyals.
- c) The company's announcement on the Tadawul website of its acquisition of the entire share of Erad Investment Company, so that the percentage of the company's ownership in FBC Industrial Company becomes %100 of the company's capital.

5-23 Transactions with related parties:

- Below are the transactions between each of Packaging Materials Manufacturing Company (the parent company) and the subsidiary company (FBC Industrial Company) during the years 2019G, 2020, and 2021.

- As of December 31, 2021G, the partner "Packaging Materials Company" decided to extinguish the accumulated losses of the subsidiary, amounting on that date to the amount of 20.7 million Saudi Riyals, by deducting from the balance due to him within the due to related parties in order to support going concern of the company.

-- During 2020G, the company "Packing and Packaging Materials Manufacturing Company" decided to amortize the amount of 47 million Saudi Riyals from the subsidiary company's losses by deducting from the balance due to it within the due to related parties in order to support going concern of the company.

- The partner company "Packaging Materials Manufacturing Company" decided to classify an amount of 15 million Saudi Riyals as additional financing from the balance due to the partner as of December 31, 2021G, as it is permanent financing that will not be claimed in the near term without the current intention to record increase in the regulatory capital.

- The balance due to the partner as of December 31, 2021G includes loans (short and long-term) obtained with the guarantee of the partner in favor of the company, amounting to 38,639,836 (2020: 49,631,563 Saudi Riyals) (2019G: 48,770,475 Saudi Riyals). The interest charged to the profit or loss statement for the year amounted to 2021, the amount of 1,691,399 Saudi Riyals (2020: 1,422,513 Saudi Riyals) (2019: 3,294,206 Saudi Riyals).

- On Jumada al-Akhir 13, 1440H, corresponding to February 18, 2019, the company signed a memorandum of understanding with the partner, Packaging Materials Manufacturing Company, through which it was agreed to pay the amounts owed by the company to the partner from the Saudi Industrial Development Fund loan, which was previously paid to establish the company's factory, to pay all Financing amounts and the resulting obligations.

- On February 2019, the company obtained the approval of Riyad Bank to use the facilities granted to the parent company (packaging materials manufacturing company), after the parent company agreed to use its facilities with the bank.

- On Rajab 17, 1441H, corresponding to March 12, 2020G, a credit facility financing agreement concluded and signed, in which the company is committed to observing the terms and conditions of the bank facilities contracts that the partner signed on behalf of the subsidiary company.

5-24 Capital Commitments and Contingent Liabilities:

- As of March 31, 2022G, the value of potential liabilities related to bank letters of guarantee and documentary credits issued by local banks on behalf of the company and its subsidiary company amounted to 4,377,513 Saudi Riyals (March 31, 2021G: 15,674,819 Saudi Riyals, December 31, 2021G: 17,694,629 Saudi Riyals, December 31, 2020: 9,848,798 Saudi Riyals, December 31, 2019: 15,977,372 Saudi Riyals).

- As of March 31, 2022G, the capital commitments related to the group's capital business amounted to 2,871,622 Saudi Riyals (31 March 2021: 111,546 Saudi Riyals, December 31, 2021G: 8,322,430 Saudi Riyals, December 31, 2020: 955,743 Saudi Riyals, December 31, 2019: 15,973,572,572 Saudi Riyals).

5-25 Earnings per share:

The following table represents the earnings per share of Packaging Materials Manufacturing Company (a Saudi joint stock company). For the financial years ending on December 31, 2019G, 2020G, and 2021G.

Table 31 Earnings per share for the fiscal years ending on December 31, 2019, 2020, and 2021.

Earnings per share			
Item	Financial year ending December 31st		
	2019G	2020G	2021G
Net loss for the year attributable to parent company's shareholders *	(20,259,566)	(2,976,031)	(9,063,067)
Weighted average number of shares	11,500,000	11,500,000	11,500,000
Basic loss per share out of net loss for the year	(1.76)	(0.26)	(0.79)

Source: Audited financial statements of Packaging Materials Manufacturing Company (a Saudi joint stock company) for the financial years ending on December 31, 2019, 2020, and 2021.

* Some comparative figures for 2019G have been reclassified and amended to be in line with the presentation of the financial statements for 2020G.

5-26 Geographical sector

A geographical sector is a group of assets, operations, or companies that carry out revenue-generating activities in a specific economic environment that are subject to risks and returns different from those operating in other economic environments. The operations of the Company and its subsidiary are principally in KSA. The presented financial information, which represents revenues for the years ending on December 31, 2019G, 2020G and 2021G, is classified according to geographical sectors as follows:

Table 32 Revenue classification for the financial years ending on December 31, 2019G, 2020G, and 2021G.

Geographical Sector			
Item	Financial year ending December 31,		
	2019G	2020G	2021G
KSA	106,292,853	128,685,291	150,214,953
Other Countries	57,846,991	52,827,531	72,375,079
Total	164,139,844	181,512,822	222,590,032

Source: Audited financial statements of Packaging Materials Manufacturing Company (a Saudi joint stock company) for the financial years ending on December 31, 2019G, 2020G, and 2021G.

5-27 Results of Operations

5-27-1 Statement of profit and loss and other comprehensive income

The following table represents the list of profits and losses and other comprehensive income for Packaging Materials Manufacturing Company (a Saudi joint stock company). For the financial years ending on December 31, 2019G, 2020G, and 2021G, and for the two periods ending on March 31, 2021G, and March 31, 2022G.

Table 33 Income statement for the financial years ending on December 31, 2019G, 2020G, and 2021G, and for the two periods ending on March 31, 2021G and March 31, 2022G.

Income Statement Schedule									
Saudi Riyal	Financial year ending at December 31,			Inc./ (Dec)		CAGR	for the period ending March 31		Inc./ (Dec)
	2019G Restated	2020G Restated	2021G Restated	Dec 2020G	Dec 2021G	2019-2021G	2021G Not Re-stated	2022G Not Re-stated	March 2021G
Business activity revenue, net	164,139,844	181,512,822	222,590,032	10.6%	22.6%	16.5%	48,535,667	62,879,065	29.6%
Business activity cost	(143,502,93)	(152,205,20)	(193,605,049)	6.06%	27.2%	16.2%	(40,328,272)	(54,253,965)	34.5%
Total income	20,636,913	29,307,619	28,984,983	42%	(1.1) %	18.5%	8,207,395	8,625,100	5.1%
Main business expenses									
Selling and distribution expenses	(9,249,937)	(8,771,609)	(11,283,439)	(5.2) %	28.6%	10.4%	(2,490,060)	(2,994,421)	20.3%
General and administrative expenses	(33,675,829)	(19,696,783)	(18,840,048)	(41.5) %	(4.3) %	(25.2) %	(4,925,489)	(4,294,437)	(12.8) %
Expected credit loss expense/reversal of provision	(1,160,148)	856,216	(4,044,137)	(173.8) %	(572.3) %	86.7 %	(1,318,059)	(761,178)	(42.3) %
Other income / (expenses), net	5,081,303	2,134,124	183,077	(58.0) %	(91.4) %	(81.0) %	(148,878)	132,170	(188.8) %
(Loss) / income from operations	(18,367,698)	3,829,567	(4,999,564)	(120.8) %	(230.6) %	(47.8) %	(675,091)	707,234	(204.8) %
Financing expenses	(4,747,552)	(3,865,113)	(4,088,678)	(18.6) %	5.8%	(7.2) %	(970,756)	(922,439)	(5.0) %
Change in obligation to purchase non-controlling interest	-	-	2,182,883	-	100%	100%	-	-	-
Profits from financial investments at fair value through profit or loss	678,797	383,302	1,838,848	(43.5) %	379.7%	64.6%	1,108,130	1,571,667	41.8%
Net (loss)/income before zakat	(22,436,453)	347,756	(5,066,511)	(101.5) %	(1,556.9) %	(52.5) %	(537,717)	1,356,462	(352.3) %
Legal Zakat	(3,589,753)	(3,323,787)	(3,996,556)	(7.4) %	20.2%	5.5%	(990,000)	(990,000)	-
Net profit/loss for the year	(26,026,206)	(2,976,031)	(9,063,067)	(88.6) %	204.5%	(41.0) %	(1,527,717)	366,462	(124) %
Other comprehensive income									
Items not be reclassified to profit or loss									
Actuarial gains from remeasurement of employee benefit obligations	954,936	(563,049)	447,357	(159.0) %	(179.5) %	(31.6) %	-	-	-
Total comprehensive profit/loss for the year	(25,071,270)	(3,539,080)	(8,615,710)	(85.9) %	143.4%	(41.4) %	(1,527,717)	366,462	%(124)

Source: Audited financial statements of Packaging Materials Manufacturing Company (a Saudi joint stock company) for the financial years ending on December 31, 2019G, 2020G, and 2021G, and for the two periods ending on March 31, 2021G and March 31, 2022G.

Sales for 2020G increased compared to 2019 by 17.4 million Saudi Riyals, or by %10.6. This increase is due to an increase in sales revenues of technical textiles by 22.4 million Saudi Riyals and a decrease in sales of packaging products by 5 million Saudi Riyals. Sales also increased for 2021 compared to 2020 by 41 million Saudi Riyals, or %22.6. This increase is due to an increase in sales of packaging and textile products by 26.7 million Saudi Riyals and 14.3 million Saudi Riyals, respectively, as a result of the high demand for the company's products.

The cost of the activity for 2020G compared to 2019G increased by 8.7 million Saudi Riyals, or by %6.1, and this is mainly due to increase in revenues from 164 million Saudi Riyals for 2019G to 181 million Saudi Riyals for 2020G, in addition to that, the total income for 2020G increased to %16 compared to %12.5 for 2019G, due to a decrease in some other operating expenses by 2.7 million Saudi Riyals, despite increase in depreciation and amortization by 1 million Saudi Riyals. The cost of the activity for 2021 compared to 2020G increased by 41.4 million Saudi Riyals, or by %27.2, with a decrease in the total income for the comparison year, mainly due to an increase in salary expenses and the like by an amount of 6.5 million Saudi Riyals, in addition to an increase in depreciation and amortization expenses in the amount of 1 million Saudi Riyals.

Selling and distribution expenses for 2020G decreased compared to 2019G by 500 thousand Saudi Riyals, or by %5.2. This is due to a decrease in salary expenses, the like, and advertising expenses. During 2021G, selling and distribution expenses increased by 2.5 million Saudi Riyals, by %28.6. This is mainly due to an increase in salaries and the equivalent expenses by an amount of 1.2 million Saudi Riyals, an increase in transportation expenses by an amount of 1.1 million Saudi Riyals, and an increase in other expenses.

General and administrative expenses for the year 2020 decreased by 14 million Saudi Riyals compared to 2019, by 41.5%. This is due to a decrease in the expenses of the unutilized energy by 12 million Saudi Riyals and a decrease in salary expenses and the equivalent expenses by an amount of 2.5 million Saudi Riyals. On the other hand, there is an increase in other expenses by an amount of 1 million Saudi Riyals. During the

year 2021G, the general and administrative expenses decreased by 0.850 million Saudi riyals, by 4.3%. This is mainly due to a decrease in the expenses of exploited energy by 2.8 million Saudi riyals, and on the other hand, an increase in salary expenses and the equivalent expenses by an amount of 0.700 million Saudi riyals, the remuneration of members of the Board of Directors by an amount of 0.400 million Saudi riyals, research and development expenses by an amount of 0.700 million Saudi riyals, and the change in other expenses amounted to 0.200 million Saudi riyals, with a total of 2 million Saudi riyals..

* Unused energy was calculated from production expenses in accordance with IAS No. (2) "Inventory" and classified under other expenses, as it is not considered part of the cost of sales because the factory is not operating with normal production capacity.

During 2020G, the expected credit losses expense decreased compared to 2019G by %173.8, as the company and its subsidiary reversed the provision for impairment losses in the value of trade receivables in the amount of 0.856 million Saudi Riyals. As for 2021, the credit loss expense increased by 4 million Saudi Riyals, or by %572.3, due to the formation of a provision for credit losses against the balance of trade receivables.

Other revenues and expenses, net for 2020G, decreased by 3 million Saudi Riyals compared to 2019, by %58, mainly due to reversing a decrease in the value of property, plant and equipment by 3 million Saudi Riyals. During 2021, other revenues and expenses also decreased, compared to 2020G, by 2 million Saudi Riyals, by %91.4. The reason for this is due to losses on the disposal of property and equipment in the amount of 0.6 million Saudi Riyals, and a decrease in the collection of other revenues from government authorities.

Financing expenses for the year 2020 decreased by 0.88 million Saudi riyals compared to 2019, by 18.6%, mainly due to the decrease in the interest cost of credit facilities from the local banks of the subsidiary company. During the year 2021G, there was no fundamental change in financing expenses compared to the year 2020G.

The change in the liability to purchase ownership rights for the non-controlling share in the amount of SAR 2.2 million in the year 2021 is attributed to the agreement to purchase the parent company for all the shares in FIPCO. (the subsidiary), where the company, during March 2020, signed an agreement requiring the partner to relinquish all its shares amounting to 20% in FIPCO., with its rights and liabilities in favor of the parent company, against obtaining 20% of the net accounting profit according to the audited financial statements at the end of each financial year for ten years only (the validity period of the agreement) until the end of the financial year ending on December 31, 2029, and accordingly, the company prepared a study for the potential liabilities, and that potential liabilities were calculated according to the best estimate in light of the available data, as this potential liabilities as on December 31, 2021 amounted to SAR 19.6 million (December 31, 2020: SAR 20.3 million) has been classified under non-current liabilities in the statement of financial position, and this potential liability will be re-estimated periodically throughout the validity of the agreement, and this acquisition resulted in an amount of SAR 25.4 million, which is the difference represents the purchase of non-controlling interest interests classified under equity.

The investments are mainly represented in two investment portfolios, one of which is managed by a local financial company, and the other by investing by subscribing to some shares of Saudi companies. These investments resulted in realized and unrealized profits of SAR 0.68 million for the year 2019, 0.38 SAR million for the year 2020, and SAR 1.8 million for the year 2021.

There is no material change to the Zakat expense charged for the years 2019, 2020, and 2021G.

During the year 2020, the loss for the re-evaluation of employee benefits liabilities amounted to SAR 0.563 million, or 159%, compared to profits of SAR 0.954 million for the year 2019. This is due to actuarial changes, as the company applies International Accounting No. 19 employee benefits. During the year 2021, the profits of re-evaluation of employee benefit liabilities amounted to 0.48 million Saudi riyals, or 179.5% compared to 2020.

During the period ending on March 31, 2022, the company and its subsidiary achieved a profit of SAR 0.366 million, compared to losses of SAR 1.5 million for the period ending on March 31, 2021. This is mainly due to an increase in gross profit by an amount of SAR 0.42 million, realizing profits from investments financial at fair value through profit or loss in the amount of SAR 1.5 million compared to 1.1 for the comparison period, at 41.8%, decrease in expected credit loss expense by 0.56, at 42.3%, decrease in general and administrative expenses by SAR 0.631 million and at 12.8%.

5-27-2 Key Performance Indicators

The following table shows the Key performance indicators for the financial statements of the Filing and Packing Materials Manufacturing Co. (a Saudi joint stock company) for the financial years ending on December 31, 2019, 2020, and 2021

Table 34 Key performance indicators of the financial statements for the financial years ending on December 31, 2019, 2020, and 2021

Key performance indicators Table			
Item	Financial years ending on December 31		
	2019	2020	2021
Sales (SAR)	164,139,844	181,512,822	222,590,032
Sales growth (%)	0.4%	10.6%	22.6%
Operating Profit/Loss (SAR)	(18,367,698)	3,829,567	(4,999,564)
Operating Profit/Loss Margin (%)	(11.19) %	2.11%	(2.25) %
Weighted average of shares number *	11,500,000	11,500,000	11,500,000
Loss Per Share (SAR)	(1.76)	(0.26)	(0.79)
Total assets (SAR)	292,191,810	309,660,676	303,444,847
Return on assets (%)	(8.6) %	(1.1) %	(2.8) %
Total Equity (SAR)	152,567,785	128,703,705	120,087,995

Return on Equity (%)	(16.43) %	(2.75) %	(7.17) %
Indebtedness ratio	48%	58%	60%
The debt-to-equity ratio	91.52%	140.6%	152.69%

Source: Management Information

The financing structure of the company depends on the financing sources available to the company from the total equity, current liabilities and non-current liabilities as shown in the following table:

Table 35 The company's financing structure for the financial years ending on December 31, 2019, 2020, and 2021.

The company's financing structure			
Item	Financial years ending on December 31		
	2019	2020	2021
Current liabilities	85,200,391	98,156,446	87,279,780
Total debt	139,624,025	180,956,971	183,356,852
Cash and cash equivalent	6,217,060	8,636,253	12,133,800
Capital	115,000,000	115,000,000	115,000,000
Retained earnings	26,192,683	22,653,603	14,037,893
Total shareholders' equity	152,567,785	128,703,705	120,087,995
Total assets	292,191,810	309,660,676	303,444,847
Borrowing rate % = (total debt / total assets)	47.79%	58.44%	60.43%

Source: the restated financial statements of the Filing and Packing Materials Manufacturing Co. (a Saudi joint stock company) for the financial years ending on December 31, 2019, 2020, and 2021

During the year 2020, the borrowing rate increased to 58.44% from 47.79% for the year 2019, this is mainly due to the increase in total debt by SAR 41.3 million and the decrease in total shareholders' equity by SAR 2.4 million. The rate also increased for the year 2021 to 60.43% due to the increase in the total debt amounted to SAR 3 million, and the total shareholders equity decreased by SAR 8.6 million.

5-27-3 Sales

The following table represents the sales of the Filing and Packing Materials Manufacturing Co. (a Saudi joint stock company) for the financial years ending on December 31, 2019, 2020, and 2021, and for the two periods ending on March 31, 2021, and March 31, 2022.

Table 36 The sales of the financial years ending on December 31, 2019, 2020, and 2021, and for the two periods ending on March 31, 2021, and March 31, 2022.

Sales Table									
Item	The financial years ending on December 31			Inc./ (Dec)		Ending year	As on March 31		Inc./ (Dec)
	2019 Restated	2020 Restated	2021 Restated	Dec. 2020	Dec. 2021	2019 - 2021	2021 Non- Restated	2022 Non- Restated	March 2022
Revenue from sales of packaging products	151,218,918	146,151,231	172,927,484	(3.4) %	18.3%	6.9%	35,625,259	51,759,943	45.3%
Revenue from sales of technical textiles *	12,920,926	35,361,591	49,662,548	173.7%	40.4%	96.1%	12,910,408	11,119,122	(13.9) %
Activity revenues	164,139,844	181,512,822	222,590,032	10.6%	22.6%	16.5%	48,535,667	62,879,065	29.6%

Source: the restated financial statements of the Filing and Packing Materials Manufacturing Co. (Saudi joint stock company) for the financial years ending on December 31, 2019, 2020, and 2021, and for the two periods ending on March 31, 2021, and March 31, 2022.

Revenues from packaging products accounted for 92%, 80%, and 78% of the total revenues of the company and its subsidiary for the years 2019, 2020, and 2021, respectively, compared to revenues from technical textiles, as sales increased for the year 2020 compared to 2019 by RSA 17.4 million, or 10.6%. The increase is due to an increase in sales revenue of technical textiles by SAR 22.4 million and a decrease in sales of packaging products by SAR 5 million. Sales also increased for 2021 compared to 2020 by 41 million Saudi riyals, or 22.6%. This increase is due to an increase in sales of packaging and textile products by RSA 26.7 million and RSA 14.3 million, respectively, as a result of the high demand for the company products.

Revenues from packaging products represented 73.4% and 82.3% of the total revenues of the company and its subsidiary during the first quarter on March 31, 2021AD and 2022AD, as revenues increased by SAR 14.3 million Saudi riyals, or 29.6% between the periods ending on March 31, 2022 and 2021, as a result of high demand for the company products.

FIPCO (Subsidiary)

* Sales of technical textiles represent the revenues of the subsidiary "FPCO" with more than 5% for the years 2019, 2020 and 2021.

5-27-4 Sales Cost

The following table represents the sales cost of the Filing and Packing Materials Manufacturing Co. (Saudi joint stock company) for the financial years ending on December 31, 2019, 2020, and 2021, and for the two periods ending on March 31, 2021, and March 31, 2022.

Table 37 The sales cost of the financial years ending on December 31, 2019, 2020, and 2021, and for the two periods ending on March 31, 2021, and March 31, 2022.

Sales Cost Table									
Item	The financial years ending on December 31			Inc./ (Dec)		Ending year	As on March 31		Inc./ (Dec)
	2019 Restated	2020 Restated	2021 Restated	Dec. 2020	Dec. 2021	2019 - 2021	2021 Non- Restated	2022 Non- Restated	March 2022
Materials used	99,388,192	101,610,410	134,825,605	2.2%	32.7%	16.5%	31,292,505	39,711,589	26.9%
Salaries and Salaries equivalence	26,495,370	26,671,723	31,192,656	0.7%	17.0%	8.5%	7,621,274	9,888,656	29.8%
Operating contracts	-	133,307	2,141,124	100%	1,506.2%	100%	234,633	716,500	205.4%
Depreciation and amortization	5,826,573	6,807,920	7,738,203	16.8%	13.7%	15.2%	1,426,765	1,929,959	35.3%
Other operating expenses	20,160,721	17,502,960	18,800,998	(13.2) %	7.4%	(3.4) %	2,833,990	3,402,688	20.1%
Change in complete and running inventory	(8,367,925)	(521,117)	(1,093,537)	(93.8) %	109.8%	(63.9) %	(3,080,895)	(1,395,427)	(54.7) %
Activity cost	143,502,931	152,205,203	193,605,049	6.1%	27.2%	16.2%	40,328,272	54,253,965	34.5%

Source: the restated financial statements of the Filing and Packing Materials Manufacturing Co. (Saudi joint stock company) for the financial years ending on December 31, 2019, 2020, and 2021, and for the two periods ending on March 31, 2021, and March 31, 2022.

The activity cost increased for the year 2020 by SAR 8.7 million, or at 6.1%, compared to 2019, this is mainly due to the increase in revenues from SAR 164 million for the year 2019 to SAR 181 million for the year 2020, which resulted in an increase in the depreciation of raw materials in addition to an increase in expenses depreciation and amortization amounted to SAR 1 million, despite the decrease in other operating expenses by SAR 2.5 million. The cost of the activity for the year 2021 compared to the year 2020 increased by 41.4 million Saudi riyals, or at 27.2%, this is mainly due to an increase in the cost of used materials by SAR 32 million, salaries and salaries equivalence expenses and operating contracts by SAR 6.5 million. In addition to an increase in depreciation and amortization expenses by SAR 1 million and an increase in operating expenses by SAR 1.3 million.

The cost of revenue for the period ending on March 31, 2022, increased by SAR 14 million Saudi riyals, at 34.5% compared to the period ending in 2021, as a result of the increase in revenues by SAR 14.3 million, or at 29.6% between the periods ending on March 31, 2022 and 2021, as a result of the increase in demand for the company products, which mainly resulted in an increase in the materials used with a change in inventory by SAR 10 million, and an increase in salaries and salaries equivalent by an amount of SAR 2.2 million.

5-27-5 Sales and Marketing Expenses

The following table shows the Sales and Marketing Expenses of the Filing and Packing Materials Manufacturing Co. (Saudi joint stock company) for the financial years ending on December 31, 2019, 2020, and 2021, and for the two periods ending on March 31, 2021, and March 31, 2022.

Table 38 The Sales and Marketing Expenses of the financial years ending on December 31, 2019, 2020, and 2021, and for the two periods ending on March 31, 2021, and March 31, 2022.

Sales and Marketing Expenses Table									
Item	The financial years ending on December 31			Inc./ (Dec)		Ending year	As on March 31		Inc./ (Dec)
	2019 Restated	2020 Restated	2021 Restated	Dec. 2020	Dec. 2021	2019 - 2021	2021 Non- Restated	2022 Non- Restated	March 2022
Salaries, wages and salaries equivalent	3,919,806	3,444,618	4,648,168	(12.1)%	34.9%	8.9%	1,008,637	1,291,086	28.0%
Transfer	3,139,970	3,512,140	4,623,492	11.9%	31.6%	21.3%	1,015,659	1,210,968	19.2%
Advertising	987,784	390,752	190,402	(60.4)%	(51.3)%	(56.1)%	27,686	108,946	293.5%
Depreciation of property, plant and equipment	101,576	156,575	177,405	54.1%	13.3%	32.2%	43,955	45,085	2.6%
other	1,100,801	1,267,524	1,643,972	15.1%	29.7%	22.2%	394,123	338,336	(14.2) %
Total	9,249,937	8,771,609	11,283,439	(5.2) %	28.6%	10.4%	2,490,060	2,994,421	20.3%

Source: the restated financial statements of the Filing and Packing Materials Manufacturing Co. (Saudi joint stock company) for the financial years ending on December 31, 2019, 2020, and 2021, and for the two periods ending on March 31, 2021, and March 31, 2022.

Selling and distribution expenses for the year 2020 decreased compared to the year 2019 by SAR 500 thousand Saudi riyals, or at 5.2%, this is due to a decrease in salary expenses, and salary equivalent, and advertising expenses. During the year 2021, sale and distribution expenses increased by SAR 2.5 million at 28.6%, this is mainly due to an increase in salaries and salaries equivalent by an amount of SAR 1.2 million, an increase in transportation expenses by an amount of SAR 1.1, in addition to an increase in other expenses.

Selling and distribution expenses for the period ending on March 31, 2022, increased by 0.5 million Saudi riyals, or at 20.3%, compared to the same period ending in 2021, as a result of the increase in revenues during the period, which resulted in an increase in salaries, wages and transportation expenses by 0.3 million Saudi riyals and 0.2 million SAR respectively.

5-27-6 General and Administrative Expenses

The following table shows the General and Administrative Expenses of the Filing and Packing Materials Manufacturing Co. (Saudi joint stock company) for the financial years ending on December 31, 2019, 2020,

Table 39 the General and Administrative Expenses of the financial years ending on December 31, 2019, 2020, and 2021, and for the two periods ending on March 31, 2021, and March 31, 2022.

General and Administrative Expenses table									
Item	The financial years ending on December 31			Inc./ (Dec)		Ending year	As on March 31		Inc./ (Dec)
	2019 Restated	2020 Restated	2021 Restated	Dec. 2020	Dec. 2021	2019 - 2021	2021 Non- Restated	2022 Non- Restated	March 2022
Salaries, wages and salary equivalent	12,838,083	10,261,827	10,964,104	(20.1)%	6.8%	(7.6) %	2,819,003	3,129,673	11.0%
Professional fees	1,548,427	891,370	804,482	(42.4)%	(9.7)%	(27.9)%	213,104	187,883	(11.8) %
Board members remuneration	510,547	676,044	1,112,785	32.4%	64.6%	47.6%	785,585	71,499	(90.9) %
Depreciation of property, plant and equipment	386,017	303,549	319,321	(21.4)%	5.2%	(9.0)%	70,417	64,642	(8.2) %
Security and guarding	201,600	211,200	220,800	4.8%	4.5%	4.7%	55,200	55,200	-
Research and development expenses	171,022	221,505	946,573	29.5%	327.3%	135.3%	-	-	-
insurance	132,322	212,839	49,597	60.8%	(76.7)%	(38.8) %	3,445	1,654	(52) %
Unexploited capacity *	15,915,133	4,162,685	1,328,257	(73.8)%	(68.1)%	(71.1) %	446,239	-	(100) %
Other	1,972,678	2,755,764	3,094,129	39.7%	12.3%	25.2%	532,496	783,886	47.2%
Total	33,675,829	19,696,783	18,840,048	(41.5)%	(4.3)%	(25.2)%	4,925,489	4,294,437	(12.8)%

Source: the restated financial statements of the Filing and Packing Materials Manufacturing Co. (Saudi joint stock company) for the financial years ending on December 31, 2019, 2020, and 2021, and for the two periods ending on March 31, 2021, and March 31, 2022.

General and administrative expenses for the year 2020 decreased compared to 2019 by SAR 14 million, or at 41.5%. This is due to a decrease in unexploited capacity expenses by SAR 12 million and a decrease in salary expenses and the like by an amount of SAR 2.5 million. On the other hand, there is an increase in other expenses by an amount of SAR 1 million Saudi riyals. During the year 2021, general and administrative expenses decreased by SAR 0.850 million, or at 4.3%. This is mainly due to a decrease in unexploited capacity expenses by SAR 2.8 million and in another consideration an increase in salary expenses and the salary equivalent by an amount of SAR 0.700 million, board members remunerations by an amount of 0.400 million Saudi riyals, and research and development expenses by an amount of SAR 0.700 million. And the change in other expenses amounted to SAR 0.200 million, with a total of SAR 2 million.

* Unexploited capacity was calculated from production expenses in accordance with International Accounting Standard No. (2) "Inventory" and classified under other expenses, as it is not considered part of the cost of sales because the factory is not operating with normal production capacity.

General and administrative expenses decreased for the period ending on March 31, 2022 by SAR 0.63 million, or by 12.8%, compared to the period ending in 2021. This is mainly due to the absence of expenses for remuneration of the Directors Board members during the period and the absence of unexploited capacity due to the operation of the factory at its full normal production capacity, on the other hand, other expenses and salaries and wages expenses increased slightly.

5-27-7 Financing Expenses

The following table shows the Financing Expenses of the Filing and Packing Materials Manufacturing Co. (Saudi joint stock company) for the financial years ending on December 31, 2019, 2020, and for the two periods ending on March 31, 2021, and March 31, 2022.

Table 40 the Financing Expenses of the financial years ending on December 31, 2019, 2020, and 2021, and for the two periods ending on March 31, 2021, and March 31, 2022.

Financing Expenses Table									
Item	The financial years ending on December 31			Inc./ (Dec)		Ending year	As on March 31		Inc./ (Dec)
	2019 Restated	2020 Restated	2021 Restated	Dec. 2020	Dec. 2021	2019 - 2021	2021 Non- Restated	2022 Non- Restated	March 2022
Financing Expenses	4,747,552	3,865,113	4,088,678	(18.6)%	5.8%	(7.2)%	970,756	922,439	(5)%

Source: the restated financial statements of the Filing and Packing Materials Manufacturing Co. (Saudi joint stock company) for the financial years ending on December 31, 2019, 2020, and 2021, and for the two periods ending on March 31, 2021, and March 31, 2022.

Financing expenses were mainly represented in loan interest costs, which decreased during the year 2020 at 18.6% compared to the year 2019. This is due to the decrease in the interest cost of credit facilities from local banks by SAR 1.2 million, as the interest for long-term loans is a decreasing interest, which resulted in a decrease in financing expenses. The company and its subsidiary also benefited from government initiatives related to postponing loans without additional interest during the pandemic Corona, in addition to the decrease in follow-up expenses for the Saudi Industrial Development Fund loan. It also increased during the year 2021 at 5.8%, by an amount of SAR 1.4 million. This is mainly due to the fact that the Company and its subsidiary assumed the interest of the contingent liability against purchasing the non-controlling interest of its subsidiary.

During the period ending on March 31, 2022, there was no material change in financing expenses compared to the period ending on March 31, 2021.

5-27-8 Other Revenues

The following table shows the Other Revenues of the Filing and Packing Materials Manufacturing Co. (Saudi joint stock company) for the financial years ending on December 31, 2019, 2020, and for the two periods ending on March 31, 2021, and March 31, 2022.

Table 41 the Other Revenues of the financial years ending on December 31, 2019, 2020, and 2021, and for the two periods ending on March 31, 2021, and March 31, 2022.

Other Revenues table									
Item	The financial years ending on December 31			Inc./ (Dec)		Ending year	As on March 31		Inc./ (Dec)
	2019 Restated	2020 Restated	2021 Restated	Dec. 2020	Dec. 2021	2019 - 2021	2021 Non- Restated	2022 Non- Restated	March 2022
Reversal and disposal of equipment and property	3,340,685	-	(620,683)	(100) %	(100) %	-	(620,683)	-	(100) %
Other	1,740,618	2,134,124	803,760	22.6%	(62.3) %	(32) %	471,805	132,170	(72) %
Total	5,081,303	2,134,124	183,077	(58) %	(91.4) %	(81) %	(148,878)	132,170	(188.8) %

Source: the restated financial statements of the Filing and Packing Materials Manufacturing Co. (Saudi joint stock company) for the financial years ending on December 31, 2019, 2020, and 2021, and for the two periods ending on March 31, 2021, and March 31, 2022.

Other revenues for the year 2020 decreased at 58%, and this difference is due to a decrease reversal in the value of property and equipment during the year 2019, which was generated in previous years. It also decreased for the year 2021 compared to the year 2020 as a result of losses in the recovery of property and equipment, in addition to not collecting any other revenues.

Other revenues increased during the period ending on March 31, 2022, compared to a loss for the period ending on March 31, 2021, at 188.8%. The increase is mainly due to the absence of a loss on disposal of property and equipment during the period, compared to a loss of SAR 0.62 million.

5-27-9 Zakat

The consolidated declaration of the group

During the year 2020, the company and its subsidiary obtained the approval of the Zakat, Tax and Customs Authority to submit a unified zakat declaration for the parent company and its subsidiary.

Filing and Packing Materials Manufacturing Co. (parent company)

Years from 2013 to 2016G

During the year 2019, the Zakat, Tax and Customs Authority issued the zakat assessment for the years 2013 to 2016. This resulted in zakat differences payable by the company in the amount of SAR 116,491, and the company paid the due amount during the year 2019.

Years from 2017 to 2018G

During the year 2020, the Zakat, Tax and Customs Authority issued a zakat assessment, which resulted in zakat differences payable by the company in the amount of SAR 274,485 Saudi riyals, and the company paid the due amount.

Years from 2019 to 2020G

During the year 2021, the Zakat, Tax and Customs Authority issued a zakat assessment, which resulted in zakat differences due to be paid on the company for the year 2019 and on the company and its subsidiary for the year 2020 in the amount of SAR 718,022. The company has paid the due amount after the objection and the final assessment, as it includes the zakat assessment for the year 2020 due for the differences in the consolidated declaration of the company and its subsidiary.

FIPCO (Subsidiary)

Years to 2019

The company submitted the zakat declaration from its point of view in accordance with the executive regulations for collecting zakat for those years, and the company has not received any zakat assessments from the Zakat, Tax and Customs Authority yet.

Year: 2020G

The Zakat, Tax and Customs Authority has issued a zakat assessment on the consolidated declaration of the parent company and its subsidiary, and as a result, zakat differences are due for payment by the company and its subsidiary, as shown in the zakat position of the parent company.

5-27-10 Net profit/loss for the year

Losses decreased for the year 2020 compared to the year 2019 by SAR 23 million, to become a loss of SAR 3 million. This is mainly due to the increase in gross profit for the year 2020 as a result of the increase in revenues and the improvement of the company business. On the other hand, general and administrative expenses decreased by SAR 14 million, mainly due to the decrease in unutilized energy expenses.

On the other hand, the losses for the year 2021 compared to the year 2020 increased by SAR 6 million to become SAR 9 million as a loss for the year. This is mainly due to the increase in the expense of credit losses by an amount of SAR 5 million, an increase in sale and marketing expenses by an amount of SAR 2.5 million, and an increase in other expenses by an amount of SAR 2 million. 2 million Saudi riyals, in addition to investment profits of SAR 1.5 million.

During the period ending on March 31, 2022, the company and its subsidiary achieved a profit of SAR 0.366 million, compared to losses of 1.5 million for the period ending on March 31, 2021. This is mainly due to an increase in gross profit by an amount of 0.42 million Saudi riyals, realizing profits from financial investments at fair value through profit or loss in the amount of SAR 1.5 million, compared to 1.1 for the comparison period, at 41.8%, a decrease in expected credit loss expense by 0.56, at 42.3%, and a decrease in general and administrative expenses by SAR 0.631 million at 12.8%.

5-28 Financial Position

The following table indicates the financial statements of the Packaging Materials Manufacturing Company (a Saudi Joint Stock Company) for the financial years ending on December 31, 2019, G 2020G, and 2021G, and for the two periods ending on March 31, 2021G, and March 31, 2022G.

Table 42 Financial Statements for the financial years ending on December 31, 2019G, 2020G, and 2021G, and for the two periods ending on March 31, 2021G, and March 31, 2022G.

Financial Position Statement Table									
Item	As at December,31			Inc./.(Dec)		From FY to FY	As at March,31		Inc./.(Dec)
	2019G Restated	2020G Restated	2021G Restated	December 2020G	December 2021G	2019G - 2021G	2021G Not restated	2022G Not restated	March 2022G
Current Assets	137,875,204	149,106,849	147,903,358	8.1%	(0.8) %	3.6%	157,010,741	149,112,554	(5) %
Non-current Assets	154,316,606	160,553,827	155,541,489	4%	(3.1) %	0.4%	158,231,321	159,291,674	0.7%
Total Assets	292,191,810	309,660,676	303,444,847	6%	(2) %	1.9%	315,242,062	308,404,228	(2.2) %
Current Liabilities	85,200,391	98,156,446	87,279,780	15.2%	(11.1) %	1.2%	107,518,648	92,171,146	(14.3) %
Non-current Liabilities	54,423,634	82,800,525	96,077,072	52.1%	16%	32.9%	80,547,426	95,778,625	18.9%
Total Liabilities	139,624,025	180,956,971	183,356,852	29.6%	1.3%	14.6%	188,066,074	187,949,771	(0.1) %
Shareholders' Equity	152,567,785	128,703,705	120,087,995	(15.6) %	(6.7) %	(11.3)	127,175,988	120,454,457	(5.3) %
Total Liabilities and Shareholders' Equity	292,191,810	309,660,676	303,444,847	6%	(2) %	1.9%	315,242,062	308,404,228	(2.2) %

Source: The audited Financial Statements of the Packaging Materials Manufacturing Company (a Saudi Joint Stock Company) for the financial years ending on December 31, 2019G, 2020G, and 2021G, and for the two periods ending on March 31, 2021G and March 31, 2022G.

Total assets for the financial year 2020G increased by SAR 17.5 million, at 6% compared 2019G. Mainly, it increases due to the resulting changes in the item of investments at fair value through profit or loss, whereby it increased by SAR18 million, and the result is the additions for the year of SAR 60.5 million and disposals of an of SAR 42.5 million, and non-current assets were increased by an amount of SAR 6.2 million as a result of property additions during the year by an amount of SAR 13.8 million during 2020G. Trade receivables decreased by SAR 8 million.

Total assets decreased for the financial year 2021G by SAR 6 million, by 2%, mainly due to the exclusion of investments at fair value through profit or loss by SAR 31.5 million, and a decrease in the property and equipment item by SAR 4.5 million. In return to an increase Inventory item by SAR15 million, an increase in the balance of trade receivables by an amount of SAR 8 million, an increase in the prepaid balance by an amount of SAR 4 million, in addition to an increase in the cash item by an amount of SAR 3.5 million.

Total liabilities for the financial year 2020 increased by SAR 41.3 million, and by 29.6%, compared to 2019G. This increase is mainly due to the registration of a continuant liabilities in exchange for the purchase of the non-controlling interest in the amount of SAR 20 million, in addition to the increase in loans by SAR 16 million.

Total liabilities increased of financial year of 2021G by SAR 3 million, by 1.3% compared to 2020. Mainly, it increases due to an increase in the balance of payables by SAR 12 million, in return to a decrease in total loans by SAR 10 million.

The total shareholder equity item of FY2020 decreased by SAR 24 million and by 15.6% compared to 2019G, mainly is due to the non-con-

trolling share purchase difference of SAR 25 million. Further, shareholders' equity declined in 2021G by SAR 8.7 million and by 6.7% compared to 2020G, owing to a decline in profits of SAR 8 million resulting from the loss of the year.

Total assets decreased during the first quarter ending on March 31, 2022G, by SAR 6.8 million, or by 2.2%, compared to the period ending in 2021G, mainly is due to a decrease in cash by SAR 9.5 million and a decrease in financial investments at fair value through profit or loss amounted to SAR18 million. In contrast, the inventory clause increased during the period by an amount of SAR 6.8 million, and trade receivables increased by an amount of SAR 11.5 million. Similarly, property, plants and equipment, advance payments and other debit balances increased by an amount of SAR 2 million.

No material change in the company's total liabilities occurred during the two periods ending on March 31, 2022G and 2021G.

The total item of shareholders' equity for the period ending on March 31, 2022G decreased by SAR 6.7 million compared to the period ending in 2021G, due to the impact of the company's business results.

FPC (Subsidiary Company)

The subsidiary Company is considered to have a material impact on the results of the Company and its subsidiary, as the total assets and total liabilities exceed 5% of the total assets and liabilities of the Company and its subsidiary for the years 2019G, 2020G, and 2021G.

5-28-1 Non-current Assets

The table indicates the non-current assets of the Packaging Materials Manufacturing Company (a Saudi Joint Stock Company) for the financial years ending on December 31, 2019G, 2020G, and 2021G, and for the two periods ending on March 31, 2021G, and March 31, 2022G.

Table 43 Non-current assets for the financial years ending on December 31, 2019G, 2020G, and 2021G, and for the two periods ending on March 31, 2021G, and March 31, 2022G.

Non-current Assets Table									
Item	As at December,31			Inc./ (Dec)		From FY to FY	As at March,31		Inc./ (Dec)
	2019G Restated	2020G Restated	2021G Restated	December 2020G	December 2021G	2019G-2021G	2021G Not restated	2022G Not restated	March 2022G
Property, Plants and Equipment - (net)*	146,378,215	153,111,586	148,595,398	4.6%	(2.9) %	0.8%	150,913,118	152,469,620	1.0%
Right-of-use asset (Net)	7,938,391	7,442,241	6,946,091	(6.3) %	(6.7) %	(6.5) %	7,318,203	6,822,054	(6.8) %
Total non-current Assets	154,316,606	160,553,827	155,541,489	4%	(3.1) %	0.4%	158,231,321	159,291,674	0.7%

Source: The audited financial statements of the Packaging Materials Manufacturing Company (a Saudi Joint Stock Company) for the financial years ending on December 31, 2019G, 2020G, and 2021G, and for the two periods ending on March 31, 2021G and March 31, 2022G.

Total non-current assets for the year 2020G increased by SAR 6.2 million, by 4%, compared to 2019G, mainly due to the addition of plants and equipment during the year by SAR 13.8 million during the year 2020G. Further, the depreciation expense for this year amounted to SAR 7 million, besides the company excluded plants and equipment amounting to SAR 7.3 million that its book value is zero, and the right-of-use assets decreased as a result of depreciation for this year by an amount of SAR 0.5 million.

Total non-current assets of 2021G decreased by SAR 5 million, by 3.1% compared to 2020G, mainly is due to the exclusion of property, plant and equipment in the amount of SAR 8.2 million and depreciation expense in the amount of SAR 7.6 million. In return, the additions to property, plants and equipment amounted to an amount of SAR 3.9 million, and a total depreciation of exclusion amounted to SAR 7.4 million as a result of the presence of exclusion worth SAR 8 million, and the right-of-use assets decreased as a result of depreciation for this year by an amount of SAR 0.5 million.

Total non-current assets increased during the financial period ending on March 31, 2022G by SAR 1 million, by 0.7% compared to the period ending in 2021G, mainly is due to the addition of property, plants and equipment during the year 2021G corresponding to a decrease in depreciation expense and a decrease in the exclusion of some clauses. Further, the right-to-use assets decreased by the amount of depreciation expense.

*Most of the property, plant and equipment are mortgaged in favor of the Saudi Industrial Development Fund against the loans received.

- The clause of property and equipment as of December 31, 2021G includes assets that have been fully depreciated and are still operating at a cost of SAR 75,225,579 (2020G: SAR79,283,491) (2019G: SAR 85,203,847).

- During 2019G, the Company obtained an approval to release the mortgage from the Saudi Industrial Development Fund, and accordingly, the Board of Directors approved, in its meeting held on April 16, 2019G, to sell the machines of the "FFS" production line, with a total amount of SAR 15,297,619.

5-28-1-1 Property, Plant and Equipment

The table indicates the net book value of the property, plant, and equipment of the Packaging Materials Manufacturing Company (a Saudi Joint Stock Company) for the financial years ending on December 31, 2020G, and 2021G, and for the two periods ending on March 31, 2021G, and March 31, 2022G.

Table 44: The net book value of property, plant and equipment for the financial years ending on December 31, 2019G, 2020G, and 2021G and for the two periods ending on March 31, 2021G and March 31, 2022G.

Property, Plant and Equipment Table									
Item	As at December,31			Inc./Dec)		From FY to FY	As at March,31		Inc./Dec)
	2019G Restated	2020G Restated	2022G Restated	2021G Not restated	2022G Not restated	2019G-2021G	2021G Not Restated	2022G Not Restated	March 2022G
Buildings and constructions on leased land	10,719,812	9,593,118	8,797,188	(10.5) %	(8.3) %	(9.4) %	9,304,920	8,502,198	(8.6) %
Plants and Equipment	112,816,285	122,182,917	122,271,194	8.3%	0.1%	4.1%	120,208,133	122,040,759	1.5%
Leased building improvements	11,145,430	11,204,604	10,953,604	0.5%	(2.2) %	(0.9) %	11,137,165	10,864,818	(2.4) %
cars	886,605	820,749	455,540	(7.4) %	(44.5) %	(28.3)%	727,968	386,160	(47) %
Furniture, fixtures and office equipment	961,579	1,028,635	847,161	7.0%	(17.6) %	(6.1) %	957,980	776,424	(19) %
Tools	347,759	376,139	528,818	8.2%	40.6%	23.3%	360,486	509,780	41.4%
Capital work in progress	9,500,745	7,905,424	4,741,893	(16.8) %	(40) %	(29.4)%	8,216,466	9,389,481	14.3%
Total	146,378,215	153,111,586	148,595,398	4.6%	(2.9) %	0.8%	150,913,118	152,469,620	1%

Source: The audited financial statements of the Packaging Materials Manufacturing Company (a Saudi Joint Stock Company) for the financial years ending on December 31, 2019G, 2020G, and 2021G, and for the two periods ending on March 31, 2021G and March 31, 2022G.

5-28-1-2 Total Depreciation of Property, Plant and Equipment

The table indicates the Total depreciation of the Packaging Materials Manufacturing Company (a Saudi Joint Stock Company) for the financial years ending on December 31, 2019G, 2020G, and 2021G, and for the two periods ending on March 31, 2021G, and March 31, 2022G.

Table 45 Total depreciation for the financial years ending on December 31, 2019G, 2020G, and 2021G, and for the two periods ending on March 31, 2021G, and March 31, 2022G.

Total Depreciation of Property, Plant and Equipment Table									
Item	As at December,31			Inc./Dec)		From FY to FY	As at March,31		Inc./Dec)
	2019G Restated	2020G Restated	2021G Restated	December 2020G	December 2021G	2019G-2021G	2020G Not Restated	2021G Not Restated	March 2022G
Buildings and constructions on leased land	25,780,928	26,942,022	28,097,230	4.5%	4.3%	4.4%	27,230,220	28,392,220	4.3%
Plants and Equipment	140,066,706	137,577,542	135,647,412	(1.8) %	(1.4) %	(1.6) %	131,718,289	137,017,811	4%
Leased building improvements	186,638	531,364	884,475	184.7%	66.5%	117.7%	619,539	973,261	57.1%
cars	2,650,563	2,997,419	3,163,628	13.1%	5.5%	9.3%	3,047,200	3,233,008	6.1%
Furniture, fixtures and office equipment	7,644,529	8,002,865	8,363,365	4.7%	4.5%	4.6%	8,093,613	8,453,706	4.4%
Tools	7,015	62,135	124,746	785.7%	100.8%	321.7%	77,788	143,784	84.8%
Capital work in progress	176,336,379	176,113,347	176,280,856	(0.1) %	0.1%	-	170,786,649	178,213,790	4.3%

Source: The audited financial statements of the Packaging Materials Manufacturing Company (a Saudi Joint Stock Company) for the financial years ending on December 31, 2019G, 2020G, and 2021G, and for the two periods ending on March 31, 2021G and March 31, 2022G.

5-28-2 Current Assets

The following table indicates the current assets of the Packaging Materials Manufacturing Company (a Saudi Joint Stock Company) for the financial years ending on December 31, 2019G, 2020G, and 2021G, and for the two periods ending on March 31, 2021G, and March 31, 2022G.

Table 46 current assets for the financial years ending on December 31, 2019G, 2020G, and 2021G, and for the two periods ending on March 31, 2021G, and March 31, 2022G

Current Assets Table									
Item	As at December,31			Inc.//(Dec)		From FY to FY	As at March,31		Inc.//(Dec)
	2019G Restated	2020G Restated	2021G Restated	December 2020G	December 2021G	2019G-2021G	2021G Not Restated	2022G Not Restated	March 2022G
Inventory	47,598,693	47,905,769	63,037,235	0.6%	31.6%	15.1%	56,558,284	63,401,090	12.1%
Receivables - trade	48,402,341	40,252,232	48,030,950	(16.8) %	19.3%	(0.4) %	44,438,481	55,971,674	26%
Advance payments and other debit balances	16,051,002	14,323,186	18,188,181	(10.8) %	27%	6.4%	18,450,850	19,786,220	7.2%
Investments at fair value through profit or loss	19,606,108	37,989,409	6,513,192	93.8%	(82.9) %	(42.4)%	23,942,418	5,814,950	(75.7) %
Cash and cash equivalents	6,217,060	8,636,253	12,133,800	38.9%	40.5%	39.7%	13,620,708	4,138,620	(69.6) %
Total current assets	137,875,204	149,106,849	147,903,358	8.1%	(0.8) %	3.6%	157,010,741	149,112,554	(5) %

Source: The audited financial statements of the Packaging Materials Manufacturing Company (a Saudi Joint Stock Company) for the financial years ending on December 31, 2019G, 2020G, and 2021G, and for the two periods ending on March 31, 2021G and March 31, 2022G.

On a one hand, the total current assets of 2020G increased by SAR 11.2 million, by 8.1% compared to 2019G, mainly is due to the resulting changes in the clause of investments at fair value through profit or loss, as it increased by SAR 18 million Saudi riyals, as a result of additions for the year with an amount of SAR 60.5 million and exclusion of an amount of SAR 42.5 million. Further, cash increased by an amount of SAR 2.4 million. On the other hand, receivables decreased by SAR 8.2 million, in addition to a decrease in advance payments and other debit balances by SAR 1.7 million.

Total current assets decreased in 2021G by SAR 1.2 million, by 0.8% compared to 2020G. Mainly, this decrease is due to the decrease in investments at fair value through profit or loss by SAR 31.5 million as a result of the movement on these investments (exclusions of SAR 37.7 million, additions of SAR 4.4 million and profits of SAR 1.8 million). In return, inventory increased by SAR 15 million, accounts receivable by SAR 7.8 million, advance payments and other debit balances by SAR 4 million and cash and cash equivalents by SAR 3.5 million.

Total current assets for the financial period ending on March 31, 2022 decreased by SAR 7.9 million, by 5% compared to the period ending in 2021G. This decrease is mainly due to a decrease in investments at fair value through profit or loss by SAR 18 million and a decrease in cash and cash equivalents by SAR 9.5 million, while inventory increased by SAR 6.9 million, accounts receivable by SAR 11.6 million, advance payments and other debit balances by 1.3 million Saudi riyals.

5-28-2-1 Cash and Cash Equivalent

The following table indicates the cash and cash equivalent of the Packaging Materials Manufacturing Company (a Saudi Joint Stock Company) for the financial years ending on December 31, 2019G, 2020G, and 2021G, and for the two periods ending on March 31, 2021G, and March 31, 2022G.

Table 47 Cash and Cash Equivalent for the financial years ending on December 31, 2019G, 2020G, and 2021G, and for the two periods ending on March 31, 2021G, and March 31, 2022G

Cash and Cash Equivalent									
Item	As at December,31			Inc.//(Dec)		From FY to FY	As at March,31		Inc.//(Dec)
	2019G Restated	2020G Restated	2021G Restated	December 2020G	December 2021G	2019G-2021G	2021G Not Restated	2022G Not Restated	March 2022G
Cash at Banks	6,017,958	8,510,209	11,968,119	41.4%	40.6%	41%	13,493,099	3,976,524	(70.5) %
Cash in the Fund	199,102	126,044	165,681	(36.7) %	31.4%	(8.8) %	127,609	162,096	27%
Total Cash and Cash Equivalents	6,217,060	8,636,253	12,133,800	38.9%	40.5%	39.7%	13,620,708	4,138,620	(69.6) %

Source: The audited financial statements of the Packaging Materials Manufacturing Company (a Saudi Joint Stock Company) for the financial years ending on December 31, 2019G, 2020G, and 2021G, and for the two periods ending on March 31, 2021G and March 31, 2022G.

The total cash and cash equivalents in 2020G increased by SAR 2.4 million, or by 38.9%, compared to the year 2019G, mainly is due to the increase in sales in 2020G, which amounted to SAR 181 million, compared to 2019G, which amounted to SAR 164 million, and the receivables balance decreased by SAR 8 million as a result of collecting cash from clients.

Total cash and cash equivalents increased in 2021G by SAR 3.5 million, by 40.5%, compared to 2020 G, mainly is due to the exclusion of investments at fair value through profit or loss in the amount of SAR 31.5 million, in addition to the increase in sales of 2021G, which amounted to SAR 222.5 million, compared to 2020G, which amounted to SAR 181 million. Further, the Company paid some loans and adding inventories of raw materials to increase production operations.

Total cash and cash equivalents for the period ending on March 31, 2022G decreased by SAR 9.5 million, by 69.6%, compared to the period

ending in 2021G, mainly is due to the company adding property, plant and equipment clauses with the value of SAR 5.8 million and paying trade payables in the amount of SAR 4 million and repaying loans and bank facilities.

5-28-2-2 Trade Receivables

The following table indicates the trade receivables of the Packaging Materials Manufacturing Company (a Saudi Joint Stock Company) for the financial years ending on December 31, 2019G, 2020G, and 2021G, and for the two periods ending on March 31, 2021G, and March 31, 2022G.

Table 48 trade receivables for the financial years ending on December 31, 2019G, 2020G, and 2021G, and for the two periods ending on March 31, 2021G, and March 31, 2022G

Trade Receivables Tables									
Item	As at December,31			Inc./.(Dec)		From FY to FY	As at March,31		Inc./.(Dec)
	2019G Restated	2020G Restated	2021G Restated	December 2020G	December 2021G		2021G Not Restated	2022G Not Restated	
Trade Receivables	52,594,727	43,167,652	54,836,445	(17.9) %	27%	2.1%	48,671,960	63,538,347	30.5%
Less: Credit Losses Provision	(4,192,386)	(2,915,420)	(6,805,495)	(30.5) %	133.4%	27.4%	(4,233,479)	(7,566,673)	78.7%
Net Receivables	48,402,341	40,252,232	48,030,950	(16.8) %	19.3%	(0.4) %	44,438,481	55,971,674	26%

Source: The audited financial statements of the Packaging Materials Manufacturing Company (a Saudi Joint Stock Company) for the financial years ending on December 31, 2019G, 2020G, and 2021G, and for the two periods ending on March 31, 2021G and March 31, 2022G.

The balance of net receivables of 2020G decreased by SAR 8.15 million, or by 16.8%, compared to 2019G, mainly this decrease is due to the collecting of the receivables balance and the settlement of some balances with the decrease losses provision.

The balance of net receivables in 2021G increased by SAR 8 million, by 19.3% compared to 2020G, mainly is due to an increase in sales of 2021G of SAR 222.5 million compared to 2020G of SAR 181 million, in return the company has created an additional credit loss allocation of SAR 4 million.

The balance of net receivables for the period ending on March 31, 2022G increased by SAR11.5 million compared to the period ending in 2021G, mainly is due to an increase in sales for the period of 2022G, which amounted to SAR 62.8 million, compared to SAR 48.5 million Saudi riyals for the period ending in 2021G, in return, the company formed a provision for credit losses of 2021G in the amount of SAR 4 million.

5-28-2-3 Expenses paid in advance and other Debit Balances - net

The following table indicates the expenses paid in advance and other Debit Balances of the Packaging Materials Manufacturing Company (a Saudi Joint Stock Company) for the financial years ending on December 31, 2019G, 2020G, and 2021G, and for the two periods ending on March 31, 2021G, and March 31, 2022G.

Table 49 Advance paid expenses and other debit balances for the financial years ending on December 31, 2019G, 2020G, and 2021G, and for the two periods ending on March 31, 2021G, and March 31, 2022G

Expenses paid in advance and other Debit Balances Table									
Item	As at December,31			Inc./.(Dec)		From FY to FY	As at March,31		Inc./.(Dec)
	2019G Restated	2020G Restated	2021G Restated	December 2020G	December 2021G		2021G Not Restated	2022G Not Restated	
Due incentives and advance payments to suppliers	9,354,794	5,727,772	11,629,670	(38.8) %	103%	11.5%	10,378,634	13,524,527	30.3%
Expenses paid in advance	4,867,688	4,035,997	4,200,600	(17.1) %	4.1%	(7.1) %	2,904,116	4,390,343	51.2%
Receivables of employees	1,323,789	771,314	570,376	(41.7) %	(26.1) %	(34.4) %	795,427	534,734	(32.8) %
VAT	496,917	-	1,467,355	(100) %	100%	71.8%	568,625	733,891	29.1%
other	7,814	3,788,103	320,180	48,372.2%	(91.5) %	540.1%	3,804,048	602,725	(84.2) %
Total	16,051,002	14,323,186	18,188,181	(10.8) %	27%	6.4%	18,450,850	19,786,220	7.2%

Source: The audited financial statements of the Packaging Materials Manufacturing Company (a Saudi Joint Stock Company) for the financial years ending on December 31, 2019G, 2020G, and 2021G, and for the two periods ending on March 31, 2021G and March 31, 2022G.

The total expenses paid in advance and other debit balances of 2020G decreased by SAR 1.7 million, by 10.8% compared to 2019G, mainly is due to a decrease in the incentives due and advance payments to suppliers by an amount of SAR 3.7 million, in addition to a decrease in the balance of employee receivables by an amount of SAR 552 thousand and a balance of value-added tax by an amount of 496 thousand Saudi riyals, in return to an increase in other expenses by an amount of 3.8 million.

Total expenses paid in advance and other debit balances of 2021G increased by SAR 3.9 million, by 27% compared to 2020G, as a result of the increase in incentives due and advance payments to suppliers by SAR 5.9 million, in addition to the increase in the outstanding balance of VAT

by SAR 1.5 million, in return to a decrease in other expenses by SAR 3.5 million.

The total expenses paid in advance and other debit balances increased during the period ending on March 31, 2022G, compared to the period ending in 2021G, by SAR 1.3 million, by 7.2%. This increase is due to an increase in due incentives and advance payments settled to suppliers by an amount of 3.1 million Saudi riyals, in return for a decrease in other expenses by an amount of SAR 3.2 million and a decrease in employee receivables by an amount of SAR 0.2 million.

5-28-2-4 Inventory- net

The following table indicates the inventories items of the Packaging Materials Manufacturing Company (a Saudi Joint Stock Company) for the financial years ending on December 31, 2019G, 2020G, and 2021G, and for the two periods ending on March 31, 2021G, and March 31, 2022G.

Table 50 Inventories for the financial years ending on December 31, 2019G, 2020G, and 2021G, and for the two periods ending on March 31, 2021G, and March 31, 2022G.

Inventory Table									
Item	As at December,31			Inc./((Dec)		From FY to FY	As at March,31		Inc./((Dec)
	2019G Restated	2021G Restated	2022G Restated	December 2020G	December 2021G	2019G - 2021G	2021G Not Restated	2022G Not Restated	March 2020G
Raw materials	21,869,393	19,293,797	28,412,904	(11.8) %	47.3%	14%	15,986,438	17,384,333	8.7%
Production in progress	9,684,924	10,851,439	12,386,552	12%	14.1%	13.1%	10,992,451	9,507,900	(13.5) %
Full production	13,497,969	12,858,747	12,417,170	(4.7) %	(3.4) %	(4.1) %	15,798,630	16,691,249	5.6%
Plants and equipment spare parts	6,501,662	6,842,902	7,525,857	5.2%	10%	7.6%	6,820,657	7,529,964	10.4%
Inventory of materials and other supplies	2,364,972	2,550,841	2,936,221	7.9%	15.1%	11.4%	5,310,696	9,208,639	73.4%
goods on the way	-	-	3,065,326	-	100 %	100%	-	2,774,084	100%
Letters of credit	118,869	207,962	43,124	75%	(79.3) %	(39.8) %	5,399,331	3,185,509	(41) %
Total	54,037,789	52,605,688	66,787,154	(2.7) %	27%	11.2%	60,308,203	66,281,678	9.9%
Less									
Allowance for stagnant inventory	(6,439,096)	(4,699,919)	(3,749,919)	(27) %	(20.2) %	(23.7) %	(3,749,919)	(2,880,588)	(23.2) %
Total	47,598,693	47,905,769	63,037,235	0.6%	31.6%	15.1%	56,558,284	63,401,090	12.1%

Source: The audited financial statements of the Packaging Materials Manufacturing Company (a Saudi Joint Stock Company) for the financial years ending on December 31, 2019G, 2020G, and 2021G, and for the two periods ending on March 31, 2021G and March 31, 2022G.

The total inventory before the provisions of 2020G decreased by SAR 1.4 million, by 2.7%, mainly is due to a decrease in raw materials by an amount of SAR 2.5 million, in addition to a decrease in total production as a result of an increase in sales by an amount of SAR 0.6 million. In return, the item of production in operation increased SAR SR 1.2 million, and item of spare parts, plants and equipment increased by SAR 0.35 million. During 2020G, the Company reversed the stagnant inventory provision in the amount of SAR 1.7 million, due to the absence of the purpose of the existing provision amount.

The total inventory before the provision of 2021G increased by SAR 14 million, by 27%, compared to the year 2020 G. This was mainly due to an increase in raw materials by 9.1 million Saudi riyals and goods in transit by an amount of 3 million Saudi riyals, in addition to an increase in work in-progress. In the amount of SAR 1.5 million, and the item of spare parts, plants and equipment, in the amount of SAR 0.7 million, as well as the stock of materials and other supplies, in the amount of SAR 0.4 million. In return the total production decreased by an amount of SAR 0.4 million. During 2021G, the Company reversed the provision for stagnant inventory in the amount of SAR 0.95 million, compared to reversing the provision in the amount of SAR 1.7 million, due to the absence of the purpose of the amount of the existing provision.

The total pre-allocated inventory for the period ending on March 31, 2022G, increased by SAR 6 million compared to the period ending in 2021G, mainly is due to the increase in the inventory of materials and other supplies by SAR 3.9 million, road goods by SAR 2.8 million, and raw materials by SAR 1.4 million, the total production increased by SAR 0.9 million, and the item of spare parts, plants and equipment increased by SAR 0.7 million. In return, the item letter of credits item decreased by SAR 2.2 million and production in process by SAR 1.5 million. During the period ending on March 31, 2022G, the company reversed the stagnant inventory provision in the amount of SAR 0.9 million, due to the non-purpose of the existing provision amount.

5-28-3 Current Liabilities

The following table indicates the Current Liabilities of the Packaging Materials Manufacturing Company (a Saudi Joint Stock Company) for the financial years ending on December 31, 2019G, 2020G, and 2021G, and for the two periods ending on March 31, 2021G, and March 31, 2022G.

Table 51 Total current liability for the financial years ending on December 31, 2019G, 2020G, and 2021G, and for the two periods ending on March 31, 2021G, and March 31, 2022G

Current Liabilities Tables									
Item	As at December,31			Inc./ (Dec)		From FY to FY	As at March,31		Inc./ (Dec)
	2019G Restated	2020G Restated	2021G Restated	December 2020G	December 2021G	2019G - 2021G	2021G Not Restated	2022G Not Restated	March 2022G
The current portion of long-term loans	9,395,435	11,691,730	13,322,449	24.4%	13.9%	19.1%	11,091,730	15,274,778	37.7%
Short term loans	47,145,475	53,996,583	28,657,781	14.5%	(46.9) %	(22) %	52,110,952	35,158,700	(32.5) %
Trade payables	8,596,984	12,010,401	24,772,427	39.7%	106.3%	69.8%	20,307,608	20,723,154	2%
Lease commitments - short term	357,338	375,205	393,965	5%	5%	5%	393,965	413,663	5%
Accruals and other credit balances	15,524,273	17,070,950	17,462,038	10%	2.3%	6.1%	19,612,816	16,943,776	(13.6) %
Zakat allowance	4,180,886	3,011,577	2,671,120	(28) %	(11.3) %	(20.1) %	4,001,577	3,657,075	(8.6) %
Total	85,200,391	98,156,446	87,279,780	15.2%	(11.1) %	1.2%	107,518,648	92,171,146	(14.3) %

Source: The audited financial statements of the Packaging Materials Manufacturing Company (a Saudi Joint Stock Company) for the financial years ending on December 31, 2019G, 2020G, and 2021G, and for the two periods ending on March 31, 2021G and March 31, 2022G.

Total current liabilities of 2020G increased by SAR 13 million, by 15.2%, compared to 2019G, mainly this increases due to the increase in the current portion of long-term loans and short-term loans by SAR 2.3 million and SAR 6.85 million, by 24.4% and 14.5%, respectively, in addition to an increase in trade payables and other credit balances and receivables by SAR 3.4 million and SAR 1.5 million, by 39.7% and 10%, respectively. In return to a decrease in the provision of zakat by SAR 1.2 million, by 28% as a result of paying the zakat due to the Authority of the year's expenses, in addition to some bonds.

Total current liabilities decreased of 2021G by SAR 10.9 million, by 11.1%, compared to 2020G, mainly, these decreases due to the decrease in short-term loans by SAR 25 million, or 46.9%. In return, the increase in trade payables by 12.8, by 106.3%. of the current part of long-term loans, SAR 2.3 million, at 13.9%.

Total current liabilities decreased for the financial period ending on March 31, 2022 G by SAR 15.3 million Saudi riyals, or by 14.3%, compared to the period ending in 2021G. Mainly, this decrease is due to the decrease in short-term loans by SAR 17 million, 32.5%, and the decrease in receivables and other credit balances by SAR 2.7 million, 13.6%. In return, the increase in the current part of long-term loans by SAR 4.2 million, by 37.7%.

5-28-3-1 Accrued Expenses and other Credit Balances

The following table indicates the Accrued Expenses and other Credit Balances of the Packaging Materials Manufacturing Company (a Saudi Joint Stock Company) for the financial years ending on December 31, 2019G, 2020G, and 2021G, and for the two periods ending on March 31, 2021G, and March 31, 2022G.

Table 52 Accrued Expenses and other Credit Balances for the financial years ending on December 31, 2019G, 2020G, and 2021G, and for the two periods ending on March 31, 2021G, and March 31, 2022G

Accrued Expenses and other Credit Balances Table									
Item	As at December,31			Inc./ (Dec)		From FY to FY	As at March,31		Inc./ (Dec)
	2019G Restated	2020G Restated	2021G Restated	December 2020G	December 2021G	2019G- 2021G	2021G Not Restated	2022G Not Restated	March 2020G
Outstanding payments	7,045,856	8,391,081	8,826,195	19.1%	5.2%	11.9%	10,257,558	8,728,865	(14.9) %
Advance payments from Clients	1,395,547	2,153,482	2,353,143	54.3%	9.3%	29.9%	2,843,828	2,195,363	(22.8) %
Discounts due to Clients	1,345,199	-	-	(100) %	-	(100) %	-	-	-
Dividends payable	5,152,118	5,151,746	5,149,274	-	-	-	5,151,746	5,149,274	-
VAT due	168,236	1,081,201	524,564	542.7%	(51.5) %	76.6%	983,995	445,306	(54.7) %
other	417,317	293,440	608,862	(29.7) %	107.5%	20.8%	375,689	424,968	13.1%
Total	15,524,273	17,070,950	17,462,038	10%	2.3%	6.1%	19,612,816	16,943,776	(13.6) %

Source: The audited financial statements of the Packaging Materials Manufacturing Company (a Saudi Joint Stock Company) for the financial years ending on December 31, 2019G, 2020G, and 2021G, and for the two periods ending on March 31, 2021G and March 31, 2022G.

The total accrued expenses of 2020G increased by SAR 1.5 million, by 10% compared to 2019 G. In return, mainly is due to an increase in accrued expenses by SAR 1.3 million, an increase in VAT due by SAR 0.9 million, as well as payments made by clients by SAR 0.7 million. On the other hand, the item of discounts due to clients decreased by SAR 1.3 million.

There is no fundamental change in the expenses due for the year 2021G compared to 2020G, as the total change is an increase of SAR 0.4 million Saudi riyals, or 2.3%.

The total accrued expenses for the financial period ending on March 31, 2022D decreased by SAR 2.7 million, by 13.6% compared to the period ending in 2021. This decrease is mainly due to a decrease in accrued expenses by SAR 1.5 million, a decrease in clients advances by SAR 0.65 million, as well as the VAT due of SAR 0.54 million.

5-28-4 Non-current Liabilities

The following table indicates the Non-current Liabilities of the Packaging Materials Manufacturing Company (a Saudi Joint Stock Company) for the financial years ending on December 31, 2019G, 2020G, and 2021G, and for the two periods ending on March 31, 2021G, and March 31, 2022G.

Table 53 Non-current Liabilities for the financial years ending on December 31, 2019G, 2020G, and 2021G, and for the two periods ending on March 31, 2021G, and March 31, 2022G.

Accrued Expenses and other Credit Balances Table									
Item	As at December,31			Inc.//(Dec)		From FY to FY	As at March,31		Inc.//(Dec)
	2019G Restated	2020G Restated	2021G Restated	December 2020G	December 2021G	2019G-2021G	2021G Not Restated	2022G Not Restated	March 2020G
Long term loans	36,590,005	43,449,850	56,680,705	18.7%	30.5%	24.5%	40,894,612	55,904,811	36.7%
Lease commitments - long term	8,096,392	7,721,187	7,327,222	(4.6) %	(5.1) %	(4.9) %	7,327,222	6,913,559	(5.6) %
Employee benefits obligations	9,737,237	11,304,488	12,504,280	16.1%	10.6%	13.3%	11,644,905	13,039,703	12.0%
Contingent liability for the purchase of the non-controlling interest	-	20,325,000	19,564,865	100%	(3.7) %	100%	20,680,687	19,920,552	(3.7) %
Total	54,423,634	82,800,525	96,077,072	52.1%	16%	32.9%	80,547,426	95,778,625	18.9%

Source: The audited financial statements of the Packaging Materials Manufacturing Company (a Saudi Joint Stock Company) for the financial years ending on December 31, 2019G, 2020G, and 2021G, and for the two periods ending on March 31, 2021G and March 31, 2022G.

Total non-current liabilities of 2020G increased by SAR 28.4 million, by 52.1%, compared to 2019G. This is mainly due to the increase in the contingent liability in exchange for the purchase of the non-controlling interest by SAR 20.3 million, by 100%, and the increase in long-term loans by 6.85M. million, at 18.7%, as well as employee benefits obligations in the amount of SAR 1.6 million.

Total non-current liabilities of 2021G increased by SAR13.2 million, by 16% compared to 2020G, mainly is due to an increase in long-term loans by SAR 13.2 million, by 30.5%, and an increase in employee benefits obligations by SAR 1.2 million. In return, a decrease in the contingent liability in exchange for the purchase of the non-controlling interest and lease liabilities with a total amount of SAR 1.2 million Saudi riyals.

Total non-current liabilities for the financial period ending on March 31, 2022G, increased by SAR 15.2 million, by 18.9%, compared to the period ending in 2021G. This is mainly due to the increase in long-term loans by SAR 15.1 million, by 36.7%, with some changes other than material in other accounts.

The parent company acquired all the shares in FPC Industry Company (the subsidiary company), whereby, during the month of March 2020, the company signed an agreement stipulating that the partner waive all of its 20% shares in FPC Industry Company, including its rights and obligations, in favor of the parent company, in exchange for obtaining 20% of the net accounting profit according to the audited financial statements at the end of each fiscal year for a period of ten years only (the validity period of the agreement) until the end of the fiscal year ending on December 31, 2029G, and accordingly, the company has prepared a study for contingent liability, and that contingent liability has been calculated according to the best estimate in light of the available data, as this contingent liability amounted to 19.6 million as of December 31, 2021G (December 31, 2020G: SAR 20.3 million), it was classified under non-current liabilities in the statement of financial position, and it will be re-estimated this contingent liability periodically throughout the validity of the agreement, and this acquisition resulted in an amount of SAR 25.4 million, which represents the difference in the purchase of the ownership of the non-controlling interest, which has been classified under the item of equity.

5-28-4-1 Long term loans

Saudi Industrial Development Fund Loan:

During the year 2008 AD, the Parent Company concluded an agreement with the Saudi Industrial Development Fund with a total amount of SAR 38.3 million in order to finance the expansion of the factory through the purchase of production lines for the manufacture of plastic cement bags and the expansion of the big bags section and machines for manufacturing container lining, as the Company did during the year 2021 by signing an agreement with the Saudi Industrial Development Fund, with a total amount of SAR 15.1 million, to purchase new machines to raise production capacity.

During 2018, the subsidiary Company entered into an agreement with the Saudi Industrial Development Fund with a total amount of SAR 35.3 million in order to finance the purchase of the factory production lines.

Most of the property, plant and equipment are mortgaged in favor of the Saudi Industrial Development Fund against the loans received.

Riyad Bank:

On April 9, 2017G, the Company and its subsidiary signed an Islamic financing agreement with Riyad Bank for an amount of SAR 49 million,

for the purpose of partial financing for the subsidiary company's manufacturing product production project, which was established during 2017G for this purpose, and on March 28, 2018G, the Islamic financing agreement was renewed, and increased the financing limit to SAR 72 million. On July 19, 2018G, the Company and its subsidiary reduced the financing value by canceling the short-term bridging loan item of SAR 21 million, so that the financing limit became SAR 51 million. On March 10, 2019G, the Company and its subsidiary raised the value of the financing by increasing the long-term facilities by SAR 15 million and adjusting the credit limits for the short-term facilities, so that the total short-term facilities amounted to SAR 25 million and the financing limit was SAR 66 million, noting that this financing is guaranteed by signing A promissory note from the company and its subsidiary for the total financing amount

Al Bilad Bank

On September 16, 2018G, the company and its subsidiary signed a Sharia-compliant credit facility contract with Bank Albilad for an amount of SAR 30 million Saudi riyals, for the purpose of obtaining a short-term Islamic Murabaha loan to finance the working capital of the company and its subsidiary. Accordingly, company and its subsidiary company renewed the facilities contract on April 12, 2021G. This financing was obtained by guaranteeing a promissory note in favor of Bank Albilad.

5-28-4-2 Employee defined Benefit Obligations

End of service benefits are payable to all employees working in accordance with the terms and conditions of the labor law upon the termination of their service contracts. The obligation of the Company and its subsidiary related to defined benefit plans is calculated by estimating the value of future benefits that are due to employees in the current and future periods and deducting the value to arrive at the current value. The Company and its subsidiary make assumptions that are used when determining the main elements of costs in order to meet these future obligations. Such assumptions are made after consulting the actuary and include those used to determine the normal service cost as well as the financing components of the liability. The calculation of the defined benefit obligation is calculated by a qualified actuary using the projected unit credit method.

The revaluation of the defined benefit obligation consisting of actuarial profits and losses is recognized directly in the statement of other comprehensive income. The Company and its subsidiary determine the net interest expense on the defined benefit obligation for the year by applying the discount rate that is used in measuring the defined benefit obligation at the beginning of the year and the net defined benefit obligation after considering any change in the net defined benefit obligations during the year and payments for the obligations. Net interest expense and other expenses relating to defined benefit plans are recognized in the consolidated statement of profit or loss.

5-29 Shareholders' equity

The following table shows the shareholder rights of Packaging Materials Manufacturing Company (a Saudi joint stock company) for the financial years ending on December 31, 2019G, 2020G, and 2021G, and for the two periods ending on March 31, 2021G, and March 31, 2022G.

Table 54 Shareholders' equity for the financial years ending on December 31, 2019G, 2020G, and 2021G, and for the two periods ending on March 31, 2021G, and March 31, 2022G.

Shareholders Equity Schedule									
Item	As at December 31,			Inc./ (Dec)		CAGR	As at March 31,		Inc./ (Dec)
	2019G Restated	2020G Restated	2021G Restated	Dec 2020G	Dec 2021G	2019- 2021G	2021G Not Restated	2022G Not Restated	March 2022G
Capital	115,000,000	115,000,000	115,000,000	-	-	-	115,000,000	115,000,000	-
Statutory reserve	16,408,804	16,408,804	16,408,804	-	-	-	16,408,804	16,408,804	-
Retained earnings	26,192,683	22,653,603	14,037,893	(13.5) %	(38.0) %	(26.8) %	21,125,886	14,404,355	(31.8) %
Non-controlling interest purchase teams	-	(25,358,702)	(25,358,702)	(100) %	-	(100) %	(25,358,702)	(25,358,702)	-
The total equity of the parent company's shareholders	157,601,487	128,703,705	120,087,995	(18.3) %	(6.7) %	(12.7) %	127,175,988	120,454,457	(5.3) %
Non-controlling interest	(5,033,702)	-	-	(100) %	-	(100) %	-	-	-
Total	152,567,785	128,703,705	120,087,995	(15.6) %	(6.7) %	(11.3) %	127,175,988	120,454,457	(5.3) %

Source: Audited financial statements of Packaging Materials Manufacturing Company (a Saudi joint stock company) for the financial years ending on December 31, 2019G, 2020G, and 2021G, and for the two periods ending on March 31, 2021G and March 31, 2022G.

The total shareholders' equity for 2020G decreased by 23.9 million Saudi Riyals, or by %15.6, compared to 2019G. This decrease is mainly due to recording the difference in purchasing the non-controlling interest in the amount of 25.3 million Saudi Riyals as a result of the acquisition of the non-controlling interest in the subsidiary in addition to Retained earnings decreased by 3.5 million Saudi Riyals resulting from losses for the year, in contrast, non-controlling interests decreased by 5 million Saudi Riyals.

Total shareholders' equity for 2021 decreased by 8.7 million Saudi Riyals compared to 2020. This decrease is mainly due to decrease in retained earnings by 8.6 million Saudi Riyals resulting from the year's losses.

The total shareholders' equity decreased for the financial period ending on March 31, 2022G, compared to the period ending in 2021G. This decrease is mainly due to decrease in retained earnings by 6.7 million Saudi Riyals, resulting from losses for the period.

The parent company acquired all the shares in FBC Industrial Company (the subsidiary company), whereby, during the month of March 2020, the company signed an agreement stipulating that the partner waive all of his %20 shares in FBC Industrial Company, including its rights and obligations, in favor of the parent company, in exchange for Obtaining 20% of the net accounting profit according to the audited financial statements at the end of each financial year for a period of ten years only (the validity period of the agreement) until the end of the financial

year ending on December 31, 2029G, and accordingly, the company has prepared a study for the potential commitment, and that potential commitment has been calculated According to the best estimate in light of the available data, as this potential liability amounted to 19.6 million Saudi Riyals as of December 31, 2021G (December 31, 2020: 20.3 million Saudi Riyals), it was classified under non-current liabilities in the statement of financial position, and it will be re-estimated This potential obligation periodically throughout the validity of the agreement, and this acquisition resulted in an amount of 25.4 million Saudi Riyals, which represents the difference in the purchase of the ownership of the non-controlling interest, which has been classified under the item of equity.

There is no change in the capital of the company and its subsidiaries during 2019G, 2020G, 2021G, and the periods ending on March 31, 2022G, and March 31, 2021G., except for the decision of the partner "Packaging Materials Manufacturing Company" to classify an amount of 15 million Saudi Riyals as additional financing from the balance due to the partner as 31 December 2021G in the FBC Industrial Company (the subsidiary) and considering it as permanent financing that will not be claimed in the near term without currently intending to record an increase in the regulatory capital.

5-30 Cash Flow Statement

The following table shows the cash flow statement for Packaging Materials Manufacturing Company (a Saudi joint stock company) for the financial years ending on December 31, 2019G, 2020G, and 2021G, and for the two periods ending on March 31, 2021G, and March 31, 2022G.

Table 55 The cash flow statement for the financial years ending on December 31, 2019G, 2020G, and 2021G, and for the two periods ending on March 31, 2021G, and March 31, 2022G.

Cash Flow Statement Schedule									
Item	Financial year ending at December 31st			Inc./.(Dec)		CAGR	for the period ending March 31		Inc./.(Dec)
	2019G Restated	2020G Restated	2021G Restated	Dec 2020G	Dec 2021G	2019-2021G	2022G Not Restated	2022G Not Restated	March 2022G
Net cash operating activities	(23,383,888)	18,569,897	(14,723,501)	(179.4) %	(179.3) %	(20.6) %	(4,402,724)	(11,741,321)	166.7%
Net cash investing activities	(5,509,832)	(31,800,610)	29,626,210	477.2%	(193.2) %	-	14,803,253	(3,537,245)	(123.9)%
Net cash financing activities	10,499,992	15,649,906	(11,405,162)	49%	(172.9) %	-	(5,416,074)	7,283,386	(234.5)%
Net cash flow	(18,393,728)	2,419,193	3,497,547	(113.2) %	44.6%	-	4,984,455	(7,995,180)	(260.4)%
Cash and cash equivalent, beg. balance	24,610,788	6,217,060	8,636,253	(74.7) %	38.9%	(40.8) %	8,636,253	12,133,800	40.5%
Cash and cash equivalent, ending balance	6,217,060	8,636,253	12,133,800	38.9%	40.5%	39.7%	13,620,708	4,138,620	(69.6) %

Source: audited financial statements of Packaging Materials Manufacturing Company (a Saudi joint stock company) for the financial years ending on December 31, 2019G, 2020G, and 2021G, and for the two periods ending on March 31, 2021G and March 31, 2022G.

As at the end of 2019G, the cash and cash equivalents available to the company amounted to 6.2 million Saudi Riyals, resulting mainly from opening cash and cash equivalents amounting to 24.6 million Saudi Riyals, and the cash generated from financing activities during the year amounted to 10.5 million Saudi Riyals, after reducing it of net cash used in operating activities and investment activities, with a total amount of 29 million Saudi Riyals.

As at the end of 2020G, the cash and cash equivalents available to the company amounted to 8.6 million Saudi Riyals, resulting mainly from the opening cash and the equivalent amounting to 6.2 million Saudi Riyals, and the cash generated from operating activities amounted to 18.6 million Saudi Riyals and financing activities amounted to 15.6 million One million Saudi Riyals, after deducting it from the net cash used in investment activities by an amount of 31.8 million Saudi Riyals.

As at the end of 2021G, the cash and cash equivalent available to the company amounted to 12.1 million Saudi Riyals, resulting mainly from the opening cash and the equivalent amounting to 8.6 million Saudi Riyals, and the cash generated from investment activities during the year amounted to 29.6 million Saudi Riyals, after deducting it from the net cash Used in operating activities with an amount of 14.7 million Saudi Riyals, and financing activities with a total amount of 11.4 million Saudi Riyals.

During the period ending on March 31, 2021G, the cash and cash equivalents amounted to 13.6 million Saudi Riyals, resulting mainly from the opening cash and the equivalent amounting to 8.6 million Saudi Riyals, and the cash generated from investment activities during the period amounted to 14.8 million Saudi Riyals, after Reducing it from net cash used in operating activities by 4.4 million Saudi Riyals and financing activities by a total of 5.4 million Saudi Riyals.

During the period ending on March 31, 2022G, the cash and cash equivalents amounted to 4.1 million Saudi Riyals, resulting mainly from opening cash and cash equivalents in the amount of 12.1 million Saudi Riyals, and the cash generated from financing activities during the period amounted to 7.3 million Saudi Riyals, after Reducing it from net cash used in operating activities by 11.7 million Saudi Riyals and investment activities by a total of 3.6 million Saudi Riyals.

5-30-1 Cash flow from operating activities

Table 56 Cash flow statement from operating activities for the financial years ending on December 31, 2019G, 2020G, and 2021G, and for the periods ending on March 31, 2021G, and March 31, 2022G

Cash flow from operating activities schedule									
Item	Financial year ending at December 31st			Inc./ (Dec)		CAGR	for the period ending March 31		Inc./ (Dec)
	2019G Restated	2020G Restated	2021G Restated	Dec 2020G	Dec 2021G	2019-2021G	2021G Not Restated	2022G Not Restated	March 2021G
Net (loss)/income for the year before zakat	(22,436,453)	347,756	(5,066,511)	(101.5) %	(1,556.9)%	(52.5) %	(537,717)	1,356,462	(352.3) %
Adjustments for settling net income to net cash generated from operating activities									
Depreciation of property, plant and equipment	6,534,429	7,067,230	7,584,360	8.2%	7.3%	7.7%	1,929,653	1,932,934	0.2%
Amortization for right-of-us assets	496,150	496,150	496,150	-	-	-	124,037	124,037	-
Provision for absolute and slow-moving, not for use, inventories	4,687,060	(1,739,177)	(950,000)	(137.1) %	(45.4) %	-	(950,000)	(869,331)	(8.5) %
Impairment expense in trade receivables/ reversal of impairment	1,160,148	(1,276,966)	4,044,137	(210.1) %	(416.7) %	86.7%	1,318,059	761,178	(42.3) %
Current service expenses for employee benefit obligations	1,971,489	1,885,733	1,990,809	(4.3) %	5.6%	0.5%	462,841	784,152	69.4%
Losses on disposals of property, plant and equipment	(3,340,685)	-	620,683	(100.0) %	100%	-	620,684	-	(100) %
Change in obligation to purchase non-controlling interests	-	-	(2,182,883)	-	(100) %	(100) %	-	-	-
Profits on re-evaluating investments at fair value through profit or loss	(678,797)	(383,302)	(1,838,848)	(43.5) %	379.7%	64.6%	(1,108,130)	(1,571,667)	41.8%
Financing expenses	4,747,552	3,865,113	4,088,678	(18.6) %	5.8 %	(7.2) %	970,755	922,439	(5) %
Total	(6,859,107)	10,262,537	8,786,575	(249.6) %	(14.4) %	-	2,830,182	3,440,204	21.6%
Change in:									
Inventory	(4,268,545)	1,432,101	(14,181,466)	(133.6) %	(1,090.3) %	82.3 %	(7,702,515)	505,476	(106.6) %
Trade receivables	(17,180,610)	9,427,074	(11,822,855)	(154.9) %	(225.4) %	(17) %	(5,504,308)	(8,701,902)	58.1%
Advance payments and other debit balances	15,307,052	1,727,830	(3,864,995)	(88.7) %	(323.7) %	-	(4,127,664)	(1,612,388)	(60.9) %
Trade payables	(2,274,691)	3,413,417	12,762,026	(250.1) %	273.9%	-	8,297,207	(4,049,273)	(148.8) %
Accruals and other credit balances	842,868	1,546,678	391,087	83.5%	(74.7) %	(31.9) %	2,541,866	(518,261)	(120.4) %
Employee obligations and benefits paid	(1,102,627)	(1,189,163)	(688,600)	7.8%	(42.1) %	(21) %	(122,423)	(234,380)	91.5%
Cash flows generated from operating activities	(15,535,660)	26,620,474	(8,618,228)	(271.4) %	(132.4) %	(25.5) %	(3,787,655)	(11,170,524)	194.9%
Paid financing expenses	(4,313,631)	(3,557,481)	(1,768,260)	(17.5) %	(50.3) %	(36) %	(615,069)	(566,752)	(7.9) %
Paid Zakat	(3,534,597)	(4,493,096)	(4,337,013)	27.1%	(3.5) %	10.8%	-	(4,045)	(100) %
Net cash flows used in operating activities	(23,383,888)	18,569,897	(14,723,501)	(179.4) %	(179.3) %	(20.6) %	(4,402,724)	(11,741,321)	166.7%

Net cash flows used in operating activities for 2020G increased by 42 million Saudi Riyals, or by %179.4, compared to 2019G. This increase is mainly due to achieving a profit for the year before zakat in the amount of 0.35 million Saudi Riyals, compared to a loss for 2019G in the amount of 22.4 million riyals. An increase of 22.4 million Saudi Riyals, a decrease in losses on disposal of property, plant and equipment by an amount of 3.3 million Saudi Riyals, a change in the inventory item by an amount of 5.6 million Saudi Riyals, in addition to an increase in cash flows from the change in receivables by an amount of 26.5 million Saudi Riyals, and an increase in cash flows from Payables amounted to 5.7 million Saudi Riyals, and financing expenses increased by 1 million Saudi Riyals. On the other hand, cash flows decreased as a result of reversing the provision for absolute and slow-moving inventory that had no purpose by an amount of 6.3 million Saudi Riyals, in addition to the change resulting from a decrease in the provision for receivables by 2,4 million Saudi Riyals, and cash flows from advance payments and other debit balances decreased by 13.6 million Saudi Riyals.

Net cash flows used in operating activities for 2021 decreased by 33.3 million Saudi Riyals, or by %179.3, compared to 2020G. This decrease is mainly due to achieving a net loss for the year before zakat of 5 million Saudi riyals, a decrease in cash flows of SAR 5.5 million, a decrease in the change in the non-controlling interest purchase liability of SAR 2.2 million, an increase in losses of investments amounted to 1.5 million Saudi riyals, the change in the inventory item amounted to 15.6 million Saudi riyals, in addition to the decrease in cash flows arising from the change in receivables by an amount of 21.2 million Saudi riyals. Also, cash flows from advance payments and other debit balances decreased by 5.6 million Saudi riyals, and accruals and credit balances decreased by 1.2 million Saudi riyals. On the other hand, the reversal of the provision for obsolete and slow-moving inventories decreased by 0.8 million Saudi riyals, and the cash flows resulting from the provision for

impairment of receivables increased by 5.3 million Saudi riyals. The cash flow from depreciation expense and disposal losses increased by 1.1 million Saudi riyals. Cash flows from accounts payable also increased by 9.3 million Saudi riyals, employee benefits by 0.5 million Saudi riyals and financing expenses by 1.8 million Saudi riyals.

Net cash flows used in operating activities for the period as of March 31, 2022G decreased by 7 million Saudi Riyals, by %166.7, compared to the period in 2021G. This decrease is mainly due to the decrease in cash flows from the change in provision for impairment of receivables amounting to 0.6 million Saudi Riyals and loss on disposal of property and equipment amounting to 0.6 million Saudi Riyals. Also, the cash flows from receivables decreased by 3.2 million Saudi riyals, accounts payable decreased by 12.3 million Saudi riyals, and the accruals and other credit balances decreased by 3.1 million Saudi riyals. On the other hand, the company achieved a profit of 1.4 million Saudi riyals, which resulted in a change in cash flows by 1.9 million Saudi riyals, and cash flows from the inventory item increased by 8.2 million Saudi riyals, in addition to an increase in advance payments by 2.5 million Saudi riyals.

5-30-2 Cash flow from investment activities

Table 57 Cash flow statement from investment activities for the financial years ending on December 31, 2019G, 2020G, and 2021G, and for the two periods ending on March 31, 2021G, and March 31, 2022G

Cash flow from investing activities schedule									
Item	Financial year ending at December 31st			Inc./ (Dec)		CAGR	for the period ending March 31		Inc./ (Dec)
	2019G Restated	2020G Restated	2021G Restated	Dec 2020G	Dec 2021G	2019-2021G	2021G Not Restated	2022G Not Restated	March 2021G
Payments for purchase of property, plant and equipment	(23,067,044)	(13,800,611)	(3,688,855)	(40.2) %	(73.3) %	(60) %	(351,871)	(5,807,154)	1,550.4 %
Proceeds from sale of property, plant and equipment	15,304,712	-	-	(100) %	-	(100) %	-	-	-
Proceeds from selling investments at fair value through profit or loss	17,580,904	42,585,345	39,828,257	142.2 %	(6.5) %	50.5 %	18,893,676	3,116,373	(83.5) %
Payments to purchase investments at fair value through profit or loss	(15,328,404)	(60,585,344)	(6,513,192)	295.2 %	(89.2) %	(34.8) %	(3,738,552)	(846,464)	(77.4) %
Net cash flows used in investing activities	(5,509,832)	(31,800,610)	29,626,210	477.2 %	(193.2) %	-	14,803,253	(3,537,245)	(123.9) %

Net cash flows from investing activities decreased for 2020G by 26.3 million Saudi Riyals, or by %477.2, compared to 2019. This decrease is mainly due to payments to purchase investments at fair value through profit or loss in the amount of 45.25 million Saudi Riyals. A decrease in proceeds from the sale of property and equipment by an amount 15.3 million Saudi Riyals, in contrast to an increase in payments for the purchase of property, machinery and equipment amounting to 9.3 million Saudi Riyals, in addition to proceeds from the sale of investments at fair value through profit or loss amounting to 25 million Saudi Riyals.

Net cash flows from investment activities for the year 2021 increased by 61.4 million Saudi riyals, by 193.2% compared to this year. This increase is mainly due to the change in the item of payments for the purchase of property, plant and equipment amounting to 10.1 million Saudi riyals, in addition to the change in payments to purchase investments at fair value through profit or loss amounting to 54 million Saudi riyals. On the other hand, there is a decrease in the proceeds from the sale of investments at fair value through profit or loss, amounting to 2.75 million Saudi riyals.

Net cash flows from investing activities for the period as of March 31, 2022G decreased by 18.3 million Saudi Riyals, or by %123.9 compared to the period ending in 2021G. This decrease is mainly due to payments for the purchase of property, machinery and equipment in the amount of 5.5 million Saudi Riyals, in addition to decrease in proceeds from sale of investments at fair value through profit or loss amounted to 15.8 million Saudi Riyals, in return for an increase in payments to purchase investments at fair value through profit or loss amounting to 2.9 million Saudi Riyals.

5-30-3 Cash flow from financing activities

Table 58 The following is a list of cash flows from financing activities for the financial years ending on December 31, 2019G, 2020G, and 2021G, and for the periods ending on March 31, 2021G, and March 31, 2022G.

Cash flow from financing activities schedule									
Item	Financial year ending on December 31st			Inc./ (Dec)		CAGR	for the period ending March 31		Inc./ (Dec)
	2019G Restated	2020G Restated	2021G Restated	Dec 2020G	Dec 2021G	2019-2021G	2021G Not Restated	2022G Not Restated	March 2021G
Proceeds from loans and facilities	110,006,529	64,341,712	19,674,505	(41.5) %	(69.4) %	(57.7) %	-	15,634,331	100%
Repayment of loans and facilities	(99,166,225)	(48,334,468)	(30,704,462)	(51.3) %	(36.5) %	(44.4) %	(5,040,869)	(7,956,980)	57.8%
Payments required for lease contracts	(340,312)	(357,338)	(375,205)	5%	5%	5%	(375,205)	(393,965)	5%
Net flows from financing activities	10,499,992	15,649,906	(11,405,162)	49%	(172.9) %	-	(5,416,074)	7,283,386	(234.5) %

Net cash flows from financing activities for 2020G increased by 5.1 million Saudi Riyals, or by 49%, compared to 2019G. This increase is mainly due to a decrease in repayments of loans and facilities by 50.8 million Saudi Riyals, in contrast, there was a decrease in the proceeds from loans and facilities by 45.6 million Saudi Riyals.

Net cash flows from financing activities decreased for 2021 by 27 million Saudi Riyals, or by 172.9%, compared to 2020. This decrease is mainly due to decrease in the proceeds from loans and facilities by 44.6 million Saudi Riyals, despite decrease in the repayment of loans and facilities by 17.6 million Saudi Riyals.

Net cash flows used from financing activities for the period ending on March 31, 2022G increased by 12.7 million Saudi Riyals, or by %234.5 compared to the period ending in 2021. This increase is mainly due to increase in proceeds from loans and facilities by 15.6 million Saudi Riyals. Loans and facilities amounting to 2.9 million Saudi Riyals.



6 Use of Offering Proceeds

6 Use of Offering Proceeds and Future Projects

6-1 Net Offering Proceeds

The total proceeds generated from the Offering of the Pre-emptive Rights Shares are estimated at one hundred and fifteen million (115,000,000) Saudi Riyals, of which approximately four million (4,000,000) Saudi Riyals shall be paid to cover the offering costs, which include the fees of the financial advisor, lead Manager, legal advisor and underwriter in addition to marketing, printing, distribution and advertising expenses related to the offering and other expenses related to the subscription.

The net offering proceeds shall be approximately one hundred and eleven million (111,000,000) Saudi Riyals, which shall be used as follows:

- Repayment of loans in the amount of thirty million (30,000,000) Saudi Riyals:

The Company intends to repay loans in the amount of thirty million (30,000,000) Saudi Riyals, as the Company entered into an Islamic financing agreement with Riyadh Bank signed on April 09, 2017G, and the Company renewed the agreement on March 25, 2022G with a financing limit of SAR 66 million, and the exploited balance of this agreement reached on March 31, 2022G, the amount of (SAR 35.9) million in the form of long-term Islamic loans, of which (SAR 9.3) million are short-term, in addition to (SAR 10.71) million in the form of short-term Islamic loans, and the Company also has a credit facility agreement with Bank Albilad signed on September 16, 2018G, and the Company renewed the facility agreement on April 12, 2021G, and the exploited balance of such facilities, reached the amount of (SAR 24.45) million on March 31, 2022G, and the Company aims to pay such loans to reduce lending rates and improve financial indicators.

- Investment expansions worth forty-nine million (49,000,000) Saudi Riyals:

The Company intends to invest an amount of forty-nine million (49,000,000) Saudi Riyals in modernizing the current machinery and equipment, as the Company aims to modernize and automate production lines in order to raise operating efficiency and quality, which allows the Company to increase its market share, raise the export rate, and add new products. In addition, the Company intends to automate warehouses and launch projects, which aim to reduce energy costs, as well as the digital transformation of the production process, and the application of a flexible production policy. The Company estimated that the expansion and automation processes shall contribute to increasing sales and reducing production and labor costs. It is expected that the Company shall complete the expansion processes during the fourth quarter of 2024G.

- Financing the working capital with amount of thirty-two million (32,000,000) Saudi Riyals.

In light of the Company's expansion plan, the Company seeks to increase production capacity and improve internal work systems, and thus increase operational and other expenses that serve the expansion process, and increase the working capital of the Company and its subsidiary. The Company shall finance the required increase in working capital from the offering proceeds exclusively.

The Company has allocated an amount of thirty-two million (32,000,000) Saudi Riyals to finance working capital during the coming period. Furthermore, it is expected that the Company shall use the allocated amount starting from the third and fourth quarter of 2023G, the first and second quarters of 2024G, provided that the amount of eight million (8,000,000) Saudi Riyals shall be used equally for each of the mentioned periods.

In the event of any deviation of (5%) or more between the actual use of the offering proceeds and what was disclosed in this Prospectus, the Company shall disclose such a deviation to the public on the Saudi Exchange website as soon as it becomes aware of it.

6-2: The use of Offering Proceeds:

Table 59 The use of Offering Proceeds

Description	Third quarter 2023G	Fourth quarter 2023G	First Quarter 2024G	Second Quarter 2024G	Third quarter 2024G	TOTAL	Percentage
Loans repayment	-	30,000,000	-	-	-	30,000,000	26.09%
Investment expansions	-	-	-	-	49,000,000	49,000,000	42.61%
Working capital	8,000,000	8,000,000	8,000,000	8,000,000	-	32,000,000	27.83%
Offering expenses	4,000,000	-	-	-	-	4,000,000	3.48%
Total	12,000,000	38,000,000	8,000,000	8,000,000	49,000,000	115,000,000	100%

Source: Company management

It is worth noting that the above-mentioned Items shall be financed exclusively from the Offering Proceeds.



7 Expert Statements

7 Expert Statements

Written approval has been obtained from the financial advisor, legal advisor, underwriter and the Company's lead Manager, whose names appear on pages (E), to include their names, logos and statements with the formula contained in this Prospectus. The written approval of the Company's chartered accountants was also obtained to include their names and logos with the formula contained in this Prospectus. Such approvals have not been revoked as on the date of this Prospectus, and none of the above-mentioned or any of their relatives have any shares or any interest in the Company or its subsidiaries of any kind.



8 The board of directors' Declarations

8 The board of directors' Declarations

To the date of this Prospectus, the Company's Board Members declare that:

1. The Issuer's business or any of its subsidiaries' businesses were not suspended in the way that could affect or has a significant impact on the financial position during the last twelve months.
2. No commissions, discounts, brokerage fees, or any non-monetary compensation were granted by the Issuer or any of its subsidiaries during the three years preceding the date of submitting the registration application and the securities offering in relation to the issuance or offering of any securities.
3. There has not been any material negative change in the financial and commercial position of the Issuer or any of its subsidiaries during the three years preceding the date of submitting the registration application and offering securities subject to this Prospectus, in addition to the period covered by the chartered accountant's report until the approval date of this Prospectus.
4. Notwithstanding what was stated on page "C" of this Prospectus, the Board Members or any of their relatives shall not have any shares or interest of any kind in the Issuer or any of its subsidiaries.
5. The Company did not retain treasury shares, and the Company's extraordinary general assembly did not approve the purchase of the Company's shares.



9 Legal Information

9 Legal Information

9-1 An introduction to the Company and the most prominent changes happened to it

• Company's Name:

Filing and Packing Materials Manufacturing Co. (FIPCO)

• Company incorporation and stages of capital development:

Filing and Packing Materials Manufacturing Co. (FIPCO) was incorporated as a Saudi Joint Stock Company under Ministerial Resolution No. 581, dated 17/10/1411H (corresponding to 01/05/1991G), licensing its incorporation and under Ministerial Resolution No. 953, dated 29/11/1411H (corresponding to 12/06/1991G), announcing its incorporation, according to the resolutions of the Company's statutory assembly held on 14/11/1411H (corresponding to 28/05/1991G). It was registered under the commercial register No. 1010084155, issued in Riyadh on 04/12/1411H (corresponding to 16/06/1991G). Its headquarters is located in Riyadh, the second industrial city.

• The Company was incorporated with a capital of sixty-eight million seven hundred and fifty thousand (68,750,000) Saudi Riyals divided into six hundred and eighty-seven thousand and five hundred (687,500) shares, all of which are ordinary cash shares of equal value, and the value of one share is (SAR 100) one hundred Saudi Riyals.

By and between:

Table 60 Names of the founders and the number of their shares

Shareholder's name	Number of Shares	share value	Total shares value
Fahd bin Abdul Rahman Al Rayes	69,068	100	6,906,800
Ibrahim bin Mohammed Al Suleiman	47,572	100	4,757,200
Abdul Mohsen bin Abdul Rahman Al-Muhaisen	26,088	100	2,608,800
Ahmed bin Abdul Rahman Al-Muhaisen	69,056	100	6,905,600
Abdullah Ibrahim Al Khorayef Sons Company	69,056	100	6,905,600
Abdul Majeed bin Ibrahim Al-Sultan	69,056	100	6,905,600
Abdullah bin Ibrahim Al-Sultan	69,056	100	6,905,600
Sami bin Fahd bin Abdul Rahman Al Rayes	47,571	100	4,757,100
Abdulaziz bin Fahd bin Abdul Rahman Al Rayes	47,571	100	4,757,100
Huda bint Abdul Rahman Al-Sulaiman	47,571	100	4,757,100
Abdul Mohsen bin Mohammed Al-Saleh	26,088	100	2,608,800
Ali bin Abdulaziz Al-Rayes	47,571	100	4,757,100
Mohammed Abdullah Al-Ammar	26,088	100	2,608,800
Muhammad bin Abdullah Ibrahim Al-Subaie	26,088	100	2,608,800
Total	687,500		68,750,000

• The Company's subscription offering and listing on the Saudi Exchange were in 1998G.

• On 21/12/1418H (corresponding to 18/04/1998G), the extraordinary general assembly approved the division of the Company's shares from six hundred and eighty-seven thousand and five hundred (687,500) shares to one million three hundred and seventy-five thousand (1,375,000) shares of equal value. The nominal value of the share is (SAR 50) fifty Saudi Riyals, all of which are nominal cash shares.

• On 27/02/1427H (corresponding to 27/03/2006G), the Capital Market Authority's resolution No. ((2006-154-4)) was issued to divide the shares of the Joint Stock Companies into four stages under the cabinet resolution that the nominal value of the shares of the Joint Stock Companies shall be ten Saudi Riyals (SAR 10) per share.

• On 11/01/1431H (corresponding to 28/12/2009G), the extraordinary general assembly approved the capital increase from sixty-eight million seven hundred and fifty thousand (68,750,000) Saudi Riyals to one hundred and fifteen million (115,000,000) Saudi Riyals, divided into eleven million And five hundred thousand (11,500,000) ordinary shares by issuing (4,625,000) shares at a value of forty-six million two hundred and fifty thousand (46,250,000), Saudi Riyals with an increase rate of (67.27%) by granting one free share for every (1.4864) existing shares owned by shareholders registered in the shareholders' register By the end of trading on the day of holding the extraordinary general assembly, the nominal value of one share shall be (SAR 10) per share, all of which are nominal cash shares. The capital increase was paid from the item "Statutory Reserve" in the amount of ten million and four hundred and sixty-three thousand and two hundred and thirteen (10,463,213) Saudi Riyals, from the item "Retained Profits" in the amount of twenty-seven million four hundred and thirty-one thousand and two hundred and seventy-two (27,431,272) Saudi Riyals, and from the item "Period Net Profit" in the amount of eight million three hundred and fifty-five thousand and five hundred and fifteen (8,355,515) Saudi Riyals, as on 30/06/2009G.

• The current capital of the Company is one hundred and fifteen million (115,000,000) Saudi Riyals divided into eleven million five hundred thousand (11,500,000) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share, paid in full, all of which are ordinary cash shares.

• Substantial Shareholders

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

• Headquarters:

The headquarters is located in Riyadh - the second industrial city.

• Company's duration:

According to Article Six of the Company's By-law, the duration of the Company shall be 50 years (Hijri/Gregorian) commencing from the date of its registration in the commercial registry, and this period may always be extended by a resolution issued by the extraordinary general assembly at least one year before the expiry of its duration. The commercial register data also indicates that the duration of the Company shall be 50 years, commencing from 04/12/1411H (corresponding to 16/06/1991G). It shall expire on 17/06/1463H (corresponding to 16/06/2041G).

• Company's By-law.

The current version of the Company's By-law was issued according to the resolution issued by the extraordinary general assembly held on 20/01/1440H (corresponding to 30/09/2018). The Company's By-law has been amended several times over the past thirty years, and the amendments made in the past thirteen years, are stated below:

1- On 11/01/1431H (corresponding to 28/12/2009G), the extraordinary general assembly approved the amendment of Article Eight of the By-law to reflect the executed capital increase.

2- On 05/08/1438H (corresponding to 01/05/2017G), the extraordinary general assembly approved the amendments made to the Company's By-law to comply with the Companies Law issued by the Ministry of Commerce.

3- On 20/01/1440H (corresponding to 30/09/2018G), Article (3) related to the Company's objectives, Article (9) related to the preferred shares, Article (10) related to the Company's purchase, sale and mortgage of its shares, Article (20) related to the powers of the Board of Directors, Article (31) related to the assemblies' invitations, Article (42) related to the reports of the Audit Committee, Article (46) related to the financial documents and Article (47) related to the profits distribution, have been amended.

• Company Activity:

The Company operates under Commercial Register No. 1010084155, issued in Riyadh, on 04/12/1411H (corresponding to 16/06/1991G). The main activities of the Company according to its commercial Register are:

- 1- Weaving textiles from synthetic threads such as nylon
- 2- Cutting and tailoring machinery and goods covers
- 3- Plastics industry (plastics) in its primary forms
- 4- Synthetic threads industry includes (nylon, polyester, etc.)
- 5- Plastic container industry
- 6- Plastic bags industry

• Company's Objectives

The main activities of the Company are to carry out the following objectives inside and outside the Kingdom of Saudi Arabia, according to the Company's By-law:

1. Manufacturing and its products according to industrial licenses
2. Electricity, gas, water and their products
3. Mines, oil and their products
4. Transportation, storage and cooling
5. Construction and building
6. Contracting
- 7- Operation and Maintenance
- 8- Trade
- 9- Information Technology
- 10- Money, business and other services
- 11- Security and safety
- 12- Social, group and personal services
- 13- Cultivation and fishing

9-2 Board of Directors, Committees and Executive Management:

9-2-1 Formation of the Board of Directors:

According to Article 17 of the By-law, the Company shall be managed by a board of directors, which shall be composed of five (5) directors elected by shareholders' ordinary general assembly for a term not exceeding three years. The Board Members may be re-elected for a similar term. The General Assembly also appointed the current board of directors in its meeting held on 01/01/2022G. The current board of directors is composed of five members whose names are shown in the following table:

Table 61 The current board of directors of the company

Name	Position	Nationality	Age	Capacity	Representation	Number of owned shares		Ownership Percentage		Appointment date
						Direct	Indirect	Direct	Indirect	
Ahmed Abdul Latif Al Barrak	Chairman of the Board of Directors	Saudi	43	Non-independent - non-executive	NA	1050	NA	0.0091304%	NA	01/01/2022G
Faisal Mohammed Al Harbi	Deputy Chairman of the Board of Directors and Managing Director	Saudi	39	Non-independent - Executive	NA	NA	NA	NA	NA	01/01/2022G
Abdullah Mohammed Al Harbi	Board Member	Saudi	32	Non-independent - Executive	NA	NA	NA	NA	NA	01/01/2022G
Hathal Safar Alotaibi	Board Member	Saudi	42	Independent - Non-executive	NA	NA	NA	NA	NA	01/01/2022G
Nemer Nass-er Alharbi	Board Member	Saudi	43	Independent - Non-executive	NA	NA	NA	NA	NA	01/01/2022G

The Company shall abide by the Companies Law and the Corporate Governance Regulation, as it was found that the number of Board Members is not less than three (3) and not more than eleven (11). The Company shall also be bound to Article Sixteen (16) of the Corporate Governance Regulation, which requires listed companies to have the majority of the Board Members from non-executive members and that the number of independent members shall not be less than two members or one-third of the Board Members (whichever is more).

(For more information on the extent of the Company's compliance with the corporate governance regulation, kindly see subsection (9.7.7) "Continuing Obligations as per the requirements of the Capital Market Authority" of this section.

Appointment to mandatory positions

In accordance with Article (22) of the Company's By-law, the Board of Directors shall appoint a Chairman and a Deputy Chairman from its members and it may also appoint a Managing Director from its members. No one shall combine the Chairman position with the Managing Director position.

The board of directors appoints a secretary chosen from its members or from otherwise. The Company shall be bound to such requirements in accordance with the By-law and the Corporate Governance Regulation, as the Board of Directors approved the appointment to such positions as follows:

Table 62 Decisions appointing the Chairman of the Board of Directors, Vice Chairman of the Board of Directors, Managing Director and Secretary of the Board of Directors

Position	The date of the Board of Directors' appointment resolution	Appointed Member's Name
Chairman	01/01/2022G	Ahmed Abdul Latif Al Barrak
Deputy Chairman of the Board of Directors and Managing Director	01/01/2022G	Faisal Mohammed Al Harbi
Board of Directors' Secretary	01/01/2022G	Salah Mohammed Sabry

• Board of Directors' Remuneration

According to Article (21) of the By-law, the remuneration of the Board Members shall be a certain amount, attendance allowance for the sessions, certain benefits and a certain percentage of the net profits. Two or more of such benefits may be combined. In all cases, the sum of the remunerations and financial or in-kind benefits received by the Board Member, shall not exceed SAR 500 thousand annually. The following table shows the remuneration and allowances of the Board Members - which includes the remuneration from the Board Membership and its committee's membership for the previous three financial years:

Table 62 Remunerations for membership of the Board and membership of its committees for the previous three fiscal years

	2021G	2020G	2019G
Board Members	1,223,000	1,688,500	1,591,500
Executive Management	4,132,500	5,074,906	4,184,714
Total	5,346,500	6,763,406	5,776,214

Board of Directors' Meetings

According to Article (23) of the Company's By-law, the Board of Directors meets at least twice a year at the invitation of its chairman. The Company shall abide by the By-law and Article 83 of the Companies Law, as the Board met at least twice during the previous three financial years according to the following table:

Table 63 Board of Directors meetings during the previous three fiscal years

	2021G	2020G	2019G
Board of Directors	2	2	3

9-2-2 Company's Committees

The Company has five committees: The Audit Committee, the Remunerations and Nominations Committee, the Executive Committee, the Investment Committee and the Governance Committee. All such committees are composed of three to five members, and they have detailed regulations that define their tasks, work procedures, and other matters. The following points show the details of such committees:

9-2-2-1 Audit Committee

According to Article Thirty-nine (39) of the Company's By-law and Article four of the Company's Audit Committee Regulation, the Audit Committee shall have at least three members who shall not be executive members in the Board of Directors, whether from the shareholders or otherwise. The number of the current Committee's members, is three (3) members. The members of the Audit Committee were appointed and the tasks of the committee, its bylaws and its members' remuneration were determined by the ordinary general assembly (convened on 16/07/1443H (corresponding to 17/02/2022G)) and (dissolved at the end of the current Board of Directors' session on 31/12/2024G). It is composed of the following members:

Table 64 members of the audit committee

Name	Position	Other positions currently occupied by the member in the Company
Fawzi bin Ibrahim Al Habib	Committee Chairman	NA
Khaled bin Ali Attin	Member	NA
		Board Member
Hathal Safar Alotaibi	A Member	Remunerations and Nominations Committee Member
		Executive Committee Member
		Board of Directors' Secretary
		Governance and Compliance Manager
Salah Mohammed Sabry	Committee Secretary	Governance Committee Member
		Executive Committee Secretary
		Governance Committee Secretary
		Investment Committee Secretary

9-2-2-2 Remunerations and Nominations Committee

According to the Corporate Governance Regulation issued by the Capital Market Authority and the regulation of the Company's remunerations and nominations committee, the committee shall be formed under the Board of Directors' resolution and shall be composed of at least three members and not more than five members, taking into account that its members shall be from the independent members of the Board of Directors, and non-executive members may be appointed. The regulation was approved at the ordinary general assembly meeting held on 24/03/1439H (corresponding to 12/12/2017G), and the Remunerations and Nominations Committee was formed at the Board of Directors meeting held on 27/05/1443H (corresponding to 01/01/2022G). It shall dissolve at the end of the Board of Directors' current session on 31/12/2024G and shall be composed of the following members

Table 65: Members of the Remuneration and Nomination Committee

Name	Position	Other positions currently occupied by the member in the Company
Nemer Nasser Alharbi	Committee Chairman	Board Member
		Board Member
Hathal Safar Alotaibi	Member	Audit Committee Member
		Executive Committee Member
		Chairman of the Board of Directors
Ahmed Abdul Latif Al Barrak	Member	Executive Committee Chairman
		Governance Committee Member
		Investment Committee Chairman
		Board Member
Abdullah Mohammed Al Harbi	Secretary	Executive Committee Member
		Governance Committee Chairman
		Investment Committee Member

9-2-2-3 Executive Committee

According to the Company's executive committee regulation, the committee shall be formed under the Board of Directors' resolution and shall be composed of at least three members and not more than five members. The committee was formed and its regulation was approved at the Board of Directors meeting held on 27/05/1443H (corresponding to 01/01/2022G). It shall dissolve at the end of the Board of Directors' current session on 31/12/2024G and shall be composed of the following members

Table 66: Members of the Executive Committee

Name	Position	Other positions currently occupied by the member
Ahmed Abdul Latif Al Barrak	Committee Chairman	Chairman of the Board of Directors
		Remunerations and Nominations Committee Member
		Governance Committee Member
		Investment Committee Chairman
Hathal Safar Alotaibi	Member	Board Member
		Audit Committee Member
		Remunerations and Nominations Committee Member
Faisal Mohamed Al Harbi	Member	Board Member
		Managing Director
		Investment Committee Member
Salah Mohammed Sabry	Secretary	Board of Directors' Secretary
		Investment Committee Secretary
		Governance Committee Member
		Governance Committee Secretary

9-2-2-4 Governance Committee

According to the Company's Governance committee regulation, the committee shall be formed under the Board of Directors' resolution and shall be composed of at least three members and not more than five members. The committee was formed and its regulation was approved at the Board of Directors meeting held on 27/05/1443H (corresponding to 01/01/2022G). It shall dissolve at the end of the Board of Directors' current session on 31/12/2024G and shall be composed of the following members

Table 67 Governance Committee members

Name	Position	Other positions currently occupied by the member
Abdullah Mohammed Al Harbi	Committee Chairman	Board Member Remunerations and Nominations Committee Member Investment Committee Member Chairman of the Board of Directors
Ahmed Abdul Latif Al Barrak	Member	Executive Committee Member Remunerations and Nominations Committee Member Investment Committee Chairman
Salah Mohammed Sabry	Member	Board of Directors' Secretary
Salah Mohammed Sabry	Secretary	Executive Committee Secretary Investment Committee Secretary

9-2-2-5 Investment Committee

According to the Company's Investment committee regulation, the committee shall be formed under the Board of Directors' resolution and shall be composed of at least three members and not more than five members. The committee was formed and its regulation was approved at the Board of Directors meeting held on 27/05/1443H corresponding to 01/01/2022G. It shall dissolve at the end of the Board of Directors' current session on 31/12/2024G and shall be composed of the following members

Table 68 Investment Committee members

Name	Position	Other positions currently occupied by the member
Ahmed Abdul Latif Al Barrak	Committee Chairman	Chairman of the Board of Directors Executive Committee Member Governance Committee Member Remunerations and Nominations Committee Member
Faisal Mohamed Al Harbi	Member	Board Member Managing Director Executive Committee Member
Abdullah Mohammed Al Harbi	Member	Board Member Governance Committee Chairman Board of Directors' Secretary
Salah Mohammed Sabry	Secretary	Governance and Compliance Manager Executive Committee Secretary Governance Committee Member Governance Committee Secretary

9-2-3 Company's Executive Management

The Company shall be managed daily by a highly qualified executive management team as shown in the following table:

Table 69 Executive management of the company

Name	Position	Nationality	Age	Capacity	Number of owned shares		Ownership Percentage		Appointment date
					Direct	Indirect	Direct	Indirect	
Faisal Mohammed Al Harbi	Managing Director	Saudi	39	Executive	NA	NA	NA	NA	01/01/2019G
Abdullah Mohammed Al Harbi	Risk manager	Saudi	32	Executive	NA	NA	NA	NA	15/10/2017G
Hamza Baybars	Chief Finance Officer	Jordanian	38	Executive	NA	NA	NA	NA	24/07/2016G
Salah Mohammed Sabry	Governance and Compliance Manager and Board of Directors' Secretary	Egyptian	37	Executive	NA	NA	NA	NA	01/07/2016G

9-2-4 Subsidiary's Executive Management

Table 70 Executive management of the subsidiary company

Name	Position	Nationality	Age	Capacity	Number of owned shares		Ownership Percentage		Appointment date
					Direct	Indirect	Direct	Indirect	
Karim Marquis	General Manager	Lebanese	54	Executive	NA	NA	NA	NA	06/10/2019G
Hamza Baybars	chief financial officer	Jordanian	38	Executive	NA	NA	NA	NA	24/07/2016G

9-3 Certificates, approvals and licenses obtained by the Company

9-3-1 Company's approvals and licenses

Table 71 Approvals and licenses related to the company

Type of license	Purpose	License No.	Issuance Date	Expiry Date	Licenser
Industrial facility license	Business license	1001009549	29/02/1441H	29/02/1444H	Ministry of Energy, Industry and Mineral Resources
Group housing license	Facility operating license	28022988/6/1443	-	09/07/1444H	Saudi Authority for Industrial Cities and Technology Zones (MODON)
Chamber of Commerce Membership Certificate	In compliance with the provisions of the Commercial Register Law (Article one)	24327	19/08/1991G	09/06/2024G	Riyadh Chamber
Operating license	Facility operating license	5781443827024796	04/12/1411H	08/09/1444H	Saudi Authority for Industrial Cities and Technology Zones (MODON)
Environmental permit	Environmental Compliance Certificate	16314	15/07/1443H	06/07/1446H	National Center for Environmental Compliance
Commercial registration certificate	Registration of the Company in the Commercial Companies registry	1010084155	04/12/1411H	03/12/1445H	Ministry of Commerce
Zakat Certificate	To prove that the Company submitted its annual zakat return and paid zakat	1110242421	10/10/1443H	10/10/1444H	General Authority for Zakat and Tax (GAZT)
VAT registration certificate	To prove that the Company is registered for value added tax (VAT)	3000562822	01/12/1438H		General Authority for Zakat and Tax (GAZT)
Entity Evaluation Certificate - Nitaqat	Evaluation of the Entity according to Nitaqat program, which indicates that the Company is in the green domain by 28.92%.	161072430	29/06/2022G		Ministry of Human Resource and Social Development
GOSI Contribution Certificate	In compliance with the social insurance law	47383946	04/12/1443H	03/01/1443H	General Organization for Social Insurance
Saudization certificate	To prove that the Company complies with the required Saudization percentage according to Nitaqat program	61274650865575	28/06/2022G	26/09/2022G	Ministry of Human Resource and Social Development
Wages protection Certificate	In compliance with the wages protection system (WPS)	20012207009804	03/07/2022G	03/09/2022G	Ministry of Human Resource and Social Development

9-3-2 Subsidiary's approvals and licenses

Table 72 Approvals and Licenses Related to the Subsidiary

Type of license	Purpose	License No.	Registration date	Expiry Date	Licensor
Industrial facility license	Business license	431102115699	20/04/1443H	23/12/1444H	Ministry of Industry and Mineral Resources
Operating license	Facility operating license	43/961	08/02/1443H	08/02/1444H	Saudi Authority for Industrial Cities and Technology Zones (MODON)
Environmental permit	Environmental Compliance Certificate	12779/1442	05/02/1443H	04/01/1446H	National Center for Environmental Compliance
Commercial registration certificate	Registration of the Company in the Commercial Companies registry	1010468446	02/06/1438H	02/06/1446H	Ministry of Commerce
Chamber of Commerce Membership Certificate	In compliance with the provisions of the Commercial Register Law (Article two)	101000395225	09/03/2017G	05/01/2022G	Riyadh Chamber
Zakat Certificate	To prove that the Company submitted its annual zakat return and paid zakat	1020273578	01/11/1443H	10/10/1444H	General Authority for Zakat and Tax (GAZT)
VAT registration certificate	To prove that the Company is registered for value added tax (VAT)	3100953361	13/06/2019G	-	General Authority for Zakat and Tax (GAZT)
Entity Evaluation Certificate - Nitaqat	Evaluation of the Entity according to Nitaqat program, which indicates that the Company is in the green domain by 33.15%.	11486344430	29/06/2022G		Ministry of Human Resource and Social Development
Saudization certificate	To prove that the Company complies with the required Saudization percentage according to Nitaqat program	13212310969753	30/06/2022G	28/09/2022G	Ministry of Human Resource and Social Development
GOSI Contribution Certificate	In compliance with the social insurance law	47308280	29/06/2022G	-	General Organization for Social Insurance
Wages protection Certificate	In compliance with the wages protection system (WPS)	20012207009801	03/07/2022G	03/09/2022G	Ministry of Human Resource and Social Development

9-4 Company branches

Article Five of the Company's By-law stipulates that the Company's headquarters may be transferred to any other place in the Kingdom of Saudi Arabia under a resolution issued by the extraordinary general assembly, or to incorporate its branches, offices or agencies inside or outside the Kingdom of Saudi Arabia, under a resolution issued by the Board of Directors.

As of the date of this Prospectus, the Company has incorporated branches inside the Kingdom of Saudi Arabia as follows:

Table 73 Branches established inside the Kingdom

	Branch	CR No.	Location	Activity	Issuance Date	Expiry Date	Manager
1	Filing and Packing Materials Manufacturing Co.	1010608121	Riyadh	<ul style="list-style-type: none"> Weaving textiles from synthetic threads such as nylon Plastic bags industry 	11/08/1438H	11/08/1445H	Abdullah Mohammed Al Harbi
2	Branch of Filing and Packing Materials Manufacturing Co.	1010675111	Riyadh	<ul style="list-style-type: none"> Spinning and preparing vegetable fibers such as hemp and hibiscus cannabinus Plastics industry (plastics) in its primary forms 	05/05/1442H	05/05/1444H	Abdullah Mohammed Al Harbi

9-5 Subsidiaries

The Company has one subsidiary "FPC Industry Co." (One person company - a limited liability company), which is owned by the Company by 100%, under Commercial Register No. 1010468446, dated 02/06/1438H (corresponding to 01/03/2017G). As it was incorporated in 2017 by FIPCO (with ownership percentage of 80%) and Erad Investment Company (with ownership percentage of 20%). In 2020, FIPCO acquired the entire share of Erad Investment Company, which assigned its entire share to FIPCO in exchange for obtaining 20% of FPC's profits for a period of 10 years, which shall expire at the end of 2029.

The subsidiary has five branches, all of which are inside the Kingdom of Saudi Arabia, as shown in the following table:

Table 74: Subsidiary branches inside the Kingdom

	Branch	CR No.	Location	Activity	Issuance Date	Expiry Date	Manager
1	FPC's Factory	1010468794	Riyadh	• Manufacture of ready-made textiles, excluding apparel	13/06/1438H	13/06/1444H	Abdullah Mohammed Al Harbi
2	Makamen Supply, Trading and Contracting Company	1010499598	Riyadh	• Retail sale of non-apparel textiles and fabrics such as curtains • Retail tents	11/04/1440H	11/04/1446H	Abdullah Mohammed Al Harbi
3	West Makamen for Tents Company	4030381209	Jeddah	• Retail sale of non-apparel textiles and fabrics such as curtains • Retail tents	27/09/1441H	27/09/1445H	Abdullah Mohammed Al Harbi
4	Makamen Al Dammam for Tents Company	2050143023	Dammam	• Retail sale of textiles and fabrics of all kinds (apparel) • Retail sale of non-apparel textiles and fabrics including (curtains) • Retail tents	17/07/1442H	17/07/1443H	Abdullah Mohammed Al Harbi
5	Makamen Al Qassim for Tents Company	1131311975	Al Qassim	• Retail sale of textiles and fabrics of all kinds (apparel) • Retail sale of non-apparel textiles and fabrics including (curtains) • Retail tents	17/07/1442H	17/07/1443H	Abdullah Mohammed Al Harbi

Table 75 Licenses for subsidiary companies

Branch	Type of license	License No.	Registration date	Expiry Date	Licenser
Makamen Al Qassim for Tents Company	Business license (Balady)	42125968906	-	29/03/1445H	Al Qassim Municipality
	Civil defense license	100075095542	28/03/1443H	28/03/1444H	Civil Defense
Makamen Supply, Trading and Contracting Company	Business license (Balady)	41113624832	-	16/11/1443H	Riyadh Municipality
	Civil defense license	100070451142	08/08/1442H	08/08/1443H	General Directorate of Civil Defense
Makamen Supply, Trading and Contracting Company	Business license (Balady)	42085385817	-	08/08/1445H	Riyadh Municipality
	Civil defense license	200070451143	18/08/1443H	18/08/1444H	General Directorate of Civil Defense
Makamen Supply Company	Business license (Balady)	42126015332	-	29/12/1443H	Hafr Al Batin Municipality
	Civil defense license	10076151242	29/12/1442H	29/12/1443H	General Directorate of Civil Defense
West Makamen for Tents Company	Business license (Balady)	41103579400	-	07/09/1443H	Jeddah Municipality
	Civil defense license	100063177524	02/09/1443H	02/09/1443H	General Directorate of Civil Defense
Makamen Al Dammam for Tents Company	Business license (Balady)	42095503230	-	07/09/1445H	Eastern Region Municipality
	Civil defense license	200072066443	11/10/1443H	11/10/1444H	General Directorate of Civil Defense

9-6 Investment companies:

The Company owns shares in several companies, all of which are in the Kingdom of Saudi Arabia and listed on the Saudi Exchange (the Main Exchange). Such ownership was obtained from its participation in the subscription to such companies during the offering period, according to the following:

1- The Company owns shares in the Saudi Tadawul Holding Group (a listed Joint Stock Company) with eleven eight hundred and eighty-one (11,881) shares, representing less than (0.0001) of the Company's capital amounting to one billion and two hundred million (1,200,000,000) Saudi Riyals.

2- The Company owns shares in ACWA Power (a listed Joint Stock Company) with five thousand seven hundred and fifty-four (5,754) shares, representing less than (0.0001) of the Company's capital amounting to seven billion three hundred and ten million nine hundred and ninety-seven thousand two hundred and ninety (7,310,997,290) Saudi Riyals.

3- The Company owns shares in the Arabian Internet & Communications Services Co. (STC Solutions) (a listed Joint Stock Company) with six

thousand one hundred and seventy-eight (6,178) shares, representing less than (0.0001) of the Company's capital amounting to one billion and two hundred million (1,200,000,000) Saudi Riyals.

4- The Company owns shares in Elm Company (a listed Joint Stock Company) with a number of three thousand seven hundred and ninety-three (3,793) shares, representing less than (0.0001) of the Company's capital amounting to eight hundred million (800,000,000) Saudi Riyals.

5- The Company owns shares in Tanmiah Food Company (a listed Joint Stock Company) with three thousand one hundred and seventy-nine (3,179) shares, representing less than (0.0001) of the Company's capital amounting to two hundred million (200,000,000) Saudi Riyals.

9-7 Continuing Obligations imposed by the Governmental Authorities on the Company in its Capacity as a License Holder

9-7-1 The Continuing Obligations as per the requirements of the Ministry of Commerce

- The Company shall comply with the Commercial Register Law in terms of registration with the Commercial Registry in Riyadh, where the headquarters is located, under Certificate No. (1010084155), issued on 04/12/1411H. The certificate shall expire on 03/12/1445H

- The Company shall also comply with the Companies Law in terms of adopting the Company's By-law in line with the amendments made to the current Companies Law.

- The Company shall also comply with the Commercial Register Law in terms of registration in the Chamber of Commerce under Membership No. (24327), registered on 19/08/1991G. The membership certificate shall expire on 09/06/2024G.

9-7-2 The Continuing Obligations as per the requirements of Zakat, Tax and Customs Authority

- The Company shall submit its zakat and tax returns within One hundred and twenty (120) days from the end of the financial year like any other company, for the purpose of renewing the certificate issued by the Zakat, Tax and Customs Authority.

- The Company was registered as a "taxpayer" under the distinguished tax number (3000562822) and submitted its zakat return for the year ended on 31/12/2021G, and obtained a zakat certificate No. (1110242421), from Zakat, Tax and Customs Authority, reporting that the Company has submitted her Zakat return, on 10/10/1443H (corresponding to 12/05/2022G). The zakat certificate shall be valid until 10/10/1444H (corresponding to 30/04/2023G). The Company shall comply with the Value Added Tax (VAT) Law and its executive regulations. The Company is registered with the Zakat, Tax and Customs Authority under tax number (300056282200003), dated 1/12/1438H (corresponding to 23/08/2017G).

9-7-3 The Continuing Obligations as per the requirements of the Ministry of Human Resources and Social Development

- A file has been opened by the Company with the Ministry of Human Resources and Social Development (Labor Office) under the unified number 610721) according to the Saudization certificate. As of the date of publishing this Prospectus, the Company benefits from the E-services of the Ministry of Human Resources and Social Development. A Saudization certificate was obtained to prove that the Company complies with the required Saudization percentage according to the Nitaqat program, which amounts to (28,92%). The Company is in the green domain.

- The Company has an internal regulation No. (1-1519098), dated 09/04/1443H (corresponding to 14/11/2021G), approved by the Ministry of Human Resources and Social Development (Labor Office).

- The Company shall comply with the wages protection system and the regular raising of its employees' wages, according to certificate No. (20012207009804), issued by the Ministry of Human Resources and Social Development on 03/07/2022G.

- The Company shall electronically certify its employees' employment contracts, and its compliance percentage has reached 81% in July, according to the report issued by the (Madad) platform on 05/07/2022G.

Distribution of the Company's employees number according to the Company's data submitted to the government authorities.

Table 76: Distribution of the number of company employees according to the data of the company's government agencies

Authority	Document type	Saudi employee	Non-Saudi employee	Total	Date
Social insurance	GOSI Contribution Certificate	231	679	910	03/07/2022G
Labor Office	Nitaqat Certificate	229	682	911	29/06/2022G
General Directorate of Passports - (Muqem)	Residence Permit (Iqama) - (Muqem)	-	680		05/07/2022G

Distribution of the Company's employees number according to the Subsidiary's data submitted to the government authorities.

Table 77 Distribution of the company's employees according to the data of the government agencies of the subsidiary company

Authority	Document type	Saudi employee	Non-Saudi employee	Total	Date
Social insurance	GOSI Contribution Certificate	50	118	168	29/06/2022G
Labor Office	Nitaqat Certificate	53	121	172	29/06/2022G
General Directorate of Passports - (Muqem)	Residence Permit (Iqama) - (Muqem)	-	121		05/07/2022G

The reason for the discrepancy in the employees' number is due to the process of updating the Company's data submitted to various government authorities.

9-7-4 The Continuing Obligations as per the requirements of the General Organization for Social Insurance

- The General Organization for Social Insurance issued a certificate No. 47383964, dated 04/12/1443H (corresponding to 03/07/2022G), proving that the Company is registered under subscription No. 1322978 and has fulfilled its obligations towards the authority according to the data provided by it.

9-7-5 As per the requirements of the Ministry of Municipal, Rural Affairs and Housing

- The Company has rented several sites from the Saudi Authority for Industrial Cities and Technology Zones (MODON) and for its branches in Riyadh, the second industrial city, in order to carry out its activities of manufacturing bags in its branches and factories. Therefore, the Company shall not be bound to the requirements of the Ministry of Municipal, Rural Affairs and Housing, while it shall be subject to the requirements of Saudi Authority for Industrial Cities and Technology Zones (MODON).

- As for the sites that fall outside the scope of the Saudi Authority for Industrial Cities and Technology Zones (MODON), the Company shall comply with the requirements of the Ministry of Municipal, Rural Affairs and Housing, as the Company has obtained municipal licenses for all its branches. For more information, kindly see subsection (3) (certificates, approvals and licenses obtained by the Company) of this Section.

9-7-6 The Continuing Obligations as per the requirements of the Ministry of Industry and Mineral Resources

The Company and its branches have industrial licenses issued by the Ministry of Industry and Mineral Resources. With regard to continuing obligations as per the requirements of the Ministry of Industry and Mineral Resources, the Ministry requires the Licensors to adhere to the following conditions in order to maintain the license:

- The Company shall comply with the articles of the Unified Industrial Regulation Law of the Gulf Cooperation Council (GCC) Countries and its executive regulations.
- The Company shall not make any expansion or modification to the products before obtaining the approval of the Ministry.
- The Company shall update factory data every six months through the Ministry's website.
- The Company shall apply the approved specifications and standards or the specifications adopted by Saudi Standards, Metrology and Quality Organization, on the products.
- The Company shall abide by the articles of the general environmental law and its executive regulations to protect the environment from pollution.
- The Company shall comply with laws, instructions, safety regulations, industrial security and public health.
- The accounts of the industrial project shall be regulated in accordance with accounting principles and legal rules in force, and the Company shall provide the Ministry with the Balance Sheet certified by a chartered accountant for each financial year.
- The Company shall not misuse the advantages granted to the project.
- The Company shall provide the Ministry with the complete and correct data that the Ministry requests about the project.
- The Company shall provide the Ministry's employees with an access to the industrial project and allow them to review the records, documents and accounts, and monitor the production process and other activities of the project.
- Any industrial projects shall not be established, expanded, developed or merged with another industrial project and its products shall not be changed. For more information, kindly see Subsection (3) (Certificates, Approvals and Licenses Obtained by the Company) of this section.

9-7-7 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, Continuing Obligations and the special instructions issued by the CMA, in particular, the obligation to periodically disclose the substantial and financial developments and the Board of Directors' report. Moreover, according to the Continuing Obligations manual of Listed Companies, the annual financial outputs announced on Tadawul website shall be derived from the audited financial statements approved by the Company's external auditor appointed by the Assembly and approved by the Board of Directors, and the Company shall adhere to the declaration's forms included in the instructions of companies' financial outputs declarations. The Company shall also provide a statement of all the reasons and effects of the change in the financial outputs for the current financial year according to the base period, so that the reasons shall include all the items of the financial outputs' declarations.

- The CMA requires listed companies in the Exchange to disclose the stages of their compliance with the transition to the International Financial Reporting Standards. On 03/05/1438H (corresponding to 31/01/2017G), the Company announced on the Tadawul website that it complies with that.
- The CMA requires listed companies in the Exchange to comply with the instructions list for the joint stock companies' declarations, whose shares are listed therein, issued pursuant to the CMA Board's resolution No. (1-199-2006) on 18/07/1427H (corresponding to 12/08/2006G), as amended according to resolution No. (1-104-2019), dated 01/02/1441H (corresponding to 30/09/2019G).
- The CMA requires listed companies in the Exchange to appoint representatives in the Capital Market Authority for all purposes related to the application of the Capital Market Authority law and its executive regulations. The Company complies with that, as the Board of Directors has appointed, in accordance with a letter addressed to the Capital Market Authority, dated 27/05/1443H (corresponding to 01/01/2022G), each of Abdullah Mohammed Al Harbi (Board Member and Risk Manager) and Salah Mohammed Sabry (Board of Directors' Secretary and Governance and Compliance Manager) to represent the Company before the CMA for all purposes related to increasing the capital of the Company, the subject of this Prospectus.
- The CMA also requires the listed companies, in accordance with the conditions contained in the regulatory controls and procedures issued under the implementation of the Companies Law for Listed Joint Stock Companies, issued by the CMA Board pursuant to resolution No. (8-127-2016), dated 16/01/1438H (corresponding to 17/10/2016G) according to the Companies Law issued by Royal Decree No. D/3, issued on 28/01/1437H, as amended by the CMA board's resolution No. (4-122-2020), dated 03/04/1442H (corresponding to 18/11/2020G). The Company has complied with Article (7) of the controls and procedures as the Board of Directors' report shall disclose, through a comprehensive statement, all benefits received by the Board Members during the financial year in terms of remuneration, expenses allowance, and other financial and in-kind benefits paid to each Board Member in return for any executive, technical, administrative or advisory positions or works.
- The Company does not have any treasury shares designated for its employees, within the employees' shares program. The (extraordinary) general assembly has not previously approved the purchase of the Company's shares, and the Company complies with the provisions of Article (20) of the controls and procedures, as the capital may be increased by offering Pre-emptive Rights Shares. Although there is a provision in the By-law that allows the Company to issue preferred shares, there is no resolution issued by the (extraordinary) general assembly in this regard.
- The ordinary general assembly shall be entitled to delegate the power of licensing business and contracts, that are made on behalf of the Company and in which Board Members have a direct or indirect interest in it, to the Board of Directors, provided that such delegation shall be subject to the conditions specified in Article (56) of the regulatory controls and procedures issued under the implementation of the Companies Law for listed Joint Stock Companies. The General Assembly of FIPCO's shareholders, did not delegate the power of licensing business and contracts that are made on behalf of the Company and in which Board Members have a direct or indirect interest in it, to the Board of Directors as the Company confirmed that no contract of this kind was concluded.
- With regard to the Company governance, the table below includes a summary of the Company's compliance with the corporate governance regulations issued by the Capital Market Authority.

Table 78 A summary of the most important provisions of the Corporate Governance Regulation that the Company abode by

Article No.	Details	Responsible Authority	Commentary
9/b	The board of directors shall set a clear policy regarding the distribution of dividends in favor of the shareholders and the Company in accordance with the Company's By-law.	Board of Directors	Compliant - Dividend Distribution Policy under the Board of Directors' Resolution, dated 16/02/1439H (corresponding to 05/11/2017G).
8/a	Providing a copy of the information about the nominees for the Board Membership on the Company's website	Board of Directors	Compliant - The last declaration was on Tadawul website, dated 08/10/1442H (corresponding to 20/05/2021G).
12/5 and 54	Audit Committee Formation	Shareholders' General Assembly	Compliant - The Audit Committee formation, its tasks, work controls, and its members' remunerations were approved by the ordinary general assembly held on 16/07/1443H (corresponding to 17/02/2022G).
54/c	The Company's general assembly, in accordance with a proposal from the Board of Directors, shall issue the audit committee regulation, provided that such regulation includes the controls and procedures of the committee, its tasks, the rules for selecting its members, how to nominate them, the duration of their membership, their remunerations, and the mechanism for temporarily appointing its members in the event that one of its seats becomes vacant.	Shareholders' General Assembly	Compliant - The updated regulation of the Audit Committee was approved by the ordinary general assembly held on 05/08/1442H (corresponding to 18/03/2021G).
12/6	Approval of the financial statements in 2021G.	Shareholders' General Assembly	Compliant - The financial statements in 2021G, were approved by the ordinary general assembly held on 25/10/1443H (corresponding to 26/05/2022G)
12/7	Approval of the Board of Directors' annual report in 2021G.	Shareholders' General Assembly	Compliant - The Board of Directors' annual report in 2020G, was approved by the ordinary general assembly held on 25/10/1443H (corresponding to 26/05/2022G)
12/9 and 81	Appointing the Company's auditors, determining their remuneration, re-appointing and changing them, and approving their reports.	Shareholders' General Assembly	Compliant - Voting on the appointment of the auditor of Suleiman Abdullah Al Kharashi's Company (AlKharashi & Co. Certified Accountants And Auditors) to review and audit the annual financial statements for the second, third and fourth quarters of the financial year 2022G and the first quarter of the financial year 2023G.
13/d	Announcing the date, place and agenda of the General Assembly at least twenty-one days prior to the specified date, on the Company's website.	Board of Directors	Compliant - Through Tadawul website.
14/c	Allowing shareholders, through the Company's website, when publishing the invitation to convene the general assembly, to obtain information related to the agenda items of the general assembly, especially the board of directors' report, the auditor's report, the financial statements and the report of the audit committee.	Board of Directors	Compliant - Through Tadawul website

9-7-8 The Continuing Obligations as per the requirements of Saudi Authority for Industrial Cities and Technology Zones (MODON)

The Company and its branches have operating licenses issued by Saudi Authority for Industrial Cities and Technology Zones (MODON). With regard to continuing obligations as per the requirements of (MODON), this license includes some conditions and obligations, as the licensee undertakes to abide by the regulations and instructions of Saudi Authority for Industrial Cities and Technology Zones (MODON).

9-7-9 Continuing obligations as per the requirements of the National Center for Environmental Compliance (The Center)

The Company has an environmental permit issued by the National Center for Environmental Compliance, and the Center requires the Licensees to abide by conditions and instructions in order to maintain the license. For more information, kindly see subsection (3) (Certificates, approvals and licenses obtained by the Company) of this section.

9-8 Material Contracts

9-8-1 Material business contracts whose revenues equal or exceed 5% of the total revenues

Neither the Company nor its subsidiary has Material business contracts whose revenues equal or exceed 5% of the total revenues of the Company according to the latest audited annual financial statements. Due to the nature of the Company's business and its subsidiaries, most of their clients are supplied under invoices (purchase orders) and not according to contracts and agreements, and the value of each invoice does not constitute an amount deemed to be material to the Company's revenues or net profits.

9-8-2 Related Parties

· NA

9-8-3 Lease Contracts

The Company entered into (2) lease contracts as a tenant, all of them with Saudi Authority for Industrial Cities and Technology Zones (MO-

DON), which are for leasing an industrial land and a residential land designated for workers' housing in order to carry out its activities. Such sites shall be within the scope of (MODON), which do not require the issuance of municipal licenses and civil defense licenses; however, operating licenses shall be issued by (MODON). The Company entered into (7) lease contracts for the branches of its subsidiary

Table 79 lease contracts entered into by the subsidiary

Landlord	Tenant	Location	Property type	Contract Date	Contract Term	Contract expiry date	Contract Value	Renewal
Saudi Authority for Industrial Cities and Technology Zones (MODON)	FIPCO	The second industrial city in Riyadh	Industrial land with an area of 75336 square meters	23/07/1437H	20 years	22/07/1457H	150,672 annually	It shall be renewed through a notice sent to the landlord by the tenant expressing his desire to renew one year before the expiry of the contract. If the landlord agrees, the renewal shall be carried out under a new contract.
Saudi Authority for Industrial Cities and Technology Zones (MODON)	FIPCO	The second industrial city in Riyadh.	An investment residential land with an area of 11,967 square meters	25/07/1437H	20 years	24/07/1457H	478,680	Renewal shall be under the written consent of both parties

• As of the date of this Prospectus, there is no lease contract concluded by the Company in its capacity as a lessor, except for the contract mentioned below, where the Company leased part of its premises to its subsidiary

Table 80 Lease contract for the headquarters of the subsidiary company

Landlord	Tenant	Location	Property type	Contract Date	Contract Term	Contract expiry date	Contract Value	Renewal	Authentication
FIPCO	FPC	Inside FIPCO's premises	Building with an area of 23,395 square meters	21/02/1440H	17 years	22/07/1457H	480,000 annually	-	Not authenticated in "Ejar"

Table 81 Lease contracts for subsidiaries' branches

	Landlord	Tenant	Location	Property type	Contract Date	Contract Term	Contract expiry date	Contract Value	Renewal	Authentication
1	AlHosoun Real Estate Corporation	Makamen Supply, Trading and Contracting Company	Al Ghurabi St., Riyadh	Building	01/01/2022G	One year	31/12/2022G	35,000 Saudi Riyals	Under a new contract	Authenticated
2	Al Hosoun Real Estate Corporation	Makamen Supply, Trading and Contracting Company	Al Ghurabi, Riyadh	Building	01/01/2022G	One year	31/12/2022G	SAR 48,047 annually	Under a new contract	Authenticated
3	Abdel Samad Mohamed Abdel Samad	Makamen Supply, Trading and Contracting Company	Jeddah, Al-Balad District	Five-storey Building	02/09/2021G	One year	19/08/2022G	SAR 50,000 annually	Under a new contract	Authenticated
4	Al Marabie United Company	Makamen Supply, Trading and Contracting Company	Jeddah, Al Khumrah	Commercial Complex	01/01/2022G	One year	31/12/2022G	SAR 42,555 annually	The contract shall be renewed for a similar term unless one of the two parties notifies the other of its desire to terminate it 60 days before its expiry.	Authenticated
5	Abdulaziz Amer Al-Haqbani	Makamen Supply, Trading and Contracting Company	Dammam	Three-storey Building	25/01/2022G	One year	28/02/2023G	65,000 Saudi Riyals	Under a new contract	Authenticated
6	Hammoud Abdulaziz Al-Qasir	Makamen Supply, Trading and Contracting Company	Hafr Al Batin	Shop	02/01/2022G	One year	01/01/2023G	SAR 35,000 annually	Under a new contract	Authenticated
7	Abdullah Al-Raqeeba	Makamen Supply, Trading and Contracting Company	Al Qassim	Open Commercial Complex	15/04/2022G	One year	14/04/2023G	45,000 Saudi Riyals	Under a new contract	Authenticated

· There is no lease contract with a legal person that has any direct or indirect relationship with the Board Members and senior executives of the Company as of the date of publishing this Prospectus.

· It is worth noting that Cabinet Resolution No. (292), dated 16/05/1438H (corresponding to 13/02/2017G), states that the lease contract which is not registered in the electronic network shall not be considered a valid contract that is legally, administratively and judicially effective, and since the electronic network for rental services "Ejar" was launched by both Ministry of Justice and Ministry of Housing on 17/05/1439H (corresponding to 03/02/2018G). The Ministry of Justice issued a circular approving the application of this to all contracts concluded after 05/05/1440H (corresponding to 11/01/2019G). As of the date of publishing this Prospectus, the Company has authenticated all its lease contracts on "Ejar" network, while the lease contracts concluded with (MODON) are authenticated on "Emodon" system. The Company has only one contract, which is not authenticated on "Ejar" network, and it is the subsidiary's lease contract inside FIPCO's premises.

9-9 Loans and facilities

- Credit facilities

The Company has several credit facilities and a financing agreement. The table below shows details of the facilities as of June 2022.

Table 82 Details of credit facilities and financing agreements as of June 2022

Funding provider	Funding ceiling	Start of agreement validity	End of agreement validity	Provided guarantees	Fees	Notes
Bank Albilad	SAR 30,000,000	28/03/2021G	18/08/2022G)	Promissory note in an amount of SAR 31,050,000	SAR 255,000 as fees and charges of credit study	<p>The agreement allows FPC to use these facilities.</p> <p>The Company is obligated to deposit 30% of its revenues and its subsidiary in the Company's account held with Bank Albilad</p>
Bank of Riyadh	SAR 4,700,000	25/03/2021G	25/03/2024G			<ul style="list-style-type: none"> The agreement allows FPC to use these facilities. Ratio of leverage should not exceed 2%.
Bank of Riyadh	SAR 68,988,000	25/03/2021G	13/04/2024G	Promissory note in an amount of SAR 78,500,000	488,75 SAR 0 (renewal charges)	<ul style="list-style-type: none"> The Company should not distribute profits during the following five years (starting from the renewed agreement signed on 25/03/2021G)
Industrial Development Fund	SAR 15,100,000	14/02/1443H	15/02/1451H	<ul style="list-style-type: none"> Promissory note in an amount of SAR 15,100,000 All buildings set up or to be set up on the land leased from (Modon) along with the Company's entire factory, machinery, equipment (including all relevant extensions and supplements). 	1,140,000	<ul style="list-style-type: none"> The Fund's competent persons should be satisfied that the private capital contribution shall not be less than 25% of the Project cost made available to the Fund upon disbursement of any installment of the loan amount. The borrower should satisfy the Fund's requirements related to industrial safety, protection against hazards, and environmental requirements to the satisfaction of Fund's competent person, before disbursing the last fifth of the loan amount.

The Subsidiary has a single finance contract and the details thereof are shown in the table below:

Table 83 Details of the subsidiary company's financing contract

Funding provider	Amount	Start of agreement validity	End of agreement validity	Provided guarantees	Fees	Notes
Industrial Development Fund	35,300,000	14/02/1443H	15/02/1447H	• All buildings set up or to be set up on the land leased from (FIPCO) along with the Project's entire assets, machinery and equipment (including all relevant extensions and supplements).	SAR 2,500,000	<ul style="list-style-type: none"> • should not pay or declare profits, which amount exceeds 25% of the paid-up capital or total fund loan installments due within a year, whichever is less. • The Company should not spend or be liable to capex in excess of SAR 3,300,000 annually • The Company should not be liable to rents in excess of SAR 1,150,000 annually

9-10 Properties of the Company

• Real Estate Assets

- Real Estate Assets Owned by the Company

The company owns the building, located at the Second Industrial City, Riyadh and set up on land leased from the Saudi Authority for Industrial Cities and Technology Zones (Modon).

• Real Estate Mortgages

The company has mortgaged the building, located at the Second Industrial City, Riyadh and set up on the land leased from the Saudi Authority for Industrial Cities and Technology Zones (Modon) in favor of the Industrial Fund in exchange for the loan provided to the Company by the Fund under the Contract signed on 07/12/2021G.

• White Lands

N/A

9-11 Litigation

• Lawsuits and Claims

FIPCO is a litigant to the below indicated cases:

Table 84 Cases and Judicial Claims of FIPCO

Plaintiff	Defendant	Case Subject	Claim Amount	Case Status	Judicial Authority
FIPCO	Gulf Salt Co.	A financial claim to pay outstanding invoices	SAR 121,037 one hundred twenty-one thousand and thirty-seven Saudi Riyals	The initial hearing was set to be held on 06/01/1444H	Commercial Court, Dammam
FIPCO	Saudi Cable Company	A financial claim to pay outstanding invoices	(SAR) one million, five hundred fifteen thousand and eight hundred and ninety-six Saudi Riyals	The initial hearing was set to held on 19/12/1443H	Commercial Court, Jeddah
FIPCO	Saudi Logistics (SAL)	Claim of premises handover and compensation	SAR 2,006,528 two million, six thousand and five hundred and twenty-eight Saudi Riyals	The initial hearing not set yet	Commercial Court, Riyadh

Source: A report issued by the Company's lawyer Al Mubarak Law Firm

- The Company-related Zakat cases

N/A

- Enforcement cases

N/A

- The Subsidiaries-related lawsuits and cases

N/A

- The Subsidiaries-related enforcement cases

table 85 Enforcement Issues Related to the Subsidiary

Execution Applicant	Execution Debtor	Referring Body	Amount	Status
FPC	Salim Al Mansouri (Charity Exports Co.)	Execution Court, Riyadh, Execution Circuit (16)	SAR (924,994) nine hundred twenty-four thousand and nine hundred and ninety-four Saudi Riyals	All bank accounts of the Execution Debtor were suspended and their funds are under periodical investigation
FPC	Raq'an Qalat Al-Juhani (Optimum Gulf Est.)	Execution Court, Riyadh, Execution Circuit (17)	SAR (1,200,000) one million and two hundred thousand Saudi Riyals	All bank accounts of the Execution Debtor were suspended and their funds are under periodical investigation
FPC	Mohamad Husain Bahlaki (Generations Luxury Est.)	Execution Court, Riyadh, Execution Circuit (9)	SAR (884,062) eight hundred eighty-four thousand and ninety-two Saudi Riyals	All bank accounts of the Execution Debtor were suspended and their funds are under periodical investigation

9-12 Intellectual properties

- Trademarks owned by the Company and its Subsidiaries

As of the date of this Prospectus, the Company and its Subsidiary registered a range of trademarks related to their business. Two certificates of trademark registration were issued inside KSA.

Table 86 Trademarks owned by the Company and its subsidiaries

Trademark	Trademark Owner	State	Type	Registration No.	Registration date	Status	Protection expiry date
	Filing and Packing Materials Manufacturing Co.	KSA	22	1439004740	06/05/1439H	Valid	23/02/1449H
	FPC	KSA	22	1439004925	06/05/1439H	Valid	26/02/1449H
	FPC	KSA	22	1442007507	27/05/1442H	Valid	02/03/1452H
	FPC	KSA	22	1442007501	27/05/1442H	Valid-	02/03/1452H

- Trademark disputes

N/A

9-13 Insurance

The Company and its Subsidiaries maintain insurance policies that cover various types of risks that they may expose. The following table sums up key details of insurance policies held by the Company and its Subsidiaries:

Table 87 The main details of the insurance policies held by the company and its subsidiaries

Insurer	Insured	Insurance Scope	Coverage amount	Insurance Expiry Date
Axa Cooperative Insurance Company	FIPCO (including certain employees of FPC)	Breach of trust	SAR 3,250,000	24/04/2023G
Axa Cooperative Insurance Company	FIPCO & FPC	All property and business interruption insurance	SAR 475,150,000	24/04/2023G
Arabian Shield Cooperative Insurance Company	FIPCO	Company Vehicles	SAR 10,000,000	05/01/2023G
Arabian Shield Cooperative Insurance Company	FPC	Company Vehicles	SAR 10,000,000	05/01/2023G
Cooperative	FIPCO	Medical Insurance	SAR 500,000	31/03/2023G
Cooperative	FPC	Medical Insurance	SAR 500,000	31/03/2023G

9-14 Material information that has changed since the CMA's approved the last share issue Prospectus

The Company has not previously Pre-emptive Rights Shares since its inception until the date of this Prospectus

9-15 Declarations of Board Members in relation to legal information

In addition to other declarations referred to in this Prospectus, the Board Members acknowledge the following:

- The version does not violate the relevant laws and regulations in the Kingdom of Saudi Arabia
- The version is not in prejudice to any of the contracts and agreements, to which, the Issuer is a party.
- All material legal Information related to the Issuer was disclosed in this Prospectus
- Other than as stated on page (98 and 99) Paragraph 11 (Litigation) of Section 9 (Legal Information) of this Prospectus, the Issuer and its Subsidiaries are not subject to any lawsuits or legal proceeding that may solely or collectively affect in a material manner the business or financial condition of the Issuer or its Subsidiaries
- Board Members of the Company are not subject to any lawsuits or legal proceedings that may solely or collectively affect in a material manner the business or financial condition of the Issuer or its Subsidiaries.



10 Underwriter

10 Underwriter

The Company and the Underwriter (Al Wasatah Al Maliah (Wasatah Capital)) have entered into an underwriting agreement to cover the subscription of eleven million five hundred thousand (11,500,000) ordinary shares at a price of ten (10) Saudi riyals per share. These shares represent (100%) of the Pre-emptive Rights Shares offered for subscription ("Subscription Underwriter Agreement").

10-1 Underwriter

Al Wasatah Al Maliah (Wasatah Capital)
Riyadh - Olaya Public Street, Building No. 7459,
Sub-No. 2207, Al-Morouj District, Postal Code 12283,
Kingdom of Saudi Arabia
Tel: +966 11 4944067
Fax : +966 11 4944205
Website: www.wasatah.com.sa
Email: info@wasatah.com.sa



10-2 Summary of Subscription Underwriter Agreement

According to the terms and conditions of the Subscription Underwriter Agreement:

1. The Company undertakes before the Underwriters that on the Allocation Date, it will issue and allocate to the Underwriters all Pre-emptive Rights Shares which were underwritten in this subscription and which were not subscribed for by the eligible shareholders as additional shares at the subscription price.
2. The Underwriter undertake before the Company that on the date of allocation, it will purchase the shares underwritten in this subscription, which have not been subscribed by the eligible shareholders as additional shares at the subscription price.
3. The Underwriter receives a certain financial consideration against its underwriting and the same shall be paid from subscription proceeds.
4. The Underwriter's obligation to purchase all Rump Shares is subject to such provisions related to Agreement termination, such as any force majeure as defined in the Agreement occurred, or failure to meet a certain part of preconditions related to subscription.
5. The Company will provide the Underwriter with certain guarantees, representations, and warranties.



11 Exemptions

11 Exemptions

The Company submitted not exemption request to CMA in connection with the offering.



12 Information related to the shares and the offering terms and conditions

12 Information related to the shares and the offering terms and conditions

The Company applied to CMA to register and offer New Shares and to Saudi Exchange ("Tadawul") for listing the New Shares and all requirements have been satisfied under Rules on the Offer of Securities, Continuing Obligations and Listing Rules

All eligible shareholders, holders of vested rights and bidders should read the subscription terms and instructions carefully before electronic subscription, submission of subscription request through the broker, or filling out the Rump Offering form. Where submission of the subscription request or signature and submission of the Rump Offering form is deemed as an acceptance and approval of the said terms & conditions.

12-1 Offering

The offering forms an increase in the Company capital by way of issuing Pre-emptive Rights Shares in an amount of eleven million five hundred thousand (11,500,000) new ordinary shares at an offer price of (10) ten Saudi Riyals per share and nominal value of (10) ten Saudi Riyals and total offer amount of one hundred and fifteen million (115,000,000) Saudi Riyals with a view to increasing the Company's capital from one hundred and fifteen million (115,000,000) Saudi Riyals to two hundred and thirty million (230,000,000) Saudi Riyals.

12-2 How to apply for subscription for Pre-emptive Rights Shares (New Shares)

Registered Shareholders who wish to subscribe for Pre-emptive Rights Shares shall apply for subscription during the Subscription Period through the investment portfolio in the trading platforms, through which, sale and purchase orders are entered. Subscription is also possible through any other means provided by the broker and share custodian in KSA during Subscription Period. In case of any Rump Offering Period, subscription requests may be submitted during which for any Rump Shares by Institutional Investors only.

By way of participating in the subscription, the Subscriber acknowledges as follows:

- Approval of his subscription for the Company at the number of shares indicated in the subscription request.
- That he has read, studied, and understood the Prospectus (including all relevant contents).
- Approval of the Company's By-law and the conditions contained in the Prospectus.
- That he has not previously subscribed for the same shares with the broker and that the Company has the right to reject all requests in case of repeated subscription.
- That he accepts the shares allocated under the subscription request including all subscription terms and instructions contained in the request and in Prospectus
- Ensure not to cancel or amend the request after being submitted to the broker.

Registered Shareholders will be able to trade the Pre-emptive Rights deposited in their portfolios through Tadawul. These rights shall be deemed as an acquired right of all shareholders listed in the Company's Shareholder Register at the Depository Center at the end of the second trading day following that in which the extraordinary general assembly was held for capital increase (Eligibility Date). Each right vests its holder the right to subscribe by a new single share at Offer Price. Pre-emptive Rights will be deposited at not more than two days after the extraordinary general assembly is held for capital increase. Rights will appear in portfolios of Registered Shareholders under a new code pertaining to Pre-emptive Rights and then Registered Shareholders will be served a notice that such rights were deposited to their portfolios.

12-3 Subscription Request

The eligible person who wishes to fully exercise his right and subscribe for all Pre-emptive Rights Shares and is entitled to subscribe for them shall subscribe through the investment portfolio in the trading platforms through which the sale and purchase orders are entered, or through any other means provided by the broker and share custodian.

Number of shares that an eligible person is entitled to subscribe for shall be calculated according to the number of Pre-emptive Rights he owns. A subscription amount, to be paid by the subscriber, shall be calculated by way of multiplying number of existing Pre-emptive Rights owned by him before the end of the Subscription Period by (10) Saudi Riyals.

12-4 Stages of Trading and Subscription Rump Offering Period

Eligible shareholders who wish to subscribe for Pre-emptive Rights Shares shall submit the subscription request during the Subscription Period, which begins (3) three working days after approval of the extraordinary general assembly of the capital increase on the day of ****/**/**** *H (corresponding to **/**/****G)** and ends on ****/**/**** H (corresponding to **/**/****G)**.

The extraordinary general assembly held on ****/**/**** H (corresponding to **/**/****G)** approved the recommendation of the Board of Directors to increase the Company's capital by way of issuing Pre-emptive Rights Shares. Pursuant to this Prospectus, eleven million five hundred thousand (11,500,000) ordinary shares will be offered for subscription in Pre-emptive Rights Shares, which represent around (100%) of the Company's pre-subscription capital, at an offer price of (10) ten Saudi Riyals per share including a nominal value of (10) ten Saudi Riyals per share and a total offer value of one hundred and fifteen million (115,000,000) Saudi Riyals. New Shares will be issued at the rate of one share for each Pre-emptive Right. Subscription for the Pre-emptive Rights Shares offered to shareholders listed in the Company's shareholder register will take place at the end of the second trading day following the convention of the extraordinary general assembly on ****/**/**** H (corresponding to **/**/****G)** and to eligible persons who purchased Pre-emptive Rights during Pre-emptive Rights trading period, including Registered Shareholders who purchased further Pre-emptive Rights in addition to the rights they originally own.

In the event that no Pre-emptive Rights of eligible persons were not exercised in the end of the Subscription Period, the Rump Shares resulting from the non-exercise of those rights or their sale by the eligible persons will be offered to the Institutional Investors by way of offering them in the Rump Offering Period.

Registered Shareholders will be able to trade Pre-emptive Rights deposited to portfolios via Saudi Exchange ("Tadawul"). These rights shall be deemed as an acquired right of all shareholders listed in the Company's Shareholder Register at the end of the second trading day following that in which the extraordinary general assembly was held for capital increase. Each right vests its holder the right to subscribe by a new single share at Offer Price. Pre-emptive Rights will be deposited after convention of the Assembly. Rights will appear in portfolios of Registered Shareholders under a new code pertaining to Pre-emptive Rights and then Registered Shareholders will be served a notice that such rights were deposited to their portfolios.

Timetable of sequence and details of Pre-emptive Rights Shares offering will be as follows:

1. Eligibility Date: End of trading on the convention day of the extraordinary general assembly on ****/**/****H (corresponding to **/**/****G)**.
2. Trading and Subscription Stage: The trading and subscription stage begins, (3) three working days after the extraordinary general assembly approval of the capital increase, on ****/**/****H (corresponding to **/**/****G)**. The trading period shall end on ****/**/****H (corresponding to **/**/****G)** and the Subscription Period continues until the end of ****/**/****H (corresponding to **/**/****G)**.
3. Rump Offering Period: It starts on ****/**/****H (corresponding to **/**/****G)** from ten o'clock in the morning until five o'clock in the evening of the following day on ****/**/****H (corresponding to **/**/****G)**. During this period, the Rump Shares will be offered to certain Institutional Investors ("Institutional Investors"), provided that they shall submit offers to purchase Rump Shares. Rump Shares will be allocated to Institutional Investors with the highest offer, then the lowest and so on, provided that the shares shall be proportionately allocated to Institutional Investors that provide the same offer. As to fractional shares, they will be added to the Rump Shares and treated similarly. Subscription price of New Shares that were not subscribed for during this period will be at the minimum Offer Price. If unsubscribed shares price is higher than the Offer Price, the difference (if any) will be distributed as compensation to the holders of Pre-emptive Rights who have not subscribe for their rights and the owners of fractional shares in proportion to their owned rights.
4. Final Allocation of Shares: Shares will be allocated to each investor based on the number of rights he has fully and correctly exercised. As to those entitled to fractional shares, such shares will be collected and offered to Institutional Investors during Rump Offering Period. Total Offer Price of the Company's Rump Shares will be paid, and the remainder of the sale proceeds of the Rump Shares and fractional shares will be distributed without charging any fees or deductions (exceeding the Offer Price) to the beneficiaries, each according to what is due no later than ****/**/**** H (corresponding to **/**/****G)**.
5. Trading of New Shares in the market: Trading of shares offered for subscription in the Tadawul will start upon completion of all procedures related to the registration and allocation of offered shares. Provided that the time period between the end of subscription in the Pre-emptive Rights and deposit of shares in the shareholders' portfolios shall be 9 working days.

The Company applied to CMA to register and offer the New Shares. The Company has also applied to Saudi Tadawul Company (Tadawul) to accept their listing.

12-5 Eligible persons not participating in subscription for the New Shares

Registered Shareholders who have not fully or partially participated in the subscription for shares will be subject to loss and a decrease in their percentage of ownership in the Company, in addition to a decline in the value of their currently owned shares. While the Registered Shareholders who have not exercised their subscription rights will retain the same number of shares they owned before the capital increase. The eligible persons who have not participated in subscription for the New Shares will not receive any advantages or benefits in exchange for the Pre-emptive Rights Shares due to them, except for receiving cash compensation from sale proceeds of the shares in the Rump Offering, each according to his entitlement.

It worth mentioning here that if the Institutional Investors applied to purchase the Rump Shares at the Offer Price only, or if these Institutional Investors have not subscribed for the Rump Offering and hence the Underwriter purchased the Rump Shares at the Offer Price, eligible persons who are not participating in the subscription will not receive any compensation against Pre-emptive Rights in the New Shares that they have not exercised. In the event that the Rump Shares are sold to Institutional Investors at a price higher than the Offer Price, the compensation amount will be determined for eligible persons who have not participated in the subscription for New Shares in whole or in part according to the following formula:

The amount of compensation for each share not subscribed for =

12-6 Allocation and surplus refund

The Company and the Subscription Manager will open a trust account in which the subscription proceeds will be deposited. Pre-emptive Rights Shares shall be allocated to eligible persons based on the number of rights they have fully and correctly exercised. As for those entitled to fractional shares, the fractional shares will be collected and offered to Institutional Investors during the Rump Offering Period, and the total Offer Price of the Rump Shares will be paid to the Company. Remaining sale proceeds of the Rump Shares and fractional shares (exceeding the Offer Price) will be distributed among the beneficiaries, each according to what he is entitled to no later than ****/**/****H (corresponding to **/**/****G)**. In the event that there are still unsubscribed shares, the Underwriters will purchase those New Rump Shares and they will be allocated to them. There will be no compensation for the investors who have not subscribed or sold their rights, and the owners of fractional shares during the Rump Offering Period.

It is expected that the final number of shares that have been allocated to each eligible person will be announced without any commissions or deductions from the Subscription Manager by way of entering them in the subscribers' accounts. Eligible persons shall contact the broker through which the subscription request was submitted for any further information. Allocation results will be announced no later than ****/**/****H (corresponding to **/**/****G)**.

Surplus (the remainder of the offering proceeds in excess of the Offer Price) will be refunded to the eligible persons who have not fully or partially participated in the subscription for Pre-emptive Rights Shares (if any) without any deductions no later than ****/**/****H (corresponding to **/**/****G)**.

12-7 Supplementary Prospectus

The Company shall submit to CMA a supplementary prospectus, in accordance with the requirements of the Rules on the Offer of Securities and Continuing Obligations, if any of the following came to Company's knowledge at any time after the publishing date of this Prospectus and before the completion of the offering:

- There is a significant change related to material matters contained in this Prospectus.
- Emergence of significant matters which should have been contained in this Prospectus.

The investor who subscribed for the New Shares before publishing the Supplementary Prospectus may cancel or amend his subscription for these shares before the end of the Offering Period.

12-8 Suspension or cancellation of the offering

CMA may, at any time, decide to suspend the offering if it deems that it may result in a breach of the Capital Market Law, its Implementing Regulations, or the Market Rules. The offering may also be canceled if the extraordinary general assembly does not approve any of the offering related details.

Q&A related to the Rights

What is a Pre-emptive Rights Issue?

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

Who is granted the Rights?

The Rights shall be granted to Shareholders registered in the Company's Register as of the close of the second trading day of the extraordinary general assembly meeting on capital increase.

When are the Rights deposited?

Following the extraordinary general assembly meeting approving capital increase through a Rights Issue, the Rights shall be deposited as securities in the portfolios of shareholders recorded in the Company's Shareholders Register held with the Depository Center at the close of the second trading day following the date of the extraordinary general assembly meeting. The Shares will appear in the portfolios of the shareholders under a new symbol that designates these Rights. These Rights cannot be traded or exercised by the Registered Shareholders until the beginning of the Trading Period and Offering Period.

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

The Registered Shareholders are notified through an announcement on the Tadawul website as well as by the (Tadawulaty) service provided by the Securities Depository Center Company and SMS messages sent through brokerage companies.

How many Rights can be acquired by a Registered Shareholder?

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

What is the Rights Issue eligibility factor?

It is the means by which the Registered Shareholder can determine the Rights it is entitled to in relation to its shareholding under the Company's Shareholders Register held with the Depository Center at the close of the second trading day following the date of the extraordinary general assembly meeting. It is calculated by dividing the number of New Shares by the number of the Company's existing Shares. Hence, the eligibility factor is roughly (1) Rights per (1) share owned by the Registered Shareholder on the eligibility date. Accordingly, if a Registered Shareholder owns one thousand (1,000) shares on the eligibility date, (1000) Rights will be allocated for him/her against the shares owned by him/her.

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

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

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

The opening price of the Right is the difference between the closing price of the share on the day preceding the Rights listing and the Offer Price (the indicative value of the Right). For example, if the closing price of a share on the preceding day is fifteen (15) Saudi Riyals and the Offer Price is ten (10) Saudi Riyals, the opening price of the Rights will be five (5) Saudi Riyals.

Who is the Registered Shareholder?

A shareholder who appears in the Company's shareholder register at the end of the second trading day after the extraordinary general assembly meeting.

Can Registered Shareholders subscribe for additional shares?

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

Is it possible for a Registered Shareholder to lose his/her eligibility to subscribe even if he/she has the right to attend the extraordinary general assembly and vote on raising the capital through the Pre-emptive Rights Issue?

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

How does the Subscription take place?

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

Is it possible to subscribe more than once and through more than one broker?

Yes, it is possible but it must be taken into account that the quantity of subscribed shares does not exceed the number of Rights owned at the end of the Trading Period, as any increase in the quantity of subscribed shares over the number of Rights owned at the end of the Trading Period will result in the cancellation of the Subscription application.

Can an eligible person subscribe for more shares than the Rights owned by him/her?

An eligible person cannot subscribe for more shares than the Rights owned by him/her.

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

The Pre-emptive Rights will be deposited in the same portfolio, in which the shares of the Company connected to the Rights are deposited. For example, if a shareholder holds one thousand (1000) shares in the Company as follows: eight hundred (800) shares in portfolio (a) and two hundred (200) shares in portfolio (b), then the total Rights amounting one thousand (1000) Rights, as each share is eligible for a Right, will be deposited. Therefore, eight hundred (800) Rights will be deposited in portfolio (a) and two hundred (200) Rights will be deposited in portfolio (b).

Are share certificate holders allowed to subscribe and trade?

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

Are additional Rights purchasers entitled to trade them once again?

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

Is it possible to sell a part of these Pre-emptive Rights?

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

When can a Shareholder subscribe for the Pre-emptive Rights purchased by him/her during the Trading Period?

During the Subscription Period after settlement of the purchase of Pre-emptive Rights (two business days).

Can the eligible person sell the Pre-emptive Right after expiry of the Trading Period?

No. After the expiry of the Trading Period, the eligible person may only exercise the right to subscribe for the Pre-emptive Rights Shares or may refrain from the same. In case the Right is not exercised, the investor may be subject to loss or decrease in the value of his investment portfolio.

What happens to the Pre-emptive Rights that are unsold or unsubscribed for during the Subscription Period?

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

Who has the right to attend the extraordinary general assembly and vote on increasing the Issuer's share capital through a Pre-emptive Rights Issue?

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

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

The share price is adjusted by Saudi Exchange before the start of trading on the day, following the extraordinary general assembly.

If an investor purchases securities on the date of the extraordinary general assembly, will he/she be eligible for the Pre-emptive Rights resulting from the increase of the Issuer's share capital?

Yes, as the investor will be registered in the Company's Shareholders Register two business days after the date of the purchase of shares (i.e.,

at the end of the second trading day following the day of the extraordinary general assembly), bearing in mind that Pre-emptive Rights will be granted to all shareholders registered in the Company's Shareholders Register by the end of trading on the second trading day following the date of the extraordinary general assembly. However, he/she may not attend or vote in the extraordinary general assembly for the capital increase.

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

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

What are the Trading and Subscription Periods?

Trading in and Subscription to the Rights shall commence at the same time (3) three working days following the approval of the extraordinary general assembly, including the approval for the capital increase, until the end of trading on the sixth day. However, Subscription shall continue until the ninth day as stated in the Prospectus and the Company's issued announcements.

Is it possible to subscribe during the weekend?

No.

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

Yes, but after full purchase of Pre-emptive Rights during the Trading Period.

Additional assistance:

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

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

12-9 The decisions and approvals whereby the shares will be offered

In its resolution dated 20/07/1443 AH (corresponding to 21/02/2022G), the Company's Board of Directors recommended that the Company's capital and shall be increased by way of offering Pre-emptive Rights Shares in an amount of one hundred and fifteen million (115,000,000) Saudi Riyals. This is to enable FIPCO and its Subsidiary to cope with the Fourth Industrial Revolution - one of the objectives of KSA Vision 2030 related to the industrial transformation programs aimed at raising the efficiency of Saudi factories.

On ****/**/****H (corresponding to **/**/****G)**, the Company's extraordinary general assembly approved an increase in the Company's capital by way of issuing of Pre-emptive Rights Shares ("Subscription"). The subscription is represented in eleven million five hundred thousand (11,500,000) new ordinary shares at an Offer Price of (10) ten Saudi Riyals per share, and a nominal value of (10) ten Saudi Riyals with a view to increasing the Company's capital from one hundred and fifteen million (115,000,000) Saudi Riyals to two hundred and thirty million (230,000,000) Saudi Riyals.

Saudi Stock Exchange (Tadawul) approved the request to list the New Shares on 08/02/1444H (corresponding to 04/09/2022G). An approval was also given to publish this Prospectus and all supporting documents requested by CMA on the date they are declared on CMA website on 05/05/1444H (corresponding to 29/11/2022G).

12-10 Miscellaneous

The subscription request and all related terms, conditions and undertakings will be binding and inure to benefit of its parties, their successors, their assigns, executors, estate managers and heirs. Except as specifically stated in this Prospectus, the request or any rights, interests or obligations arising therefrom shall not be assigned or delegated to any of the parties referred to in this Prospectus without the other party's prior written consent.

These instructions and terms and any receipt of the subscription request forms or the contracts resulting therefrom shall be subject to KSA regulations and shall be interpreted according thereto. This Prospectus may be distributed in the Arabic and English languages. In case of any discrepancy between the Arabic text and the English text, the Arabic text of the Prospectus shall prevail.

12-11 Statement of any existing arrangements to prevent the disposal of certain shares

There are no existing arrangements to prevent the disposal of any shares



13 Changes to share price out of capital increase

13 Changes to share price out of capital increase

Closing price of the Company's shares on the extraordinary general assembly convention day is (**) Saudi Riyals. This price is expected to reach (**) Saudi Riyals in the following day opening. Change represents a decrease by (**%). In the event that no Shareholder registered in the Company's shareholder register with the Depository Center has not subscribed for shares at the end of the second trading day following the date of the extraordinary general assembly convention, this will lead to a decrease in their ownership proportion in the Company.

Calculation method of share price out of capital increase is as follows:

First: Calculation of market value of the Company upon closure at the extraordinary general assembly convention day:

Number of shares at the end of the extraordinary general assembly convention day x closing price of the Company's shares on the extraordinary general assembly convention day = market value of the Company upon closure at the extraordinary general assembly convention day.

Second: Calculation method of share price at the opening of the day following the extraordinary general assembly convention day:

(The Company's market value upon closure at the extraordinary general assembly convention day + value of offered shares) / (number of shares at the end of the extraordinary general assembly convention day + number of shares offered for subscription) = expected share price at the opening of the day following the day of the extraordinary general assembly convention day.



14 Subscription Undertakings

14 Subscription Undertakings

14-1: About Request and Undertakings of Subscription

Subscription can be made using the trading platforms or through any other means provided by the broker to investors. Subscription will be made for New Shares at one stage as follows:

1. During this period, all Registered Shareholders and new investors will be able to subscribe for the New Shares.
2. A Registered Shareholder will be able to directly subscribe in number of his shares during Subscription Period. In the event that he purchases new rights, he will be able to subscribe for them at the end of the settlement period (i.e. two working days).
3. New investors will be able to subscribe for the New Shares immediately after settlement of rights purchase (i.e. two business days).
4. Subscription will be available online through investment portfolios of trading platforms and applications, through which, sale and purchase orders are entered, in addition to subscription through other channels and means available to the broker.

Each Pre-emptive Right vests its holder the right to subscribe by a new single share at Offer Price. A subscriber for new shares undertakes to:

- Accept all subscription conditions and instruction provided herein.
- That he has read, studied, and understood the Prospectus (including all relevant contents).
- That he has accepted the Company's By-law.
- Not to cancel or amend subscription requested after being processed.

14-2: Allocation processes

Pre-emptive Rights Shares shall be allocated to eligible persons based on the rights they exercised in a complete and accurate manner. As for those entitled to fractional shares, the fractional shares will be collected and offered to Institutional Investors during the Rump Offering Period, and the total Offer Price of the Rump Shares will be paid to the Company. Remaining sale proceeds of the Rump Shares and fractional shares (exceeding the Offer Price) will be distributed among the beneficiaries, each according to what he is entitled to no later than ****/**/****H (corresponding to **/**/****G)**. In the event that there are still unsubscribed shares, the Underwriters will purchase those New Rump Shares and they will be allocated to them. There will be no compensation for the investors who have not subscribed or sold their rights, and the owners of fractional shares during the Rump Offering Period.

Eligible persons shall contact the broker through which the subscription request was submitted for any further information. Allocation results will be announced no later than ****/**/****H (corresponding to **/**/****G)**.

14-3: Saudi Tadawul Group (Tadawul)

Saudi Tadawul Group (Tadawul), known formerly as the Saudi Financial Market Company, announced on 25/08/1442 AH (corresponding to 07/04/2021 AD), announced its transformation into a group structure, and reinforcing its capabilities in technology innovation. This transformation marks a new chapter in the Group's history and signals its readiness for the IPO in 2021. The Saudi Tadawul Group, will become the parent company with a portfolio of four subsidiaries: The Saudi Exchange, a dedicated stock exchange business (previously known as the Saudi Stock Exchange Company - Tadawul), the Securities Clearing Center Company (Muqassa), the Securities Depository Center Company (Edaa) and Wamid - focused on providing innovation and nascent technologies to the capital markets industry through pragmatic innovation. The Group will benefit from the integration and synergies between its subsidiaries, ensuring efficient intra-group operations across the organization. The operational independence of each subsidiary will create an agile environment supporting rapid responses to evolving global and local market trends.

Established in 2001G, Tadawul serves as an alternative system to the online securities information system which started online share trading began in KSA in 1990G. Trading is processed through an integral online system starting from deal execution up to its settlement. Trading takes place every working day of the week, from Sunday to Thursday, in one period from 10:00 am to 3:00 pm, during which orders are executed. Outside these times, it is allowed to enter, modify and cancel orders from 9:30 am until 10 am.

Deals are processed through real time correspondence of orders, where orders are received and prioritized according to the price. In general, processing applies first to market orders, as they which have the best prices, followed by fixed price orders. If several orders are entered at the same price, they are processed according to entry time.

Tadawul system distributes a comprehensive range of information through various channels, most notably, Tadawul website. Market data is provided instantly to well-known information providers such as Reuters. Deals are automatically settled within two business days as per (T+2).

Using "Tadawul" system, the Company shall disclose all important decisions and information to investors. Tadawul system supervises the market, to ensure fair trading and efficient market operations.

14-4: Trading of the Company Shares in Tadawul

An application was submitted to CMA to register and offer Pre-emptive Rights Shares in the Saudi Stock Exchange, and an application was submitted to the Saudi Exchange ("Tadawul") to list them. This Prospectus was approved and all relevant requirements were met.

It is expected that the registration will be approved and trading of Pre-emptive Rights Shares will start in the Saudi Stock Exchange after final allocation process for the Pre-emptive Rights Shares. This will be then announced through the Tadawul website. Dates mentioned herein are tentative and may be changed by CMA approval.

Although the existing shares are registered in the Saudi Exchange and the Company had its shares listed in the Saudi Exchange (Tadawul), trading in New Shares is possible only after shares are finally allocated and deposited to portfolios of subscribers. Trading in New Shares is strictly prohibited before the allocation process is approved.

Underwriters and Offerors in the Rump Offering who engage in these prohibited trading activities shall be fully responsible for them and the Company accepts no legal liability in this regard.



15 Examinable documents

15 Examinable documents

The following documents will be available for viewing at the Company's head office located at Riyadh, Second Industrial City, PO Box 8762, Riyadh 11492, Kingdom of Saudi Arabia, during official working days from Sunday to Thursday, and official working hours (from 8:00 am to 4:30 pm) starting from the first working day after the date of the extraordinary general assembly invitation, provided that this period is not less than 14 days before the extraordinary general assembly convention date. Such documents will remain available for examination up to the offering end.

The Company's Constitutional Documents and By-law:

- The Company's Commercial Registration Certificate
- The Company's Memorandum of Association
- The Company's By-law

Approvals related to capital increase shares:

- The Board of Directors' decision related to capital increase recommendation.
- A copy of CMA announced approval to offer of Pre-emptive Rights Shares.
- The approval of the Saudi Tadawul Company (Tadawul) to list Pre-emptive Rights Shares.
- The extraordinary general assembly decision approving the capital increase.

Reports, correspondence and documents:

- Underwriting Agreement and Subscription Management Agreement.
- Written approvals of the Financial Advisor, Subscription Manager, Underwriter, and Legal Advisor to use their names, logos, and statements in the Prospectus.
- Written approvals of chartered accountants to use their names, logos, and statements in the Prospectus.