

# Right Issue Prospectus for Raydan Food Company

## Raydan Food Company

Raydan Food Company is a Saudi joint stock company incorporated under Ministerial Resolution No. (149/Q), dated 29/04/1429H (corresponding to 05/12/2008G) and under the Commercial Registration No. (4030180055) dated 11/06/1429H (corresponding to 15/06/2008G).

Offering of eleven million two hundred fifty thousand (11,250,000) ordinary shares at an Offering Price of ten (10) Saudi Riyals per share through rights issue with a total value of one hundred twelve million and five hundred thousand (112,500,000) Saudi Riyals, representing an increase in the Company's capital by (50%), bringing the Company's capital to three hundred thirty-seven million five hundred thousand (337,500,000) Saudi Riyals.

**Trading period: starts on 01/01/1443H (corresponding to 09/08/2021G) and ends on 08/01/1443H (corresponding to 16/08/2021G)**

**Subscription period: starts from on 01/01/1443H (corresponding to 09/08/2021G) and ends on 11/01/1443H (corresponding to 19/08/2021G)**



Raydan Food Company (hereinafter referred to as "The Company" or "Raydan") initially started as a sole proprietorship company under the name of "AsSalmi Real Estate Development Group" of its owner Awadallah Ahmad Al-Humai AsSalmi, and it was registered in the Commercial Registry No. 40330064059, dated 12/07/1409H (corresponding to 19/02/1989G), and the establishment branch under the name "Raydan Cuisines and Restaurants" is registered in the Commercial Registry No. (4030123324) on 18/09/1418H (corresponding to 17/01/1998G). On 29/04/1429H (corresponding to 05/05/2008G). The Company was established as a Saudi closed joint stock company under the name "Raydan Cuisines and Restaurants Company" under Ministerial Resolution No. (149/Q) dated 29/04/1429H (corresponding to 05/05/2008G) after transferring the assets of AsSalmi Group Real Estate Development Establishment and its branch, Raydan Cuisines and Restaurants, so that the Company's capital became one hundred million (100,000,000) Saudi Riyals. On 29/05/1438H (corresponding to 26/02/2017G) the Company's shares were listed on the parallel Saudi Stock Exchange and converted into a public Saudi joint stock company. The name of the Company was changed after the Extraordinary General Assembly agreed on 15/10/1440H (corresponding to 18/06/2019G) to change the name of the Company from "Raydan Cuisines and Restaurants Company" to "Raydan Food Company". On 24/03/1441H (corresponding to 21/11/2019G), the Company was transferred and its shares were listed and started trading in the main Saudi Stock Exchange. The headquarters of the Company's headquarters is located in Jeddah, and its address is Al-Safa District, P.O. 138680, 21323 Jeddah, Kingdom of Saudi Arabia. The current capital of the Company is two hundred and twenty-five million (225,000,000) Saudi Riyals, divided into twenty-two million five hundred thousand (22,500,000) ordinary shares with a nominal value of ten (10) Saudi Riyals per share, paid in full (referred to individually as "current share" and collectively as "current shares"). As on the date of this Prospectus, the Substantial shareholders in the Company (who own 5% or more of the Company's shares) is Mansour Awadallah Ahmad AsSalmi, who owns three million (3,000,000) shares, i.e. 13.33% of the Company's shares before the Offering.

The Company's Board of Directors recommended in its meeting convened on 19/01/1442H (corresponding to 07/09/2020G) to increase the Company's Share Capital through Offering of Rights Issue by one hundred twelve million and five hundred thousand Saudi Riyals (SAR 112,500,000), after obtaining the necessary regulatory approvals and approval of the Extraordinary General Meeting.

On 03/12/1442H (corresponding to 13/07/2021G) the Extraordinary General Assembly of the Company approved the increase of the Company's capital through a Rights Issue. The Offering consists of eleven million two hundred and fifty (11,250,000) new Ordinary Shares ("Rights" or "New Shares") at a par value of ten Saudi Riyals (SAR 10) per share ("Offering Price") to increase the Company's Capital from two hundred and twenty-five million Saudi Riyals (SAR 225,000,000) to three hundred and twenty-seven million and five hundred thousand Saudi Riyals (SAR 327,500,000), raising the Company's shares from twenty-two million and five hundred thousand (22,500,000) ordinary shares to thirty-three million seven hundred and fifty thousand (33,750,000) ordinary shares.

The Offering will comprise tradable securities (referred to collectively as the "Rights" and each a "Right") to shareholders who own the shares as at the close of trading on the date of the EGM approving the Capital increase (the "Eligibility Date") and those registered in the Company's Shareholders Register at the Depository Center at the end of the second trading day following the day of the Extraordinary General Meeting approving the capital increase on 05/12/1442H (corresponding to 15/07/2021G). Each Shareholder is referred to as ("Registered Shareholder") and collectively as ("Registered Shareholders"), provided that such Rights are deposited in the Registered Shareholders' accounts after convening the EGM, taking into account the settlement procedures at (1) rights for each (2) shares of the Company's shares, and each Right gives its holder the right to subscribe to one new share at the Offering Price.

Registered shareholders and other investors (referred to as "New Investors"), who may trade the Rights and subscribe to new shares, will be able to trade and subscribe to the Rights in the Saudi Stock Exchange (referred to as "Tadawul" or "the Market" or the "Exchange"). The trading period and the subscription period start on 01/01/1443H (corresponding to 09/08/2021G), provided that the trading period ends on 08/01/1443H (corresponding to 16/08/2021G) (the "Trading Period"), while the subscription period continues until the end of the day 11/01/1443H (corresponding to 19/08/2021G) ("Subscription Period"). It should be noted that the Trading Period and the Subscription Period will start on the same day, while the Trading Period will continue until the end of the sixth day of the beginning of the period, while the Subscription Period will continue until the end of the ninth day of the beginning of the same Period.

The registered shareholders will be able to trade the Rights during the trading period, by selling the acquired Rights or part thereof, or buying additional Rights through the Market or take no action regarding the rights they own. Also, new investors during the trading period will be able to buy Rights through the Market and sell the Rights that are bought during the trading period.

Subscription to new shares (during the subscription period) will be allowed at one phase according to the following:

1. Registered Shareholders and new investors will be entitled to subscribe to the new shares.
2. A Registered Shareholder will be allowed to subscribe directly to the number of his shares or less than the number of his shares during the Subscription Period, and if he buys new Rights, he will be able to subscribe to them after the end of their settlement period (two working days).

3. The new investors will be entitled to subscribe to the new shares immediately after settlement of the rights purchase process (two working days).
4. Subscription will be available electronically through the investment portfolio in the trading platforms and applications through which sale and purchase orders are entered, in addition to subscription through other channels and means available with the agent.

In the event that any Shares remain unsubscribed for during the Subscription Period (the "Rump Shares"), they will be offered to a number of institutional investors ("Institutional Investors") ("Rump Offering"). Such Institutional Investors shall submit offers to purchase the Rump Shares. Receipt of such offers will start at 10:00 AM on 16/01/1443H (corresponding to 24/08/2021G), until the following day at 05:00 PM on 17/01/1443H (corresponding to 25/08/2021G) ("Rump Offering Period"). The remaining shares will be allocated to the Institutional Investors in the order of the offered price with the highest first until all of the Rump Shares have been allocated (providing that the price shall not fall below the Offering Price). Rump Shares shall be proportionally divided among Institutional Investors that tendered offers at the same price. Fractional Shares will be added to the Rump Shares and treated in the same manner. All proceeds resulting from the sale of the Rump Shares shall be distributed to the Company and any proceeds in excess (if any) without calculating any fees or deductions (exceeding the Offering Price) for those who are entitled to it, each according to what he is entitled to, no later than 02/02/1443H (corresponding to 09/09/2021G). Note that the investor who did not subscribe to or sell his rights, and the owners of fractional shares, may not get any compensation if the sale is made in the Rump Offering Period at the Offering Price.

In the event that the investment institutions have not subscribed to all the remaining shares and fractions of shares, the remaining shares shall be allocated to the Underwriters who will purchase them at the Offering Price (please refer to Section (13) "Information Related to the Shares and the Terms and Conditions of the Offering"). The final allocation process will be announced no later than 21/01/1443H (corresponding to 29/08/2021G), ("allotment date"). (please refer to Section (13) "Information Related to the Shares and the Terms and Conditions of the Offering").

After completion of the subscription process, the Company's Share Capital will become three hundred and twenty seven million and five hundred thousand Saudi Riyals (SAR 327,500,000), divided into thirty-three million seven hundred and fifty thousand (33,750,000) ordinary shares with a nominal value of ten (10) Saudi Riyals per share. The net proceeds from the Offering will be used mainly to support the expansion of the Company's activity and increase the working capital that enables the Company to promote its operational capacity and support its future activity. (Please refer to Section (7) "Use of Offering Proceeds and Future Projects").

The Company has only one class of shares and no share gives its holder any preferential rights. The New Shares will be fully paid and rank identically with the existing shares. Each share entitles its holder to one vote and each shareholder ("Shareholder") has the right to attend and vote at the General Assembly Meetings ("General Meeting") of the Company whether ordinary or extraordinary and vote in them. The New Shares will be entitled to receive their portion of any dividends, if any, declared by the Company after their issuance date.

The Company listed all of its shares totaling to twenty-two million and five hundred thousand (22,500,000) ordinary shares at a nominal value of ten (10) Saudi Riyals per share on the parallel market at a par value of ten (10) Saudi Riyals after obtaining the approval of both the Capital Market Authority and the Saudi Stock Exchange Company (Tadawul). On 24/03/1441H (corresponding to 21/11/2019G), the Company was transferred and its shares were listed and started trading on the main Saudi Stock Exchange in a number of twenty-two million five hundred thousand (22,500,000) ordinary shares with a nominal value of ten (10) Saudi Riyals per share, after obtaining the approval of the Saudi Stock Exchange Company (Tadawul).

Currently, the Company's existing Shares are traded on the Saudi Stock Exchange. The Company has filed an application with Capital Market Authority in the Kingdom of Saudi Arabia ("CMA" or "the Authority") for registering and offering the New Shares. Another application has been submitted to the Saudi Stock Exchange (Tadawul) to admit listing of the New Shares. All the required documents have been submitted and all the requirements of the relevant authorities have been fulfilled, and this Prospectus has been approved. Trading in the New Shares is expected to commence on the Exchange shortly after the final allocation of the New Shares and refund of extra subscriptions (see page (XIV) "Key Dates for Subscribers"). After registering the Shares on the official list, Saudi nationals; non-Saudi nationals holding valid residence permits in Saudi Arabia; GCC nationals, Saudi and GCC companies and funds and Qualified Foreign Financial Investors and Approved QFI Clients will be permitted to trade in the Shares pursuant to the CMA's Rules for Qualified Foreign Financial Institutions Investment in Listed Shares will be permitted to trade the new shares. Non-Saudi individuals living outside the Kingdom and institutions registered outside the Kingdom will also have the right to invest indirectly to acquire the economic benefits of the Shares by entering into swap agreements with persons authorized by the CMA (hereinafter referred to as "Authorized Persons") to purchase Shares listed in the Exchange, and to trade these Shares for the benefit of Foreign. In such a case, the Authorized Persons will be the registered legal owner of the shares.

The "Important Notice" (page I) and section 2 "Risk Factors" (page 4) of this Prospectus should be read in whole and carefully by all eligible investors prior to making a decision to invest in the offered New Shares or Rights.

Financial Advisor, Lead Manager and Underwriter



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

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

This Prospectus is dated 20/09/1442H (corresponding to 02/05/2021G)



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## Important notice

This Prospectus (the “Prospectus”) contains full details about Raydan Food Company and the Right issue shares offered for subscription. When applying to subscribe for the new shares, investors will be treated on the basis that their applications are based on the information contained in the Prospectus, a copy of which can be obtained from the Company’s headquarters and from the Lead Manager or by visiting the websites of the Company ([www.raydan.com.sa](http://www.raydan.com.sa)), the Financial Adviser ([www.falcom.com.sa](http://www.falcom.com.sa)) and the Capital Market Authority ([www.cma.org.sa](http://www.cma.org.sa)).

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

The Company has appointed (FALCOM Financial Services Company) as a financial advisor (“Financial Advisor”), lead manager (“Lead Manager”) and underwriter (“Underwriter”) in relation to the offering of Rights Issue shares to increase the Company’s capital in accordance with this Prospectus.

The Prospectus contains information provided according to the requirements of the Rules on the Offer of Securities and Continuing Obligations issued by the Board of the Capital Market Authority. The Directors, whose names appear on page (IV), collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading. Neither CMA nor the Exchange (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 enquiries as to the accuracy of the information contained in this Prospectus as at the date hereof, substantial portions of the market and industry information herein are derived from external sources, and while none of the Company, its managers, its directors, Financial Advisor, or the Company’s advisors, whose names appear on pages (V) and (VI) of this Prospectus have any reason to believe that any of the market and industry information is materially inaccurate, such information has not been independently verified, and no representation is made with respect to the accuracy or completeness of any of this information.

The information contained in this Prospectus as at the date hereof is subject to change. In particular, the actual financial condition of the Company and the value of the Offer Shares may be adversely affected by future developments such as inflation, interest rates, taxation or other economic and political factors, or other ones over which the Company has no control (please refer to the section 2 “Risk factors” in this Prospectus). Neither the delivery of this Prospectus nor any oral, written or printed interaction in relation to the Offering 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 shall not be considered as a recommendation by the Company, its directors, or any of its advisors to participate in the subscription process for Right issue shares. The information contained in the Prospectus is of a general nature and has been prepared without considering individual investment objectives, financial condition or special investment needs. Each recipient of the Prospectus, before making an investment decision, is responsible for obtaining professional advice from a financial advisor licensed by the CMA regarding the subscription to assess the suitability of this investment and the information contained in the Prospectus for his goals, conditions and financial needs.

The registered shareholders and other public investors (“New Investors”), who may trade in the Rights and subscribe for the new shares, will be able to trade and subscribe to Right issue shares on the Saudi Stock Exchange (“Tadawul” or “Exchange”). The trading period and the subscription period start on 01/01/1443H (corresponding to 09/08/2021G), and the trading period ends on 08/01/1443H (corresponding to 16/08/2021G) (the “Trading Period”). The subscription period continues until the end of the day 11/01/1443H (corresponding to

19/08/2021G) (the “Subscription Period”). It should be noted 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 from the beginning of the period and the subscription period continues until the end of the ninth day after the beginning of the same period.

The registered shareholders will be able to trade the Rights during the trading period, by selling the acquired Rights or part thereof, or buying additional Rights through the market. Also, new investors during the trading period will be able to buy Rights through the market and sell the Rights that are bought during the trading period.

Subscription to new shares (during the subscription period) at one phase will be available according to the following:

1. Registered Shareholders and new investors will be entitled to subscribe to the new shares.
2. A Registered Shareholder will be allowed to subscribe directly to the number of his shares or less than the number of his shares during the Subscription Period, and if he buys new Rights, he will be able to subscribe to them after the end of their settlement period (two working days).
3. The new investors will be entitled to subscribe to the new shares immediately after settlement of the rights purchase process (two working days).
4. Subscription will be available electronically through the investment portfolio in the trading platforms and applications through which sale and purchase orders are entered, in addition to subscription through other channels and means available to the agent.

In the event that any Shares remain unsubscribed for during the Subscription Period (the “Rump Shares”), they will be offered to a number of institutional investors (“Institutional Investors”) (referred to as “Rump Offering”).

Such Institutional Investors shall submit offers to purchase the Rump Shares. Receipt of such offers will start at 10:00 AM on 16/01/1443H (corresponding to 24/08/2021G), until the following day at 05:00 PM on 17/01/1443H (corresponding to 25/08/2021G) (“Rump Offering Period”).

The remaining shares will be allocated to the Institutional Investors in the order of the offered price with the highest first until all the Rump Shares have been allocated (providing that the price shall not fell below the Offering Price).

Fractional Shares will be added to the Rump Shares and treated in the same manner. All proceeds resulting from the sale of the Rump Shares shall be distributed to the Company and any proceeds in excess (if any) without calculating any fees or deductions (exceeding the Offering Price) for those who are entitled to it, each according to what he is entitled to, no later than 02/02/1443H (corresponding to 09/09/2021G).

Note that the investor who did not subscribe for or sell his rights, and the owners of fractional shares, may not get any compensation if the sale is made in the Rump Offering Period at the Offering Price.

In the event that the investment institutions have not subscribed for all the remaining shares and fractions of shares, the remaining shares shall be allocated to the Underwriters who will purchase them at the Offering Price (please refer to Section (13) “Information Related to the Shares and the Terms and Conditions of the Offering”).

The final allocation process will be announced no later than 21/01/1443H (corresponding to 29/08/2021G), (“allotment date”). (please refer to Section (13) “Information Related to the Shares and the Terms and Conditions of the Offering”).

## Financial Information

The consolidated audited financial statements for the fiscal years ending on December 31, 2017G were prepared in accordance with Financial Reporting Standards used in Saudi Arabia, and the consolidated audited financial statements for the fiscal years ending on December 31, 2018G and 2019G, in addition to the interim condensed financial statements (non-audited) for the nine-month period ended on September 30, 2020G and the accompanying notes thereto, were prepared in accordance with the International Financial Reporting Standards (IFRS) approved in the Kingdom of Saudi Arabia and other issues approved by the Saudi Organization for Certified Public Accountants (SOCPA).

The financial information for 2017G included in the audited consolidated financial statements for the fiscal year ended December 31, 2017G is different from those listed for comparison purposes in the consolidated audited financial statements for the fiscal year ended December 31, 2018G, as they have been amended to comply with international financial reporting standards (IFRS), and for comparison and analysis, it is included in this section. Therefore, to ensure the consistent analysis and comparison, this Prospectus relied on the financial information for 2017G that was amended to comply with international financial reporting standards (IFRS) and included for comparison purposes in the audited consolidated financial statements for the fiscal year ended December 31, 2018G.

The financial statements of the Company for the financial years ending on December 31, 2017G, 2018G and 2019G, were reviewed and audited and the interim condensed financial statements (non-audited) for the nine-month period ended on September 30, 2020G were published by Baker Tilly MKM and Partners (Certified Public Accountants). The Company issues its financial statements in Saudi Riyals.

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

## Forecasts and Forward-looking Statements

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

Certain statements in this Prospectus constitute forward-looking statements. Such statements can generally be identified by their use of forward-looking words such as "intends", "plans", "estimates", "believes", "expects", "anticipates", "may", "will", "should", "expected", "would be" or the negative thereof or other variations of such terms or comparable terminology. These forward-looking statements reflect the current views of the Company with respect to future events but are not a guarantee of future performance. 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. Some of the risks and factors that could have such an effect are described in more detail in other sections thereof. (for further details, see Section 2 (Risk Factors) of this Prospectus). Should any of these risks or uncertainties materialize or any underlying assumptions prove to be incorrect or inaccurate, the Company's actual results may vary materially from those described in this Prospectus.

Subject to the requirements of the Rules on the Offer of Securities and Continuing Obligations, the Company must submit a supplementary Prospectus to the CMA if, at any time after the publication of this Prospectus and before completion of the Offering, the Company becomes aware that: (i) There has been a significant change in any material information contained in this Prospectus; or (ii) The occurrence of additional significant matters which would have been required to be included in this Prospectus. Except in the aforementioned circumstances, the Company does not intend to update or otherwise revise any industry or market information, forward-looking statements in this Prospectus, whether as a result of new information, future events or otherwise relating to the Company, industry or risk factors.

## Company's Directory

Board Members								
Company Board of Directors appointed on 25/10/1441H (corresponding to 17/02/2019G*)								
Name	Post	Type of Membership ****	Nationality	Age	Owned Shares			
					Direct		Indirect***	
					Number	Percentage	Number	Percentage
Awadallah Ahmad Ayed AsSalmi **	Chairman	Non-independent Non-executive	Saudi	78	400,000	1.78%	-	-
Naser Awadallah Ahmad AsSalmi **	Deputy Chairman	Non-independent Non-executive	Saudi	58	1,090,000	4.84%	-	-
Mansour Awadallah Ahmad AsSalmi **	Member and Managing Director	Non-independent Executive	Saudi	56	3,000,000	13.33%	-	-
Mishaal Awadallah Ahmed AsSalmi	Member	Non-independent Non-executive	Saudi	53	775,000	3.44%	-	-
Khaled Awadallah Ahmed AsSalmi	Member	Non-independent Non-executive	Saudi	39	250,001	1.11%	-	-
Hasan Shaker Saleh Al-Sahafi	Member	Independent Non-executive	Saudi	58	-	-	-	-
Abdul Raouf Al-Sadiq Al-Bakr Al-Qaidi	Member	Independent Non-executive	Saudi	69	-	-	-	-
Saud Saeed Aqel Al-Ajaifi	Member	Independent Non-executive	Saudi	53	-	-	-	-

Source: The Company

\* The Company's Ordinary General Assembly, in its meeting held on 16/08/1440H (corresponding to 21/04/2019G), approved the election of the above-mentioned board members for the current session, which began on 16/08/1440H (corresponding to 21/04/2019G) for three Years term ending on 19/09/1443H (corresponding to 20/04/2022G).

\*\* The Company Board of Directors, in its meeting held on 19/08/1440H (corresponding to 24/04/2019G) decided to appoint Mr. Awadallah Ahmad Ayed AsSalmi as Chairman of the Board of Directors, appoint Mr. Naser Awadallah Ahmad AsSalmi as Deputy Chairman of the board, and appoint Mr. Mansour Awadallah Ahmad AsSalmi as Managing Director of the Company.

The Company's Directors mentioned above who owns Shares declare that they shall subscribe to all the rights allocated to them.

## Company's Address and Representatives

### Raydan Food Company

Jeddah - Al-Safa District

P.O. Box 13868 - Jeddah 21323

Saudi Arabia

Tel.: +966 12 678 1177

Fax: +966 12 678 0505

Email: Info@Raydan.com.sa

Website: www.raydan.com.sa



Company Representatives				
Item	Company's 1st signatory and representative		Company's 2nd signatory and representative	
Name	Mansour Awadallah Ahmad AsSalmi		Fozan Abdullah Sa'ad Al Harthi	
Title	Board member and Managing Director		Chief Executive Officer	
Address	Jeddah - Al-Safa District P.O. Box 13868 - Jeddah 21323 Saudi Arabia		Jeddah - Al-Safa District P.O. Box 13868 - Jeddah 21323 Saudi Arabia	
Phone No.	+966 12 678177	Ext. 102	+966 12 678177	Ext. 124
Fax	+966 12 6780505		+966 12 6780505	
Email	mansour@raydan.com.sa		f.harthy@raydan.com.sa	

Source: The Company

### Stock Exchange

#### Saudi Stock Exchange Company (TADAWUL)

King Fahd Road, Olaya 6897

Unit number 15

Riyadh 12211 - 3388 Kingdom of Saudi Arabia

Tel.: 00966 920001919

Fax: 00966 112189133

Email: csc@tadawul.com.sa

Website: www.tadawul.com.sa



### ADVISORS AND AUDITORS

#### Financial Advisor, Lead Manager and Underwriter

#### FALCOM Financial Services Company

Riyadh - Al-Worood District - Olaya Street

P.O. Box 884, Riyadh 11421

Saudi Arabia

Tel: +966 8004298888

Fax: +966 11 2054827

Email: Info@falcom.com.sa

Website: www.falcom.com.sa

FALCOM فالكم



### Legal Advisor

#### Alsaleh & Alsahli Law Firm

King Abdullah Road, Al-Worood District

P.O. Box 90549, Riyadh 11623

Saudi Arabia

Tel: +966 11 2054555

Fax: +966 11 2054222

E-mail: corporate@ssfirms.com.sa

Website: www.ssfirms.com.sa

الصالح والساهلي  
للمحاماة والاستشارات القانونية  
Alsaleh & Alsahli Law Firm



Auditor of the financial statements for the financial years ending on December 31, 2017, 2018 & 2019

and for the nine-month period ended on September 30, 2020

**Baker Tilly MKM and Partners (Certified Public Accountants)**

Jeddah - Al-Hamra District - Al-Watan Arabi Street

P.O. Box 300467, Jeddah 11372

Saudi Arabia

Tel: +966 11 835 1600

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Website: [www.bakertillyjfc.com](http://www.bakertillyjfc.com)



**Note**

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Note: All of the above-mentioned parties have provided their written consent to mention their names and logos and to include their information in this Prospectus. None of the above-mentioned parties has withdrawn its approval up to the date of this Prospectus. Neither the advisors, nor their employees and relatives have any shares or interests of any kind in the Company as at the date of this Prospectus.

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## Summary of the Offering

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

<p><b>Issuer's name, description, and information on its incorporation</b></p>	<p>Raydan Food Company (hereinafter referred to as "The Company" or "Raydan") initially started as a sole proprietorship company under the name of "AsSalmi Real Estate Development Group" of its owner Awadallah Ahmad Al-Humaie AsSalmi, and it was registered in the Commercial Registry No. 40330064059, dated 12/07/1409H (corresponding to 19/02/1989G), with an initial capital of one hundred thousand (100,000) Saudi Riyals. The establishment branch under the name "Raydan Cuisines and Restaurants" is registered in the Commercial Registry No. (4030123324) on 18/09/1418H (corresponding to 17/01/1998G). On 29/04/1429H (corresponding to 05/05/2008G), the Company was established as a Saudi closed joint stock company under the name "Raydan Cuisines and Restaurants Company" under Ministerial Resolution No. (149/Q) dated 29/04/1429H (corresponding to 05/05/2008G) after transferring the assets of AsSalmi Group Real Estate Development Establishment and its branch, Raydan Cuisines and Restaurants, so that the Company's capital became one hundred million (100,000,000) Saudi Riyals. On 29/05/1438H (corresponding to 26/02/2017G) the Company's shares were listed on the parallel Saudi Stock Market and converted into a Saudi joint stock company. The name of the Company was changed after the Extraordinary General Assembly agreed on 15/10/1440H (corresponding to 18/06/2019G) to change the name of the Company from "Raydan Cuisines and Restaurants Company" to "Raydan Food Company". On 24/03/1441H (corresponding to 21/11/2019G), the Company was transferred and its shares were listed and started trading in the main Saudi Stock Exchange, totaling twenty-two million five hundred thousand (22,500,000) ordinary shares with a nominal value of ten (10) Saudi Riyals per share.</p> <p>The headquarters of the Company's headquarters is located in Jeddah, and its address is Al-Safa District, P.O. 138680, 21323 Jeddah, Kingdom of Saudi Arabia.</p>
<p><b>Issuer's business activity</b></p>	<p>The Company conducts its activities under the Commercial Registration No. (4030180055) dated 11/06/1429H (corresponding to 15/06/2008G).</p> <p>The activities of the Company, as stated in its Articles of Association, are represented in practicing and implementing the following purposes:</p> <ol style="list-style-type: none"> <li>1) Establishing restaurants that sell Arab and Western meals and banquets.</li> <li>2) Providing cooked and uncooked catering services, parties and supply services.</li> <li>3) Managing, operating, owning and establishing restaurants for the Company and for others.</li> <li>4) Operating and managing the factories established by the Company after obtaining the necessary licenses.</li> <li>5) Owning and establishing real estates and warehouses.</li> <li>6) Practicing wholesale and retail trade in sweets, nuts, pastries, biscuits, dates, ice cream and juices.</li> <li>7) Buying, selling and importing livestock.</li> <li>8) Import, export, services and commercial agencies.</li> <li>9) Carrying out integrated general contracting.</li> <li>10) Performing maintenance, hygiene and operation.</li> </ol> <p>The Company carries out its activities according to the followed regulations and after obtaining the necessary licenses, if any, from the competent authorities.</p> <p>The Company carries out its activities through its headquarters in Jeddah and its subsidiary in Egypt. (For more information, please refer to subsection (3-3) "Main activities of the Company" of Section (3) "Company Background and Nature of its Business" of this Prospectus).</p>

Substantial shareholders of the issuer, number of their shares, percentages of ownership before the Offering	As on the date of this Prospectus, the Substantial shareholders in the Company (who own 5% or more of the Company's shares) is Mansour Awadallah Ahmad AsSalmi. The following table shows the number of shares owned by Substantial Shareholders in the Company before and after the Offering:				
	Shareholder	efore Offering		After Offering	
		No. of Shares	Percentage	No. of Shares	Percentage
	Mansour Awadallah Ahmad AsSalmi	3,000,000	13.33%	4,500,000	13.33%
	Source: The Company				
	The Company's Directors who owns Shares including substantial shareholders (Mansour Awadallah Ahmad AsSalmi) declare that they shall subscribe to all the rights allocated to them.				
Nature of Offering	Increase capital through Rights Issue				
Purpose beyond issuing the proposed priority Rights	By offering Rights, the Company aims to increase its capital, to support expansion of the Company's activity via injecting new funds to provide working capital to increase the operational capacity, support the future activity of the Company, repay the outstanding loan and investment amounts. (Please see Section (7) "Use of Offering Proceeds and Future Projects").				
Total proceeds expected to be obtained and analysis and description of their potential use	It is expected that the total proceeds of subscription to the Right shares will total one hundred twelve million five hundred thousand (112,500,000) Saudi Riyals.				
	The net proceeds from the subscription will be used mainly to support the expansion of the Company's activity and to provide working capital that will enable the Company to increase its operational capacity and support its future activities.				
	The following table shows the proposed use of the IPO proceeds:				
	Use		Value (SAR'000)		
	Completion of Al-Zaydi project		4,000,000		
	Completion of Al Madinah project		4,500,000		
	Construction of the new university branch		4,000,000		
	Apply the new identity		15,000,000		
	Establishing new branches		10,000,000		
	Factory and service centers		20,000,000		
	Repayment of loans		10,000,000		
	Investment amounts		9,346,577		
	Working capital		30,721,548		
Offering costs		4,931,875			
Total		112,500,000			
	Source: The Company				
	(For more information, please refer to Section (7) "Use of Offering Proceeds and Future Projects").				

<b>Costs of offering</b>	The Offering costs is expected to total approximately four million nine hundred and thirty-one thousand eight hundred and seventy-five (4,931,875) Saudi Riyals. They and include the fees of the Financial Advisor, Lead Manager, Underwriter, Legal Advisor, and Auditor, as well as the expenses of marketing, printing, distribution, etc. related to the subscription. (Please see Section (7) "Use of Offering Proceeds and Future Projects").
<b>Net proceeds of the Offering</b>	It is expected that the net Offering proceeds to reach about one hundred seven million five hundred sixty-eight thousand one hundred and twenty-five (107,568,125) Saudi Riyals. (Please see Section (7) "Use of Offering Proceeds and Future Projects")
<b>Issuer's capital before offering</b>	Two hundred and twenty five million Saudi Riyals (225,000,000)
<b>Issuer's capital after offering</b>	three hundred and thirty-seven million five hundred thousand Saudi Riyals (337,500,000)
<b>Issuer's total number of shares before offering</b>	twenty-two million five hundred thousand (22,500,000) ordinary shares
<b>Issuer's total number of shares after offering</b>	thirty-three million seven hundred fifty thousand (33,750,000) ordinary shares
<b>Nominal value of share</b>	Ten Saudi Riyals (SAR 10) per share
<b>Total number of offers shares</b>	eleven million two hundred fifty thousand (11,250,000) ordinary shares
<b>Percentage of offered shares to the capital</b>	50% of the Issuer's capital prior to the Offering
<b>Price of offering</b>	Ten Saudi Riyals (SAR 10) per share
<b>Total value of offering</b>	one hundred twelve million five hundred thousand Saudi Riyals (112,500,000)
<b>Number of offering shares undertaken to be covered</b>	eleven million two hundred fifty thousand (11,250,000) ordinary shares
<b>Total value offering undertaken to be covered</b>	one hundred twelve million five hundred thousand Saudi Riyals (112,500,000)
<b>Categories of target investors</b>	Registered shareholders and new investors
<b>Registered shareholders</b>	Shareholders who own shares at the end of the trading day of the Extraordinary General Assembly for the capital increase and are registered in the Company's records with the Depository Center at the end of the second trading day following the convening of the Extraordinary General Meeting on 05/12/1442H (corresponding to 15/07/2021G).
<b>New investors</b>	General individuals and institutional investors, except for registered shareholders, who purchased the Rights during the trading period.
<b>Rights</b>	Rights are tradable securities that entitle its holders the right to subscribe to new shares upon approval of the capital increase. It is an earned right for all registered shareholders and each Right entitles its holder to subscribe to one share of the new shares at the Offer Price. Rights will be deposited after the Extraordinary General Assembly for the capital increase has convened. These rights will appear in the registered shareholders' accounts under a new pre-emptive right-related symbol.
<b>Number of Right issue issued</b>	eleven million two hundred fifty thousand (11,250,000) ordinary shares
<b>Eligibility factor</b>	Each registered shareholder shall be granted (1) right for every (2) shares he owns. This factor is the result of dividing the number of new shares by the number of the current shares of the Company

<b>Eligibility date</b>	The shareholders who own shares as at the close of trading on the date of the Extraordinary General Assembly approving the Capital increase and those registered in the Company's Shareholders Register at the end of the second trading day following the day of the Extraordinary General Meeting approving the capital increase on 05/12/1442H (corresponding to 15/07/2021G).
<b>Trading period</b>	The trading period starts on 01/01/1443H (corresponding to 09/08/2021G) and continues until the end of 08/01/1443H (corresponding to 16/08/2021G). It is permissible during this period for all Right holders, whether they are registered or new investors, to trade in the Rights.
<b>Subscription period</b>	The subscription period starts on 01/01/1443H (corresponding to 09/08/2021G) and continues until the end of 11/01/1443H (corresponding to 19/08/2021G). During this period, all holders of the Rights, whether they are registered investors or new investors, may exercise their right to subscribe to the new shares.
<b>Method of subscription</b>	Subscription Applications shall be filed electronically through agents' electronic sites and platforms that provide such services to subscribers, or through any other means provided by agents.
<b>Exercising subscription to the Rights</b>	<p>Eligible persons shall have the right to exercise their right to subscribe to the Right issue shares by subscribing electronically via intermediaries' websites and online platforms that provide these services or through any other means provided by intermediaries'. In addition, eligible persons can exercise their rights as follows:</p> <ol style="list-style-type: none"> <li>1. Shareholders registered during the subscription period shall have the right to exercise the rights granted to them on the eligibility date and any additional rights that they have purchased during the trading period by subscribing to the new shares. They have the right also not to take any action regarding the rights they own.</li> <li>2. New investors shall, during the subscription period, have the right to exercise the rights that they have purchased during the trading period by subscribing to the new shares. They have the right also not to take any action regarding the rights they own.</li> </ol> <p>In the event that none of the registered shareholders or the new investors exercise their right to subscribe to the new shares during the subscription period, the shares related to those rights will be offered during the Rump offering period.</p>
<b>Indicative value of the right</b>	The indicative value of the right reflects the difference between the market value of the Company's share during the trading period and the offer price. Tadawul will calculate and publish the right's indicative value during the trading period on its website, five minutes late, and market information service providers will also publish this information in order for investors to view the indicative value when entering the order.
<b>Trading price of the right</b>	It is the price at which the right is traded, bearing in mind that it is determined through the mechanism of supply and demand. Therefore, it may differ from the right's indicative value.

<b>Rump Offering</b>	In the event that shares remain unsubscribed after the end of the subscription period ("Rump Shares"), such shares will be offered to a number of institutional investors ("Investment Institutions"). The Investment Institutions submit their bids to buy the remaining shares. These bids will be received from 10:00 AM on 16/01/1443H (corresponding to 24/08/2021G) until 5:00 PM of the next day 17/01/1443H (corresponding to 25/08/2021G). ("Rump Offering Period"). Rump Shares will be allocated to the Investment Institutions with the highest bids first, then the lowest and the lowest (provided that the bids shall not fall below the Offering Price). The shares shall be allocated on a pro rata basis to the Investment Institutions that offer the same price. As for the fractional shares, they will be added to the Rump Shares and treated similarly.
<b>Method of allocation and refund</b>	Shares will be allocated to each investor based on the number of Rights he has properly and completely exercised. Fractions of the shares will be summed and added to the Rump Shares and then offered to Investment Institutions during the Rump Offering Period: The Company will obtain the total Offering Price collected from the sale of the Rump Shares, while the remaining proceeds (if any) of the Rump Offering will be distributed without accounting for any fees or deductions (that exceeds the Offering Price) to its beneficiaries who did not fully or partially subscribe to the new shares and for those entitled to fractional shares. Note that the investor who did not subscribe for or sell his rights, and the owners of fractional shares, may not get any compensation if the sale is made in the Rump Offering Period at the Offering Price. (please refer to section "Terms, Conditions and Subscription Instructions"). please refer to Section (13) "Information Related to Shares and Offering Terms and Conditions" of this Prospectus.  Oversubscribed amounts (if any) will be refunded to subscribers without any commissions or deductions by the Lead Manager.
<b>Date of allocation</b>	Shares will be allocated on 21/01/1443H (corresponding to 29/08/2021G).
<b>Refund date</b>	Oversubscribed amounts (if any) will be refunded to subscribers without any commissions or deductions by the Lead Manager, no later than 02/02/1443H (corresponding to 09/09/2021G).
<b>Payment of Compensation Amounts (if any)</b>	Cash compensation amounts will be paid to Eligible Persons who failed to exercise their right to subscribe and did not subscribe wholly or partially for the New Shares, as well as to the holders of fractional Shares at the latest on 02/02/1443H (corresponding to 09/09/2021G) without any deductions. Compensation amounts represent remaining sale proceeds resulting from the Rump Shares and fractional Shares (in excess of the Offer Price).
<b>Revised price</b>	The Company's share price in the capital market has been amended to SAR (27.85) per share, before trading on the next day of holding the Extraordinary General Meeting for the capital increase. This represents a decrease in the share price by SAR (8.93) per share.
<b>Trading in New shares</b>	Trading of new shares in Tadawul begins after finalizing all formalities related to registering, allocating and listing the new shares.

<b>Listing of/Trading in the Rights</b>	<p>The rights are listed in Tadawul and traded during the rights issue trading period. The Rights shall have a separate symbol different than the Company's current stock symbol on the Tadawul screen. The registered shareholders have several options during the trading period, which include selling the rights or part of them in the Exchange, buying additional rights through the Exchange, or not taking any action on the Right, whether by selling them or buying additional Rights. During the trading period, new investors will have the right to purchase Rights through the Exchange, sell those rights or part of them, or not to take any action regarding the rights purchased during the trading period. The Tadawul system will cancel the Right issue symbol for the Company on the trading screen after the end of the Rights trading period. Therefore, the trading of the Rights will stop at the end of that period.</p>
<b>Dividends Eligibility</b>	<p>Holders of the new shares will be entitled to any dividends declared by the Company after the issue date.</p>
<b>Voting rights</b>	<p>The Company has only one class of Shares. No Shareholder shall have any preferential rights. Each of the Shares entitles its holder to vote. Each Shareholder has the right to attend and vote at the General Assembly Meeting and vote. The shareholder may delegate any other shareholder, other than the members of the Company's Board of Directors or its employees, to act on his behalf in attendance of the meetings of the General Assembly and vote on its resolutions</p>
<b>Restrictions on trading the Shares</b>	<p>The Company's shares were listed on Tadawul on 24/02/1431H (corresponding to 08/02/2010G). It is worth noting that the ban period of three full fiscal years, each of which is not less than twelve months for the Founding Shareholders, has expired. Accordingly, all shares are tradable according to the rules, regulations and instructions issued by the Capital Market Authority. However, the Founding Shareholders must obtain the approval of the Central Bank of Saudi Arabia and then the approval of the Capital Market Authority before disposing of their shares</p>
<b>Limitations of Rights trading</b>	<p>There are no restrictions imposed on trading the Company's Rights</p>
<b>Shares previously listed by Issuer</b>	<p>The Company listed all of its shares totaling to twenty-two million and five hundred thousand (22,500,000) ordinary shares at a nominal value of ten (10) Saudi Riyals per share on the parallel market at a par value of ten (10) Saudi Riyals after obtaining the approval of both the Capital Market Authority and the Saudi Stock Exchange Company (Tadawul). On 24/03/1441H (corresponding to 21/11/2019G), the Company was transferred and its shares were listed and started trading on the main Saudi Stock Exchange in a number of twenty-two million five hundred thousand (22,500,000) ordinary shares with a nominal value of ten (10) Saudi Riyals per share, after obtaining the approval of the Saudi Stock Exchange Company (Tadawul).</p>
<b>Conditions of Subscription for Rights</b>	<p>Eligible persons wishing to subscribe to the new shares must fulfill the relevant subscription conditions. To view the terms and conditions and instructions of the Offering, please refer to Section (13) "Information Related to Shares and Offering Terms and Conditions" of this Prospectus.</p>

Public	<p>In the Rules on the Offer of Securities and Continuing Obligations, it means the persons not mentioned below:</p> <ol style="list-style-type: none"> <li>1. Affiliates of the Issuer.</li> <li>2. Substantial shareholders of the Issuer.</li> <li>3. Board members and senior executives of the issuer.</li> <li>4. Board members and senior executives of affiliates of the issuer.</li> <li>5. Board members and senior executives of substantial shareholders of the issuer.</li> <li>6. Any relatives of the persons referred to in (1, 2, 3, 4 or 5) above.</li> <li>7. Any company controlled by any of the persons described at (1, 2, 3, 4, 5, or 6) above. or</li> </ol> <p>Persons who act in agreement together and collectively own (5%) or more of the class of shares to be listed.</p>
New Shares	<p>eleven million two hundred fifty thousand (11,250,000) ordinary shares, which will be issued to increase the Company's capital.</p>
Risk Factors	<p>Investing in Right issue stocks involves certain risks. Such risks can be classified into: (1) Risks related to the Company's business; (2) Risks related to the market and the sector; and (3) Risks related to the new shares. Those risks have been discussed in Section 2 "Risk Factors" of this Prospectus, Which must be carefully studied before making any investment decision in the rights issue.</p>
Significant adjustments made to the information disclosed in the latest Prospectus	<p>CMA has approved the publication of the Company's last Prospectus on 02/05/1438H (corresponding to 30/10/2017G) (please see sub-paragraph No. (10-13) "Material information that has changed since the Authority's approval of the latest Prospectus in Section 10 "Legal Information" of this Prospectus).</p>

**Note:** The section "Important Notice" on page (I) and section 2 "Risk Factors" of this Prospectus should be carefully studied before making any investment decision in Rights Issues.

## Key dates for subscribers and subscription procedures

Events	Dates
Date of the Extraordinary General Assembly approving capital increase and setting the Eligibility Date and Eligible Shareholders. Eligible Shareholders are the ones who own shares at the end of the trading day of the Extraordinary General Assembly for the capital increase and those registered in the Company's Shareholders' register at the Depository Center at the end of the second trading day following the Extraordinary General Meeting.	on 03/12/1442H (corresponding to 13/07/2021G)
Trading Period	The trading period starts on 01/01/1443H (corresponding to 09/08/2021G) and continues until the end of 08/01/1443H (corresponding to 16/08/2021G). During this period, all holders of Rights, whether registered or new investors, may trade in and subscribe for the Rights.
Period of Subscription	The subscription period starts on 01/01/1443H (corresponding to 09/08/2021G) and continues until the end of 11/01/1443H (corresponding to 19/08/2021G). During this period, all holders of Rights, whether registered or new investors, may subscribe for the Rights.
End of Subscription Period	The subscription period and receiving subscription requests ends with the end of 11/01/1443H (corresponding to 19/08/2021G).
Rump Offering Period	The Rump Offering Period begins at 10:00 AM of 16/01/1443H (corresponding to 24/08/2021G) and continues until 5:00 PM of the next day on 17/01/1443H (corresponding to 25/08/2021G).
Final Allocation Notification	on 21/01/1443H (corresponding to 29/08/2021G)
Payment of compensation amounts (if any) for Eligible Persons who did not participate in the Offering and those entitled to Shares fractions	on 02/02/1443H (corresponding to 09/09/2021G)
Expected date for the commencement of trading in Offer Shares	After completing all necessary procedures. Dates will be communicated through the local newspapers and on Tadawul website.

**Notice:** All the dates mentioned in the timeline above are approximate, and the actual dates will be announced on the website of the Saudi Stock Exchange (Tadawul) ([www.tadawul.com.sa](http://www.tadawul.com.sa)).



## Key announcement dates

Announcement	Announcing Party	Announcement Date
Announcement regarding the invitation for the Extraordinary General Assembly for capital increase.	The Company	on 11/11/1442H (corresponding to 21/06/2021G)
Announcement regarding the Extraordinary General Assembly outcome with regard to capital increase.	The Company	on 04/12/1442H (corresponding to 14/07/2021G)
Announcement regarding the change in Company's share price, Rights' deposit and the Indicative Value of the Right	Tadawul	on 04/12/1442H (corresponding to 14/07/2021G)
Announcement regarding the addition of Rights to Raydan Foods Company.	Edaa	on 01/01/1443H (corresponding to 09/08/2021G)
Announcement regarding the Rights trading period and the new shares subscription periods	The Company	on 04/12/1442H (corresponding to 14/07/2021G)
Announcement on the start of the Rights trading period and the subscription period	Tadawul	on 01/01/1443H (corresponding to 09/08/2021G)
A reminder announcement on the start of the Rights trading period and the subscription period	The Company	on 01/01/1443H (corresponding to 09/08/2021G)
A reminder announcement of the last day for trading Rights and the last day for subscription	The Company	on 08/01/1443H (corresponding to 16/08/2021G)
Announcement regarding: <ul style="list-style-type: none"> <li>Subscription results,</li> <li>Details of the sale of unsubscribed Shares, if any, and commencement of the Rump Offering</li> </ul>	The Company	on 14/01/1443H (corresponding to 22/08/2021G)
Announcement regarding the outcome of the Rump Offering and Notification of the final allocation	The Company	on 21/01/1443H (corresponding to 29/08/2021G)
Announcement regarding the deposit of New Shares in the investors' portfolios	Edaa	on 25/01/1443H (corresponding to 02/09/2021G)
Announcement regarding distribution of the compensation amounts (if any)	The Company	on 02/02/1443H (corresponding to 09/09/2021G)

Notice: All the dates mentioned in the timeline above are approximate, and the actual dates will be announced on the website of the Saudi Stock Exchange (Tadawul) ([www.tadawul.com.sa](http://www.tadawul.com.sa)).

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

It should be noted also that in the event that an advertisement related to the offering is published in a local newspaper after the publication of the Prospectus, the announcement must include the following:

1. The name of the issuer and its commercial registration number.
2. The securities, their value, type, and class covered by the securities registration and offering application.
3. The addresses and places where the public can obtain the Prospectus.
4. The date of publishing the Prospectus.
5. A statement that the announcement is for information only and does not constitute an invitation or offer to acquire securities by purchasing or subscribing to them.
6. Names of the Lead Manager, Underwriter (if any), Financial Advisor, and Legal Advisor.
7. A disclaimer in the following form: "CMA and the Saudi Stock Exchange Company (Tadawul) do not assume any responsibility on the contents of this announcement, nor do they give any representations regarding its accuracy or completeness, and they expressly disclaim any responsibility for any loss they have suffered as a result of what is contained in this announcement or from reliance on any part thereof.

## How to apply for subscription

Subscription to Right Issue shares is limited to Eligible Persons, whether they are registered shareholders or new investors. In the event that the Right Issue of the eligible persons are not exercised, any Rump Shares that have not been subscribed by the eligible persons will be offered to the investment institutions during the Rump Offering Period. Eligible persons wishing to subscribe to new shares must submit their subscription applications through the means and services provided by the agent to the investors, provided that the eligible person shall have an investment account with one of the agents who provide such services.

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

## FAQs about the Rights Issue

### What is a Rights Issue?

Rights are tradable securities that give their holders the right to subscribe to the new shares offered upon approval of the capital increase. They are acquired rights for all Registered Shareholders who own shares on the day of the extraordinary general assembly meeting for the capital increase and who are registered in the Company's Shareholders Register at the Depository Center at the end of the second trading day following the Extraordinary General Assembly. Each Right grants its holder eligibility to subscribe to one New Share at the Offer Price.

### Who is granted the Rights?

The Rights are granted to all Registered Shareholders in the Company's Register as at the close of the second trading day after the date of the Extraordinary General Assembly.

### When are the Rights deposited?

Following the Extraordinary General Meeting and its approval to increase the capital through a Rights Issue, the Rights shall be deposited as securities in the portfolios of the Company's Shareholders Register at the Securities Depository Center by the end of the second trading day after the Extraordinary General Meeting. The New Rights appear in their portfolios under a new code for the Rights. Such Rights will be allowed to be traded or subscribed only at the beginning of the Trading and Subscription periods.

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

Investors are notified through an announcement on the Tadawul website and through Tadawulati Service provided by the Depository Center and SMS's sent through intermediaries.

### 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.

### **What is the Rights Issue ratio?**

It is the ratio that permits the Registered Shareholder to know how many Rights he/she is entitled to in relation to the Shares that he/she already owned on the second trading day after the Extraordinary General Assembly. This factor is calculated by dividing the number of new shares by the number of the current shares of the Company. Therefore, the eligibility factor is (1) right for each one (2) share owned by the registered shareholder on the eligibility date. Accordingly, if a registered shareholder owns (1,000) shares on the eligibility date, he/she will be allocated (500) rights in exchange for the shares he/she owns.

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

Yes, the acquired Right will be added to the Investor's Portfolio under the name of the original stock, with the addition of the word Rights, in addition to a new symbol for these Rights.

### **What is the Right's value upon the trading commencement?**

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

### **Who is the Registered Shareholder?**

Any Shareholder whose name appear in the Company's Shareholders' Register at the end of the second trading day after the Extraordinary General Assembly.

### **Can Registered Shareholders subscribe for additional shares?**

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

### **Is it possible for a Registered Shareholder to lose his eligibility to subscribe even if he has the right to attend the Extraordinary General Assembly and vote on raising the capital through a rights issue?**

Yes, the Shareholder loses his eligibility to subscribe if he sells his 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 the investment portfolio in the trading platforms through which the buy and sell orders are entered, in addition to the possibility of subscribing through any other means provided by the intermediaries and custodian.

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

The eligible person cannot subscribe to more shares than the Rights owned by him.

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

The Rights will be deposited in the same portfolio where the shares of the Company connected to the Rights are deposited. Example: If a shareholder holds (1,000) shares in the Company (800) shares in portfolio (a) and (200) shares in portfolio (b), then the total Rights which will be deposited (500) Rights as each share is eligible for (0.5) Rights. Therefore, (400) Rights will be deposited in portfolio (a) and (100) 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 Rights?**

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

**When can the subscriber subscribe for the Rights he purchased during the trading period?**

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

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

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

**What will happen to Rights that are unsold or unsubscribed for during the Trading Period and the Offering Periods?**

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

**Who has the right to attend the Extraordinary General Assembly and vote on increasing the Share Capital through a rights issue?**

The shareholder who is registered in the Issuer's Shareholders' Register at the Depository Center after the end of the trading session on the Extraordinary General Assembly day shall have the right to attend the Extraordinary General Assembly and vote on increasing the Issuer's Share Capital through a rights issue.

**When is the share price adjusted as a result of increasing the Issuer's Share Capital through a rights issue?**

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

**If an investor buys securities on the Extraordinary General Assembly day, will he be eligible for the Rights resulting from the increase of the Issuer's 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 Rights will be granted to all shareholders registered in the Company's Shareholders Register at the end of trading section on second trading day following the date of the Extraordinary General Assembly. However, he 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 Brokerage Company, how will his Rights be calculated?**

The investor's shares will be distributed to the portfolios owned by him, according to the percentage of ownership 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 Trading and Subscription (Offering) periods?**

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

**Is it possible to subscribe during the weekend?**

No, that is not possible.

**Can non-registered shareholders on the day of the Extraordinary General Assembly subscribe for the Rights?**

Unrestricted Shareholders can subscribe for the Rights after purchase of Rights during the period specified for trading.

**Further Assistance:**

In the event of any inquiries, please contact the Company on the e-mail ([info@Raydan.com.sa](mailto:info@Raydan.com.sa)) and for legal reasons, the Company will only be able to provide the information contained in this Prospectus and will not be able to provide advice on the merits of issuing rights or even provide financial, tax, legal or investment advice.

For more information on the Subscription terms, conditions and instructions, please refer to Section (13) "Information Related to Shares and Offering Terms and Conditions" as well as other information contained in this Prospectus.

## Summary of Key Information

### Note to Investors

This summary provides a brief overview of the key information included in this Prospectus. Since it is only a summary, it does not include all information that may be of interest to shareholders and other general institutional and individual investors. Recipients of this Prospectus must fully read it before making any investment decision related to the new rights or shares.

### Company Overview

Raydan Food Company (hereinafter referred to as "The Company" or "Raydan") initially started as a sole proprietorship company under the name of "AsSalmi Real Estate Development Group" of its owner Awadallah Ahmad Al-Humaie AsSalmi, and it was registered in the Commercial Register No. 40330064059, dated 12/07/1409H (corresponding to 19/02/1989G), with an initial capital of one hundred thousand (100,000) Saudi Riyals. The establishment branch under the name "Raydan Cuisines and Restaurants" is registered in the Commercial Registry No. (4030123324) on 18/09/1418H (corresponding to 17/01/1998G). On 29/04/1429H (corresponding to 05/05/2008G), the Company was established as a Saudi closed joint stock company under the name "Raydan Cuisines and Restaurants Company" according to the Ministerial Resolution No. (149/Q) dated 29/04/1429H (corresponding to 05/05/2008G) after transferring the assets of AsSalmi Group Real Estate Development Establishment and its branch, Raydan Cuisines and Restaurants, so that the Company's capital became one hundred million (100,000,000) Saudi Riyals. On 29/05/1438H (corresponding to 26/02/2017G) the Company's shares were listed on the parallel Saudi Stock Market and converted into a Saudi joint stock company. The name of the Company was changed after the Extraordinary General Assembly agreed on 15/10/1440H (corresponding to 18/06/2019G) to change the name of the Company from "Raydan Cuisines and Restaurants Company" to "Raydan Food Company". On 24/03/1441H (corresponding to 21/11/2019G), the Company was transferred and its shares were listed and started trading in the main Saudi Stock Exchange.

The headquarters of the Company's headquarters is located in Jeddah, and its address is Al-Safa District, P.O. 138680, 21323 Jeddah, Kingdom of Saudi Arabia.

The current capital of the Company is two hundred and twenty five million (225,000,000) Saudi Riyals, divided into twenty-two million five hundred thousand (22,500,000) ordinary shares with a nominal value of ten (10) Saudi Riyals per share, paid in full (referred to individually as "current share" and collectively as "current shares").

As on the date of this Prospectus, the Substantial shareholders in the Company (who own 5% or more of the Company's shares) is Mansour Awadallah Ahmad AsSalmi, who owns three million (3,000,000) shares, i.e. 13.33% of the Company's shares before the Offering.

### History of the Company and the most significant developments in its capital structure

- Raydan Food Company started its activities as a sole proprietorship establishment owned by Mr. Awadallah Ahmad Ayedh Al-Humaie AsSalmi under the name of "AsSalmi Group for Real Estate Development", registered in Jeddah under the commercial registration No. 4030064059 dated 12/07/1409H (corresponding to 19/02/1989G). Its capital then was one hundred thousand (100,000) Saudi Riyals. A branch of the Establishment under the name "Raydan Cuisines and Restaurants" was registered under Commercial Registration No. (4030123324) on 18/09/1418H (corresponding to 17/01/1998G).
- On 11/06/1429H (corresponding to 15/06/2008G) the Company was incorporated as a closed joint stock company according to Ministerial Resolution No. (149/Q) dated 29/04/1429H (corresponding to 05/05/2008G) under the name of "Raydan Cuisines and Restaurants Company" as per the Commercial Registration No. (4030180055), with a capital of one hundred million (100,000,000) Saudi Riyals, divided into one hundred thousand (100,000) in-kind shares of equal value, each of which is worth one thousand (1,000) Saudi Riyals.

- On 11/05/1435H (corresponding to 12/03/2014G), the Extraordinary General Assembly (EGM) of the shareholders agreed to increase the Company's capital by (45%) from one hundred million (100,000,000) Saudi Riyals to one hundred and forty-five million (145,000,000) Saudi Riyals, and as such, increasing the number of the Company's shares from ten million (10,000,000) ordinary shares to fourteen million five hundred thousand (14,500,000) ordinary shares of equal value, each of which is worth ten (10) Saudi Riyals, by capitalizing the Company's shareholders' loan amounting to forty five million (45,000,000) Saudi Riyal for the acquisition of the Raouche International Sweets Company.
- On 16/01/1436H (corresponding to 09/11/2014G), the EGM approved an increase of the Company's capital by (55.17%) from one hundred forty-five million (145,000,000) Saudi Riyals to two hundred twenty-five million (225,000,000) Saudi Riyals, and as such, increasing the number of the Company's shares from fourteen million five hundred thousand (14,500,000) ordinary shares to twenty-two million five hundred thousand (22,500,000) ordinary shares of equal value, each of which is worth ten (10) Saudi Riyals, by means of a cash deposit from the shareholders in the amount of sixty seven million (67,000,000) Saudi Riyals and transferring thirteen million (13,000,000) Saudi Riyals from the balance of the retained earnings account as of 31/08/2014G to the capital account.
- On 29/05/1438H (corresponding to 26/02/2017G), the Board of Directors of the Company decided to offer six million seven hundred fifty thousand (6,750,000) shares, register and list them in the parallel Saudi Stock Market. The offered shares represented (30%) of the Company's capital shares, amounting then to two hundred and twenty five million (225,000,000) Saudi Riyals of the Company's divided into twenty-two million five hundred thousand (22,500,000) ordinary shares of equal value of ten (10) Saudi Riyals per share.
- On 15/10/1440H (corresponding to 18/06/2019), the EGM agreed to change the name of the Company from "Raydan Cuisines and Restaurants Company" to "Raydan Food Company".
- On 24/03/1441H (corresponding to 21/11/2019G), the Company was transformed, listed and started trading its shares on the main Saudi Stock Market with twenty-two million five hundred thousand (22,500,000) ordinary shares, with a nominal value of ten (10) Saudi Riyals per share, after obtaining the approval of the Saudi Stock Exchange Company (Tadawul).
- On 19/01/1442H (corresponding to 07/09/2020G), the Board of Directors recommended to increase the Company's capital by (50%) by offering Right Shares of one hundred twelve million five hundred thousand (112,500,000) Saudi Riyals, after obtaining all the necessary regulatory approvals and the approval of the Extraordinary General Assembly, so that the Company's capital after the increase becomes three hundred thirty-seven million five hundred thousand (337,500,000) Saudi Riyals. On 03/12/1442H (corresponding to 13/07/2021G), the Extraordinary General Assembly of shareholders approved a 50% increase in the Company's capital from two hundred twenty-five million (225,000,000) Saudi Riyals, to three hundred and thirty-seven million five hundred thousand (337,500,000) Saudi Riyals, thus increasing the number of shares from twenty-two million five hundred thousand (22,500,000) ordinary shares to thirty-three million seven hundred fifty thousand (33,750,000) ordinary shares, of equal value of ten (10) Saudi Riyals per share, by issuing eleven million two hundred fifty thousand (11,250,000) new ordinary shares a Rights Issue with a nominal value of ten (10) Saudi Riyals per share.

### Main Activities of the Company

The Company conducts its activities under the Commercial Registration No. (4030180055) dated 11/06/1429H (corresponding to 15/06/2008G).

The activities of the Company, as stated in its Articles of Association, are represented in practicing and implementing the following purposes:

- 1) Establishing restaurants that sell Arab and Western meals and banquets.
- 2) Providing cooked and uncooked catering services, parties and supply services.

- 3) Managing, operating, owning and establishing restaurants for the Company and for others.
- 4) Operating and managing the factories established by the Company after obtaining the necessary licenses.
- 5) Owning and establishing real estates and warehouses.
- 6) Practicing wholesale and retail trade in sweets, nuts, pastries, biscuits, dates, ice cream and juices.
- 7) Buying, selling and importing livestock.
- 8) Import, export, services and commercial agencies.
- 9) Carrying out integrated general contracting.
- 10) Performing maintenance, hygiene and operation.

The Company carries out its activities according to the followed regulations and after obtaining the necessary licenses, if any, from the competent authorities.

The Company carries out its activities through its headquarters in Jeddah and its subsidiary in Egypt. (For more information, please refer to subsection (3-3) "The main activities of the company" of Section (3) "Company Background and the Nature of its Business" of this Prospectus).

#### **Company Vision**

To be local and regional market leader in providing Arab foods according to the latest international methods in order to earn customer confidence and meet their desires, and to excel in providing the highest levels of quality, service and hospitality through expansion and spread in all regions of the Kingdom and abroad.

#### **Company Mission**

Excellence in all the products and services provided while ensuring that customers' desires are met.

#### **Company Strategy**

- Creating meals that can be prepared in a shorter time to meet market needs.
- Opening easily accessible branches in convenient locations and inside shopping centers.
- Improving the interiors of the branches by introducing more modern decorations to attract customers.
- Clarifying the nutritional value of the meals provided.
- Strengthening its competitive position by promoting the name and brand of the Company, locally and abroad.
- Continuing to improve operational processes.
- Concluding strategic agreements with the main suppliers of the Company while diversifying the sources of supplying the Company's operational needs.
- Attracting qualified Saudi human resources to support the Company's strategic plan for growth and expansion.
- Adopting the new identity of the Company.

#### **Company Strengths and Competitive Advantages**

- Significant experience in the field of its work.
- The financial strength and outstanding performance of the Company.
- The Company's ability to maintain and develop competencies.
- The Company has a specialized and highly experience team in the field of work.
- The Company's ability to attract qualified cadres to activate its works.



## Market Overview

The restaurant sector is one of the largest sectors in the Kingdom. According to the report on Household Income and Expenditure Survey issued by the General Authority for Statistics in 2018G, the percentage of average monthly spending on restaurants and hotels sector out of the total average monthly spending represents (5.1%) by families and (5.2%) by individuals. The sector continues to flourish in normal circumstances. Revenues from lodging and restaurants sector grew by (23.3%) in 2019. In line with the population growth by 2.4% in 2019, which is considered one of the factors affecting the increase in demand and the positive impact on various sectors, most importantly the restaurant sector. According to the GLL report entitled "Future of Food Sector in Saudi Arabia", the food sector is expected to grow. The food and beverage sector is likely to continue to grow according to the Saudi General Investment Authority's expectation that the food sector will grow by 6% annually during the next five years, bringing the total food depreciation to 221 billion Saudi Riyals. The report suggested that this growth is driven by several factors, the most prominent of which is the resulting changes in the entertainment sector. The developments and changes in the entertainment sector under the economic diversification plan are expected to affect the restaurant sector. Vision 2030 aspires to increase household spending on entertainment from 2.9% in 2015 to 6% by 2030.

Despite the positive performance of the sector in previous years, the unexpected conditions in 2020 resulting from the Corona pandemic (Covid-19) and the subsequent quarantine and other precautions have negatively affected the general economic situation and the sector. The real GDP of the Kingdom decreased by (4.6%) in the third quarter of 2020 compared to the same quarter of the previous year. This was accompanied by a decrease in the wholesale and retail trade, as well as restaurants and hotels sector by (5.2%). The economic conditions began to recover, as the real GDP of the Kingdom increased by (3.9%) in the third quarter of 2020 compared to the second quarter of 2020, accompanied by an increase in the wholesale, retail trade, and restaurants and hotels sector by (28.6%).

(Source: General Authority for Statistics, JLL Report "The Future of Food Sector in Saudi Arabia")

## Summary of Risk Factors

Prospective investors willing to subscribe for the offered shares shall read this Prospectus entirely prior to taking their invest decision to subscribe for or trades in the Offered Shares, including in particular the section (2) "Risk Factors" of this Prospectus .

### A. Risk Factors

- Risks Related to Inability to Implement the Strategy
- Liquidity Risk
- Risks related to Credit
- Risks Related to Contingent Liabilities
- Risks related to Accumulated Losses
- Risks related to Failure to issue or renew Licenses, Permits and Certificates
- Risks related to Health and Safety Requirements
- Risks related to Lease Contracts
- Risks related to Reliance on Key Personnel and Executive Management
- Risks related to Employee Mistakes or Misconduct
- Risks related to the Availability of Financing in the Future
- Risks related to High Indebtedness of the Company
- Risks related to Increasing the Company's Liabilities
- Risks related to Operation Systems and Information Technology
- Risks related to Changes in the Accounting Standards or Application of New Standards
- Risks related to Nationalization Requirements

- Risks related to Occurrence of Natural Disasters
- Risks related to Non-compliance with the Quality Standards and Specifications required by Customers
- Litigation Risks
- Risks related to Potential Zakat and Tax Dues and Additional Claims
- Risks related to Financing Agreements
- Risks related to the Geographical Concentration of Revenues
- Risks related to Investment in Aljonah for Desserts & Catering Co. Ltd.
- Risks related to Franchise Agreements
- Risks related to the Protection of Trademarks and Equity
- Risks related to Insurance Coverage
- Risks associated with Related Parties
- Risks related to Contracts with Third Parties
- Risks related to Reliance on non-Saudi Employees
- Risks related to Interruption of the Company's Business
- Risks related to the Outbreak of Coronavirus "Covid-19" and Epidemics

**B. Risks Related to the Market and Industry**

- Risks related to the Economic Performance of the Kingdom
- Risks related to Political and Economic Instability in the Middle East
- Risks related to the Companies Law and the Corporate Governance Regulations
- Risks related to Non-compliance with Existing Laws and Regulations and/or Issuance of New Laws and Regulations
- Risks related to the Competitive Environment
- Risks related to Value-added Tax (VAT)
- Risks related to Government Fees Applicable to Employment of non-Saudi Employees
- Risks related to Fluctuations in Currency Exchange Rates
- Risks related to Fluctuations in Supply and Demand

**C. Risks related to the Offer Share**

- Risks related to Potential Fluctuation in the Rights Issue Price
- Risks related to Potential Fluctuations in the Share Price
- Risks related to non-Profitability or Selling of Priority Rights
- Risks related to Future Data
- Risks related to the Possibility of Issuing New Shares
- Risks of Lack of Demand for the Company's Priority Rights and Shares
- Risks related to Potential Dilution of Ownership
- Risks related to Not Exercising the Priority Rights in a Timely Manner
- Risks related to Dividends
- Risks related to Speculation in Priority Rights
- Risks related to suspension of trading and cancellation of listing the Company's Shares

## Summary of Financial Information

The summary of the financial information presented below is based on the Company's audited financial statements for the financial years ending on December 31, 2017, 2018 and 2019 and the accompanying notes, in addition to the condensed interim financial statements (unaudited) for the six months ending on June 30, 2020, and the notes attached thereto.

Statement of Financial Position	Fiscal year ended on 31 December 2017 (Edited)	Fiscal year ended on 31 December 2018 (Edited)	Fiscal year ended on 31 December 2019 (Edited)	Fiscal Period ended on 30 September 2020 (not audited)
Total current assets	46,391,385	26,682,376	24,976,216	21,665,434
Total non-current assets	262,715,927	314,786,011	398,941,255	348,704,905
Total assets	309,107,312	341,468,387	423,917,471	370,370,339
Total current liabilities	17,865,084	36,492,899	52,575,268	59,352,786
Total non-current liabilities	18,492,077	28,263,266	99,924,140	93,384,798
Total liabilities	36,357,161	64,756,165	152,499,408	152,737,584
Total Equity	272,750,151	276,712,222	271,418,063	217,632,755
Total liabilities and equity	309,107,312	341,468,387	423,917,471	370,370,339

Source: The audited financial statements for the financial years 2017, 2018 and 2019, and the interim non-audited financial statements for the six months ending on September 30, 2020.

Statement of Income	Fiscal year ended on 31 December 2017 (Edited)	Fiscal year ended on 31 December 2018 (Edited)	Fiscal year ended on 31 December 2019 (Edited)	Fiscal Period ended on 30 September 2020 (not audited)
Total revenue from contracts with clients	227,485,426	233,687,745	230,483,559	101,497,355
Cost of revenues	176,010,281	191,404,733	210,771,699	107,234,989
Gross profit / (loss)	51,475,145	42,283,012	19,711,860	(5,737,634)
Net profit / (loss) before Zakat and income tax	25,544,438	18,102,811	(4,533,592)	(53,306,054)
Profit / (loss) from continuing operations	24,793,875	17,721,349	(4,760,903)	(53,834,539)
Net profit / (loss)	26,217,936	14,721,049	(4,760,903)	(53,834,539)

Source: The audited financial statements for the financial years 2017, 2018 and 2019, and the interim non-audited financial statements for the six months ending on September 30, 2020.

Statement of Cash Flows	Fiscal year ended on 31 December 2017 (Edited)	Fiscal year ended on 31 December 2018 (Edited)	Fiscal year ended on 31 December 2019 (Edited)	Fiscal Period ended on 30 September 2020 (not audited)
Net cash available from operating activities	40,769,325	35,603,237	18,836,981	3,777,324
Net cash available from / (used in) investing activities	(17,626,372)	(39,927,714)	(22,898,804)	1,208,882
Net cash available from / (used in) financing activities	(36,249,877)	3,170,812	32,813	(5,873,096)
Cash and cash equivalents at the beginning of the period	20,431,122	7,334,416	6,033,605	2,228,194
Cash and cash equivalents at the end of the period	7,334,416	6,033,605	2,228,194	1,390,535
Net change in cash and cash equivalents for the period	(13,106,924)	(1,153,665)	(4,029,010)	(886,890)

Source: The audited financial statements for the financial years 2017, 2018 and 2019, and the interim non-audited financial statements for the six months ending on September 30, 2020.

Key Performance Indicators	Units	Fiscal year ended on 31 December 2017 (Edited)	Fiscal year ended on 31 December 2018 (Edited)	Fiscal year ended on 31 December 2019 (Edited)	Fiscal Period ended on 30 September 2020 (not audited)
Rate of growth in revenue	%	(24.2%)	2.7%	(1.4%)	(43.3%)
Net Profit / (Loss) Growth Rate	%	(38.2%)	(43.9%)	(132.3%)	(1100.7%)
Gross profit / (loss) margin	%	22.6%	18.1%	8.6%	(5.7%)
Net profit margin	%	11.5%	6.3%	(2.1%)	(53.0%)
Selling and marketing expenses as a percentage of the revenues	%	1.0%	0.9%	1.4%	1.6%
General and administrative expenses as a percentage of revenues	%	10.1%	10.4%	9.1%	13.8%
Return on assets	%	8.5%	4.3%	(1.1%)	(14.5%)
Return on equity	%	9.6%	5.3%	(1.8%)	(24.7%)
Total current assets / total current liabilities	x	2.6x	0.73x	0.48x	0.37x

Source: Management Information

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## 1 Terms and Definitions

The following table includes a list of terms and definitions used in this Prospectus.

Term or Abbreviations	Definition
The Company or the Issuer	Raydan Food Company is a Saudi joint stock company incorporated under that conduct business under Commercial Registration No. (4030180055) dated 11/06/1429H (corresponding to 15/06/2008G).
Group	Raydan Food Company and its subsidiaries
Management	The executive management of the Company.
Kingdom	Kingdom of Saudi Arabia.
Egypt	Arab Republic of Egypt
Articles of Association	The Company's Articles of Association.
Ministry of Commerce	Ministry of Commerce (formerly Ministry of Commerce and Investment) in the Kingdom of Saudi Arabia.
Rules on the Offer of Securities and Continuing Obligations	The Rules on the Offer of Securities and Continuing Obligations issued by the board of the Capital Market Authority under resolution no. 3-123-2017, dated 09/4/1439H (corresponding to 27/12/2017G), based on the Capital Market Law issued under Royal Decree no. m/30, dated 02/06/1424H, and amended under the Capital Market Authority Board resolution no. 1-07-2021, dated 01/06/1442H (corresponding to 14/01/2021G).
The Board, Board of Directors, Board Members or Directors	The Company's Board of Directors whose names appear on pages (IV) and (29).
Advisors	The Company advisors whose names appear on pages (V) and (VI).
Capital Market Authority, the Authority or CMA	The Capital Market Authority in the Kingdom of Saudi Arabia.
Capital Market Law	The Financial Market Law issued under royal decree no. m/30, dated 02/06/1424H (corresponding to 31/07/2003G), and any amendments thereto.
Saudi Stock Exchange Company	The Saudi Stock Exchange Company established under the Council of Ministers Resolution, dated 29/02/1428H (corresponding to 19/03/2007G), in implementation of the Capital Market Law, is a Saudi closed joint stock company, and the sole authority entrusted to act as a market of securities in the Kingdom of Saudi Arabia, wherein securities are listed and traded.
Saudi Capital Market, Capital Market, Stocks Market, the Market or Tadawul	The Saudi Financial Market for trading of securities.
Tadawul System	The automated system for trading of stocks.
Companies Law or Companies Regulations	The Companies Law in the Kingdom of Saudi Arabia, issued under royal decree no. (m/3), dated 28/01/1437H (corresponding to 10/11/2015G, which came into force on 25/07/1437H (corresponding to 02/05/2016G), and amended under royal decree no. (m/79), dated 25/07/1439H (corresponding to 11/04/2018G).

Subsidiaries	Subsidiaries if the Company. (Please refer to subsection (10-6) “Subsidiaries” of Section (10) “Legal Information” of this Prospectus). Subsidiaries mean: The companies that the Company controls through its ability to influence the actions or decisions of another person through any of the following, whether directly or indirectly, and whether it is done by the controlling party alone or in association with a relative or an affiliate party: (1) Possessing a percentage equals to 30% or more of the voting rights in a company, or (2) Having the right to appoint 30% or more of the members of the managerial staff of a company.
Raydan Cuisines and Restaurants Company, Egypt	Raydan Cuisines and Restaurants Egypt, a 99% subsidiary of Raydan Food Company. (Please see subsection (10-6) “Subsidiaries” of this Prospectus).
Aljonah For Desserts & Catering	Aljonah For Desserts & Catering Company Ltd. a 30% investee by Raydan Food Company. (Please see subsection (10-6-2) “Investees” of this Prospectus).
General Assembly or General Meeting	The general assembly of the shareholders of the Company.
The Ordinary General Meeting or Assembly or OGM	The ordinary general assembly of the shareholders of the Company.
The Extraordinary General Assembly or Meeting or EGM	The extraordinary general assembly of the shareholders of the Company.
Government	The government of the Kingdom of Saudi Arabia.
Corporate Governance Regulations	The Corporate Governance Regulations in the Kingdom of Saudi Arabia, issued by the board of the Capital Market Authority under resolution no. 8-6-2017, dated 16/05/1438H (corresponding to 13/02/2017G), based on the Companies Law issued under royal resolution no. m/3, dated 28/01/1437H and amended in the resolution of the Capital Market Authority no. 1-7-2021, dated 01/06/1442H (corresponding to 14/01/2021G).
Related Parties	<p>In the rules on the offer of securities and continuing obligations, and in accordance with the terms used in the regulations of the Capital Market Authority and its rules issued by the Authority Board under resolution no. 4-11-2004, dated 20/08/1425H (corresponding to 04/01/2004G) and amended in the resolution of the Capital Market Authority no. 1-07-2021, dated 01/06/1442H (corresponding to 14/01/2021G), related parties shall mean the following:</p> <ol style="list-style-type: none"> <li>1) Affiliates of the issuer.</li> <li>2) Substantial shareholders of the issuer.</li> <li>3) Directors and senior executives of the issuer.</li> <li>4) Directors and senior executives of the affiliates of the issuer.</li> <li>5) Directors and senior executives of substantial shareholders of the issuer.</li> <li>6) Any relatives of the persons in (1, 2, 3, 4 or 5) above.</li> <li>7) Any company controlled by any person in (1, 2, 3, 4, 5, or 6) above.</li> </ol>
Listing Rules	The listing rules issued by the Saudi Stock Exchange Company (Tadawul) and approved by the Capital Market Authority board resolution no. 3-123-2017, dated 09/04/1439H (corresponding to 27/12/2017G), and amended by the board resolution no. (1-104-2019), dated 01/02/1441H (corresponding to 30/09/2019G).
International Financial Reporting Standards or IFRS	The set of accounting standards and their interpretations that are issued by the International Accounting Standards Board.

	(International Financial Reporting Standards)
Fiscal Year/ Fiscal Years	The period to exhibit the result of the organization's activity, which start, and end are specified in the concerned company bylaws or the Articles of Association. The fiscal year of the Company ends on 31 December.
Actuarial Report	The report in which the theories of probability and statistics are applied, according to which services are priced, liabilities are assessed, and allocations are made.
Nationalization / Saudization	Replacement of expatriate employees with Saudi nationals in the jobs of the private sector.
Riyal, Saudi Riyal, SR or SAR	The official currency of the Kingdom of Saudi Arabia.
Pound or Egyptian pound	The official currency of the Arab Republic of Egypt.
U.S. dollar	The official currency of the United States of America.
Saudi Organization of Certified Public Accountants or SOCPA	The Saudi Organization of Certified Public Accountants in the Kingdom of Saudi Arabia.
Saudi Food and Drug Authority	Food and Drug Authority of Saudi Arabia.
General Authority for Statistics	General Authority for Statistics in the Kingdom of Saudi Arabia.
General Organization for Social Insurance or GOSI	The General Organization for Social Insurance in the Kingdom of Saudi Arabia.
Ministry of Human Resources and Social Development	The Ministry of Human Resources and Social Development (formerly the Ministry of Labor and Social Development) in the Kingdom of Saudi Arabia.
Business Day	Any business day except Fridays and Saturdays and any official holiday in the Kingdom of Saudi Arabia or any day during which banking institutions are closed, under the applicable laws and other governmental procedures.
Labor Law	The Saudi Labor Law issued under royal decree no. m/51, dated 23/08/1426H (corresponding to 27/09/2005H), and amended under Royal Decree no. m/5, dated 07/01/1442H (corresponding to 26/08/2020G).
Ministry of Municipal and Rural Affairs ("Ministry of Municipalities")	The Ministry of Municipal and Rural Affairs is the ministry responsible for the urban planning of the cities in the Kingdom of Saudi Arabia.
General Directorate of Civil Defense ("Civil Defense")	General Directorate of Civil Defense in Saudi Arabia is the body responsible for protecting the population and public and private properties from the dangers of fire, disasters, and various accidents, and ensuring the safety of transportation, communications, and workflow in public facilities.
H	The Hijra Calendar
G	The Gregorian Calendar
Securities Depository Center Company / Depository Center	A closed joint stock company fully owned by the Saudi Stock Exchange Company (Tadawul) and has been established in 2016G in accordance with the Saudi Companies Law under the royal decree no. m/3, dated 28/01/1437H (corresponding to 11/11/2015G).
Vision 2030	The national strategic economic program that aims at reducing dependence on oil and petrochemicals, diversifying the Saudi economy, and developing public services.

Value Added Tax or (VAT)	On 02/05/1438H (corresponding to 30/01/2017G), the Council of Ministers approved the unified agreement of the value added tax of the Cooperative Council of the Arab States of the Gulf, which came into force as of 01 January 2018, as a new tax to be added to the system of taxes and other fees that should be applied by certain sectors in the Kingdom and in the Cooperative Council of the Arab States of the Gulf. VAT has been set at 5%. A number of products such as basic foods, services related to health care and education) were exempted from the said tax. The government of the Kingdom has decided to increase the value-added tax rate from (5%) to (15%) as of 01 July 2020G.
Rights or Pre-emptive Rights	Rights or pre-emptive rights are tradable securities that entitle its holders the right to subscribe to new shares upon approval of the capital increase. It is an earned right for all registered shareholders and each right entitles its holder to subscribe to one share of the new shares at the offer price. Rights will be deposited after the Extraordinary General Assembly for the capital increase has convened on 01/01/1443H (corresponding to 09/08/2021G). These rights will appear in the registered shareholders accounts under a new pre-emptive right-related symbol. Registered shareholders will be notified of depositing the rights in their portfolios through announcement on Tadawul website, (Tadawulaty) services provided by the Securities Depository Center as well as short messages sent by brokerage companies.
Indicative Value of the Right	The difference between the market value of the Company shares during the trading period and the offer price.
Right Trading Price	The right trading price, which is determined through supply and demand mechanism, and may consequently differ from the indicative value of the right.
Financial Advisor	Falcom Financial Services Company
Underwriter	Falcom Financial Services Company
Lead Manager	Falcom Financial Services Company
Legal Advisor	Al-Saleh and Al-Sahli Law Firm.
Auditor	Baker Tilly MKM & Partners Certified Public Accountants.
Offering Period	The period that starts on 01/01/1443H (corresponding to 09/08/2021G) and ends on 11/01/1443H (corresponding to 19/08/2021G).
Offer/Subscription Price	Ten (10) Saudi Riyals per share.
Rump Shares	The shares that are unsubscribed to during the Offering period.
Rump Offering	Offering of any rump shares that are not subscribed to by eligible persons to institutional investors by offering of the shares during the rump offering period.
Rump Offering Period	The period that starts from 10:00 a.m. on 16/01/1443H (corresponding to 24/08/2021G) until 05:00 p.m. on 17/01/1443H (corresponding to 25/08/2021G).
New Shares	Eleven million two hundred and fifty thousand (11,250,000) ordinary shares, which will be issued to increase the Company capital
Eligibility Factor	The result of dividing the number of new shares on the Company current number of shares.
Eligible Persons	All holders of pre-emptive rights whether registered shareholders or shareholders who bought pre-emptive rights during the trading period.

Substantial Shareholders	The shareholders who own (5%) or more of Company shares. As of the date of this Prospectus, the only substantial shareholder of the Company (owning (5%) or more of Company shares Mansour Awadallah Ahmad AsSalmi who owns three million (3,000,000) shares, i.e (13.33%) of the Company shares before the Offering.
Public	In the Rules on the Offer of Securities and Continuing Obligations, public means the persons other than the following: 1) Affiliates / Subsidiaries of the Issuer. 2) Substantial shareholders of the Issuer. 3) Directors and senior executives of the Issuer. 4) Directors and senior executives of the affiliates of the Issuer. 5) Directors and senior executives of substantial shareholders of the Issuer. 6) Any relatives of the persons in (1, 2, 3, 4, or 5) above. 7) any company controlled by any person in (1, 2, 3, 4, 5, or 6) above. 8) Persons who act together in agreement and jointly own (5%) or more of the class of shares that will be listed.
Net Proceeds of the Offering	The net proceeds of the Offering after deducting offer expenses.
Person	The natural person.
Prospectus	This document which is prepared by the Company in relation to pre-emptive rights shares subscription.
Listing	Listing of securities in the main market or – where permitted by the text – submitting a listing application to the Saudi Stock Exchange Company (Tadawul).
Registered Shareholders	The shareholders owning shares at the end of the trading on the day of the extraordinary general assembly meeting related to capital increase, and who are registered in the Company shareholders' register in the Depository Center at the end of the second trading day following the extraordinary general assembly meeting on 05/12/1442H (corresponding to 15/07/2021G).
New Investors	Individual and institutional investors – save as registered shareholders – who purchased pre-emptive rights during the trading period.
Shares	The Company ordinary shares of twenty two million and five hundred thousand (22,500,000) ordinary shares, with a nominal value of ten (10) Saudi Riyals per share
Brokers / Agents	Market institutions licensed by the Capital Market Authority to practice dealing in securities as agent.
Institutional Investors	Include a set of institutions as follows: 1. Government entities and government companies, whether directly or through a portfolio manager, or any international entity recognized by the Authority, the exchange and any other stock exchange recognized by the authority or the Depository Center. 2. Public investment funds established in the Kingdom and are publicly offered and private investment funds which invest in the securities listed in the Saudi Financial Market, if such is permitted by the fund's terms and conditions, and subject to the provisions and restrictions provided by the Investment Funds Regulations.

	<ol style="list-style-type: none"> <li>3. Authorized persons licensed to deal in securities as a principal provided that the capital adequacy requirements are observed.</li> <li>4. Customers of an authorized person licensed to conduct management services provided that such authorized person has been appointed on terms upon which it may make decisions regarding acceptance of participation in the Offering and investment in the Saudi Financial Market on behalf of the customer without obtaining a prior approval therefrom.</li> <li>5. Any legal persons that may open investment account in the Kingdom and an account with the Depository Center, taking into consideration the rules and regulations that apply on investment by listed companies in securities provided that the participation by such company shall not cause any conflict of interest.</li> <li>6. GCC legal personality investors including companies and funds established in the Gulf Cooperative Council countries.</li> <li>7. Qualified Foreign Investors.</li> <li>8. A final legal beneficiary in a swap agreement concluded with an authorized person, in accordance with the terms and regulations of the swap agreements.</li> </ol>
Subscriber	Any person that subscribes to offer shares.
Shareholder	The owner or holder of shares as of any specified date.
Gulf Cooperative Council / GCC	The Cooperative Council for the Arab States of the Gulf.
General Environment Law	The general regulation for the environment in the Kingdom of Saudi Arabia issued by Royal Decree No. (M/34), dated 28/07/1422H (corresponding to 15/10/2001G).
Compound Annual Growth Rate (CAGR)	A method utilized to calculate the growth rate of a specific item withing a certain period of time.
Domestic Product (GDP)	The gross domestic product of the Kingdom of Saudi Arabia is the market value of all final goods and services recognized locally and have been produced within a specific period of time.
Pandemic or Corona Virus "Covid-19"	A viral infectious disease known as (Corona Virus) and referred to in brief as "Covid-19" that has started to spread in most of the countries worldwide, including the Kingdom of Saudi Arabia in the beginning of the 2020G. It has been classified as pandemic by the World Health Organization.
World Health Organization	World Health Organization is the directing and coordinating authority within the United Nations in the field of health.
General Authority of Zakat and Tax (GAZT)	The General Authority of Zakat and Tax (formerly Zakat and Income Authority) is a governmental entity that from an organizational perspective reports to the Minister of Finance. It is the authority entrusted with the collection of Zakat and tax.
Egyptian Tax Authority	The authority responsible for collecting taxes in Egypt.
Underwriting Agreement	The underwriting agreement between the Company and underwriters.
Rules for Qualified Foreign Financial Institutions Investment in Listed Securities	The rules that regulate investment in securities by non-Saudi persons residing outside the Kingdom and are issued by the Capital Market Authority board under resolution no. 1-42-2015, dated 15/07/1436H (corresponding to 04/05/2015G) and amended in the Authority resolution no. 3-65-2019, dated 14/10/1440H (corresponding to 17/06/2019G).

Unemployment Insurance Scheme "Saned"	It is a scheme adopted by the General Organization for Social Insurance. scheme is based on the patronage of the Saudi worker and his family during the period of unemployment for such reasons out of his control. It applies to all Saudis under the age of fifty-nine subject to the pension branch under the social insurance law. This Scheme was issued according to Royal Decree No. (M/18, dated 12/03/1435H, and it was applied in the Kingdom as of 11/01/1435H for entities that follow the Hijri calendar, and as of 01/09/2014G for entities that follow the Gregorian calendar.
Nitaqat Program	A program for the Ministry of Human Resources and Social Development to motivate organizations to employ Saudi labor force. The program has been approved under resolution no. (4040), dated 28/01/1432H (corresponding to 10/09/2011G, based on the Council of Ministers Resolution no. (50), dated 13/05/1415H (corresponding to 27/1/1994G). The program evaluates the performance of the organization based on specified Nitaqat (platinum, green, yellow and red), in accordance with the activity and sector under which the organization is registered. The Nitaqat Program was amended under resolution no. (63717), dated 29/03/1441H (corresponding to 26/11/2019G. The yellow Nitaq was cancelled and all organizations that fall within this yellow Nitaq were transferred to the red Nitaq. All the red Nitaq standards set forth in Nitaqat Program Guidelines have been applied on these organizations.
Litigation	Resorting to courts or judicial and quasi-judicial committees to reach a settlement of a dispute

## 2 Risk Factors

In addition to other information contained in this Prospectus, all prospective investors should carefully consider all risk factors described below before deciding whether to invest in the Offer Shares. The risk factors described below are not inclusive of all the risks that the Company may encounter; there could be other risks currently unknown to, or considered immaterial by, the Company, which may preclude its operations. The Company's business, financial condition, results of operations, cash flows and prospects, could be materially and adversely affected if any of the following risks actually occur or become material.

Members of the Board of Directors further declare that, to the best of their knowledge and belief, there are no significant risks that can affect decisions taken by investors as of the date of this Prospectus, except as disclosed in this Section. An investment in the shares of the Company is only suitable for investors who are capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss, which might result from such an investment. Prospective investors who have doubts about which actions to take should refer to a financial adviser licensed by the CMA for advice about investing in the shares of this Offering.

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

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

### 2-1 Risks Related to the Company's Activity and Operations

#### 2-1-1 Risks Related to Inability to Implement the Strategy

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

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

#### 2-1-2 Liquidity Risk

Liquidity risk is the inability of the Company to meet its obligations related to current financial liabilities when they are due. The Company's financial liabilities consist of loans, payables and accrued expenses. The Company's liquidity ratio was 2.6 times as at 31 December 2017, i.e. 0.73 times as on December 31, 2018, 0.48 times as on December 31, 2019, and 0.37 times as on September 30, 2020. The net working capital amounted to about (29) million Saudi Riyals, (-10) million Riyals, (-28) million Riyals and (-38) million Riyals, as in the financial years ending



on December 31, 2017, 2018 and 2019, and the nine-month period ending on 30 September 2020 G. The reason for the negative working capital as on 31 December 2018G and subsequent periods is mainly due to the decrease in the total current assets as a result of excluding the operations of the Raouche International Sweets Company in exchange for the increase in the balance of current liabilities as a result of entering into the partnership deal with the Aljonah for Desserts & Catering Co. Furthermore, the Company obtained a long-term financing loan (for more information, please refer to subsection (6-7) "Balance Sheet" of Section (6) "Financial Information, and Management Discussion & Analysis" of this Prospectus). There is no guarantee that the Company will be able to meet its obligations on the due dates. Liquidity risk may also result from the inability to sell current financial assets quickly at an amount close to their fair value. Also, the Company does not guarantee that any emergency or sudden events that may require immediate liquidity will not occur, and accordingly will adversely affect the Company's business and results of its operational and financial activities.

#### **2-1-3 Risks related to Credit**

Credit risk arises when one party is unable to fulfill a specific financial obligation to the other party. The balance of trade receivables amounted to (796,043) Saudi Riyals and the balance of "advance payments and other receivables" was (8,193,055) Saudi Riyals as in the nine-month period ending on September 30, 2020. The Company may face credit risk in several temporary or permanent cases, including the existence of debit balances from clients (For more information, please see subsection (6-7) "The Balance Sheet" of Section (6) "Financial Information and Management Discussion and Analysis" of this Prospectus), failure of other creditor parties to fulfill their obligations towards the Company, and other cases in which the company is exposed to credit risks.

The company cannot guarantee that the parties it deals with will not fail to fulfill their obligations, nor can predict their future ability to fully meet their commitments. In the event that the creditors fail to pay the Company's dues, this will adversely and materially affect the Company's financial condition and results of operations.

#### **2-1-4 Risks Related to Contingent Liabilities**

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

#### **2-1-5 Risks related to Accumulated Losses**

The accumulated losses of the Company as of September 30, 2020G amounted to thirty-five million three hundred five thousand and sixty-seven (35,305,067) Saudi Riyals, which represents (15.69%) of its capital of two hundred twenty-five million (225,000,000) Saudi Riyals.

It should be noted that on 23/01/1438H (corresponding to 24/10/2016G) the CMA Board issued its decision No. (1-130-2016) amending the procedures and instructions for companies which have their shares listed in the stock market and their accumulated losses amounted to (50%) or more than their capital, in view of the Companies Law. The name of the procedures was amended to become "Procedures and Instructions for Companies Listed in the Market and which have accumulated losses amounted to (20%) or more of their capital". They were put into effect as of 25/07/1438H (corresponding to 22/04/2017G). They stipulate that the Company must immediately and without delay disclose to the public an independent announcement when its accumulated losses reach (20%) or more.

These procedures also stipulate that the Company must immediately and without delay disclose to the public an independent announcement when its accumulated losses reach (50%) or more of its capital, with a recommendation from its Board of Directors submitted to the Extraordinary General Assembly, in accordance with the requirements of Article 150 of the Companies Law, either by increasing or decreasing the Company's capital, or dissolving the Company before the term specified in its Articles of Association. In case the Company terminates under Article 150 of the Companies Law or by a decision of the Extraordinary General Assembly, the listing of the Company's shares in the market will be terminated.

There are no guarantees that the Company will not record additional losses. In the event that the percentage of accumulated losses reaches (20%) or more of the Company's capital, the Company will be subject to the CMA's regulation regarding "the Procedures and Instructions for

Companies which have their shares listed in the stock market and have accumulated losses amounted to (20%) or more of their capital.” In the event the accumulated losses reached (50%) or more, the Company will be subject to a number of more stringent requirements, particularly Article 150 of the Companies Law, which obliges any company's official or auditor, upon learning that the accumulated losses of the Company have reached (50%) or more of its capital to inform the Chairman of the Board of Directors of that, and the Chairman must inform the Board of Directors of that immediately. The Board of Directors must, within (15) days of their knowledge, invite the Extraordinary General Assembly to a meeting within (45) days from the date of the Board's knowledge of the losses to decide, either to increase or decrease the Company's capital to the extent that the percentage of losses decreases to less than half of the paid-up capital, or to dissolve the Company before the term specified in its Articles of Association.

The Company would be considered terminated by the force of the regulation if the Extraordinary General Assembly did not meet during the period specified above, or if it met and could not issue a decision in this matter, or if it decided to increase the Capital in accordance with the conditions stipulated in Article 150 of the Companies Law, and the entire Capital increase has not been subscribed to within (90) days from the Assembly's decision to increase it. In the event that the Company is terminated according to Article 150 of the Companies Law or by a decision of the Extraordinary General Assembly, this will adversely and substantially affect the Company and its financial results and future prospects.

It should be noted that on 16/03/1442H (corresponding to 02/11/2020G) the Royal Decree No. (15016) was issued regarding the suspension of some provisions of the Articles of Companies Law. His Excellency the Minister of Commerce Decision No. (348) was issued on 10/04/1442H. (Corresponding to 25/11/2020G) based on the Royal Decree suspending Article (150) of the Companies Law for a period of two years from 01/08/1441H (corresponding to 25/03/2020G).

#### **2-1-6 Risks related to Failure to issue or renew Licenses, Permits and Certificates**

The Company and its subsidiaries are required to obtain and maintain various permits, licenses, certificates and regulatory approvals in relation to its activities. These licenses include, but not limited to: municipality licenses, Company registration certificates issued by the Ministry of Commerce, Chamber of Commerce membership certificates, trademark registration certificate, Saudization certificates, Zakat certificates, and the VAT registration certificate. Up to the date of this Prospectus, the Company has not renewed the expired civil defense licenses, and it has some sites for which civil defense certificates have not been issued. This is in addition to not renewing all the health licenses for workers that the Ministry of Municipal and Rural Affairs and Housing requires. The Company has incurred costs of fines amounting to (247,950) Saudi Riyals due to the delay in renewing employees' residency and municipal cards (for more details about the licenses and certificates obtained by the Company and its subsidiaries, please refer to subsection (10.8.2.1.5). "Licenses, Certificates and Approvals related to the Head Office" and subsection (10.6.1) "Subsidiary Companies inside Saudi Arabia" and subsection (10.7) "Continuing Obligations imposed by Government Agencies on the Company as "License Holder" of Section (10) "Legal Information" of this Prospectus).

The inability of the Company and its subsidiaries to renew their current licenses, permits and certificates, or to obtain any licenses necessary for their business, or if any of the licenses are suspended or expired, or if any of those licenses were renewed on conditions that are not appropriate for the Company and its subsidiaries, or in the event that the Company and its subsidiaries are unable to obtain the additional licenses, permits and certificates that may be required of it in the future, this may expose the Company and its subsidiaries to stoppage and inability to carry out their business such as closing the Company or any of its subsidiaries or their branches, or freezing all services provided by the supervisory authorities to them (such as renewing licenses and certificates, issuing visas, residence permits, and transferring sponsorships ... etc). This will result in disruption of the Company and its subsidiaries operations and incurring additional costs and financial penalties according to the relevant regulations, and consequently, will adversely affect the Company's business, results of operations, financial condition and future prospects.

#### **2-1-7 Risks related to Health and Safety Requirements**

The Company's business and its branches are subject to health requirements by the Ministry of Municipal and Rural Affairs and Housing. These requirements include controls for the raw materials used and their transportation, and controls for storage, preparation and provision of meals and general hygiene. In addition to the requirements for workers, which include controls for the work permit for workers in the field of food

handling, and the worker health and hygiene controls. These conditions are obligatory for the Company to get a license to operate and engage in restaurant activity.

The Company is also subject to safety requirements and protection methods mandated by the Civil Defense, which include controls for electrical supplies, lighting means, gas installations, cooking stoves, gas exhausts, chimneys, ventilation systems, air conditioning, storage, and fire-fighting equipment and means. This is in addition to the preventive health requirements, which include controls related to waste, cleanliness of water, methods of its drainage, and the obligation of workers to hygiene standards and controls for preserving food and foodstuffs, and adherence to their validity period. A civil defense license is granted or renewed based on the Company's compliance with these requirements.

In the event that the Company does not comply with the binding requirements of the Ministry of Municipal and Rural Affairs and Housing or Civil Defense, it may not be able to renew its licenses or obtain new licenses for its branches (please refer to subsection (2.1.6) "Risks related to Non-issuance or Non-renewal of Licenses, Permits and Certificates" of section (2) "Risk Factors" and subsection (7-10) "Ongoing Obligations Imposed by Government Agencies on the Company as the "license holder" of section (10) "Legal Information" of this Prospectus). In addition to that it may be subject to penalties and fines, which will have a negative material impact on the Company's business, results of operations, financial condition and future prospects.

#### **2-1-8 Risks related to Lease Contracts**

The Company has entered into 32 lease contracts in its capacity as a tenant as of the date of this Prospectus. It is worth noting that the Company did not register any of its contracts on the online rental platform as at the date of this Prospectus, and with reference to Cabinet Resolution No. (292) dated 16/05/1438H (corresponding to 13/02/2017G), these contracts are not considered valid contracts (please see subsection (10.8.2) "Lease Contracts" of this Prospectus). If the Company does not adhere to the terms of the lease contracts or does not register the lease contracts electronically, this will lead to the Company entering into legal disputes that may lead to the withdrawal of the leased real estate and thus suspend part of the Company's business and incur additional costs. If such matters occur or in the event that the Company is unable to maintain the continuity of these contracts or renewing them under the same current terms or preferential terms, this will adversely affect the Company's business, results of operations, financial performance and future prospects.

#### **2-1-9 Risks related to Reliance on Key Personnel and Executive Management**

The Company and its future plans for success depend on the expertise and competencies of its executive management and key personnel. The Company aims to attract and hire qualified people to ensure the efficiency and quality of work through effective management and proper operation. There is no assurance that the Company will be able to guarantee the continuity of the services of its employees. Also, it will need to increase the salaries of its employees in order to ensure their retention 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 employ alternatives with the same level of experience and qualifications and at an appropriate cost to the Company, this will have a substantially negative impact on the Company's business, results of operations and future prospects.

#### **2-1-10 Risks related to Employee Mistakes or Misconduct**

The Company and its subsidiary cannot guarantee that employees' misconduct or mistakes such as fraud, intentional errors, embezzlement, scam, theft, forgery, misuse of its properties and disposing them on its behalf without obtaining the required administrative authorizations. Consequently, such actions may entail consequences and responsibilities for the Company, or statutory penalties, or financial liability, which will adversely affect the reputation of the Company and its subsidiaries. Therefore, the Company cannot guarantee that employees' misconduct or mistakes will not materially harm its financial condition, results of operations and future prospects.

#### **2-1-11 Risks related to the Availability of Financing in the Future**

The Company may need to obtain loans and bank facilities to finance future expansion plans. It is worth noting that obtaining financing depends on the Company's capital, financial condition, cash flows, guarantees provided, and its credit record. The Company does not give any assurance or guarantee that it will obtain the appropriate financing if the need arises. So, in the event that the Company is unable to obtain the financing

it needs from the funding institutions, or obtain the financing on acceptable preferential terms commensurate with the Company, this will have a negative impact on its performance, operational activities and future plans.

#### **2-1-12 Risks related to High Indebtedness of the Company**

The Company's debts amounted to (14.8) Million Riyals as of December 31, 2018, (24.0) Million Riyals as of December 31, 2019, and (21.7) Million Riyals as of September 30, 2020. The Company's debt out of total equity represented 0.05 times as on December 31, 2018, 0.09 times as on December 31, 2019, and 0.1 times as on September 30, 2020. The company resorts to financing its business in order to provide liquidity that helps it realize its revenues and pay its debt continuously, but if the debt increases and the company is not able to reduce it, this will negatively affect the Company's financial performance, operational activities and future plans. Refer to Section (6-7) "The Balance Sheet" of Section (6) "Financial Information and Management Discussion and Analysis" of this Prospectus).

#### **2-1-13 Risks related to Increasing the Company's Liabilities**

The increase in the Company's liabilities may constitute a risk to the general financial condition of the Company and its financial solvency. The percentage of total liabilities reached (11.8%) of total assets as on December 31, 2017, (19.0%) as on December 31, 2018, (36.0%) as on December 31, 2019, and (41.2%) as on September 30, 2020. Accordingly, the increase in the Company's obligations will lead to a negative impact on its financial condition and increase the costs of financing. In the event that occurs, it will be difficult for the Company to fulfill its obligations, and this will have a negative impact on the Company's business, financial condition, results of operations and future prospects. (For more information, please refer to subsection (6-7) "The Balance Sheet" of Section (6) "Financial Information and Management Discussion and Analysis" of this Prospectus).

#### **2-1-14 Risks related to Operation Systems and Information Technology**

The Company and its subsidiary depend on information technology systems to manage their business and facilities, which exposes the Company or any of its subsidiaries 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 the lack of skilled workers needed to operate and manage these systems. If the Company and its subsidiaries fail to maintain and develop the information technology systems, or in the event of any malfunctions in their functions, a major malfunction or repeated failure, this will adversely affect the Company's business and financial and operational results.

#### **2-1-15 Risks related to Changes in the Accounting Standards or Application of New Standards**

The Company's audited financial statements for the financial years ending on December 31, 2018 and 2019G and the accompanying clarifications were prepared in accordance with International Financial Reporting Standards (IFRS) approved in the Kingdom of Saudi Arabia and other standards and publications approved by the Saudi Organization for Certified Public Accountants (SOCPA), and as such, the Company is obligated to apply amendments or changes to these standards from time to time. Consequently, any changes in these standards or the mandatory application of some new standards may adversely affect the financial statements and thus the Company's financial results and financial condition.

#### **2-1-16 Risks related to Nationalization Requirements**

Compliance with the Saudization requirements is a legal requirement issued by the Ministry of Human Resources and Social Development in the Kingdom, whereby all companies operating in the Kingdom are obligated to employ a certain percentage of Saudi employees among their total employees and to maintain that percentage. According to the Nitaqat program issued by the Ministry of Human Resources and Social Development, the Saudization rate as at the date of this Prospectus is about (13.5%) and the Company is classified within the Green Nitaqat "Range". Although it is currently complied with the required Saudization rates, the Company, in the event that it does not continue to maintain these rates or in the event that the Ministry of Human Resources and Social Development decides to impose more stringent Saudization policies in the future, and it is unable to comply with the requirements of the Ministry of Human Resources and Social Development, it will be subject to penalties imposed by government agencies, such as suspension of applications for work visas and sponsorship transfer for non-Saudi

workers, which will have negative and significant impact on the Company's business, financial condition, results of operations and prospects. (For more information, please refer to subsection (3.11) "Employees and Saudization" of Section (3) "Background on the Company and the Nature of its Business" of this Prospectus).

#### **2-1-17 Risks related to Occurrence of Natural Disasters**

Any damage caused to the Company and its subsidiaries facilities as a result of natural disasters, such as floods, earthquakes, and other nature accidents, may cause the Company to incur large and huge costs, and severely affects the ability of the Company and its subsidiaries to perform their operations. Natural disasters, occurring and damaging the Company and its subsidiaries' facilities, will have a negative material impact on the Company's business, results of operations, financial condition and future prospects.

#### **2-1-18 Risks related to Non-compliance with the Quality Standards and Specifications required by Customers**

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

#### **2-1-19 Litigation Risks**

The Company and its subsidiaries are not a party to any litigation, claim, arbitration, or combined or individual administrative proceedings that exist or may be instituted as of the date of this Prospectus. However, by virtue of the nature of their work and their dealings with others, they are subject to lawsuits, whether as a plaintiff or a defendant. The Company and its subsidiaries cannot accurately anticipate the cost of the lawsuits or the judicial procedures that may be instituted by or against them in the future, the final results of these lawsuits or the judgments issued on, and the compensation and penalties they contain. These lawsuits may include, but not limited to, Zakat, tax, labor law, errors, complaints and other damages that result from negligence or fraud by persons or institutions in a manner that is outside the control of the Company or its subsidiaries. Consequently, any negative consequences of such cases (as a plaintiff or defendant) will adversely affect the Company and its subsidiaries' business, results of operations, financial condition and future prospects.

#### **2-1-20 Risks related to Potential Zakat and Tax Dues and Additional Claims**

The Company submitted its Zakat declaration for the financial years up to 2019. The Company finalized its Zakat position and obtained the final Zakat assessments until 2018, and obtained a Zakat certificate for the year 2019, which is valid until April 30, 2021G. The final Zakat assessment for these years is still under review by the General Authority of Zakat and Income until the date of this Prospectus. (For more information, please refer to subsection (10.7.2) "Ongoing Obligations According to the Requirements of the General Authority of Zakat and Income" of Section (10) "Legal Information" of this Prospectus).

The value-added tax of the subsidiary (Raydan Cuisines and Restaurants Egypt) was examined until December 31, 2018, and the differences resulting from the examination were paid. Exception for the value-added tax, the Tax Authority in the Arab Republic of Egypt did not request a tax examination of the remaining taxes of the subsidiary company. These taxes include: income tax, payroll tax, withholding and addition taxes, and stamp tax.

Based on the abovementioned explanation of its Zakat status, the Company cannot predict whether the General Authority of Zakat and Income will accept their Zakat estimates for the aforementioned financial years for which, the General Authority of Zakat and Income has not issued the Zakat assessments, until the date of this Prospectus, or will require the Company to pay any Zakat differences in the future for these years. In addition, if the taxes of the subsidiary are examined by the Egyptian Tax Authority, the subsidiary company may be forced to pay the differences resulting from the examination. If the concerned authorities actually ask the Company and its subsidiary to pay such differences, this will adversely affect the Company's profits, results of operations, financial condition and future prospects.

#### **2-1-21 Risks related to Financing Agreements**

The Company and its subsidiary have concluded a number of financing agreements, and there is no guarantee that the Company and its subsidiary will be able to fulfill their obligations on the due dates, which will be considered a breach of the concluded agreements, and accordingly the lenders have the right to cancel or terminate the financing agreements and demand the Company and its subsidiaries to pay the entire debt immediately. This will adversely affect the Company and its subsidiaries' business, financial condition, results of operations, ability to borrow, finance and implement its future plans.

The existing financing agreements are secured by a real estate mortgage and bonds of order, and the lenders may request other guarantees that the Company and its subsidiary cannot provide, which would put them in case of a breach of the terms of the agreements; If the Company and its subsidiary are not able to fulfill their repayment obligations under the financing agreements, or unable to provide any other guarantees that may be requested in exchange for them, or if they breach any of the obligations or commitments related to their debts in the future, the lenders may request the payment of the debt immediately, and collect the guarantees provided by the Company and its subsidiary. In this case, there is no guarantee that the Company and its subsidiary will be able to obtain adequate alternative sources of financing to meet the debt repayment. Any of these factors will have a material negative impact on the Company and its subsidiaries' business, financial condition and future prospects. (For more information about financing agreements, please refer to subsection (10.8.5) "Loans and Facilities" of Section (10) "Legal Information" of this Prospectus).

#### **2-1-22 Risks related to the Geographical Concentration of Revenues**

The group operates mainly in the western region of the Kingdom of Saudi Arabia and other regions of the Kingdom, and also in the Arab Republic of Egypt and the United Arab Emirates. The Company's revenues from these regions are concentrated in the revenues generated from the western region, which accounted for 88.73% and 89.77%, 89.15% and 91.8% of the Company's total revenue as of December 31, 2017, 2018 and 2019, and the nine-month period ending on September 30, 2020, respectively. Consequently, in the event of a decrease in revenues from a certain region in general and from the sales activity of the Western Region in particular, this will negatively affect the revenues of the Company and accordingly results of its operational and financial operations. (For more information, please refer to subsection (6.6.3) "By Geographical Regions" of subsection (6.6) "Results of Operations- Income Statement" of section (6) "Financial Information and Management Discussion and Analysis" of this Prospectus).

#### **2-1-23 Risks related to Investment in Aljonah for Desserts & Catering Co. Ltd.**

On 21/12/1439H (corresponding to 01/09/2018G), the Company entered into a partnership contract with Aljonah for Desserts & Catering Co. Ltd. to acquire (30%) of its share in exchange for an in-kind share represented in the branches of the Raouche International Company for Sweets and Foreign Parties, which was estimated of a value of (47,267,456) Saudi Riyals, in addition to a cash share of (33,250,000) Saudi Riyals paid in installments over three years from the date of the agreement. As of the date of this Prospectus, an amount of (23,903,423) Saudi Riyals has been paid. The payment of the remaining amount (9,346,577) Saudi Riyals has been postponed due to the circumstances of Coronavirus (Covid-19) pandemic affected the Company, provided that payment shall made when liquidity becomes available. The company intends to pay the remaining amount through the amounts resulting from the proceeds of the Offering (please refer to Section (7) "Using the Proceeds of the Offering and Future Projects" of this Prospectus). The total balance of this investment in the financial statements represents (21.65%) of the total assets as of September 30, 2020. In the event that the results of Aljonah's operations decline, or if the Company is unable to pay the remaining amount of the contract, this will adversely affect its financial condition, cash flows and operating results.

#### **2-1-24 Risks related to Franchise Agreements**

Since the year 2019G, the Company has adopted expansion in the regions of the Kingdom and other countries by granting the "Franchise". The Company has signed a number of franchise contracts with a number of companies and institutions inside and outside the Kingdom as franchise agents for the trade mark of (Raydan). The Company appoints franchisees based on criteria that include financial solvency, experience in restaurant services, capacity for expansion and added value. The Company did not comply with Article (3) of the implementing regulations of the franchise system, as it has not registered every signed franchise agreement and relevant disclosure document with the Ministry within ninety days from the date of signing the agreement. This may result in that the franchisee claims compensation for any loss or damage resulting without

terminating the franchise agreement. Accordingly, the Company may pay amounts to the franchisees as a compensation, which may affect its financial condition. Also, the Company did not comply with Article (35) of the Trademarks System as it did not register a licensing agreement for the use of its trademark by the franchisees, and therefore the Company will not be able to protect its trademark in the event of misuse by the franchisee licensed to use it. (Please refer to subsection (10.7.1) "Ongoing Obligations According to the Requirements of the Ministry of Commerce" of Section (10) "Legal Information" of this Prospectus). Any misuse of Raydan's trademark by the franchisees, or in the event that the franchise branches do not maintain the quality of their products, this will adversely affect the reputation of the Company and its business results, financial condition and future prospects.

#### **2-1-25 Risks related to the Protection of Trademarks and Equity**

The Company's ability to market its services and products and develop its business depends on the use of its name, logo and trademark, which support its business and its competitive position and gives it a clear distinction in the market among customers. The company has registered its trademark with the competent authorities. However, it did not abide by Article (35) of the Trademarks System, as it did not register an agreement to license the use of its trademark by franchisees (please refer to subsection (10.7.1) "Ongoing Obligations According to the Requirements of the Ministry of Commerce" and the subsection (10.11) "Trademarks" of Section (10) "Legal Information" of this Prospectus). Any breach of the proprietary rights or unlawful use of the Company's trademark will affect the Company's reputation. It may be forced to enter into costly court procedures and focus the efforts of some of its administrative employees for these procedures in order to protect its trademark. In the event that the Company fails to protect its trademark effectively when renewing the registration certificate or tracking similar marks, this will adversely affect its value, and accordingly will affect the Company's business, results of operations, financial condition and future prospects.

#### **2-1-26 Risks related to Insurance Coverage**

The Company maintains different types of insurance policies to cover its business and assets. However, the Company may not have all important insurance policies for its business and assets, or it may not have sufficient insurance coverage in all cases, or it does not cover all the risks that the Company may be exposed to. It is also possible that events will occur in the future for which the Company is not insured in a way that covers possible losses, or it may not be insured at all against that. There is no guarantee that the Company's insurance policies will remain available at commercially acceptable terms, or that they will ever be available. Any of these events or circumstances or the occurrence of any incidents not covered by the Company's insurance, will adversely and substantially affect the Company's business, assets, financial conditions, business results and future prospects (for more information about insurance policies, please refer to subsection (10.12) "Insurance" of Section (10) "Legal Information" of this Prospectus).

#### **2-1-27 Risks associated with Related Parties**

The Company deals in the normal course of its business with related parties represented in sister companies and Substantial Shareholders, and the volume of contracts and transactions with related parties amounted to approximately (3.1) million Saudi Riyals as on December 31, 2017, (5.1) million Saudi Riyals as on December 31, 2018, (6.3) million Saudi Riyals as on December 31, 2019, and (3.1) million Saudi Riyals as on September 30, 2020. In the event that future dealings and agreements with related parties are not carried out on purely commercial grounds, this will adversely affect the Company's business, financial condition, results of operations and future prospects. (For more information, please refer to subsection (6.7.6) "Balances with Related Parties" of Section (6) "Financial Information, and Management Discussion and Analysis" of this Prospectus).

#### **2-1-28 Risks related to Contracts with Third Parties**

The Company has entered into a number of contracts and agreements with third parties (please refer to subsection (10.8) "Summary of Material Contracts" of Section (10) "Legal Information" of this Prospectus). Accordingly, the Company is exposed to the risk of the inability or unwillingness of the contracting parties to fulfill their contractual obligations. The parties with whom the Company contracts may violate their obligations for any reason, including its bankruptcy results, lack of financial solvency, or disruption of its operations. Risks arising from dealing with these parties become more acute under difficult market conditions.

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

#### **2-1-29 Risks related to Reliance on non-Saudi Employees**

The percentage of non-Saudi employees as at the date of this Prospectus constitutes about (86.4%) of the total employees in the Company, which may adversely affect its business results, financial condition and operating results if the Company is not able to retain its non-Saudi cadres or find replacements for them with the same skills and the required expertise, or if any change occurs in the policies and regulations of the Ministry of Human Resources and Social Development, resulting in an increase of the Saudization rate in the sector. In addition to the fact that the Company's reliance on a high percentage of non-Saudi employees leads to higher government fees that the Company bears for every non-Saudi employee in terms of work permits and residency, which leads to an increase in the Company's costs in general, and thus adversely affects its business, financial performance and results of operations.

#### **2-1-30 Risks related to Interruption of the Company's Business**

The Company was affected by several sudden events that led to the closure of some of its branches and the interruption of its business. The Corona pandemic (Covid 19) and the precautionary measures issued by the competent authorities in the Kingdom of Saudi Arabia have led to the Company closing its branches located in the commercial complexes until the issuance of the Royal decision that allows restaurants to return to work without restrictions. The pandemic also affected the Jabal Omar branch, located in Al-Haram area in Makkah Al-Mukarramah, as the preventive measures for Umrah and Hajj caused a decrease in sales. Therefore, the Company decided to close the branch temporarily to avoid incurring operational losses, and the branch has not returned to work as of the date of this Prospectus. On 15/05/1442H (corresponding to 30/12/2020), Al-Andalus Mall branch in Jeddah was closed due to the increase of financial losses of the branch resulted from the precautionary measures for the Corona pandemic. Al-Andalus branch in Riyadh was also closed on 15/05/1442H (corresponding to 30/12/2020G) because the Company incurred high operating losses of the branch due to the decrease in sales as a result of the governmental works established in the region. On 24/02/1442H (corresponding to 11/10/2020G), Al-Ahdal branch, which represented as on that date (4.9%) of the total sales of the Company, was closed according to Supreme Order No. 6472 dated of 10/02/1439H (corresponding to 30/10/2017G) from the endowment of King Abdulaziz for Al-Ain Al-Aziziyah, which stated that all the lands on which the shops are located within the area of Al-Waziriya neighborhood, starting from Al-Eskan Street to Al-Mahjar Street, fall within the boundaries of the endowment, and accordingly, all these shops must be vacated (please see Subsection (10.3) "Business Interruption" of Section (3) "Background on the Company and the Nature of its Business"). These interruptions have adversely affected the Company's sales and operating performance. In the event that any unexpected interruption occurs in the Company's business in the future, this will adversely and substantially affect the Company's business, financial and operational performance and results of operations.

#### **2-1-31 Risks related to the Outbreak of Coronavirus "Covid-19" and Epidemics**

With the beginning of the year 2020G, an infectious viral disease known as Corona virus and abbreviated "Covid-19" spread, as it began to spread in most countries of the world, including the Kingdom of Saudi Arabia, and as a result the World Health Organization classified it on March 11, 2020G as a global pandemic, and called for taking the necessary preventive measures to confront this virus and limit its spread. Accordingly, the government of the Kingdom of Saudi Arabia hurried to take strict decisions in this regard, resulting in, for example, but not limited to, the imposition of a partial or total curfew in some cities and governorates of the Kingdom, the closure of airports and commercial complexes and all activities within them except for foodstuff stores and pharmacies, and the reduction of the number of working hours for some sectors such as the sector in which the company operates, where the number of working hours continued until the start of the partial curfew time. When the total curfew was imposed, work was limited to home delivery requests only.

In implementation of the preventive and precautionary measures to control the new Corona virus (Covid 19) issued by the competent authorities in the Kingdom of Saudi Arabia on the evening of 15/03/2020G, which included closing commercial complexes, limiting service to restaurants outside commercial complexes, home delivery service, and not allowing customers to sit on the sitting areas of the restaurants, the Company announced on Tadawul website on 29/07/1441H (corresponding to 24/03/2020G) that the following had been done in this regard:



- Temporarily closing the company's restaurants that are located inside the commercial complexes until they were allowed to reopen.
- Continuing the work in the Company's restaurants that are not located inside the commercial complexes, and home delivery service in accordance with the controls and requirements set by the competent authorities in the Kingdom of Saudi Arabia, while continuing with the precautionary health measures recommended within those restaurants.

It is worth noting that according to the Royal decision to allow restaurants to return to practice their activities without restrictions on time according to the nature of their business, starting from Wednesday 6 Ramadan 1441H corresponding to April 29, 2020G, Raydan restaurants returned to work in commercial complexes, as the company announced on 05/09/1441H (corresponding to 28/04/2020G) the resumption of the work, starting from Wednesday 6 Ramadan 1441H (corresponding to April 29, 2020G), with the Company's adherence to all precautionary measures followed in the Kingdom to limit the spread of Coronavirus (Covid-19).

The sales of Jabal Omar branch located in Al-Haram area in Makkah Al-Mukarramah were affected due to the precautionary measures for Hajj and Umrah. Therefore, the Company decided to close the branch until the date of this Prospectus (please refer to Subsection (3.10) "Business Interruption" of Section (3) "the Company Background and the Nature of its Business").

The precautionary measures taken by the Kingdom's government to limit the outbreak of the Coronavirus "Covid-19" have greatly affected all economic sectors, including the sector in which Raydan Food Company operates. Despite the availability of a vaccine for the virus, there is no expected date for the end of the negative impacts resulting from this epidemic until the date of this Prospectus. Accordingly, the Company cannot estimate the size of the losses resulting from the spread of this epidemic and does not guarantee the existence of consequences for that in the future that may adversely and substantially affect the Company's business, new projects, financial condition and future results of its operations.

## 2-2 Risks Related to the Market and Industry

### 2-2-1 Risks related to the Economic Performance of the Kingdom

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 micro economic 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 direct and substantial impact on the plans and growth of the Kingdom's economy in general and on the government spending rates, which would adversely affect the Company's financial performance as it works within the Kingdom's economic system and it is affected by the government spending rates.

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

### 2-2-2 Risks related to Political and Economic Instability in the Middle East

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

### 2-2-3 Risks related to the Companies Law and the Corporate Governance Regulations

The Company, in its management and conduct of its various business and activities, is subject to the provisions of the Companies Law issued on 28/01/1437H (corresponding to 11/11/2015G), and amended by Royal Decree No. (M/79) dated 25/07/1439H (corresponding to 11/04/2018G). In addition, the CMA's Board issued under resolution No. (8-127-2016) dated 16/01/1438H (corresponding to 17/10/2016G) the regulatory controls and procedures issued in implementation of the Companies Law for listed joint stock companies, as amended by the

CMA's Board Resolution No. (1-07-2021) dated 01/06/1442H (corresponding to 14/01/2021G). In addition, the CMA's Board issued under resolution No. (8-16-2017) dated 16/05/1438H (corresponding to 13/02/2017G) the Corporate Governance Regulations which were then amended by the CMA's Board resolution No. (1-07-2021) dated 01/06/1442H (corresponding to 14/01/2021G). The Companies Law and the Corporate Governance Regulations impose some new requirements related to the regulation and corporate governance that the Company must adhere to. Also, the Companies Law imposes stricter penalties for violating its provisions and rules, which are mandatory for all companies. Therefore, the Company, members of its Board of Directors or its executive management may be subject to such penalties including fines, imprisonment, or both (for example, the Companies Law stipulates that any manager, official, member of the Board of Directors, auditor, or liquidator, recorded false or misleading data, The Companies Law stipulates that any manager, official, member of the Board of Directors, auditor, or liquidator records false or misleading data in the financial statements or in the reports he prepares for the partners or the General Assembly, or omits the inclusion of substantial facts in these statements or reports with the intention of concealing the financial condition of the company from the partners or others, he will be punished by imprisonment for a period not exceeding 5 years and a fine not exceeding five million Saudi Riyals) in the event that it does not adhere to these provisions and rules.

It should be noted that the company is not committed to some of the mandatory articles in the Corporate Governance Regulations issued by the CMA. (For more information, please refer to subsection (5-7-10) "Ongoing Obligations According to the Requirements of the Capital Market Authority" of Section (10) "Legal Information" of this Prospectus).

In the event that the Company fails to adhere to all the articles of the Companies Law and all the mandatory articles in the Corporate Governance Regulation in the future, or in the event that some or all of the guiding articles in the Corporate Governance Regulation become mandatory, and the Company could not implement and adhere to them, it would be exposed to statutory penalties and fines, which will have a negative and substantial impact on the Company's business, results of operations, financial condition and future prospects

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

The Company is subject to the supervision of number of government agencies in the Kingdom, including, but not limited to, Food and Drug Authority (FDA), the Capital Market Authority (CMA), the Ministry of Commerce, and others. Consequently, the Company and its subsidiaries are subject to the risks of changes in the laws, regulations, circulars and policies in the Kingdom. The legislative and regulatory environment in the Kingdom is witnessing the issuance of many laws and regulations, which are continuously being developed and improved. Costs of compliance with these regulations are high. In the event of changes to the current laws or regulations or the issuance of new laws or regulations, that may lead to incurring unexpected additional financial expenses by the Company for purposes related to compliance with such regulations and meeting the requirements of these laws. Otherwise, it may be subject to penalties and fines imposed by the competent supervisory authorities if it continues not to comply with these regulations and laws, which will adversely affect its business, results of operations, financial condition and future prospects.

#### **2-2-5 Risks related to the Competitive Environment**

The Company and its subsidiaries operate in a strong competitive environment, and the Company's competitive position depends on many factors that include the strength of its financial condition, the geographical scope of its business, the relationship with customers and the reputation of the Company. There is no guarantee that the Company will continue to compete effectively with other companies in the market. The pricing policies of the competitors of the Company and its subsidiaries significantly affect their financial performance. There is no guarantee that the Company and its subsidiaries will be able to continuously compete with those companies, which may lead to reducing the Company's share in the market and thus adversely affecting the Company's profits and financial results.

#### **2-2-6 Risks related to Value-added Tax (VAT)**

The Kingdom issued a VAT system, which came into effect on January 1, 2018. This system imposes an added value of (5%) on a number of products and services. The Saudi government decided to increase the VAT rate from (5%) to (15%), which began to be applied from 1 July 2020G. Accordingly, the Company must adapt to the changes resulting from the application of the VAT and the increase in that. However, any violation or wrong application of the tax system by the Company's management or by its subsidiaries will expose them to fines, penalties or

damage to their reputation. This will also increase costs and operating expenses, which could reduce the competitive position of the Company and its subsidiaries and the level of demand for their products, which will have a negative and material impact on the Company's financial condition, results of operations and future prospects.

#### **2-2-7 Risks related to Government Fees Applicable to Employment of non-Saudi Employees**

The Saudi government approved number of resolutions aimed at implementing comprehensive reforms in the Saudi labor market by imposing additional charges on every non-Saudi employee who works for Saudi institutions as of 01/01/2018G, at the rate of four hundred (400) Saudi Riyals per month for each non-Saudi employee in 2018G, increasing to six hundred (600) Saudi Riyals per month in 2019G then Eight hundred (800) Saudi Riyals per month in 2020. This will lead to an increase in the government fees that the Company will pay for its non-Saudi employees. As of the date of this Prospectus, the number of non-Saudi employees reached (685) employees, which constitute about (86.4%) of the total employees in the Company, (please refer to the subsection (11-3) "Employees and Saudization" of this Prospectus), and thus an increase in the Company's costs in general, which will adversely affect its business, financial performance and results of operations. The total government fees paid by the Company for its non-Saudi employees amounted to (4,267,366) Saudi Riyals, (7,255,339) Saudi Riyals, and (7,613,983) Saudi Riyals as of December 31, 2017, 2018 and 2019, respectively.

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

#### **2-2-8 Risks related to Fluctuations in Currency Exchange Rates**

Some of the Company's transactions are subject to currencies other than the Saudi Riyal, especially the Egyptian pound, in relation to the business of the subsidiary "Raydan Cuisines and Restaurants Company of Egypt", where the subsidiary's revenues represent (4.0%), (5.1%) and (5.5%) as of December 31, 2017, 2018, and 2019, respectively, and (4.4%) for the nine-month period ending in September 2020, of the Company's total revenues. Therefore, the Company is exposed to the risks of fluctuations in the foreign exchange rates against the Saudi Riyal, and accordingly the Company records a foreign currency translation reserve in the balance sheet in the consolidated financial statements of the Company. Fluctuations in foreign exchange rates may lead to an increase in expenditures, which will have a negative and material impact on the Company's business, results of operations, financial condition and future prospects.

#### **2-2-9 Risks related to Fluctuations in Supply and Demand**

The Company's sector, like other sectors, is affected by fluctuations in supply and demand in the market. Therefore, the failure to adapt production levels to the sharp decline in demand will affect the productivity of companies and their sales levels, which in turn will affect the performance of the sector in general, and thus will affect the Company performance, results of operations, financial condition and future prospects.

## 2-3 Risks related to the Offer Share

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

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

### 2-3-2 Risks Related to Potential Fluctuations in the Share Price

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

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

### 2-3-3 Risks Related to non-Profitability or Selling of Priority Rights

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 priority rights 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.

### 2-3-4 Risks Related to Future Data

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

### 2-3-5 Risks Related to the Possibility of Issuing New Shares

The issuance of any new shares by the Company 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.

#### **2-3-6 Risks Related to Lack of Demand for the Company's Priority Rights and Shares**

There is no guarantee that there will be sufficient demand for the Company's Rights during the Trading Period, in order to enable the holder of such Rights (whether a Registered Shareholder or a new investor) to sell the Rights and realize a profit, or enable him to sell these Rights at all. There is also no guarantee that there will be sufficient demand for the Rump 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 holders of unexercised Rights or holders of fractional shares. 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, during the Rump Offering or in the open market.

#### **2-3-7 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 have not exercised their right to subscribe or to the holders of fractional shares in the event that the investment institutions during the Rump period do not submit a higher price offers for the remaining shares, or that the compensation amount (if any) is sufficient to compensate the decrease in the percentage of ownership in the Company's capital.

#### **2-3-8 Risks Related to Not Exercising the Priority Rights in a Timely Manner**

The subscription period starts on 01/01/1443H (corresponding to 09/08/2021G) and ends on 11/01/1443H (corresponding to 19/08/2021G). The Right holders and the financial brokers/agents representing them must take appropriate measure to follow all necessary instructions before the subscription period expires. If the eligible shareholders are not able to properly exercise the subscription rights by the end of the subscription period, based on their priority 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 the fractional shares.

#### **2-3-9 Risks Related to Dividends**

Future dividends will depend on, amongst other things, the future profit, financial position, capital requirements, distributable reserves and available credit of the Company and general economic conditions. Increase in capital may lead to dilution in the dividends in futures on the basis that the Company's profits will be distributed to a larger number of shares as a result of increasing its capital. The Company does not give any assurance that any dividends will actually be paid nor any assurance as to the amount, which will be paid in any given year. The distribution of dividends is subject to certain limitations and conditions the as stipulated in the Company's By-Laws.

#### **2-3-10 Risks Related to Speculation in Priority Rights**

Speculation in the priority rights is subject to risks that could cause material losses. The permissible daily fluctuation range for the priority rights trading price exceeds the permissible daily fluctuation range for the market price (which is represented by (10%) up and down from the previous day's closing price). There is also a direct relationship between the Company's share price and the right's indicative value. Accordingly, the daily price limits (i.e. the daily fluctuation range) for rights trading will be affected by the daily price limits for stock trading. In the event that the shareholder does not sell the rights before the end of the trading period, then he will have two options either to exercise these rights to subscribe to the new shares before the end of the subscription period, or not to exercise. In the event that the rights are not exercised, the investor may be subject to a loss or decrease in the value

of his investment portfolio, or a profit in the event that shares are sold during the rump period at a price higher than the Offering Price (with no guarantee that the profit will be equal to the value of the investment portfolio prior to the Offering). Consequently, investors must review the full details of the mechanism for listing and trading the rights and new shares and their method of operation, and be aware of all the factors affecting them, in order to ensure that any investment decision is based on full awareness and knowledge. (Please refer to Section (13) "Information Related to Shares and Offering Terms and Conditions" in this Prospectus).

#### **2-3-11 Risk related to suspension of trading and cancellation of listing the Company's Shares**

On 31/03/2021G the company has published in its page in Tadawul that it has not able to publish its consolidated financial statements for the fiscal years ending on December 31, 2020G at the specified time, meaning that the procedures for suspending trading in listed securities will be applied according to the listing rules approved by the CMA Board Decision No. (1-10-2019) dated 24-05-1440 corresponding to 30-01-2019. Which states in case of an issuer fails to publish its periodic financial information within the specified period pursuant to the relevant Implementing Regulations. The Exchange will suspend the trading of the listed securities for one trading day after the reporting period deadline. And in case of the issuer does not publish its financial information within twenty trading periods following the suspended trading session, the Exchange shall suspend the issuer's listed securities again until announcing its periodic financial information. In case the suspension of listed securities continues for six months and the issuer did not take appropriate actions to resolve the suspension, the CMA may cancel that issuer's listed security.

The Exchange will lift the suspension on the trading of the issuer's listed securities after one trading day from the issuer's announcement of its periodic financial information. But in case the company failed to publish its financial statements during the period mentioned above, it will lead to suspension of trading or cancellation of listing the Company's Shares, which will have a negative and material impact on the its Shareholders, the company's image and the results of operations. In addition, it is possible that the CMA could cancel the issue of the Rights for the company if it believes it to not fall in the benefit of the shareholders.

## 3 Company Background and Nature of Business

### 3-1 Company Overview

Raydan Food Company (hereinafter referred to as "The Company" or "Raydan") initially started as a sole proprietorship company under the name of "AsSalmi Real Estate Development Group" of its owner Awadallah Ahmad Al-Humaie AsSalmi, and it was registered in the Commercial Register No. 40330064059, dated 12/07/1409H (corresponding to 19/02/1989G), with an initial capital of one hundred thousand (100,000) Saudi Riyals. The establishment branch under the name "Raydan Cuisines and Restaurants" is registered in the Commercial Registry No. (4030123324) on 18/09/1418H (corresponding to 17/01/1998G). On 29/04/1429H (corresponding to 05/05/2008G), the Company was established as a Saudi closed joint stock company under the name "Raydan Cuisines and Restaurants Company" according to the Ministerial Resolution No. (149/Q) dated 29/04/1429H (corresponding to 05/05/2008G) after transferring the assets of AsSalmi Group Real Estate Development Establishment and its branch, Raydan Cuisines and Restaurants, so that the Company's capital became one hundred million (100,000,000) Saudi Riyals. On 29/05/1438H (corresponding to 26/02/2017G) the Company's shares were listed on the parallel Saudi Stock Market and converted into a Saudi joint stock company. The name of the Company was changed after the Extraordinary General Assembly agreed on 15/10/1440H (corresponding to 18/06/2019G) to change the name of the Company from "Raydan Cuisines and Restaurants Company" to "Raydan Food Company". On 24/03/1441H (corresponding to 21/11/2019G), the Company was transferred and its shares were listed and started trading in the main Saudi Stock Exchange.

The headquarters of the Company's headquarters is located in Jeddah, and its address is Al-Safa District, P.O. 138680, 21323 Jeddah, Kingdom of Saudi Arabia.

The current capital of the Company is two hundred and twenty five million (225,000,000) Saudi Riyals, divided into twenty-two million five hundred thousand (22,500,000) ordinary shares with a nominal value of ten (10) Saudi Riyals per share, paid in full (referred to individually as "current share" and collectively as "current shares").

As on the date of this Prospectus, the Substantial shareholders in the Company (who own 5% or more of the Company's shares) is Mansour Awadallah Ahmad AsSalmi, who owns three million (3,000,000) shares, i.e. 13.33% of the Company's shares before the Offering.

### 3-2 The Company's History and the Most Important Developments in its Capital Structure

- Raydan Food Company started its activities as a sole proprietorship establishment owned by Mr. Awadallah Ahmad Ayedh Al-Humaie AsSalmi under the name of "AsSalmi Group for Real Estate Development", registered in Jeddah under the commercial registration No. 4030064059 dated 12/07/1409H (corresponding to 19/02/1989G). Its capital then was one hundred thousand (100,000) Saudi Riyals. A branch of the Establishment under the name "Raydan Cuisines and Restaurants" was registered under Commercial Registration No. (4030123324) on 18/09/1418H (corresponding to 17/01/1998G).
- On 11/06/1429H (corresponding to 15/06/2008G) the Company was incorporated as a closed joint stock company according to Ministerial Resolution No. (149/Q) dated 29/04/1429H (corresponding to 05/05/2008G) under the name of "Raydan Cuisines and Restaurants Company" as per the Commercial Registration No. (4030180055), with a capital of one hundred million (100,000,000) Saudi Riyals, divided into one hundred thousand (100,000) in-kind shares of equal value, each of which is worth one thousand (1,000) Saudi Riyals.
- On 25/11/1434H (corresponding to 10/01/2013), the Company signed an agreement (sale and assignment) to acquire the Raouche International Sweets Company, which was registered under the Commercial Registration number (4030171113) issued in Jeddah for its owner Fahd Nasser Awadallah Al-Humaie AsSalmi, with all its trade name, branches, trademarks and assets including lands, buildings, warehouses of raw materials, sweets factory, cars, stock, tools, machines, electrical devices, computers, candlesticks, refrigerators and ovens for a total amount of forty-five million (45,000,000) Saudi Riyals. This in addition to the

assignment of the labor services of the Establishment's in favor of Raydan Food Company after getting their written consent to that, and after approval of the Board of Directors of the acquisition in its meeting held on 22/09/1434H (corresponding to 30/07/2013).

- On 11/05/1435H (corresponding to 12/03/2014G), the Extraordinary General Assembly (EGM) of the shareholders agreed to increase the Company's capital by (45%) from one hundred million (100,000,000) Saudi Riyals to one hundred and forty-five million (145,000,000) Saudi Riyals, and as such, increasing the number of the Company's shares from ten million (10,000,000) ordinary shares to fourteen million five hundred thousand (14,500,000) ordinary shares of equal value, each of which is worth ten (10) Saudi Riyals, by capitalizing the Company's shareholders' loan amounting to forty five million (45,000,000) Saudi Riyal for the acquisition of the Raouche International Sweets Company.
- On 16/01/1436H (corresponding to 09/11/2014G), the EGM approved an increase of the Company's capital by (55.17%) from one hundred forty-five million (145,000,000) Saudi Riyals to two hundred twenty-five million (225,000,000) Saudi Riyals, and as such, increasing the number of the Company's shares from fourteen million five hundred thousand (14,500,000) ordinary shares to twenty-two million five hundred thousand (22,500,000) ordinary shares of equal value, each of which is worth ten (10) Saudi Riyals, by means of a cash deposit from the shareholders in the amount of sixty seven million (67,000,000) Saudi Riyals and transferring thirteen million (13,000,000) Saudi Riyals from the balance of the retained earnings account as of 31/08/2014G to the capital account.
- On 29/05/1438H (corresponding to 26/02/2017G), the Board of Directors of the Company decided to offer six million seven hundred fifty thousand (6,750,000) shares, register and list them in the parallel Saudi Stock Market. The offered shares represented (30%) of the Company's capital shares, amounting then to two hundred and twenty five million (225,000,000) Saudi Riyals of the Company's divided into twenty-two million five hundred thousand (22,500,000) ordinary shares of equal value of ten (10) Saudi Riyals per share.
- On 15/10/1440H (corresponding to 18/06/2019), the EGM agreed to change the name of the Company from "Raydan Cuisines and Restaurants Company" to "Raydan Food Company".
- On 24/03/1441H (corresponding to 21/11/2019G), the Company was transformed, listed and started trading its shares on the main Saudi Stock Market with twenty-two million five hundred thousand (22,500,000) ordinary shares, with a nominal value of ten (10) Saudi Riyals per share, after obtaining the approval of the Saudi Stock Exchange Company (Tadawul).
- On 19/01/1442H (corresponding to 07/09/2020G), the Board of Directors recommended to increase the Company's capital by (50%) by offering Rights shares of one hundred twelve million five hundred thousand (112,500,000) Saudi Riyals, after obtaining all the necessary regulatory approvals and the approval of the Extraordinary General Assembly, so that the Company's capital after the increase becomes three hundred thirty-seven million five hundred thousand (337,500,000) Saudi Riyals. On 03/12/1442H (corresponding to 13/07/2021G), the Extraordinary General Assembly of shareholders approved a 50% increase in the Company's capital from two hundred twenty-five million (225,000,000) Saudi Riyals, to three hundred and thirty-seven million five hundred thousand (337,500,000) Saudi Riyals, thus increasing the number of shares from twenty-two million five hundred thousand (22,500,000) ordinary shares to thirty-three million seven hundred fifty thousand (33,750,000) ordinary shares, of equal value of ten (10) Saudi Riyals per share, by issuing eleven million two hundred fifty thousand (11,250,000) new ordinary shares a Rights Issue with a nominal value of ten (10) Saudi Riyals per share.

### 3-3 Main Activities of the Company

The Company conducts its activities under the Commercial Registration No. (4030180055) dated 11/06/1429H (corresponding to 15/06/2008G).



The activities of the Company, as stated in its Articles of Association, are represented in practicing and implementing the following purposes:

- 1) Establishing restaurants that sell Arab and Western meals and banquets.
- 2) Providing cooked and uncooked catering services, parties and supply services.
- 3) Managing, operating, owning and establishing restaurants for the Company and for others.
- 4) Operating and managing the factories established by the Company after obtaining the necessary licenses.
- 5) Owning and establishing real estates and warehouses.
- 6) Practicing wholesale and retail trade in sweets, nuts, pastries, biscuits, dates, ice cream and juices.
- 7) Buying, selling and importing livestock.
- 8) Import, export, services and commercial agencies.
- 9) Carrying out integrated general contracting.
- 10) Performing maintenance, hygiene and operation.

The Company carries out its activities according to the followed regulations and after obtaining the necessary licenses, if any, from the competent authorities.

The Company carries out its activities through its headquarters in Jeddah and its subsidiary in Egypt. They consist of establishing restaurants, selling Arab banquet meals, cooked and uncooked catering services, and holding parties.

The Company's restaurant branches within the Kingdom reached (17) branches in Jeddah, (5) branches in Makkah Al-Mukarramah, (1) branch in Medina, (1) branch in Riyadh, and (1) branch in Dammam. The Company manages its branches that are located in the Western Region, while the Company has adopted since 2019G the expansion in the rest of the Kingdom's regions and other countries through granting franchise. As of the date of this Prospectus, the Company has signed commercial franchise contracts to establish (11) branches inside and outside the Kingdom (For more information on the commercial franchise contracts, please refer to subsection (10.8.2) "Commercial Franchise Contracts (Franchise)" of Section (10) "Legal Information" of this Prospectus).

The Company has established "Raydan Cuisines and Restaurants Company Factory for Food Products" in Jeddah for the purpose of supporting its business through the production of chilled and frozen meat, processing prepared meals with vegetables and processing bread products, in addition to supplying semi-finished products to the franchise branches.

### 3-4 Company's Vision

To be local and regional market leader in providing Arab foods according to the latest international methods in order to earn customer confidence and meet their desires, and to excel in providing the highest levels of quality, service and hospitality through expansion and spread in all regions of the Kingdom and abroad.

### 3-5 Company's Mission

Excellence in all the products and services provided while ensuring that customers' desires are met.

### 3-6 Company's Strategy

- Creating meals that can be prepared in a shorter time to meet market needs.
- Opening easily accessible branches in convenient locations and inside shopping centers.
- Improving the interiors of the branches by introducing more modern decorations to attract customers.
- Clarifying the nutritional value of the meals provided.
- Strengthening its competitive position by promoting the name and brand of the Company, locally and abroad.
- Continuing to improve operational processes.

- Concluding strategic agreements with the main suppliers of the Company while diversifying the sources of supplying the Company's operational needs.
- Attracting qualified Saudi human resources to support the Company's strategic plan for growth and expansion.
- Adopting the new identity of the Company.

### 3-7 The Strengths and Competitive Advantages of the Company

- Significant experience in the field of its work.
- The financial strength and outstanding performance of the Company.
- The Company's ability to maintain and develop competencies.
- The Company has a specialized and highly experience team in the field of work.
- The Company's ability to attract qualified cadres to activate its works.

### 3-8 Subsidiaries

Raydan Food Company has one subsidiary company, which is Raydan Cuisines and Restaurants Egypt. The subsidiary's revenues from the total revenues of the Company represent (4.0%), (5.1%) and (5.5%) as on December 31, 2017, 2018 and 2019, respectively, and (4.4%) for the nine-month period ending in September 2020, as shown in the table below. (For more information about the Subsidiary Company, please see subsection (10.7) "Subsidiaries" of section (10) "Legal Information" and subsection (8.2.2) "Risks related to Currency Exchange Fluctuations" of Section (6) "Risk Factors" and Subsection (6.6.1) "Analysis of the Financial Information of the Subsidiary Company" of Section (6) "Financial Information and Management Discussion & Analysis" of this Prospectus).

Table No. (1): Subsidiaries

Name of the Company	Capital (Egyptian Pound)	Place of Incorporation	Principal Place of Operations		Activity	Ownership Percentage
			Country	City		
Raydan Cuisines and Restaurants Company, Egypt	50,000	Arab Republic of Egypt	Kingdom of Saudi Arabia	Jeddah	Establish and operate fixed restaurants to sell and provide ready meals and real estate investment	99%

Source: The Company

### 3-9 Companies Invested In:

The following table shows the Company affiliates/subsidiaries:

Table No. (2): Companies Invested In

Name of the Company	Capital (Saudi Riyals)	Place of Incorporation	Principal Place of Operations		Activity	Ownership Percentage
			Country	City		
Aljonah For Desserts & Catering Company Ltd	60,000	Kingdom of Saudi Arabia Jeddah	Kingdom of Saudi Arabia	Jeddah	Holding external catering parties for others and providing meals and services for cooked and non-cooked food	30%

Source: The Company

### 3-10 Disruption of Business

The Company closed its branches that are located inside the commercial complexes, in accordance with the preventive and precautionary measures issued by the competent authorities in the Kingdom of Saudi Arabia on 15/03/2020 to control the Coronavirus (COVID19), until the issuance of the Royal decision allowing restaurants to return to practice their activities without restrictions, starting from 6<sup>th</sup> Ramadan 1441H (corresponding to April 29, 2020G), with adherence to the precautionary measures.

Due to the impact on the sales of the Jabal Omar branch, located in Al-Haram area in Makkah Al-Mukarramah, resulting from the precautionary measures for Hajj and Umrah, the branch was temporarily closed and it is still closed until the date of this Prospectus. On 15/05/1442H (corresponding to 30/12/2020G), Al-Andalus Mall branch in Jeddah was closed, due to the increase the financial losses of the branch resulting from the precautionary measures for the Corona pandemic.

On 15/05/1442H (corresponding to 30/12/2020G), Al-Andalus branch in Riyadh was completely closed due to bearing operational losses resulting from government work in the region that affected the branch sales. On 24/02/1442H (corresponding to 11/10/2020G), Al-Ahdal branch was closed, based on the Royal Decree No. 6472 dated 10/02/1439H (corresponding to 30/10/2017G) for King Abdulaziz Endowment for Ain Al-Aziziyah, which states that all the lands on which the shops are located within the scope of Al-Waziriya neighborhood, starting from Al-Eskan Street to Al-Mahjar Street, are within the boundaries of the endowment, and accordingly, all these shops must be vacated.

(Please refer to Subsection (2.1.30) "Risks related to the Disruption of the Company's Business" and Subsection (2.1.31) "Risks related to the Outbreak of the Coronavirus "COVID19" and Infectious Diseases" of Section (2) "Risk Factors").

Except for what was mentioned above, there was no interruption in the business of the company or any of its subsidiaries that could affect or have had a significant impact on the financial condition during the last (12) months. There was no disruption in the business of the Company and its subsidiaries that may impact or has significantly impacted the financial condition during the last twelve (12) months.

### 3-11 Employees and Saudization

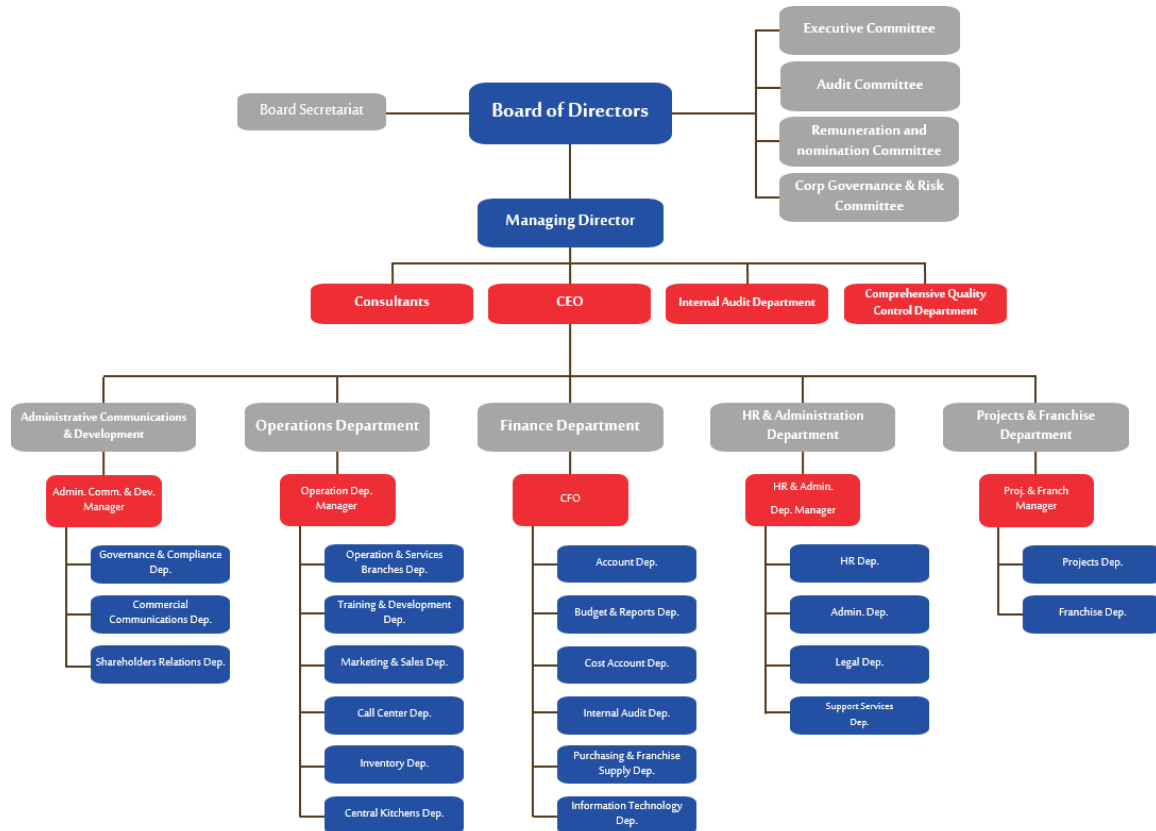
As at the date of this Prospectus, the number of Company employees reached (793) employees, including (108) Saudi employees and (685) non-Saudi employees. Per Nitaqat program issued by the Ministry of Human Resources and Social Development, the nationalization rate as at the date of this Prospectus was around (13.6%). The Company is classified in the "Green Nitaq".

## 4 The Company Organizational Structure

### 4-1 Organizational Structure

The following figure shows the organizational structure of Company:

Figure No. (1): Company's Organization Structure



Source: The Company

## 4-2 Board of Directors

The following table shows the Company Board of Directors:

Table No. (3): Company's Board of Directors

Board Members								
The Company's Board of Directors was appointed on 16/08/1440H (corresponding to 21/04/2019G*								
Name	Post	Type of Membership	Nationality	Age	Owned Shares			
					Direct		Indirect	
					Number	Percentage	Number	Percentage
Awadallah Ahmad Ayed AsSalmi **	Chairman	Non-independent Non-executive	Saudi	78	400,000	1.78%	-	-
Naser Awadallah Ahmad AsSalmi **	Deputy Chairman	Non-independent Non-executive	Saudi	58	1,090,000	4.84%	-	-
Mansour Awadallah Ahmad AsSalmi **	Member and Managing Director	Non-independent Executive	Saudi	56	3,000,000	13.33%	-	-
Mishaal Awadallah Ahmed AsSalmi	Member	Non-independent Non-executive	Saudi	53	775,000	3.44%	-	-
Khaled Awadallah Ahmed AsSalmi	Member	Non-independent Non-executive	Saudi	39	250,001	1.11%	-	-
Hasan Shaker Saleh Al-Sahafi	Member	Independent Non-executive	Saudi	58	-	-	-	-
Abdul Raouf Al-Sadiq Al-Bakr Al-Qaidi	Member	Independent Non-executive	Saudi	69	-	-	-	-
Saud Saeed Aqel Al-Ajaifi	Member	Independent Non-executive	Saudi	53	-	-	-	-

Source: The Company

\* The Company's Ordinary General Assembly, in its meeting held on 16/08/1440H (corresponding to 21/04/2019G), approved the election of the above-mentioned board members for the current session, which began on 16/08/1440H (corresponding to 21/04/2019G) for three Years term ending on 19/09/1443H (corresponding to 20/04/2022G).

\*\* The Company Board of Directors, in its meeting held on 19/08/1440H (corresponding to 24/04/2019G) decided to appoint Mr. Awadallah Ahmad Ayed AsSalmi as Chairman of the Board of Directors, appoint Mr. Naser Awadallah Ahmad AsSalmi as Deputy Chairman of the board, and appoint Mr. Mansour Awadallah Ahmad AsSalmi as Managing Director of the Company.

\*\*\*\* Per the Corporate Governance Regulations, a board member has the capacity of "executive member" when he is a member of the executive management of the Company, participates in the day-to-day management of Company business or receives a salary therefrom in return.

- The "Non-Executive member," is a member of the Board of Directors and he is not working on full time basis to manage the Company or does not receive a salary therefrom save as the board and committees membership remuneration.
- The independent member is a non-executive board member who is completely independent in his post and decisions, and none of the independence provisions stipulated as below shall apply to him:
  - a. An owner or has interest in five percent or more of the Company's shares or another Company of its group, or he is a relative of a party owning this percentage.
  - b. A representative of a legal person owning five percent or more of the Company's shares or another Company of its group.
  - c. A senior executive during the past two years in the Company or in another Company of its group.
  - d. A relative to any of the Company board members or in another Company of its group.

- e. A relative to any of the Company senior executives or in another Company of its group.
  - f. A relative to any of the Company's advisors.
  - g. A member of the Board of Directors of another Company in the group, and he is nominated for the membership of its Board of Directors.
  - h. He works or has worked in the past two years as an employee of the Company or any party dealing with it or for another Company of its group, such as certified accountants and major suppliers, or he is the owner of controlling shares in any of those parties during the past two years.
  - i. He has a direct or indirect interest in the business and contracts that are made for account of the Company.
  - j. He receives amounts of money from the Company in addition to the remuneration of the board membership or any of its committees that exceed two hundred thousand (200,000) Saudi Riyals or 50% of his remuneration in the previous year, against board membership or any of its committees, whichever is less.
  - k. He spent more than nine continuous or separate years as a Company board member.
  - l. He participates in a business that would compete with the Company or he trades in one of the branches of the activity practiced by the Company.
- The Company's Directors mentioned above who owns Shares declare that they shall subscribe to all the rights allocated to them.

### 4-3 Company Committees

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

#### 4-3-1 Audit Committee

The Company's ordinary general assembly (OGM), in its meeting held on 16/08/1440H (corresponding to 21/04/2019G), approved the formation of the Audit Committee, determined its tasks, work controls, and remuneration for its members for the current session, which started on 16/08/1440H (corresponding to 21/04/2019G), for three years term that will expire by the end of the current term of the board on 25/07/1444H (corresponding to 16/02/2023G). The Chairman of the Audit Committee was appointed following the board approval in its meeting held on 20/06/1440H (corresponding to 25/02/2019G). The Company obtained the no objection of the Central Bank of Saudi Arabia on 19/09/1443H (corresponding to 20/04/2022G). The members of the Audit Committee are as follows:

Table No. (4) Members of the Audit Committee

Name	Chairman
Saud Saeed Aqel Al-Ajaifi	Member
Zahir Fadl Al-Sayed Hamida Al-Dabi	Member
Omar Rabeh Setir AsSalmi	Member

Source: The Company

The committee is responsible for monitoring the Company's business and verifying the accuracy and integrity of the reports, financial statements, and their internal control systems. The Committee's duties include, in particular, the following:

#### Tasks and responsibilities of the Audit Committee

- 1) **Auditor:**
  - Submit recommendations to the Board of Directors to appoint and dismiss external auditors, determine their remuneration, evaluate their performance after confirming their independence, and review the scope of their work and the terms of their contracts.
  - Verify the independence, objectivity, integrity and effectiveness of the external auditor, taking into account the relevant rules and standards.
  - Review the Company's external auditor's plan and activities, and ensure that it does not provide any technical or administrative work beyond the scope of its work and provide its opinion in this regard.
  - Provide approval for any non-audit services provided by the external auditors.

- Respond to the inquiries of the Company's external auditor.
- Review the reports of the external auditor and his comments on the financial statements and following up on the actions taken in this regard.
- In the event that a dispute arises between the committee's recommendations and the decisions of the Board of Directors, or if the Board of Directors refuses to raise the committee's recommendations for appointing or dismissing the company's external auditor, determining its remuneration, evaluating its performance, or appointing an internal auditor, the Board's report must include the committee's recommendations and the justification and reasons for not following these recommendations.

**2) Financial Reports:**

- Analyze the initial and annual financial statements of the company before submitting it to the Board of Directors and submit its opinion and recommendations regarding them to ensure its integrity and transparency.
- Express its technical opinion upon the request of the Board of Directors about whether the report of the Board of Directors and the financial statements of the company is fair, balanced and understandable and contain information that allows shareholders and investors to evaluate the financial condition of the Company, its performance, business model and strategy.
- Analyzing any important or unfamiliar issues in the financial reports.
- Carefully investigate any issues raised by the Company's financial director, any person who assumes his duties, the internal audit official, or the Company's external auditor.
- Study the accounting estimates with respect to the significant issues included in the financial reports.
- Study the accounting policies adopted by the Company and submit its opinion and recommendations to the Board of Directors regarding them.

**3) Internal Audit:**

- Examine and review the company's internal and financial control systems and the risk management system.
- Review and approve the internal audit plan and all major changes to the plan.
- Analyze the internal audit reports and follow up on the implementation of corrective measures regarding the observations made in these reports.
- Monitor the performance and activities of the internal auditor, the company's internal audit department, if any, to ensure the availability of the necessary resources and their effectiveness in performing the activities and duties assigned to it. If the company does not have an internal auditor, the committee makes a recommendation to the Board of Directors as to whether there is a need to appoint an internal auditor.
- Submit a recommendation to the Board of Directors regarding the appointment of the head of the internal audit department or the internal auditor and suggest his remuneration.
- Ensure that the internal auditor is independent from the executive management. The internal audit department sends reports to the committee and administratively to the CEO.

**4) Compliance Assurance:**

- Review the results of the reports of the regulatory authorities and verify that the Company has taken the necessary actions in this regard.
- Verify the company's compliance with the relevant laws, regulations, policies and instructions.
- Review the contracts and proposed transactions that the Company conducts with related parties, and submit their opinions on this to the Board.
- Raise the issues it deems necessary to take action in this regard to the Council, and express its recommendations on the measures to be taken.

**5) Control Systems related to Information Technology**

- The committee should take into consideration and review with the management, the auditor and the internal audit representative the following:
  - The effectiveness or weaknesses of the information technology security and control systems.
  - Important observations and recommendations presented by the auditor and the internal audit representative with the management responses to these observations and responses to them. This includes the timetable for implementing recommendations aimed at correcting weaknesses in internal controls, including the material risks and control procedures thereon.
  - The current situation and the efficiency of information management systems and other information technology systems.
- The committee, together with the internal audit representative and the auditor, shall coordinate the audit work to ensure full coverage of the main controls and risk aspects of information technology.

**6) Verify Risk Management in the Company:**

- The committee has the following responsibilities to fulfill its role in risk management:
  - ✓ Identify the Risks
    - Ensure the existence and adequacy of structures, processes and responsibilities for identifying and managing risks facing the Company.
    - Encouraging senior management to enhance awareness of risks in the Company.
    - Ensure that the main risks are reviewed quarterly. A summary of the main risks and regulatory deviations shall also be reported to the Board on a quarterly basis.
    - Report any violations in the matrix of authority immediately to the Board Chairman, and the Board shall have the right to obtain access to the full reports from the internal auditor).
  - ✓ Risk policies and procedures
    - Ensure that the Company has a modern risk management strategy with the associated policies and procedures that Comply with the requirements of relevant regulations and laws, and the profession's rules and conduct.
    - Recommend to the Board the Company's risk management strategy set by the management.
    - Promote and supervise the implementation of risk management strategy and related policies.
    - Ensure the continuous operational effectiveness of risk management policies and procedures.
    - Establish systems that enable the Company's employees to confidentially report any doubts they may have regarding any doubts or suspicious issues in financial reports, internal control procedures, or any other matter. Ensure that appropriate mechanisms are in place to allow impartial and independent investigations into these issues, provide the employee with a guarantee, give him confidentiality, and protect him from any negative reaction or harm that may be caused to him. Such rules shall be proposed and presented to the Board chairman for approval.
    - Review the results of the basic investigations in internal control issues that are approved by the Board or that are implemented by the committee on its own initiative and with the approval of the Board.
    - Receive semi-annual reports of incidents and complaints related to violations/ non-compliance and ensure that corrective measures taken for such incidents and complaints are adequate.
    - Take into account and approve any necessary action identified in the review followed a significant incident or the reviews carried out by the internal inspection or the external audit.
    - Review the scope of work and the status of the systems in place to ensure compliance with laws, regulations, internal procedures, conflict of interest policy, and career ethics by reviewing reports received from internal auditing and other bodies.
- 7) Other Responsibilities:**
  - Ensure that corrective action has been implemented or recommended to appropriately resolve the complaint, issue, or dispute filed by the Company's stakeholders.



- Review the program established by the Company to monitor compliance with the rules, ethics and career conduct for board members, officials and employees.
- Review the adequacy of the Company's internal financial and operational controls with the employees responsible for implementing the internal audits and external audits, and inform the Board of the results.
- Review all related party transactions.
- Review and recommend any change or waiver in the rules of ethics and behavior of the profession for members of the board or executive directors and annually assist the board in determining the compliance of each member of the board or the executives with the rules of ethics and conduct of the profession and reporting any violation of these rules to the Board. The committee should recommend to the board, in order to approve it, any concessions in the code of conduct for board members or executives, and it should ensure that the board promptly discloses any of these concessions to shareholders.
- Carry out and supervise special investigations as needed.
- Establish and monitor the application of the Company's policy in hiring employees or former employees of the auditor who had a relationship with the Company.
- Review any decision from the management to obtain a second opinion from independent auditors other than the contracted auditor regarding any important accounting issue.
- Ensure that the company's management respond quickly to recommendations of internal auditors within a reasonable period of time.
- Perform any other activities consistent with this regulation, Company's regulations and the governing law, as deemed necessary or appropriate by the committee or the Board.
- The committee must review and reassess the adequacy of this bylaw periodically and recommend to the Board any improvements considered by the committee as necessary or valuable. The committee shall conduct such assessment and reviews in the manner it deems appropriate.
- The committee prepares, at least three months before the start of each fiscal year, an annual work plan that includes a schedule for the committee's meetings and a description of the work it will undertake during the next year.
- The committee must discuss and review its performance at least once a year to determine whether it is operating effectively and agree on measures on how to improve and increase its efficiency. A report on the performance of the committee must be submitted to the Board.
- The committee recommends and estimates the funding it needs to pay the regular administrative expenses necessary for the committee to carry out its tasks.
- Provide an open means of communication between the internal audit, the auditor and the board.
- Establish a mechanism that allows the employees of the company to submit their observations regarding any breach in the financial reports or others in confidence. The committee must verify the application of this mechanism by conducting an independent investigation commensurate with the size of the error or omission, and adopting appropriate follow-up procedures.

#### **4-3-2 Nominations and Remunerations Committee and its Responsibilities**

The Company's board in its meeting held on 29/11/1441H (corresponding to 20/07/2020G) decided to reformulate the Nominations and Remunerations Committee, determine its tasks, work controls and the remuneration of its members for the current session. This is in continuation of the current board session, which started on 16/08/1440H (corresponding to 21/04/2019G) and expires by the end of the current Board session on 19/09/1443H (corresponding to 20/04/2022G). The members of the Nominations and Remunerations Committee are as follows:

Table No. (5): Members of Nominations and Remunerations Committee

Name	Capacity
Saud Saeed Aqel Al-Ajaifi	Chairman
Khaled Awadallah AsSalmi	Member
Jamal Naser Ahmed Abdul Karim	Member

Source: The Company

#### Tasks and Responsibilities of the Nominations and Remunerations Committee

##### 1) Tasks related to Nominations

- Propose clear policies and standards for membership of the Board of Directors and the executive management.
- Make recommendations to the Board of Directors to nominate or re-nominate its members in accordance with the approved policies and standards, bearing in mind that the nomination does not include any person convicted of a crime involving honor or moral deception.
- Prepare a description of the capabilities and qualifications required for membership of the Board of Directors and positions of the executive management.
- Determine the amount of time that the director shall dedicate to the Board's activities.
- Annually review the skills and experiences required by members of the Board of Directors and the Executive Management.
- Review the structure of the Board of Directors and the executive management and provide recommendations regarding any changes to this structure.
- Ensure the independence of the independent members of the Board and that there is no conflict of interest if the Board members works also as a member of the Board of Directors of another company.
- Provide job descriptions for executives, non-executives, independent directors, and senior executive management.
- Establish the procedures to be followed if the position of a board member or executive director becomes vacant.
- Identify the strengths and weaknesses of the Board of Directors and recommend remedial solutions that serve the interests of the company.
- Recommend criteria for evaluating the performance of the Board of Directors, its members, the Company committees and the executive management.
- Oversee the orientation program for new board members.
- Grant approvals for any transactions according to the limits of the authority delegated by the Board of Directors.
- Review private performance against the approved appointment period at least once a year to ensure that it works effectively. The results of this evaluation must be sent to the Board with a proposal on any changes to improve its effectiveness.

##### Nomination of Directors

- When nominating a member of the Board of Directors, the committee must take into account the requirements and provisions set by the authorities, including the Capital Markets Authority (CMA).
- The Company publishes the announcement of nomination on its website, and through any other means specified by the CMA, and invite persons wishing to nominate for membership the Board, provided that the nomination period remains open for at least one month from the date of the announcement.
- The number of candidates to the Board whose names are submitted to the General Assembly shall be more than the number of seats available to allow the General Assembly to choose the members of the Board from among these candidates.

- None of the provisions contained in this charter shall prejudice the right of any shareholder to nominate himself or someone else for membership in the Board of Directors in accordance with the provisions of the Companies Law and its implementing regulations.

**The Candidate for membership of the Board of Directors shall have the following characteristics**

- The ability to lead: by having leadership skills that qualify him to grant powers in a way that leads to stimulating performance, applying best practices in the field of effective management, and adhering to professional values and ethics.
- Competence: by owning the academic qualifications, appropriate professional and personal skills, level of training, and practical experiences related to the current and future activities of the Company, administration, economics, accounting, law or governance, as well as the desire to learn and train.
- Ability to direct: by having technical, leadership and administrative capabilities, speed in decision-making and understanding of technical requirements related to workflow, and to have the ability of strategic guidance, planning and a clear future vision.
- Financial knowledge: by being able to read and understand financial statements and reports.
- Health fitness: by being free from health impediment that may hinder him from practicing his tasks and specialties. When electing members of the Board of Directors, the General Assembly shall take into account the recommendations of the Nominations Committee and the availability of the personal and professional characteristics necessary for them to effectively perform their duties.

**2) Tasks related to Remuneration**

- Prepare a clear policy for the remuneration of members of the Board of Directors, its committees and the executive management, and submit this policy to the Board of Directors in preparation for the approval of the General Assembly, provided that this policy follows the standards related to performance and disclosure and ensure the implementation of this policy.
- Clarify the relationship between wages paid and the approved remuneration policy, and highlight any significant deviation from that policy.
- Review the remuneration policy periodically and evaluate its effectiveness in achieving its goals.
- Make recommendations to the Board regarding the remuneration of its members, committee members and senior executives, in accordance with the approved policy.
- Assist the Board in evaluating its performance and the performance of the Company's committees.
- Provide approvals for any transactions in accordance with the limits of the authority granted to it by the Board of Directors.
- Review its performance against the approved appointment period at least once a year to ensure that it is operating effectively. The results of this evaluation should be sent to the Board with a proposal for any changes to improve its effectiveness.
- Without prejudice to the provisions of the Companies Law, the Financial Market Law and its implementing regulations, the remuneration policy shall be characterized by the following objectives to carry out:
  - Be consistent with the Company's strategy and objectives.
  - Provide remunerations with the aim of encouraging members of the Board of Directors and executive management to achieve the Company's success and development in the long term, for example by making the variable part of the remuneration related to long-term performance.
  - Determine the remuneration based on the job level, duties and responsibilities, educational qualifications, work experience, skills and level of performance.
  - Be consistent with the size, nature and level of risks the Company faces.
  - Take into account the practices of other companies with regard to determining remunerations, and avoid disadvantages of such comparisons, which may lead to unjustified increases in remunerations and compensations.
- Attract, retain and motive talented professionals without exaggeration.

- Coordinate with the Nominations and Remuneration Committee regarding new appointments.
- Take into account the cases in which remunerations must be suspended or re-settled if it is determined that these remunerations have been determined based on inaccurate information provided by members of the Board of Directors or the executive management, in order to prevent abuse of authority to obtain incorrect remunerations.
- Organize the granting of Company shares to members of the Board of Directors and the Executive Management, whether issued recently or purchased by the Company.

### 3) Staff Performance

- Review development and training programs for all employees, with a special focus on any employees who have outstanding performance and demonstrate the capabilities to achieve clear professional advancement.
- Conduct an annual evaluation of the performance of senior management personnel, which is measured based on the objectives specified. In addition, the committee will review the performance standards.
- Provide advice to the Board regarding the necessary mechanisms to annually evaluate the performance of the Board, its members, committees, and executive management, through appropriate performance measurement indicators related to the extent of achieving the Company's strategic objectives and the quality of risk management, provided that the strengths and weaknesses are identified and proposed to address them in line with the Company's interest.
- Provide advice to the Board on the policy about the length of service, compensation benefits and pension arrangements for all employees.
- Review the Company's human resources policies and set guidelines for employees' remunerations and incentives based on their performance. These incentives are based on long-term strategic goals set by the Board.

### 4) Employment of Family Members

- Establish and modify a mechanism for receiving and evaluating applications for employing family members in the Company.
- Adopt the experiences gained by family members during their work in private sector companies other than Raydan Food Company and its subsidiaries.
- Evaluate the employment of family members in the Company.

#### 4-3-3 Members of the Corporate Governance and Risk Committee

The Board of Directors of the Company decided in its meeting held on 29/11/1441H (corresponding to 20/07/2020G) to form the Corporate Governance and Risk Committee and to define its tasks, work controls and remunerations for its members for the current session. This is in continuation of the current board session, which started on 16/08/1440H (corresponding to 21/04/2019G) and ends at the end of the current Board session on 19/09/1443H (corresponding to 20/04/2022G). The following are the members of the Corporate Governance and Risks Committee:

Table No. (6): Members of the Corporate Governance and Risk Committee

Name	Position
Fahd Nasser Awadallah As-Salami	Chairman
Abdullah Ali Abdullah Alawi	Member
Mansour Nasser Awadallah As-Salami	Member

Source: The Company

### The Tasks and Responsibilities of the Corporate Governance and Risk Committee

- Develop a comprehensive strategy and policies for managing governance and risks commensurate with the nature and size of the Company's activities, ensure their implementation, review and update them based on the internal and external variables of the Company.
- Determine and maintain an acceptable level of risks that the Company may be exposed to and ensure that it does not exceed it.
- Verify the feasibility of Company's continuing and the success in continuing its activity, and identify the risks that its continuity may be exposed to during the next twelve months.
- Supervise the Company's risk management system and evaluate the effectiveness of the systems and mechanisms for identifying, measuring and following up the risks that the Company may be exposed to, in order to determine their deficiencies.
- Periodically reassess the Company's ability to withstand risks and its exposure to them.
- Prepare detailed reports on exposure to risks and the proposed steps for managing these risks and submit them to the Board of Directors.
- Submit recommendations to the Board on issues related to risk management.
- Ensure the availability of adequate resources and systems for risk management.
- Review the organizational structure of risk management and make recommendations regarding it before approval by the Board of Directors.
- Verify the independence of the members of the Risk Committee from the activities that may lead to exposing the Company to risks.
- Verify the Company's compliance with the laws and regulations of the Ministry of Commerce and Investment, the Capital Market Authority, and any other related parties.
- Review and update policies and rules in accordance with regulatory requirements and best practices.
- Review and develop the career code of conduct that represents the Company's values, and other internal policies and procedures to meet the needs of the company and conform to the best practices.
- Keep members of the Board of Directors informed of developments in the field of corporate governance and best practices, or delegate this to the Audit Committee or any other committee or management.

#### 4-3-4 Members of the Executive Committee

The Company's Board of Directors decided in its meeting held on 29/11/1441H (corresponding to 20/07/2020G) to reconfigure the Executive Committee and define its tasks, work controls and remunerations for its members for the current session. This is in continuation of the current board session, which started on 16/08/1440H (corresponding to 21/04/2019G) and ends at the end of the current Board session on 19/09/1443H (corresponding to 20/04/2022G). The following are the members of the Executive Committee:

Table No. (7): Members of the Executive Committee:

Name	Position
Fozan Abdullah Saad Al-Harithi	Chairman
Mansour Nasser Awadallah As-Salami	Member
Jamal Nasser Ahmed Abdul Karim	Member

Source: The Company

#### Tasks and Responsibilities of the Executive Committee

- Discuss and make recommendations to the Board about the Company's strategy, strategic priorities, multi-year work plan and annual goals.
- Supervise all matters related to the Company's strategy and ensure the implementation of general policies in order to effectively implement these strategies.
- Approve the transactions that exceed the limits of the CEO's powers as long as they comply with the strategy, within the limits of the committee's powers as per the approved delegation of powers.
- Facilitate the development, review and update of the investment policies, strategies and programs of the Company and its subsidiaries, to ensure that they are consistent with the goals and objectives of the Company.
- Determine whether appropriate procedures have been put in place to ensure that the investments of Raydan Food Company and its subsidiaries are managed in a manner consistent with the investment policy.
- Discuss and submit recommendations to the Board regarding any changes to the organizational structure of the Company, and its delegation of powers and approved regulations.
- Take decisions regarding the establishment of management committees within the Group. The committee determines the terms of reference and membership of the management committees.
- Review human resources policies, including remuneration policies, before they are approved by the Board.
- Review promotions and evaluate the performance of employees in the Senior Executive Management based on the recommendation of the Nomination and Remuneration Committee and prior to the approval of the Board.
- Review the key performance indicators of the Company, including the subsidiaries, based on the recommendation of the sector committees and management committees of the subsidiaries, if any.
- Discuss and submit proposals to the Board of Directors on the annual budget of the Company.
- Review information technology plans, policies and implementation, and all proposed changes to information management systems.
- Review the Company's monthly financial performance, and measure the extent of progress in achieving annual goals.
- Review and approve the substantive transactions that the Company proposes to undertake and which fall within the authority of the committee. The review includes identifying and studying the relevant risks.
- Review and approve the amendments made to the annual budget of the Company to the approved extent according to the delegation of powers.
- Provide advice to the CEO on the daily administrative activities of the Company, to ensure that the Company's business is carried out effectively and maximizing the long-term value of the Company for shareholders.
- Review business development plans and implementation of business plans at the Group level (if any).
- Review proposed investments related to expanding the existing businesses, establishing new companies, acquisitions, joint ventures and selling investments, prior to their approval by the Board, including review of risks related to proposed investments.
- The Committee determines the requirements and conditions for receiving offers/ investment opportunities from family members and updates these requirements and conditions periodically according to work variables and Company strategies.
- Recommend to the Board establishment of branches, agencies or subsidiary companies.
- Make up decisions on starting legal procedures and following up on other judicial claims or settling cases according to the delegation of power matrix.

#### 4-4 Executive Management

The following table shows the details of the Executive Management of the Company:

Table No. (8): The Executive Management of the Company

Name	Position	Nationality	Age	Appointment Date	Shares Owned			
					Direct		Indirect	
					Number	Percentage	Number	Percentage
Fozan Abdullah Saad Al-Harthy	Chief Executive Officer	Saudi	49	06/07/2014	-	-	-	-
Jamal Nasser Ahmed Abdul Karim	Finance Manager	Egyptian	39	25/04/2004	-	-	-	-
Ziad Saad Saeed Al-Mowallad	Human Resources and Administration Manager	Saudi	40	23/08/2010	-	-	-	-
Mansour Nasser Awadallah As-Salami	Manager of Operations and Activities Department	Saudi	27	18/07/2016	-	-	-	-
Fahd Nasser Awadallah As-Salmi	Manager of Administrative Communications and Development	Saudi	35	21/06/2007	-	-	-	-
Talal Abdulrahman Mohammed Baddah	Manager of Project Management and Franchise	Yemeni	39	26/08/2010	-	-	-	-

Source: The Company

#### 4-5 Compensations and Remunerations of Board Members and Senior Executives

The Nominations and Remunerations Committee is responsible for proposing the compensations and remunerations of board members and senior executives. The following table shows the salaries, remunerations and allowances which were received by board members and the five top executives during the past three years:

Table No.(9): Compensations and Remunerations of Board Members and Senior Executives

In Saudi Riyals	Fiscal year ended on 31 December 2017G	Fiscal year ended on 31 December 2018G	Fiscal year ended on 31 December 2019G
Board Members	400,000	311,500	250,000
Six Top Senior Executives	4,686,714	4,317,518	5,400,975
<b>Total</b>	<b>5,086,714</b>	<b>4,692,018</b>	<b>5,650,975</b>

Source: The Company

## 5 Employees

### 5-1 Employees' share programs existing prior to filing the application for registration and offering the securities under this Prospectus

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

### 5-2 Arrangements for Participation of Employees in the Capital

As of this Prospectus, there are no arrangements for participation of the employees in the Company's capital.



## 6 Financial Information and Discussion of the Management Analysis

### 6-1 Introduction

The following is based on a discussion and analysis of the financial condition and results of operations on the Company's audited consolidated financial statements and accompanying notes for the financial years ended December 31, 2017G, 2018G and 2019G, and unaudited interim financial statements for the nine months ended September 30, 2020G, including comparative figures for the nine months ended September 30, 2019G. Baker Tilly MKM and Partners, Certified Public Accountants, audited the Company's financial statements for the years ended December 31, 2017G, 2018G and 2019G and examined the condensed interim financial statements for the period ended September 30, 2020G in accordance with the accounting principles based on international financial standards.

The financial statements for the fiscal year ended December 31, 2018G are the first financial statements of the Company prepared in accordance with the International Financial Reporting Standards (IFRS) adopted in Saudi Arabia.

The financial information for 2017G included in the audited consolidated financial statements for the fiscal year ended December 31, 2017G is different from those listed for comparison purposes in the consolidated audited financial statements for the fiscal year ended December 31, 2018G, as they have been amended to comply with international financial reporting standards (IFRS), and for comparison and analysis, it is included in this section. Therefore, to ensure the consistent analysis and comparison, this Prospectus relied on the financial information for 2017G that was amended to comply with international financial reporting standards (IFRS) and included for comparison purposes in the audited consolidated financial statements for the fiscal year ended December 31, 2018G.

Baker Tilly MKM and Company certified public accountants or any of their affiliates or subsidiaries do not own any share or interest of any kind in the Company and its subsidiaries, and they have it given their written consent and have not withdrawn it to the publish their name, logo and statements in this Prospectus as the Company's auditor for the above mentioned years.

Please note that the numbers displayed in the tables of this section are in Saudi Riyals, unless otherwise stated, and the percentages are rounded to the nearest decimal. Therefore, the calculation of the percentage of increase/decrease may not give a full match with the percentages mentioned in the tables, using the numbers in the tables (displayed in thousands of Riyals and rounded to the nearest whole number).

### 6-2 Directors' Declarations for Financial Statements

The Board Directors declare that:

1. All substantive facts relating to the Company, its subsidiaries and its financial performance have been disclosed in this Prospectus, and that there is no information, documents or other facts that, if omitted, will caused the statements contained in this Prospectus become misleading.
2. All fundamental changes in financial information during the financial years ended December 31, 2017G, 2018G and 2019G and the period ended September 30, 2020G have been explained and disclosed in subsection (7-6), "Balance Sheet" and subsection (6-6) "Results of Operations – Statement of Income " of this section.
3. The financial information contained in this Prospectus has been extracted from the Company's audited financial statements for the financial years ended on 31 December 2017G, 2018G and 2019G, in addition to the condensed (unaudited) financial statements for the six months ended on June 30, 2020G and their accompanying notes without any substantial modification, and that they contain financial information provided on a consolidated basis in a format that is consistent with the financial statements approved by the Company annually in accordance with the International Financial Reporting Standards (IFRS).
4. That the Company has incurred losses during the nine months ended September 30, 2020G. In exception of what was disclosed in section (2) "Risk Factors" of this Prospectus, there has been no substantial negative change in the Company's financial and commercial condition during the three financial years ended on December 31, 2017G, 2018G and 2019G and the nine-month period ended on

September 30, 2020G, which immediately preceded the application date for issuance of the securities subject to this Prospectus in addition to the end of the period covered by the Chartered Accountant Report until the prospectus is approved.

5. The Company has no information on any government, economic, financial, monetary, political policies or other factors that have substantially affected or may affect (directly or indirectly) the Company's operations except as disclosed in section (2) "risk factors" of this Prospectus.
6. No commissions, discounts, brokerage fees or non-cash compensation have been awarded by the Company and its affiliates to any of the board members, senior executives, offerors or securities or experts who received any of those payments or benefits during the three financial years ended December 31, 2017G, 2018G, 2019G and the period ended on September 30, 2020G, immediately preceding the date of filing and issuing of the securities subject to this Prospectus in connection with the issuance of priority rights subject to this Prospectus.
7. That the Company and its affiliates do not have any holdings in contractual securities or other assets which value is subject to volatility or whose value is difficult to ascertain, which negatively affects the valuation of the financial position.
8. The Company and its affiliate do not have any potential liabilities, guarantees or any significant fixed assets intended to be purchased or leased, except for what has been disclosed in the subsection (7-6) "Balance Sheet" of this section.
9. The Company and its affiliate do not have any other loans or debts, including overdrafts from bank accounts. They also acknowledge that there are no guarantee obligations, including personal guarantee, or those not covered by a personal guarantee, guaranteed or unsecured by a mortgage), acceptance obligations, acceptance credit, lease purchase obligations, except for what has been disclosed in the subsection (7-6) "Balance Sheet" of this section.
10. As far as they know, there are no mortgages, rights, or any burdens or costs on the Company's property or its affiliate as in the date of this Prospectus, except for what has been disclosed in the subsection (7-6) "Balance Sheet" of this section, and in the subsection (26.1.2) "Insurance Coverage Risks" of section (2) "Risk Factors" of this Prospectus.
11. There is no capital in the Company or its subsidiaries covered by the right of option as of the date of this Prospectus.
12. The Company did not experience any capital adjustments during the three years immediately prior to the date of the registration application and the Offering of securities subject to this Prospectus.
13. The Company is not aware of any seasonal or activity-related economic factors that may have an impact on the Company's business and financial situation except as disclosed in section (2) "risk factors" of this Prospectus.
14. The Company and its subsidiary do not have any potential obligations, guarantees or any important fixed assets intended to be purchased or leased other than what was disclosed in the subsection (7-6) "Balance Sheet" of this section.

### 6-3 Significant Accounting Policies

Here is a summary of the important accounting policies used by the Group in preparing consolidated financial statements:

#### The Basis for Consolidating Financial Statements

Consolidated financial statements include the accounts of the Company and its subsidiaries.

Control is achieved when the Company becomes vulnerable or has the right to receive volatile returns from its association with its investor group, and the Company has the ability to influence these returns through its authority over the Company invested in it. In particular, the group controls the invested property if, and only if, the Company has directly or indirectly:

- Authority over the invested establishment (e.g., the existence of existing rights that give it the current ability to direct activities related to the invested facility).
- Exposure to risks and have rights to obtain volatile returns from their association with the invested establishment.
- The ability to use its authority over its invested property to influence its returns.

In general, there is an assumption that the possession of the majority of voting rights will lead to control. In order to reinforce this assumption and when the Company has a lower level than the majority of voting rights or similar rights in the Company invested in, the Group takes into account all relevant facts and circumstances when assessing whether the Company has control over the invested property, and these facts and circumstances include the following:

- Contractual arrangement with others who are entitled to vote in the invested company.
- Rights arising from other contractual arrangements.
- Voting rights and potential voting rights of the Company.

The Company reassesses whether it exercises control over the invested property or not if the facts and circumstances indicate that there has been a change in one or more of the three elements of control. The consolidation of the subsidiary begins from the date of the Company's control and continues until that control is removed. The assets, obligations, revenues and expenses of the acquired or sold subsidiary during the year are included in the consolidated financial statements from the date of commencement of control to the date of the Company's loss of control of the subsidiary.

Statement of profit or loss and each other element of comprehensive income is distributed to the Company's shareholders and non-controlling shares even if this distribution will result in a deficit in the balance of non-controlling rights.

If necessary, adjustments are made to the financial statements of subsidiaries in order to reconcile their accounting policies and accounting policies of the Group. All assets, obligations, equity, income, expenses and cash flows relating to transactions between the group's companies are excluded entirely when consolidating financial statements.

Any change in the ownership stake in a subsidiary that does not result in a loss of control as a equity transaction is calculated.

If the Company loses control of a subsidiary, it excludes assets (including goodwill), liabilities, non-controlling share and other property elements, while the resulting statement of profit or loss is recognized in the loss or profit. The remaining investment is recognized at fair value. Categorizing assets and obligations to a current or non-current assets

The group presents assets and obligations in the consolidated statement of financial position on the basis of its classification into a trader or non-trader. The asset is classified among the traded assets in the case of:

- Expect the asset to be realized or there is an intention to sell it or use it during the normal working cycle
- Retaining the asset mainly for trading
- Expect the asset to be realized within 12 months after the date of the consolidated statement of financial position, or
- Being in cash or in cash equivalent unless it is prohibited to exchange the asset or use it to settle an obligation within at least 12 months of the date of the consolidated statement of financial position.

All other assets are classified as non-current assets.

A commitment is considered to be among the current obligations in the event of:

- Expected to settle the commitment during the normal working cycle
- Retaining the obligation mainly for trading
- Expected to settle the obligation within 12 months after the date of the consolidated statement of financial position, or
- There is no unconditional right to postpone the settlement of the obligation for at least 12 months after the date of the consolidated statement of financial position.

The group categorizes all other obligations such as non-current liabilities.

Deferred tax assets and obligations are classified as non-current assets and obligations.

### **Foreign Currency**

#### **Transactions and Assets**

Transactions in foreign currency are initially recorded at the prevailing price of the functional currency on the date the transaction is eligible for recognition. Existing cash assets and obligations in foreign currencies are retranslated into the functional currency at the prevailing price on the date of the preparation of consolidated financial statements. All differences arising from settlements or transactions on cash items are recorded on the statement of profit or loss.

Non-cash items measured at historical cost are translated into foreign currency at the prevailing currency rate in the history of transactions mainly. Non-cash items in foreign currencies measured at fair value are translated at the prevailing currency rate on the date of specifying their fair value. Profits or losses resulting from the translation of non-cash items measured at fair value are treated in accordance with the recognition of profits and losses resulting from the change in the fair value of that item. That means, translation differences for items that are recognized as profits and losses of fair value in the other statement of comprehensive income are recognized in other comprehensive income, and items that are recognized for profits and losses of fair value in profits and losses are recognized in profits and losses.

#### **Group Companies**

Upon consolidation, foreign currency assets and obligations are translated into the Saudi Riyal at the exchange rate prevailing on the date of the preparation of financial statements. The statement of profit or loss is translated at the exchange rate prevailing in the transaction history. Currency spreads arising from translation are recognized directly in other comprehensive income. When a foreign transaction is excluded, the related portion of the other comprehensive income in the statement of profit or loss is recognized.

#### **Property, Machinery and Equipment**

Properties, machinery and equipment are recognized at cost, discounting accumulated depreciation and/or accumulated loss of impairment, if any, and projects are not consumed under implementation. The cost includes the cost of the replacement part of real estate, machinery, equipment and borrowing costs for long-term construction projects if recognition requirements are met. When important parts of real estate, machinery and equipment are replaced at certain intervals, the group recognizes those parts as individual assets with a specific useful life and depreciation. All other repair and maintenance costs are recognized in the statement of statement of profit or loss when incurred.

Land and buildings are recorded at cost and the accumulated depreciation of buildings and any impairment loss is deducted from it.

Depreciation is calculated using the fixed premium rate method over the estimated useful life of the assets as follows:

- Buildings: 20 years
- Improvements to the leased building: 5 to 7 years
- Operating equipment: 5 to 10 years
- Transportation means: 4 to 5 years
- Furniture and equipment: 5 to 10 years old

Recognition of any real estate item, machinery and equipment is revoked when it is excluded or when no economic benefits are expected to be obtained from its future use or sale. Any statement of profit or loss arising from asset exclusion (calculated by the difference between the net exclusion outcomes and the book value of the asset) is recorded in the consolidated statement of statement of profit or loss when the asset is excluded.

The remaining value, useful lives and depreciation methods of real estate, machinery and equipment are reviewed at the end of each financial year and adjustments are made on a future basis, if required.

#### **Intangible Assets**

Acquired intangible assets are measured individually upon initially recognition at cost. The cost of intangible assets acquired based on a business aggregation process is the fair value at the date of acquisition. After initial recognition, intangible assets are limited to cost, minus any accumulated amortization and any accumulated impairment loss, if any. Internally developed intangible assets are not capitalized and expenses are included in the statement of statement of profit or loss when incurred.

The expected useful lives of intangible assets are estimated at a specified period of time or for an indefinite period.

For intangible assets with a specified useful life, they are amortized over the period of their economic productive life and the impairment in value is assessed when there is an indication of a possible depreciation. The fire and fire method is reviewed for intangible assets with a specified useful life at least at the end of each financial year. Changes in life expectancy or the expected pattern of benefiting from future economic benefits originally included in changing the firefighting period or method are addressed as needed, and treated as changes in accounting estimates. Fire expenses for intangible assets with a productive life specified in the consolidated statement of profit or loss are recognized among expenses commensurate with the intangible asset function.

For intangible assets with an unspecified useful life, they are not amortized but are tested to measure the impairment in value annually, either individually or at the level of cash-producing units. The assessment of the age of the undefined asset is reviewed annually to determine whether

the use of an unspecified useful life is still justified. If these justifications do not continue, the estimate of productive life will be changed to a specific useful life on a future basis.

Earnings or losses arising from the exclusion of intangible assets are measured by the difference between the net exclusion outcomes and the book value of the asset and are recognized in the statement of profit or loss when the asset is excluded.

#### **Rents**

It depends on whether any contract represents or includes a lease when it starts. The contract represents or includes a lease if it grants the right to control a particular asset or assets for a period of time in exchange for compensation.

#### **Group as a Lessee**

##### **A. Right-of-Use Assets**

The group lists the right-of-use assets on the start date of the lease (i.e. the date on which the underlying asset is ready to use). Right-of-use assets are measured at cost minus any accumulated depreciation and impairment losses, and adjusted by any remeasuring of lease obligations. The cost of right-of-use assets includes the amount of registered lease obligations, initial direct costs incurred and lease payments executed on or before the start date of the contract minus any lease incentives received. The right-of-use assets are consumed on the basis of a fixed premium rate over the estimated useful life.

##### **B. Lease Obligations**

On the date of commencement of the lease, the Group registers lease obligations measured at the current value of rental payments made during the lease period. Rental payments include fixed payments (including intrinsic fixed payments) minus any rental incentives that may be received and variable rental payments based on an index or rate and the amounts expected to be paid under the remaining value guarantees. Rental payments include the price of exercising the purchase option when there is reasonable certainty that the group will exercise it and the payment of the lease cancellation fines if the lease terms provide for the group to exercise the cancellation option. For variable rental payments that do not depend on an indicator or rate, they are recorded as an expense in the period during which payment is made.

In calculating the current value of rental payments, the Group uses the marginal borrowing rate at the start date of the lease if the interest rate within the lease is not immediately identifiable. After the start date of the contract, the amount of lease obligations is increased to reflect the interest benefit and the amount is reduced by the lease payments executed. In addition, the book value of rental obligations is re-measured if there is an adjustment, change in the duration of the contract, a change in fixed rental payments in essence or a change in valuation for the purchase of the underlying asset.

##### **C. Short-Term Leases and Leases with Low-Value Assets**

Short-term leases are contracts of 12 months or less. Low-value assets are items that do not meet the group's capitalization limits and are not substantial to the consolidated statement of financial position as a whole. Short-term lease payments and low-value leases are recognized on the basis of the fixed premium rate in the consolidated statement of profit or loss.

#### **Group as Lessor**

Leases in which the Group does not transfer all material risks and benefits of ownership substantially are classified as operating expenses. Initial direct costs incurred in negotiating and arranging the operating lease are added to the book value of the leased asset and recognized over the lease period on the same basis as rental income. Potential rents are recognized when acquired.

#### **Investments in Associates / Affiliates**

The associate company is the one on which the group exercises important influence. Important influence is the ability to participate in the financial decisions and operational policies of the company that is invested in, but it does not reach the degree of control, or common control of those policies.

The same established considerations are used to determine whether the Company exercise a significant influence in assessing the control of subsidiaries.

The group's investments in associate companies are calculated using the equity method.

In accordance with the equity method, investments in associates are recognized at cost plus changes that occur as a result of the group's share change in the net assets of associate companies. The goodwill associated with associates is included in the investment book value and no impairment test is conducted independently.

The share of the results of associate companies' operations is included in the consolidated statement of profit or loss and the change in other comprehensive income of those companies is included in the group's other comprehensive income. In the event of any direct changes in the equity of the associate company, the Group recognizes its share of these changes and discloses them, if appropriate, in the statement of changes in consolidated equity. Unrealized gains or losses resulting from operations between the group and the associate company are excluded within the group's stake in the associate company.

The Group's share in the results of the associate companies is presented in the consolidated statement of profit or loss after operating profit and it represents the group's share of the Company's net results from the associate company's tax and non-controlling shares in the subsidiaries of the associate companies.

The financial statements of associate companies are prepared for the same financial period as the group. Adjustments are made when necessary in accordance with the accounting policies of associate companies with the group's accounting policies.

After applying the equity method, the group determines whether there is a need to record the impairment loss of in the value of investment in the associate company. On the date of the preparation of consolidated financial statements, the Group determines the extent to which there is objective evidence of impairment in the value of investment in associate companies and in the case of such a evidence, the Group calculates the impairment, which is the difference between the amount recoverable from the investment value and the book value. Then, those losses are registered within the group's share in the profits and losses of the associate company on the consolidated statement of profit or loss.

When the significant influence on the associate company is lost, the Group measures and recognizes any remaining investments at fair value. Any difference between the book value of the associate company when losing the significant influence and the fair value of the remaining investments and the exclusion receipts in the consolidated statement of profit or loss are recognized.

#### **Impairment in the Value of Non-Financial Assets**

On the date of the preparation of consolidated financial statements, the Group estimates whether there is an indication of an impairment in the value of an asset. If there is any indication of this, or when there is an annual asset impairment test is required, the group estimates the recoverable value of the asset. The recoverable value of the asset is the fair value of the asset or cash generating unit minus the sale cost or value in use of the asset, whichever is higher. It is determined for the single asset unless the asset generates cash flows that are not significantly independent of flows generated by assets or other groups of assets. When the book value of the asset or cash generating unit exceeds its recoverable value, the value of the asset must be reduced to its recoverable value.

When the value in use is determined, future cash flows to the current value are deducted using the discount rate before tax, reflecting market estimates of the time value of the money and the risks associated with the asset. When the fair value is determined minus the sales costs, modern market transactions are taken into account, when available, or an appropriate valuation form is used. These values are verified by comparison with valuation complications and listed stock prices of publicly traded subsidiaries or through any other fair value indicators.

In calculating impairment, the group relies on detailed budgets and discretionary calculations set up separately for each cash generating unit in the group on which individual assets are distributed. These detailed budgets and estimated calculations usually cover five years. To cover longer periods, a long-term growth rate is calculated and applied to the project's future cash flows after the fifth year.

Impairment losses for continuing operations in the consolidated statement of profit or loss are recognized within the appropriate expenses for the function of assets that have experienced an impairment.

An assessment is made on the date of each report to determine whether there is any indication that pre-established impairment losses for non-financial assets, other than goodwill, no longer exist or have decreased. The reverse impairment loss in the value is listed in the consolidated statement of profit or loss.

#### **Inventory**

Inventory appears at the cost price or net verifiable value, whichever is lower. The cost price is calculated on the basis of the weighted average cost.

## **Financial Assets**

### **Initial Recognition and Measurement**

Financial assets are classified at initial recognition as being subsequently measured at depleted cost, at fair value through other comprehensive income, or at fair value through statement of profit or loss.

All financial assets are recognized when the initial recognition at fair value plus transaction costs unless financial assets are registered at fair value through statement of profit or loss.

### **Subsequent Measurement**

The subsequent measurement of financial assets depends on their classification as follows:

#### **Financial Assets at Depleted Cost**

After the initial measurement, these financial assets are measured at the amortized value using the actual interest rate method and are vulnerable to impairment. Profits or losses in the consolidated statement of profit or loss are recognized when the asset is excluded, modified, or its value impaired.

#### **Disposal of Financial Assets**

Financial assets are excluded in the following cases:

- The right to receive cash flows has expired from the asset, or
- The Group transferred its rights by receiving cash flows from the asset or committed to paying cash flows in full without delay to a third party through a "transfer" agreement and whether (a) the Group substantially transferred all the risks and benefits of the asset or (b) that the Group had not transferred or substantially retained all the risks and benefits of the asset but had transferred its right to control it.

If the Group transfers its rights by receiving cash flows from the asset or entered into a transfer agreement, it assesses to some extent that it still retains the risks and benefits associated with the asset. The asset is recognized to the extent to which the group's relationship continues if it does not shift and does not retain all the risks and benefits associated with the asset and does not transfer its right to control it. In such case, the Company also recognizes the obligations associated with it. The transferred asset and associated obligations are measured on a basis that reflects the rights and obligations retained by the Group.

The continuation of the relationship that takes the form of a guarantee on the transferred asset is measured by the original book value of the asset and the maximum amount that the group can be required to pay, whichever is lower.

#### **Impairment in the Value of Financial Assets**

The Group recognizes the provision for expected credit losses for all unlisted debt instruments at fair value through statement of profit or loss. An expected credit loss allocation is recognized at two-phases. For credit exposure, which has not experienced a substantial increase in credit risk since the initial proof, expected credit losses are recognized for credit risk resulting from a potential payment default within 12 months (expected credit losses over 12 months). As for credit exposure, which has experienced a substantial increase in credit risk since the initial proof, a provision for expected credit losses over the remaining life of exposure must be recognized, regardless of the timing of the default (expected credit losses over a lifetime).

For commercial debtors, the group applies a simplified approach in calculating expected credit losses. Therefore, the group uses a custom matrix that is based on its historical expertise in credit losses, which were modified for future factors for the debtors and the economic environment.

#### **Cash and Cash Equivalents**

Cash and Cash Equivalents in the consolidated statement of financial position consist of cash at banks, in the fund and term deposits that have maturity dates within three months or less that are not at substantial risk of value change.

#### **Statutory Reserve**

In line with the requirements of the Saudi Corporate law, the Company transfers 10% of its profit for the year to the statutory reserve until this reserve reaches 30% of the capital. This reserve is not distributable as profits.

#### **Provisions**

##### **General**

Provisions are recognized when there are current obligations (legal or implied) on the group resulting from previous events, that resources to include economic benefits are likely to be required to pay the obligation and that the amount of commitment can be reliably estimated. In cases where the group expects to recover some or all provisions, for example under an insurance contract, recoverables are recognized as an independent asset only when the recovery process is actually confirmed. The expense associated with the allowance is displayed in the consolidated statement of profit or loss after deducting any recoverables.

If the impact of the time value of the money is substantial, provisions are deducted using the current pre-tax rate, which reflects, when appropriate, the risks associated with that obligation. When the discount is used, the increase in allocation as a result of the passage of time is recognized as financing costs.

#### **End-of-Service Benefits for Employees**

The cost of benefits for employees under benefits-specific programs is determined separately for each program using the Projected Unit Credit Method.

Remeasurement, consisting of actuarial gains and losses, is immediately recognized in the consolidated statement of financial position and within the retained profits through other comprehensive income at the time of their occurrence. Remeasurement is not reclassified in the consolidated statement of profit or loss in the subsequent periods.

#### **Financial Obligations**

##### **Initial Recognition and Measurement**

Financial obligations, upon initial recognition, are classified as financial liabilities at fair value through statement of profit or loss, as loans and payables or as financial derivatives used as hedge instruments in an effective risk-covering hedge.

All financial obligations are initially recognized at fair value, and in the case of loans, advances and payables of net transaction costs directly associated with them.

##### **Subsequent Measurement**

The subsequent measurement of financial obligations depends on their classification as follows:

##### **Loans and Advances**

After initial recognition, loans and advances are measured at depleted cost using the actual interest rate method. Profits or losses in the consolidated statement of profit or loss are recognized when liabilities are excluded, as well as through the process of amortizing the actual interest rate.

##### **Payables and Dues**

Obligations on future payments for goods or services received are recognized, whether or not the group receives invoices.

##### **Exclusion of Financial Obligations**

Financial obligations are excluded when the obligation is repaid, cancelled or the obligation under the contract expires.

##### **Clearing Between Financial Instruments**

A clearing between financial assets and obligations is made with the net amount shown in the consolidated statement of financial position in the event of a law-guaranteed right to clear recognized amounts, with the intention to settle in net or to the realization of assets and settlement of obligations occur at the same time.

##### **Revenue from Contracts with Customers**

Revenues are realized when the invoice is issued, meals are delivered to customers and shown in net after commercial discount.

##### **Commercial Debtors**

Debtors represent the group's right to the amount of unconditional compensation (i.e., the entitlement of the compensation depends on the time period). See financial asset accounting policy.

##### **Operational Sectors**

The sector is a separate and distinctive part of the group engaged in business activities that result in earnings or incurring expenses. Operational sectors are disclosed on the basis of internal reports audited by the main operational decision maker who is the person responsible for resource allocation, performance assessment and strategic decision-making around operational sectors. Operational sectors with similar economic features, products, services and customer categories are grouped and registered as reported segments.

##### **Expenses**



All operating expenses are consistently distributed to the cost of revenue, sales, marketing and general and administrative expenses using fixed distribution factors determined in accordance with the group's activities.

#### **Zakat and Tax**

##### **Zakat and Income Tax**

The group spares Zakat and income tax in accordance with the instructions of regulators in the areas in which it operates. The allocation is charged to the consolidated statement of profit or loss.

##### **Uncertain Zakat and Tax Conditions**

The differences that may arise from the final assessments are accounted for when the group terminates its assessments with the regulatory organizations.

##### **Value Added Tax (VAT)**

Revenues, expenses and assets are recognized as net VAT value except in the following cases:

- If VAT is due on the acquisition of assets or services that are not recovered from the tax competent authority, in which case VAT is recognized as part of the cost of purchasing assets or part of the expenses item according to the case.
- The accounts receivables and accounts payables appear including the amount of VAT.
- Net VAT that can be recovered from or paid to the tax authority is included in the other receivables or other payables assets in the consolidated statement of financial position.

## **6-4 Qualified Opinion of the Auditor on Financial Statements**

### **Basis of Qualified opinion for the Fiscal Year Ended December 31, 2018G**

The investment was recorded in Aljonah for Desserts & Catering (Associate Company), which was acquired in 2018G upon the initial measurement at cost, which includes paid cash compensation in addition to the fair value of the Raouche International Sweets Company and Catering Branches, which are affiliated to the Group, which was estimated at SAR 51.9 million as of the date of the acquisition and no statement of profit or loss resulted from the exclusion. The investment in the associate company was accounted for after the initial recognition of the equity method. Thus, the group's share of the group's net profit during the year amounted to SAR 730 thousand was included in the group's consolidated statement of profit or loss. As of December 31, 2018G, the investment balance in the Company included in the consolidated statement of financial position reached SAR 85.9 million. The chartered accountant was unable to obtain enough proper audit evidence on the fair value of the Raouche International Sweets Company and Catering Branches, profit and loss resulting from their exclusion. As of December 31, 2018G. The Legal Auditor was unable to obtain sufficient evidence of the appropriate review with regard to the group's investment balance in the associate company as of December 31, 2018G, and the group's share of the Company's net profit for this year, as the legal auditor was unable to access the relevant financial information, the work papers of the associate company's auditors and the report of the Evaluation Advisor of the Raouche International Sweets Company and Catering. Accordingly, the legal auditor was unable to determine whether there is a necessity for any adjustments to these amounts.

### **Basis of Qualified opinion for the Fiscal Year Ended December 31, 2019G**

1. The investment balance in Aljonah for Desserts & Catering Co. Ltd. (Associate Company) in the consolidated statement of financial position as of December 31, 2019G and December 31, 2018G was SAR 82.1 million and SAR 81.2 million, respectively. The group's share of the Company's net profit for the year ended December 31, 2019G and the year ended December 31, 2018G was SAR 875,000 and SAR 730 thousand, respectively. The Legal Auditor was unable to obtain enough appropriate audit evidence regarding the group's investment balance in the associate company as of December 31, 2019G and December 31, 2018G, and the group's share of the Company's net profit for the year ended December 31, 2019G and December 31, 2018G because the legal auditor did not have access to relevant financial information and the work papers of the associate company's auditors. Accordingly, the legal auditor was unable to determine whether there is a necessity for any adjustments to these amounts.

2. International Accounting Standard No. (36) "Impairment of Assets" requires management to, at the end of each financial report period, assess whether there is any indication of a possible impairment in the value of any asset. If there is any such indicator, the group must estimate the recoverable value of the asset and recognize a loss of impairment, if any. As of December 31, 2019G, the management did not make an assessment of the impairment in the value of real estate, machinery and equipment valued at SAR 240.9 million. Accordingly, the legal auditor was unable to determine whether any adjustments were necessary to the book value of real estate, machinery and equipment.

#### Basis of the Qualified Conclusion for the Period Ended September 30, 2020G

The International Accounting Standard (36) requires management to, at the end of each financial report, assess whether there is any indication of a possible impairment in the value of any asset. If there is any such indicator, the group must estimate the recoverable value of the asset and prove a loss of impairment if any. The management did not make an assessment of the impairment in the value of real estate, machinery and equipment, which amounted to as of September 30, 2020G and December 31, 2019G, amounting to SAR 201.5 million and SAR 240.9 million, respectively. Accordingly, the legal auditor was unable to determine whether any adjustments were necessary to the book value of real estate, machinery and equipment.

### 6-5 Key financial performance indicators

The following table shows the Company's main performance indicators for the financial years ended December 31, 2017G, 2018G and 2019G and the nine months ended September 30, 2019G and 2020G.

Table No. (10) Key Performance Indicators

	Display unit	Fiscal year ended December 31			Nine-month period ended September 30	
		2017	2018	2019	2019	2020
growth percentage in revenue	%	(24.20%)	2.70%	(1.40%)	N/A	(43.30%)
Net Profit / (Loss) Growth Rate	%	(38.20%)	(43.90%)	(132.30%)	N/A	(1100.70%)
Gross Profit / (Loss) Margin	%	22.60%	18.10%	8.60%	11.80%	(5.70%)
Net Profit / (Loss) Margin	%	11.50%	6.30%	(2.10%)	3.00%	(53.00%)
Selling and marketing expenses as a percentage of the revenue	%	1.00%	0.90%	1.40%	0.70%	1.60%
General and administrative expenses as a percentage of revenues	%	10.10%	10.40%	9.10%	8.90%	13.80%
Return on assets	%	8.50%	4.30%	(1.10%)	N/A	(14.50%)
Return on equity	%	9.60%	5.30%	(1.80%)	N/A	(24.70%)
Debt to total equity ratio	X	0.13x	0.23x	0.56x	N/A	0.7x
Current assets / current liabilities	X	2.6x	0.73x	0.48x	N/A	0.37x
Total assets / total liabilities	X	8.5x	5.27x	2.78x	N/A	2.42x

Source: Management Information

## 6-6 Results of Operations – Statement of Income

The following table shows the Company's statement of income for the financial years ended December 31, 2017G, 2018G and 2019G and the nine months ended September 30, 2019G and 2020G.

Table No. (11) Income Statement

(SAR'000)	Fiscal year ended December 31			Nine-month period ended September 30		Increase (decrease)			CAGR
	2017 (audited)	2018 (audited)	2019 (audited)	2019 (Non-Audited)	2020 (Non-Audited)	December 2018	December 2019	September 2020	
Revenue from contracts with clients	227,485	233,688	230,484	179,164	101,497	2.70%	(1.40%)	(43.30%)	0.70%
Cost of revenue	(176,010)	(191,405)	(210,772)	(158,011)	(107,235)	8.70%	10.10%	(32.10%)	9.40%
<b>Gross profit / (loss)</b>	<b>51,475</b>	<b>42,283</b>	<b>19,712</b>	<b>21,153</b>	<b>(5,738)</b>	<b>(17.90%)</b>	<b>(53.40%)</b>	<b>(127.10%)</b>	<b>(38.10%)</b>
Selling and marketing expenses	(2,202)	(2,066)	(3,298)	(1,331)	(1,634)	(6.20%)	59.70%	22.80%	22.40%
General and administrative expenses	(23,081)	(24,278)	(21,072)	(16,024)	(14,049)	5.20%	(13.20%)	(12.30%)	(4.50%)
Impairment losses on property, machinery and equipment	-	-	-	-	(21,589)	-	-	N/A	N/A
IPO costs	(2,069)	-	-	-	-	(100.00%)	N/A	N/A	(100.00%)
Other operating income / (loss)	-	2,251	3,477	4,040	(4,773)	N/A	54.50%	(218.10%)	N/A
<b>Operating profit / (loss)</b>	<b>24,124</b>	<b>18,190</b>	<b>(1,180)</b>	<b>7,839</b>	<b>(47,782)</b>	<b>(24.60%)</b>	<b>(106.50%)</b>	<b>(709.60%)</b>	<b>N/A</b>
The Company's share of the results of an associate	-	730	875	768	(1,683)	-	19.90%	(319.30%)	N/A
Finance costs	(636)	(490)	(3,978)	(2,931)	(3,843)	(23.00%)	711.50%	31.10%	150.00%
Board remuneration	(400)	(312)	(250)	-	-	(22.10%)	(19.70%)	-	(20.90%)
Foreign currency differences	(5)	(16)	-	184	1	207.10%	(100.00%)	(99.30%)	(100.00%)
Other income	2,462	-	-	-	-	(100.00%)	-	-	(100.00%)
<b>Net profit / (loss) before Zakat and income tax</b>	<b>25,544</b>	<b>18,103</b>	<b>(4,534)</b>	<b>5,860</b>	<b>(53,306)</b>	<b>(29.10%)</b>	<b>(125.00%)</b>	<b>N/A</b>	<b>N/A</b>
Zakat and income tax	(751)	(381)	(227)	(480)	(528)	(49.20%)	(40.40%)	10.10%	(45.00%)
<b>Profit / (loss) from continuing operations</b>	<b>24,794</b>	<b>17,721</b>	<b>(4,761)</b>	<b>5,380</b>	<b>(53,835)</b>	<b>(28.50%)</b>	<b>(126.90%)</b>	<b>N/A</b>	<b>N/A</b>
<b>Non- discontinued operations</b>									N/A
Losses from exclusion of discontinued operations	-	(4,606)	-	-	-	-	(100.00%)	-	N/A
Profit from discontinued operations, after Zakat	1,424	1,606	-	-	-	12.80%	(100.00%)	-	(100.00%)
<b>Net profit (loss)</b>	<b>26,218</b>	<b>14,721</b>	<b>(4,761)</b>	<b>5,380</b>	<b>(53,835)</b>	<b>(43.90%)</b>	<b>(132.30%)</b>	<b>(1100.70%)</b>	<b>N/A</b>

Source: Audited financial statements for the years ended December 31, 2017G, 2018G and 2019G and 2019G, and interim unaudited financial statements for the period ended September 30, 2020G

Revenue from contracts with customers includes sales from the Company's branches and customer contracts as individuals, companies or seasonal contracts and the supply and subsistence to pilgrims. The Company recorded a growth in total revenue from contracts with customers by 2.7%, or SAR 6.2 million, from SAR 227.5 million in 2017G to SAR 233.7 million in 2018G. The rise was driven by a 3.9% and 31.0% increase in sales in the western region and sales of the Arab Republic of Egypt, respectively. The rise in sales in the western region was due to the opening of new branches in the western region during 2018G, while the rise in sales of the Arab Republic of Egypt was linked to the opening of another branch of the Company in the Arab Republic of Egypt in December 2016G, where it began to influence in the years following the opening. Sales from the Western Region accounted for 88.7%, 89.8%, 89.1%, 89.8%, and 90.0% of total revenues in 2017G, 2018G, 2019G and the nine months ended September 30, 2019 G and 2020G, respectively. Sales from the Arab Republic of Egypt accounted for 4.0%, 5.1%, 5.5%, 5.5% and 4.4% of total revenues in 2017G, 2018G, 2019G and the nine months ended September 30, 2019G and 2020G, respectively. Total revenue decreased by 1.4% from SAR 233.7 million in 2018G to SAR 230.5 million in 2019G. This is mainly due to a 2.1%, 8.3% and 4.2% decline in sales from the western, central and eastern regions, respectively. The decrease in sales in these areas between 2018G and 2019G is due to the increase in the number of competitors in these areas, following the opening of many restaurants similar to the Company's field. In addition, high fees for inbound workers (fees imposed by the Saudi government to reduce surplus employment during 2018G) contributed to a decline in the purchasing power of this category of customers. As a result, sales of inbound workers decreased between 2018G and 2019G. Revenue decreased by 43.3% from SAR 179.2 million in the nine-month period ended September 30, 2019G to SAR 101.5 million in the nine-month period ended September 30, 2020G, The decline was mainly influenced by the decrease in revenues from the western region, the central region, the eastern region and the Arab Republic of Egypt, which was driven by the Corona pandemic that substantially affected the Company's sales

during this period (for more information, please see subsection (31-1-2) "Risks related to the outbreak of the corona virus pandemic. Covid-19 and Infectious Diseases" of Section 6 "Risk Factors" of this Prospectus.

The cost of revenue increased by 8.7% or 15.4 million Saudi Riyals from SAR 176.0 million in 2017G to SAR 191.4 million in 2018G, and the cost of revenues increased by 10.1% or 19.4 million Saudi Riyals from SAR 191.4 million in 2018G to SAR 210.7 million in 2019G. The increase in 2018G and 2019G was mainly due to the high cost of raw materials for some key items (meat and poultry sales items), high operational costs and the cost of employment after imposing fees on them. The Company had 1,162 employees in 2018G and 1,016 in 2019G. The cost of labor increased from SAR 50.8 million in 2018G to SAR 54.5 million in 2019G, due to the increase in labor fees related to residences, passports, medical insurance and dependent fees (for more information, please see subsection (11-3) "Employees and Saudization" of Section 3 "background of the Company and the nature of its business" from this Prospectus. The cost of revenue decreased by 32.1% from SAR 158.0 million in the nine-month period ended September 30, 2019G to SAR 107.2 million in the nine-month period ended September 30, 2019G. On September 30, 2020G, the decrease was in line with the decrease of revenues during the same period.

Total profit decreased by 17.9% or 9.2 million Saudi Riyals from SAR 51.5 million in 2017G to SAR 42.3 million in 2018G, and total profit continued to decrease by 53.4% or SAR 22.6 million from SAR 42.3 in 2018G to SAR 19.7 million in 2019G. The decrease in total profit in 2018G and 2019G was attributed mainly to an additional increase by 8.7% and 10.1% in the cost of revenues, respectively. The Company recorded a total loss of SAR 5.7 million in the nine-month period ended September 30, 2020G, compared to a total profit of SAR 21.1 million in the nine-month period ended September 30, 2019G, mainly driven by a decrease in total revenues following the impact of the Corona pandemic.

Sales and marketing expenses include mainly advertising and the like, as well as marketing and hospitality expenses, public relations and other related expenses. Sales and marketing expenses decreased by 6.2% or by SAR 136,000 from SAR 2.2 million in 2017G to SAR 2.1 million in 2018G as a result of a decrease in advertising expenses by SAR 0.9 million. Sales and marketing expenses increased by 59.7%, or SAR 1.2 million, from SAR 2.1 million in 2018G to SAR 3.3 million in 2019G, mainly due to a 450.5% increase in marketing expenses and a 69.1% increase in other expenses. Sales and marketing expenses increased by 59.7% from SAR 1.3 million in the nine months ended September 30, 2019G to SAR 1.6 million in the nine months ended September 30, 2020G, primarily due to a 59.4% increase in marketing, hospitality and public relations expenses.

General and administrative expenses consist of employee benefits, depreciation and amortization, government expenses, professional and advisory fees, electricity, water and other benefits, maintenance and repair, tickets and other expenses. General and administrative expenses increased by 5.2% from SAR 23.1 million in 2017G to SAR 24.3 million in 2018G, primarily due to a 79.0% increase in professional and advisory fees, electricity expenses and other benefits by 108.9% and a 63.5% increase in other expenses. General and administrative expenses decreased in the following year by 13.2% or by SAR 3.2 million from SAR 24.3 million in 2018G to SAR 21.1 million in 2019G, as a result of reduced employee benefits, professional and advisory fees, tickets and other expenses. General and administrative expenses decreased by 12.3% from SAR 16.0 million in the nine-month period ended September 30, 2019G to SAR 14.0 million in the nine months ended September 30, 2020G, primarily due to reduced employee benefits, depreciation and amortization, as well as reduced electricity, water and other benefits.

The Group charged the subscription costs incurred during the year ended December 31, 2017G on the retained earnings balance immediately as the founding shareholders agreed to bear these costs on behalf of the Group. Per the international standards, the Group's IPO costs are special costs and therefore are listed in the profit and loss for 2017G and the founding shareholders assumed these costs and have recognized them as equity.

The other operating income consists of sales of leather, Sweets division rental income, security of non-returned palate, and other operating income. Other operating income did not experience significant fluctuations between 2017G and 2018G. Other operating income increased by 54.5%, or SAR 1.2 million, from SAR 2.4 million in 2018G to SAR 3.5 million in 2019G. The increase was due to a rise in the rent of the confectionery division by SAR 1.5 million from SAR 0.8 million in 2018G to SAR 2.3 million in 2019G. The Company recorded another operating loss of SAR 4.7 million in the nine-month period ended September 30, 2020G, compared to another operating income of SAR 4.0 million in the

nine-month period ended September 30, 2019G, primarily due to recording a loss of the sale of land owned by the Company and the loss amounted to SAR 6.8 million in the nine-month period ended September 30, 2020G .

The impairment loss in the value of real estate, machinery and equipment by SAR 21.6 million in the nine-month period ended September 30, 2020G relates to the impairment in the value of lands located in Jeddah, where its book value became 12.4 million Saudi Riyals.

The Company's share of the profits and losses of associate companies resulting from investment in Aljonah for Desserts & Catering Co. specialized in holding outdoor parties for third parties and providing meals and cooked and uncooked subsistence services.

Financing costs decreased by 23.0% or 146 thousand Saudi Riyals from SAR 0.6 million in 2017G to SAR 0.5 million in 2018G, and the financing costs increased by 177.5% or by SAR 3.5 million from SAR 0.5 thousand in 2018G to SAR 3.9 million in 2019G. This is mainly due to the increase in the Murabaha commission of long-term loans in addition to eliminating the discount on lease obligations by SAR 3.0 million. Financing costs increased by 31.1% from SAR 2.9 million in the nine-month period ended September 30, 2019G to SAR 3.7 million in the nine-month period ended September 30, 2020G, due to a payment of SAR 16.2 million for the loan provided by Saudi ORIX Leasing Company in addition to the benefits of right-of-use asset liabilities.

Board bonuses are mainly related to the remuneration stipulated in the Company's by-laws per the number of members. Fluctuations in board remuneration were mainly associated with a rise and decrease in the number of members during each period.

Foreign exchange difference losses were associated with minor losses incurred by the Company after the foreign exchange rate changed. This item has been reclassified under foreign currency translation differences related to foreign operations - other comprehensive income in the consolidated statement of profit or loss, other consolidated comprehensive income and currency translation reserves in the Consolidated Statement of financial position in 2019G .

Other revenues of SAR 2.5 million in 2017G included marketing support revenue, delivery service, scrap, leather sales, insurance revenue, private room revenue within branches and the rental of spots within the branches. This item was reclassified to other operating income in 2019G and the comparison figures for 2018G were adjusted.

On September 1, 2018G (Corresponding to 21/12/1439H), the Company's Board of Directors signed a partnership agreement through which the group will receive 30% of Aljonah in exchange for an in-kind stake, which is the branches of AL Raouche International Sweets Company, which are branches of the group and an estimated share of SAR 33.3 million. The owners of Aljonah and the associated obligations are Mr. Mishaal Awadallah AsSalmi and Mr. Nassar Awadallah AsSalmi, two of Raydan Food Company 's for Foods main shareholders equally. Accordingly, the assets and obligations of Raouche International Sweets Company (branches of the Group, referred to as "non-continuous operations") were transferred as of September 30, 2018G as part of the cost of acquiring the associate's stake. The fair value of non-continuous operations at the exclusion date was estimated at SAR 51.9 million and therefore did not result in a timely exclusion of any profit or loss. The Group received the non-continuous operations assessment letter on 5 Muharram 1441 H (Corresponding to September 4, 2019G). Under the said evaluation letter, the fair value of non-continuous operations as of September 30, 2018G (exclusion date of Branches) was about SAR 47.3 million, and since the fair value was 4.6 million Saudi Riyals below the book value on that date, the comparison figures were adjusted as of December 31, 2018G.

## 6-6-1 Analysis of the Financial Information of the Subsidiary

The following table shows the Company's statement of income (Raydan Food Company Egypt Cuisines and Restaurants Company) for the financial years ended December 31, 2017G, 2018G, 2019G and the two nine month periods ended September 30, 2019G and 2020G.

Table No. (12): Statement of Income of the Subsidiary Company (Raydan Food Company, Egypt Cuisines and Restaurants Company)

(SAR'000)	Fiscal year ended December 31			Nine-month period ended September 30		Increase (decrease)			CAGR 2017-2019
	2017 (audited)	2018 (audited)	2019 (audited)	2019 (Non-Audited)	2020 (Non-Audited)	December 2018	December 2019	September 2020	
Revenues	9,039	11,843	12,632	9898.	4,496.	0.31	0.07	(0.55)	0.18
Cost of revenue	(7,713)	(10,019)	(10,409)	(7,832)	(4,734)	0.30	0.04	(0.40)	0.16
<b>Gross profit / (loss)</b>	<b>1,326</b>	<b>1,823</b>	<b>2,224</b>	<b>2066</b>	<b>(238)</b>	<b>0.38</b>	<b>0.22</b>	<b>(1.12)</b>	<b>0.30</b>
General and administrative expenses	(721)	(1,363)	(897)	(712)	(459)	0.89	(0.34)	(0.36)	0.12
Profits from currency translation	0.05	-	-	179	-	(1.00)	-	(1.00)	(1.00)
Other income	125	263	653	372.	194	1.10	1.48	(0.48)	1.28
<b>Net profit / (loss) before income tax</b>	<b>731</b>	<b>723</b>	<b>1,980</b>	<b>1,905</b>	<b>(502)</b>	<b>(0.01)</b>	<b>1.74</b>	<b>(1.26)</b>	<b>0.65</b>
Income tax	-	-	(196)	(194)	(477)	-	N/A	1.46	N/A
<b>Net profit (loss)</b>	<b>731</b>	<b>723</b>	<b>1,783</b>	<b>1,711</b>	<b>(979)</b>	<b>(0.01)</b>	<b>1.47</b>	<b>(1.57)</b>	<b>N/A</b>

Source: Management Information

Revenues from the subsidiary (Raydan Food Company Egypt Cuisines and Restaurants Company) increased by 31.0% from SAR 9.0 million in 2017G to SAR 11.8 million in 2018G. This increase was driven by the opening of another branch of the Company in the Arab Republic of Egypt in December 2016G, which began to affect during the years following the opening. Revenue from the subsidiary decreased by 54.6% from SAR 9.9 million in the nine-month period ended September 30, 2019G to SAR 4.5 million in the nine-month period ended September 30, 2020G. The impairment was driven by the Corona pandemic, which substantially affected the subsidiary's sales during this period.

The cost of revenues of the subsidiary increased by 29.9% from SAR 7.7 million in 2017G to SAR 10.0 million in 2018G. The rise was in line with the increase in revenues during 2018G. Between 2018G and 2019G, the cost of the revenues did not fluctuate substantially. The cost of revenue decreased by 39.6% from SAR 7.8 million in the nine-month period ended September 30, 2019G to SAR 4.7 million in the nine-month period ended September 30, 2020G, as the impairment was in line with the decrease in revenues during the same period.

General and administrative expenses increased by 89.2% from SAR 0.7 million in 2017G to SAR 1.4 million in 2018G. As a result, the number of employees increased after the opening of a second branch of the subsidiary in the Arab Republ of Egypt. In addition, the expenses of transportation and accommodation between the Company and the subsidiary contributed to the increase in the general and administrative expenses between 2017G and 2018G. Moreover, the Company appointed a management team for the subsidiary during 2018G. General and administrative expenses decreased by 34.2% from SAR 1.4 million in 2018G to SAR 0.9 million in 2019G. This is due to a decrease in transportation expenses between the main and affiliated companies after the appointment of a management team of the subsidiary. General and administrative expenses also decreased by 35.6% from SAR 0.7 million in the nine-month period ended September 30, 2019G to SAR 0.5 million in the nine-month period ended September 30, 2020G. This is due to the lay-offs of the services of some employees by the subsidiary following the impact of the Corona pandemic on the subsidiary's business.

Profits in currency differences were associated with slight profits recorded by the subsidiary after the foreign exchange rate changed.

Other revenues include revenue related to the home delivery service. Other revenues increased by 109.9% from SAR 0.1 million in 2017G to SAR 0.3 million in 2018G. This is due to the increase in revenue generated from the home delivery service after the opening of the second branch of the subsidiary. Other revenues continued to increase as it rose by 148.2% to SAR 0.6 million in 2019G. The rise was mainly associated with the increased delivery service revenues. Other revenues decreased by 47.8% from SAR 0.4 million in the nine-month period ended September 30, 2019G to SAR 0.2 million in the nine-month period ended September 30, 2020G. This is due to the decline in delivery service revenues following the impact of the Corona pandemic on the subsidiary's business.

Income tax accounts for 22.5% of net profit according to the tax system of the Egyptian subsidiary.

## 6-6-2 Analysis of Financial Information by Business Sectors for Ongoing Operations

The following table shows the Company's revenues, direct costs and profitability for the financial years ended December 31, 2017G, 2018G, 2019G and the nine-month period ended September 30, 2019G and 2020G.

Table No. (13): Department Profitability

(SAR'000)	Fiscal year ended December 31			Nine-month period ended September 30		Increase (decrease)			CAGR
	2017 (audited)	2018 (audited)	2019 (audited)	2019 (Non-Audited)	2020 (Non-Audited)	December 2018	December 2019	September 2020	
Head Office									
Revenues	-	-	-	-	-	-	-	-	-
Cost of revenue	-	-	-	-	-	-	-	-	-
Administrative and selling expenses	(26,681)	(23,226)	(22,050)	-	-	(12.90%)	(5.10%)	-	(9.10%)
Share of profits / (losses) in an associate	-	730	875	-	-	N/A	19.90%	-	N/A
Net profit (loss)	(26,681)	(22,496)	(21,175)	-	-	(15.70%)	(5.90%)	-	(10.90%)
Popular meals									
Revenues	227,485	233,688	229,462	179,164	101,497	0	(0)	(0)	0
Cost of revenue	(17,601)	(191,405)	(210,772)	(158,011)	(107,235)	0	0	(0)	0
Administrative and selling expenses	-	(2,066)	(3,298)	(17,355)	(15,682)	N/A	1	N/A	N/A
Share of profits / (losses) in an associate	-	-	-	768	(1,682)	-	-	(3)	-
Impairment losses in the value of property and machinery	-	-	-	-	(21,588)	-	-	N/A	-
Other	-	-	-	-	(9,143)	-	-	N/A	-
Net profit (loss)	51,475	40,218	15,393	5,380	(53,834)	(0)	(1)	N/A	(0)
Other sectors									
Revenues	-	-	1,021	-	-	-	N/A	-	N/A
Cost of revenue	-	-	-	-	-	-	-	-	-
Administrative and selling expenses	1,424	1,606	-	-	-	12.80%	(100.00%)	-	(100.00%)
Net profit (loss)	1,424	1,606	1,021	-	-	12.80%	(36.40%)	(	(15.30%)
Total									
Revenues	227,485	233,688	230,484	179,164	101,497	2.70%	(1.40%)	(43.30%)	0.70%
Cost of revenue	(176,010)	(191,405)	(210,772)	(158,011)	(107,235)	8.70%	10.10%	(32.10%)	9.40%
Administrative and selling expenses	(25,257)	(23,686)	(25,348)	(17,355)	(15,682)	(6.20%)	7.00%	(5.20%)	0.20%
Share of profits / (losses) in an associate	-	730	-	768	(1,683)	-	-	(319.10%)	-
Impairment losses in the value of property and machinery	-	-	-	-	(21,588)	-	-	N/A	-
Losses from disposals of discontinued operations	-	(4,606)	-	-	-	N/A	(100.00%)	-	-
Other	-	-	-	814	(9,143)	-	-	N/A	-
Net profit (loss)	26,218	14,721	(4,761)	5,380	(53,834)	(43.90%)	(132.30%)	(1100.60%)	N/A
Percentage of sectors revenue to total revenues									
Head Office	0.00%	0.00%	0.00%	0.00%	0.00%	-	-	-	-
Popular meals	100.00%	100.00%	99.6%	100.00%	100.00%	-	-	-	-
Other sectors	0.00%	0.00%	0.40%	0.00%	0.00%	-	-	-	-

Source: Audited financial statements for the years ended December 31, 2017G, 2018G and 2019G and 2019G, and interim unaudited financial statements for the period ended September 30, 2020G

### Head Office

The general and sale expenses of the head office were associated with salaries, depreciations and all management, administrative and service centers expenses. Administrative and sales expenses decreased by 12.9% from SAR 26.7 million in 2017G to SAR 23.2 million in 2018G,

resulting in a partnership with the associate company and the issuance of financial statements in 2018G, considering the results of Raouche International Sweets Company business as a profit from non-continuous operations on consolidated statements as well as relying on other less expensive advertising media such as social media rather than other traditional means. Between 2018G and 2019G, the general and sales expenses of the head office did not experience any substantial fluctuations. General, administrative and sales expenses were reclassified from the head office to the popular meal sector in the nine-month period ended September 30, 2020G by the External Auditor.

The Company's share of profits/(losses) in an associate company refers to the profits and losses achieved by Aljonah, where the group acquired 30% of Aljonah for Desserts & Catering Co. during 2018G.

### Popular Meals

The Company generates its revenue mainly from popular meals, which represented 100%, 100%, 99.6% and 100% of the Company's total revenues in 2017G, 2018G, 2019G and the nine-month period ended September 30, 2020G, respectively. Popular meal revenues did not experience any substantial fluctuations between 2017G and 2019G. Popular meal revenue decreased by 43.3% from SAR 179.2 million in the nine-month period ended September 30, 2019G to SAR 101.5 million in the nine-month period ended September 30, 2020G, as revenue decreased due to the Corona pandemic.

The cost of popular meal revenue increased by 8.7% from SAR 176.0 million in 2017G to SAR 191.4 million in 2018G, resulting in a decrease in total profit due to high purchase prices of the main items and increase in labor cost, surcharges and operating costs. The cost of popular meal revenues also increased by 10.1% to SAR 210.8 million in 2019G, primarily due to increase in purchase prices for key items, increase in labor cost, operating costs, service charges and surcharges. The decrease in the cost of popular meal revenues was 32.1% from SAR 158.0 million in the nine-month period ended September 30, 2019G to SAR 107.2 million in the nine-month period ended September 30, 2020G, in line with decrease in revenues during the same period.

Administrative and selling expenses for popular meals include advertising and other marketing expenses related to fast food. These expenses increased by 59.7% from SAR 2.1 million in 2018G to SAR 3.3 million in 2019G, due to marketing campaigns for new items and campaigns with charitable organizations. Administrative and selling expenses for popular meals decreased by 9.6% from SAR 17.4 million in the nine-month period ended September 30, 2019G to SAR 15.7 million in the nine-month period ended September 30, 2020G, after administrative and sales expenses were reclassified by the head office to popular meals by the external auditor in the nine-month period ended September 30, 2020G.

This is primarily due to reduced employee benefits, depreciation and amortization, as well as decrease in the costs of electricity, water and other benefits.

The impairment losses in the value of real estate, machinery and equipment by SAR 21.6 million in the nine-month period ended September 30, 2020G relate to the impairment in the value of lands located in Jeddah, where the book value became 12.4 million Saudi Riyals.

Other expenses include SAR 9.1 million in the nine-month period ended September 30, 2020G, capital losses from the sale of non-operating lands owned by the Company in Jeddah, where the loss amounted to SAR 6.8 million, in addition to the financing expenses of SAR 3.8 million, Zakat expenses and foreign income tax amounting to SAR 0.5 million. These expenses were partially compensated by the registration of other revenues by SAR 2.1 million during the same mentioned period.

### Other Sectors

The Company's revenues generated from other sectors of SAR 1.0 million in 2019G were related to the franchising revenues.

Income relates to the administrative and selling expenses of other sectors by SAR 1.4 million in 2017G and SAR 1.6 million in 2018G with the results of the non-continuous operations of al-Raouche International Sweets Company after partnering with Aljonah Company.



### 6-6-3 Revenue by geographic regions

The following table shows the Company's revenues by geographic areas for the financial years ended December 31, 2017G, 2018G, 2019G and the nine-month period ended September 30, 2019G and 2020G .

Table No. (14): Revenues by Geographic Regions

(SAR'000)	Fiscal year ended December 31			Nine-month period ended September 30		Increase (decrease)			CAGR 2011-2019
	2017 (Audited)	2018 (Audited)	2019 (Audited)	2019 (Non-Audited)	2020 (Non-Audited)	December 2018	December 2019	September 2020	
Western Region	201,846	209,786	205,466	160,957	91,352	3.90%	(2.10%)	(43.20%)	0.90%
Central Region	7,331	4,568	4,190	3,167	564	(37.70%)	(8.30%)	(82.20%)	(24.40%)
Eastern Province	9,270	7,491	7,174	5,142	2,943	(19.20%)	(4.20%)	(42.80%)	(12.00%)
The Egyptian Arabic Republic	9,039	11,843	12,632	9,898	4,496	31.00%	6.70%	(54.60%)	18.20%
Other	-	-	1,021	-	2,142	-	N/A	N/A	N/A
<b>Total</b>	<b>227,485</b>	<b>233,688</b>	<b>230,484</b>	<b>179,164</b>	<b>101,497</b>	<b>2.70%</b>	<b>(1.40%)</b>	<b>(43.30%)</b>	<b>0.70%</b>
As a percentage of total revenue									
Western Region	88.70%	89.80%	89.10%	89.80%	90.00%	-	-	-	-
Central Region	3.20%	2.00%	1.80%	1.80%	0.60%	-	-	-	-
Eastern Province	4.10%	3.20%	3.10%	2.90%	2.90%	-	-	-	-
The Egyptian Arabic Republic	4.00%	5.10%	5.50%	5.50%	4.40%	-	-	-	-
Other	-	-	0.40%	-	2.10%	-	-	-	-

Source: Audited financial statements for the fiscal years ended on December 31, 2017G, 2018G and 2019G and management information for the period ended September 30, 2019G and 2020G

Revenues from the western region increased by 3.9% from SAR 201.8 million in 2017G to SAR 209.8 million in 2018G, mainly due to the opening of new branches in the western region. Between 2018G and 2019G, the western region experienced no significant fluctuations. Revenues in the Western Region decreased by 43.2% from SAR 160.0 million in the nine-month period ended September 30, 2019G to SAR 91.3 million in the nine months ended September 30, 2020G, as the decrease was driven by the Corona pandemic, which substantially affected the Company's sales during this period .

Central region revenues decreased by 37.7% from SAR 7.3 million in 2017G to SAR 4.7 million in 2018G, and the revenues in the central region continued to decrease by 8.3% to SAR 4.2 million in 2019G. The decrease in 2018G and 2019G was mainly due to the decrease in branch revenues in that region after the Company's competitors increased in the central region, following the opening of many restaurants similar to the Company's field of business. In addition, higher fees for inbound workers (fees imposed by the Saudi government to reduce surplus labor during 2018G) contributed to a decrease in the purchasing power of this group of customers, and as a result, sales of inbound workers decreased. Revenues in the central region decreased by 82.2% from SAR 3.2 million in the nine-month period ended September 30, 2019G to SAR 0.6 million in the nine months ended September 30, 2020G, and the decrease was driven by the Corona pandemic, which substantially affected the Company's sales during this period.

Revenues realized from the Eastern Region decreased by 19.2% from SAR 9.2 million in 2017G to SAR 7.5 million in 2018G and also decreased by 4.2% to SAR 7.2 million in 2019G, mainly due to the decrease in branch revenues in that region due to the increase in the number of competitors in the eastern region, following the opening of many restaurants similar to the Company's field of business. Revenues in the Eastern Region decreased by 42.8% from SAR 5.1 million in the nine-month period ended September 30, 2019G to SAR 2.9 million in the nine-month period ended September 30, 2020G, and the decrease was driven by the Corona pandemic, which significantly affected the Company's sales during this period.

Realized revenues from the Arab Republic of Egypt increased by 31.0% from SAR 9.0 million in 2017G to SAR 11.8 million in 2018G, and also increased by 6 7.7% to SAR 12.6 million in 2019G, driven by the opening of another branch of the Company in the Arab Republic of Egypt in December 2016G, where it began to make an impact in the years following the opening. Revenues from the Arab Republic of Egypt decreased by 54.6% from SAR 9.9 million in the nine-month period ended September 30, 2019 to SAR 4.5 million in the nine-month period ended

September 30, 2019. September 30, 2020G. The decrease in revenues from the Arab Republic of Egypt during the period ended September 30, 2020G is due to the impact of the Corona pandemic on sales from the Arab Republic of Egypt following a decrease in operating hours.

In 2019G, other revenues relate to SAR 1.0 million in leather sales, plates security, delivery service, income from branch-leased sites and scrap revenues, as well as marketing support revenues. Other revenues of SAR 2.1 million in the nine-month period ended September 30, 2020, relate to revenues from the Company's branch in Medina, where these revenues were included in western region revenues during previous periods and were reclassified to other revenues in the same period.

#### 6-6-4 Sales and Marketing Expenses

The following table details sales and marketing expenses for the financial years ended December 31, 2017G, 2018G, 2019G and the two nine month periods ended September 30, 2019G and 2020G.

Table No. (15): Sales and Distribution Expenses

(SAR'000)	Fiscal year ended December 31			Nine-month period ended September 30		Increase (decrease)			CAGR 20117-2019
	2017 (Audited)	2018 (Audited)	2019 (Audited)	2019 (Non-Audited)	2020 (Non-Audited)	December 2018	December 2019	September 2020	
Advertising	1,884	940	911	641	618	(50.10%)	(3.10%)	(3.60%)	(30.50%)
Marketing, hospitality and public relations expenses	136	127	699	626	998	(6.80%)	450.50%	59.40%	126.60%
Other	181	998	1,688	64	18	450.70%	69.10%	(71.90%)	205.10%
<b>Total</b>	<b>2,202</b>	<b>2,066</b>	<b>3,298</b>	<b>1,331</b>	<b>1,634</b>	<b>(6.20%)</b>	<b>59.70%</b>	<b>22.80%</b>	<b>22.40%</b>

Source: Audited financial statements for the financial years ended December 31, 2017G, 2018G and 2019G and management for the period ended September 30, 2019G and 2020G

Advertising expenses decreased by 50.1% from SAR 1.9 million in 2017G to SAR 0.9 million in 2018G, mainly due to reliance on branch internal marketing and signing contracts with social media companies rather than advertising in using traditional means. Advertising expenses did not fluctuate significantly between 2018G and 2019G. Advertising expenses did not experience any substantial fluctuations between the nine-month period ended September 30, 2019G and those ended September 30, 2020G.

Marketing, hospitality and public relations expenses did not experience significant fluctuations between 2017G and 2018G. These expenses increased by 450.5% from SAR 0.1 million in 2018G to SAR 0.7 million in 2019G. The rise was due to the signing of contracts with delivery companies for percentage of sales as well as delivery services. Marketing, hospitality and public relations expenses increased by 59.4% from SAR 0.6 million in the nine-month period ended September 30, 2019G to SAR 1.0 million in the nine months ended September 30, 2020G, primarily due to increased marketing through delivery service and payment of fees to delivery companies for Corona pandemic conditions and social media advertising for the Company's applications.

Other expenses include advertising expenses and marketing expenses for new meals. Other expenses increased by 450.7% from SAR 0.2 million in 2017G to SAR 1.0 million in 2018G, and other expenses also increased by 69.1% to SAR 1.7 million, mainly due to marketing campaigns for new items and campaigns with charitable organizations. Other expenses did not experience any substantial fluctuations in the nine-month period ended September 30, 2020G compared to the period ended September 30, 2019G.

### 6-6-5 General and Administrative Expenses

The following table details general and administrative expenses for the financial years ended December 31, 2017G, 2018G and 2019G and the nine months ended September 30, 2019G and 2020G.

Table No. (16): General and Administrative Expenses

(SAR'000)	Fiscal year ended December 31			Nine-month period ended September 30		Increase (decrease)			CAGR 20117-2019
	2017 (Audited)	2018 (Audited)	2019 (Audited)	2019 (Non-Audited)	2020 (Non-Audited)	December 2018	December 2019	September 2020	
Employee benefits	16,769	16,637	15,544	10,975	9,371	(0.80%)	(6.60%)	(14.60%)	(3.70%)
Depreciation and amortization	1,477	1,409	1,553	1,157	878	(4.60%)	10.20%	(24.10%)	2.50%
Electricity, water and other benefits	266	556	343	590	251	108.90%	(38.30%)	(57.50%)	13.60%
Maintenance and repair	395	338	724	454	88	(14.30%)	113.90%	(80.60%)	35.40%
Professional and advisory fees	804	1,439	582	477	410	79.00%	(59.50%)	(14.00%)	(14.90%)
traveling tickets	422	543	105	162	306	28.60%	(80.60%)	88.90%	(50.10%)
Governmental expenses	1,663	1,255	1,178	841	885	(24.50%)	(6.10%)	5.20%	(15.80%)
Other	1,285	2,102	1,042	1,368	1,860	63.50%	(50.40%)	36.00%	(10.00%)
<b>Total</b>	<b>23,081</b>	<b>24,278</b>	<b>21,072</b>	<b>16,024</b>	<b>14,049</b>	<b>5.20%</b>	<b>(13.20%)</b>	<b>(12.30%)</b>	<b>(4.50%)</b>

Source: Audited financial statements for the fiscal years ended on December 31, 2017G, 2018G and 2019G and management information for the period ended September 30, 2019G and 2020G

Employee benefits accounted for 72.7%, 68.5%, 73.8% and 66.7% of total general and administrative expenses in 2017G, 2018G and 2019G and the period ended September 30, 2020G, respectively. Staff benefits did not experience significant fluctuations between 2017G and 2018G. Employee benefits decreased by 6.6% from SAR 16.6 million in 2018G to SAR 15.5 million in 2019G, and employee benefits decreased by 14.6% from SAR 11.0 million in 2019G. The nine-month period ended September 30, 2019G to SAR 9.4 million in the nine-month period ended September 30, 2020G, due to the disbursement of end-of-service dues to employees who were laid off as part of the Company's restructuring to reduce the cost of labor. There were 309 employees laid off during the period ended September 30, 2020G .

Depreciation expenditure relates to the depreciation of property and equipment, improvements to buildings and depreciation of furniture and equipment. Depreciation expenditure did not experience significant fluctuations between 2017G and 2018G. Depreciation expenditure increased by 10.2% from SAR 1.5 million in 2018G to SAR 1.6 million in 2019G, due to the nature of accounts, book value and asset value, and depreciation and amortization of spending decreased by 2 4.1% from SAR 1.2 million in the period ended September 30, 2019G to SAR 0.9 million in the period ended September 30, 2020G, due to the nature of the accounts, book value and asset value .

Electricity, water expenses and other benefits increased by 108.9% from SAR 0.3 million in 2017G to SAR 0.6 million in 2018G, mainly due to government increases related to electricity and water as well as the expenses of new branches. These expenses decreased by 38.3% to SAR 0.3 million in 2019G, due to the exclusion of the expense of Raoche International Sweets Company branch as the Company entered into a partnership deal with Aljonah Company and the shifting of its operations to Aljonah. Electricity, water expenses and other benefits expenses decreased by 57.5% from SAR 0.6 million in the nine months ended September 30, 2019G to SAR 0.2 million in the nine months ended September 30, 2020G, resulting in the suspension of in-store meals due to the Corona pandemic and reduced operating hours due to partial and total bans and the concentration of the majority of work on meal delivery.

Maintenance and repair expenses are mainly related to maintenance and repair expenses for appliances, machinery, and equipment, building maintenance, electricity, plumbing and car maintenance. Maintenance and repair expenses decreased by 14.3% from SAR 0.4 million in 2017G to SAR 0.3 million in 2018G. This is due to preventive maintenance measures and the exclusion of the expenses of the Branch of Raoche International Sweets Company as of the fourth quarter of 2018G. Maintenance and repair expenses increased by 113.9% to SAR 0.7 million in 2019G, due to the increase of maintenance and repair expenses after signing maintenance contracts to meet the requirements of government agencies and municipal and civil defense requirements. Maintenance and repair expenses decreased by 80.6% from SAR 0.4 million in the nine-month period ended September 30, 2019G to SAR 0.1 million in the nine months ended September 30, 2020G, as a result of the suspension of

some service centers, reduced working hours and the closure of some branches due to total and partial bans and suspension of meals within the branches due to the Corona pandemic.

Professional and advisory fees are mainly related to expenses paid to audit and consulting firms. These expenses increased by 79.0% from SAR 0.8 million in 2017G to SAR 1.4 million in 2018G, and professional and advisory fees decreased by 59.5% to reach SAR 0.6 million in 2019G. This was due to the signing of contracts with advisory offices for development and keeping up with the requirements of joint stock companies and preparing the Company to enter the main market in addition to consulting fees associated with the Company's partnership with Aljonah at that time in addition to the fees of the external auditor. Professional and advisory fees did not experience substantial fluctuations between the period ended September 30, 2019G and the period ended September 30, 2020G .

Ticket expenses relate to business travel tickets for the Company's employees. Ticket expenses increased by 28.6% from SAR 0.4 million in 2017G to SAR 0.5 million in 2018G, and decreased by 80.6% to SAR 0.1 million in 2019G. Ticket expenses increased by 88.9% from SAR 0.2 million in the nine-month period ended September 30, 2019G to SAR 0.3 million in the nine months ended September 30, 2020G, and the increase and decrease in ticket expenses is due to the context of normal business.

Government expenses include fees related to government agencies. Government expenses decreased by 24.5% from SAR 1.7 million in 2017G to SAR 1.3 million in 2018G, and government expenses also decreased by 6.1% to SAR 1.2 million in 2019G, due to the nature of work, developments in branch data, municipal and government agencies fees, as well as the exclusion of Al Rousah operations for confectionaries ("non-continuous operations"). Government expenditures did not fluctuate significantly between the period ended September 30, 2019G and the period ended September 30, 2020G .

Other expenses include car insurance, hygiene, publications, office tools and training. Other expenses increased by 63.5% from SAR 1.3 million in 2017G to SAR 2.1 million in 2018G. This increase is due to the Company's natural business context. Other expenses decreased by 50.4% to SAR 1.0 million in 2019G. This is primarily due to the exclusion of Raoouche International Sweets Company operations for entering into a partnership deal with Aljonah and the Company's 30% refund and a sum of money. Other expenses increased by 36.0% from SAR 1.4 million in the nine-month period ended September 30, 2019G to SAR 1.9 million in the nine month period ended September 30, 2020G, primarily due to the nature of the business, prices and the opening of branches.

#### 6-6-6 Other Operating Income

The following table details other operating income for the financial years ended December 31, 2017G, 2018G, 2019G and the two nine month periods ended September 30, 2019G and 2020G.

Table No. (17): Other operating income

(SAR'000)	Fiscal year ended December 31			Nine-month period ended September 30		Increase (decrease)			CAGR
	2017 (Audited)	2018 (Audited)	2019 (Audited)	2019 (Non-Audited)	2020 (Non-Audited)	December 2018	December 2019	September 2020	2017- 2019
Leather sales	257	319	214	169	54	24.10%	(32.80%)	(68.00%)	(8.70%)
Sweets' division rental income	713	830	2,281	1,691	1,659	16.50%	174.80%	(1.90%)	78.90%
Secure non-returned plates	648	517	430	366	125	(20.30%)	(16.70%)	(65.80%)	(18.50%)
Delivery services sales revenue	310	-	-	786	-	(100.00%)	N/A	N/A	(100.00%)
Gain from sale of equipment	30	-	-	3	(6,844)	(100.00%)	N/A	N/A	(100.00%)
Other	505	585	552	1,025	233	16.00%	(5.70%)	(77.30%)	4.60%
<b>Total</b>	<b>2,462</b>	<b>2,251</b>	<b>3,477</b>	<b>4,040</b>	<b>(4,773)</b>	<b>(8.60%)</b>	<b>54.50%</b>	<b>(218.20%)</b>	<b>18.80%</b>

Source: Audited financial statements for the fiscal years ended on December 31, 2017G, 2018G and 2019G and management information for the period ended September 30, 2019G and 2020G

Leather sales include sales of meat skins. Leather sales increased by 24.1% from SAR 0.2 million in 2017G to SAR 0.3 million in 2018G, primarily due to increased leather prices in 2018G. Leather sales fell by 32.8% to SAR 0.2 million in 2019G. Leather sales decreased by 68.05% from SAR 0.2 million in the nine-month period ended September 30, 2019G to SAR 54 thousand Riyals in the nine-month period ended September 30, 2020G. This is due to fluctuations in leather prices as well as the increase and decrease in leather sales.

The revenues of the confectionery department were mainly associated with the revenues generated from the sweets division of the confectionery. This revenue increased by 16.5% from SAR 0.7 million in 2017G to SAR 0.8 million in 2018G, and also increased by 174.8% to SAR 2.3 million in 2019G, due to the increase in 2018G and 2019G mainly due to the rental of branch sites selling sweets, increasing confectionery varieties and opening new branches. The rental income of the confectionery division did not experience any substantial fluctuations between the period ended September 30, 2019G and the period ended September 30, 2020G, and the decline related mainly to the decrease of sales.

Income from insuring non-returned plates relates to the value of the non-returned security deposit from the customer. Income from non-returned plates decreased by 20.3% from 0.6 million Saudi Riyals in 2017 to 0.5 million Saudi Riyals in 2018. Income from non-returned plates continued to decline to reach 0.4 million Saudi Riyals in 2019, and income from insurance of non-returned plates decreased by 65.8% from 0.4 million Saudi Riyals in the nine-month period ending September 30, 2019 to 0.1 million Saudi Riyals in the nine-month period ending on September 30, 2020, the decrease was mainly related to the decrease in sales.

Delivery service sales revenues of SAR 0.3 million in 2017G are related to delivery service charges .

Profits from the sale of equipment are related to the sale of equipment by SAR 30,000 in 2017G, with the sale of capital assets and profits. The Company recorded losses of SAR 6.8 million in the nine-month period ended September 30, 2020G, as these losses were associated with the sale of company-owned land and the amount representing capital loss from the sale of land .

The remainder of the other operating income consists of scrap income, room income and party service revenues other than item sales. These revenues increased by 16.0% from SAR 0.5 million in 2017G to SAR 0.6 million in 2018G. As a result, scrap revenues, room revenues and party service revenues increased. Between 2018G and 2019G, these revenues did not fluctuate substantially. It subsequently decreased by 77.3% from SAR 1.0 million in the nine-month period ended September 30, 2019G to SAR 0.2 million in the nine-month period ended September 30, 2020G, due to the Corona pandemic and decrease of other operating income associated with the overall decrease of revenues.

#### 6-6-7 Financing costs

The following table details financing costs for the financial years ended December 31, 2017G, 2018G, 2019G and the two nine month periods ended September 30, 2019G and 2020G.

Table No. (18): Financing costs

(SAR'000)	Fiscal year ended December 31			Nine-month period ended September 30		Increase (decrease)			CAGR
	2017 (Audited)	2018 (Audited)	2019 (Audited)	2019 (Non-Audited)	2020 (Non-Audited)	December 2018	December 2019	September 2020	
Murabaha commission for a long-term loan	-	490	1,750	692	1,453	N/A	257.00%	110.00%	65.80%
Canceling the discount on lease obligations	-	-	2,980	2,238	2,390	-	N/A	6.80%	N/A
Deferred finance costs	636	-	-	-	-	N/A	-	-	N/A
<b>Total</b>	<b>636</b>	<b>490</b>	<b>4,731</b>	<b>2,930</b>	<b>3,843</b>	<b>(23.00%)</b>	<b>864.90%</b>	<b>31.20%</b>	<b>172.60%</b>
Less: Finance costs capitalized during the year	-	-	(462)	-	-	-	N/A	-	N/A
Bank interest income	-	-	(290)	-	-	-	N/A	-	N/A
<b>Total</b>	<b>636</b>	<b>490</b>	<b>3,978</b>	<b>2,930</b>	<b>3,843</b>	<b>(23.00%)</b>	<b>711.50%</b>	<b>31.20%</b>	<b>150.00%</b>

Source: Audited financial statements for the fiscal years ended on December 31, 2017G, 2018G and 2019G and management information for the period ended September 30, 2019G and 2020G

Financing costs include the financing burdens related to the long-term loan acquired by the Company as of April 15, 2018G in the amount of SAR 18.9 million in rental financing. Murabaha's long-term loan commission increased by 257.0% from SAR 0.5 million in 2018G to SAR 1.8 million in 2019G, mainly due to obtaining another loan payment and the termination of the first payment grace period. Murabaha's commission for the long-term loan increased by 110.0% from SAR 0.7 million in the nine-month period ended September 30, 2019 to SAR 1.4 million in the nine-month period ended September 30, 2020, resulting in the Company receiving another loan payment .

The group has leases for many branches and sites. Prior to the application of Standard (16), the Group classified each lease (as a lessee) at the beginning of the contract as an operating lease. In operating leases, rental payments were recorded as rental expense in the statement of profit or loss statement on a fixed premium rate basis for the duration of the lease. Any prepaid rent and rent payable were recorded under "advance payments" and "accrued expenses", respectively.

In applying the International Financial Report Standard (16), the Group recognized the right-of-use assets and lease obligations for those contracts previously classified as operating leases, excluding short-term leases and leases with low-value assets. The right-of-use assets were recognized on the basis of the equal amount of adjusted lease obligations for any prepaid and previously recognized rental payments. Lease obligations were recognized on the basis of the current value of the remaining and deducted lease payments using the marginal borrowing rate on the date of the initial application. The tenant's marginal borrowing rate applicable to lease obligations on January 1, 2019 was 4.5%.

## 6-7 Balance Sheet

The following table provides a summary of the Company's budget as in the year ended December 31, 2017G, 2018G and 2019G and in the nine-month period ended September 30, 2020.

Table No. (19): The balance sheet

(SAR'000)	Fiscal year ended December 31			Nine-month period ended September 30 20117-2019	Increase (decrease)			CAGR 20117-2019
	2017 (Audited)	2018 (Audited)	2019 (Audited)		December 2018	December 2019	September 2020	
Non-current assets	262,716	314,786	398,941	348,705	19.80%	26.70%	(12.60%)	23.20%
Assets								
Current Assets	46,391	26,682	24,976	21,665	(42.50%)	(6.40%)	(13.30%)	(26.60%)
<b>Total assets</b>	<b>309,107</b>	<b>341,468</b>	<b>423,917</b>	<b>370,370</b>	<b>10.50%</b>	<b>24.10%</b>	<b>(12.60%)</b>	<b>17.10%</b>
<b>Total equity</b>	<b>272,750</b>	<b>276,712</b>	<b>271,418</b>	<b>217,633</b>	<b>1.50%</b>	<b>(1.90%)</b>	<b>(19.80%)</b>	<b>(0.20%)</b>
Non-current liabilities	18,492	28,263	99,924	93,385	52.80%	253.50%	(6.50%)	132.50%
Current liabilities	17,865	36,493	52,575	59,353	104.30%	44.10%	12.90%	71.50%
<b>Total liabilities</b>	<b>36,357</b>	<b>64,756</b>	<b>152,499</b>	<b>152,738</b>	<b>78.10%</b>	<b>135.50%</b>	<b>0.20%</b>	<b>104.80%</b>
<b>Total equity and liabilities</b>	<b>309,107</b>	<b>341,468</b>	<b>423,917</b>	<b>370,370</b>	<b>10.50%</b>	<b>24.10%</b>	<b>(12.60%)</b>	<b>17.10%</b>

Source: Audited financial statements for the fiscal years ended on December 31, 2017G, 2018G and 2019G and management information for the period ended September 30, 2020G

### 6-7-1 Non-Current Assets

The following table provides a summary of non-current assets as of December 31, 2017G, 2018G and 2019G and in the nine-month period ended September 30, 2020G.

Table No. (20): Non-Current Assets

(SAR'000)	Fiscal year ended December 31			Nine-month period ended September 30 2020 (Non-Audited)	Increase (decrease)			CAGR 20117-2019
	2017 (Audited)	2018 (Audited)	2019 (Audited)		December 2018	December 2019	September 2020	
Property, machinery and equipment	259,960	232,471	240,858	201,463	(10.60%)	3.60%	(16.40%)	(3.70%)
Right-to-use assets	-	-	74,671	66,033	-	N/A	(11.60%)	N/A
Intangible assets	2,756	1,067	1,290	1,025	(61.30%)	20.80%	(20.50%)	(31.60%)
Investment in associates	-	81,247	82,123	80,183	N/A	1.10%	(2.40%)	N/A
<b>Total non-current assets</b>	<b>262,716</b>	<b>314,786</b>	<b>398,941</b>	<b>348,705</b>	<b>19.80%</b>	<b>26.70%</b>	<b>(12.60%)</b>	<b>23.20%</b>

Source: Audited financial statements for the fiscal years ended on December 31, 2017G, 2018G and 2019G and management information for the period ended September 30, 2020G

Net book value of real estate, machinery and equipment accounted for 99.0%, 73.9%, 60.4% and 57.8% of total current assets as of December 31, 2017G, 2018G and 2019G, and as in the nine-month period ended September 30, 2020G, respectively.

### 6-7-1-1 Real estate, Machinery and Equipment

The following table provides a summary of the Company's net book value as of December 31, 2017, 2018G and 2019G and in the nine-month period ended September 30, 2020G.

Table No. (21): Property, Plant and Equipment

(SAR'000)	Fiscal year ended December 31			Nine-month period ended September 30 2020 (Non-Audited)	Increase (decrease)			CAGR 20117-2019
	2017 (Audited)	2018 (Audited)	2019 (Audited)		December 2018	December 2019	September 2020	
Lands	112,157	104,157	104,157	72,134	(7.10%)	-	(30.70%)	(3.60%)
Buildings	93,140	77,462	91,098	85,474	(16.80%)	17.60%	(6.20%)	(1.10%)
Leasehold improvements	17,978	18,730	16,339	14,052	4.20%	(12.80%)	(14.00%)	(4.70%)
Plant, machines and equipment	11,475	5,367	7,481	6,563	(53.20%)	39.40%	(12.30%)	(19.30%)
Means of transport	4,523	2,892	2,757	2,243	(36.10%)	(4.70%)	(18.70%)	(21.90%)
Furniture and Furnishing	3,399	2,476	2,184	1,743	(27.10%)	(11.80%)	(20.20%)	(19.80%)
Capital work in progress	17,287	21,388	16,842	19,254	23.70%	(21.30%)	14.30%	(1.30%)
<b>Net book value</b>	<b>259,960</b>	<b>232,471</b>	<b>240,858</b>	<b>201,463</b>	<b>(10.60%)</b>	<b>3.60%</b>	<b>(16.40%)</b>	<b>(3.70%)</b>

Source: Audited financial statements for the fiscal years ended on December 31, 2017G, 2018G and 2019G and management information for the period ended September 30, 2019G and 2020G

The value of the land decreased by 7.1% from SAR 112.2 million as of December 31, 2017G to SAR 104.2 million as of December 31, 2018G. This is primarily due to the exclusion of Raouche International Sweets Company land to enter into a partnership deal with Aljonah at a value of 8 million Riyals. During the nine-month period ended September 30, the Company recorded an impairment loss of land value in the amount of SAR 21.6 million for a piece of land located in Jeddah and the book value of the land after the recorded impairment in the value became SAR 12.4 million in addition to the sale of part of the non-operating land in the amount of SAR 3.6 million (not including VAT) .

Net book value of premises decreased by 16.8% from SAR 93.1 million as of December 31, 2017G to SAR 77.5 million as of December 31, 2018G. As a result, Raouche International Sweets Company premises were excluded mainly to enter into partnership with Aljonah. Net book value of premises increased by 17.6% to SAR 91.1 million as of December 31, 2019G, primarily due to project capitalization under implementation for new branches. Net book value of premises decreased by 6.2% to SAR 85.5 million as of September 30, 2020G, due to the annual depreciation of premises.

Improvements to leasehold are mainly related to the decorations and fittings of existing and rented branches. Net book value of leasehold improvements did not experience any substantial fluctuations between December 31, 2017G and 2018G. Net book value for premise improvements decreased by 12.8% from SAR 18.7 million as of December 31, 2018G to SAR 16.3 million as of December 31, 2019G. This decrease was the result of the exclusion of improvements for Raouche International Sweets Company subsidiary for entering into a partnership deal with Aljonah in addition to the annual depreciation. A 14.0% decrease in the book value of leasehold improvements from SAR 16.3 million as of December 31, 2019G to SAR 14.0 million as of September 30, 2020G was related to the suspension of improvements during the Corona pandemic.

Operating machines and equipment consist of the branch-based machinery, equipment and equipment. Net book value of machinery and operating equipment decreased by 53.2% from SAR 11.5 million as of December 31, 2017G to SAR 5.4 million as of December 31, 2018G. This is due to the exclusion of the machinery, equipment and equipment of Raouche International Sweets Company subsidiary for entering into a partnership deal with Aljonah. Net book value of machinery and operating equipment increased by 39.4% to SAR 7.5 million as of December 31, 2019G. The increase was mainly driven by the capitalization of projects in progress for the new branches. As of September 30, 2020G, the net book value of machinery and equipment decreased by 12.3% to SAR 6.6 million as of September 30, 2020G, and the decrease in net book value of machinery and equipment was attributable to the annual depreciation of the asset and the current value of the asset .

Transportation relates to commercial cars. Net book value of transportation decreased by 36.1% from SAR 4.5 million as of December 31, 2017G to SAR 2.9 million as of December 31, 2018G, as a result of the exclusion of vehicles belonging to the subsidiary of Raouche International Sweets Company for entering into a partnership deal with Aljonah Company in addition to the annual depreciation. Net book value of transportation did not experience any substantial fluctuations between December 31, 2018G and 2019G. The decrease in net book value of transportation was associated with the annual depreciation by 18.7% from SAR 2.8 million as of December 31, 2019G to SAR 2.2 million as of September 30, 2020G.

Furniture and fittings include furnishings and furniture located in the Company's branches. A 27.1% decrease in net book value of furniture and equipment from SAR 3.4 million as of December 31, 2017G to SAR 2.5 million as of December 31, 2018G was associated with the exclusion of furniture and equipment belonging to Raouche International Sweets Company subsidiary for its entry into the partnership deal with Aljonah company in addition to the annual depreciation of furniture and equipment. Net book value of furniture and equipment decreased by 11.8% to SAR 2.1 million as of December 31, 2019G, and net book value of furniture and equipment also decreased by 20.2% to SAR 1.7 million as of September 30, 2020G. The decrease in net book value as of December 31, 2019G and September 30, 2020G was due to the annual depreciation.

The capital work in progress refers to the costs incurred for the construction of restaurant decorations and fittings, machinery and equipment for the branches of the new group and the food factory.

#### 6-7-1-2 Right-of-Use Assets

The Group applies the International Financial Reporting Standard No. (16) "Leases", using the revised retroactive effect method for implementation on the date of the initial application on January 1, 2019G. Under that method, the standard is applied retroactively while recognizing the cumulative effect of the initial application of the standard, if any. As a result, comparison data for the fiscal year ended December 31, 2018G are not adjusted. The Group chose to use practical means of transformation, which allow the standard to be applied only to contracts previously defined as leases under international reporting standard No. 17 and the interpretation of the Financial Report (4) by the International Standards Committee on the date of initial application. The Group chose to use recognition exemptions for leases on the date of the start of the lease, a lease period of 12 months or less that did not involve the purchase option ("short-term leases") and leases with a low-value primary asset ("low value assets").

The group has leases for many branches and sites. Prior to the application of Standard (16), the Group classified each contract (as a lessee) at the beginning of the contract as an operating lease. Rental payments were recorded as rental expense in the statement of profit or loss on a fixed premium rate basis for the duration of the lease. Any prepaid rent and rent payable were recorded under "advance payments" and "due expenses", respectively.

#### 6-7-1-3 Intangible Assets

The following table provides a summary of net book value of intangible assets as of December 31, 2017G, 2018G and 2019G and in the nine-month period ended September 30, 2020G.

Table No. (22): Intangible assets

(SAR'000)	Fiscal year ended December 31			Nine-month period ended September 30	Increase (decrease)			CAGR
	2017 (Audited)	2018 (Audited)	2019 (Audited)	2020 (Non-Audited)	December 2018	December 2019	September 2020	20117-2019
Management programs and systems	-	1,067	1,290	1,025	N/A	20.80%	(20.50%)	N/A
Trademarks	2,756	-	-	-	(100.00%)	-	-	(100.00%)
<b>Total</b>	<b>2,756</b>	<b>1,067</b>	<b>1,290</b>	<b>1,025</b>	<b>(61.30%)</b>	<b>20.80%</b>	<b>(20.50%)</b>	<b>(31.60%)</b>

Source: Audited financial statements for the fiscal years ended on December 31, 2017G, 2018G and 2019G and management information for the period ended September 30, 2019G and 2020G

Programs and management systems include the Enterprise Accounting Program (ERP). Net book value of programs and management systems increased by 20.8% from SAR 1.1 million as of December 31, 2018G to SAR 1.3 million as of December 31, 2019G, and the increase was driven



by annual subscriptions and Point of Sale (POS) development and programs. The decrease in net book value of management programs and systems was associated with a 20.5% decrease from SAR 1.3 million as of December 31, 2019G to SAR 1.0 million as of September 30, 2020G, with the suspension of the payment of development work for management programs and systems during the Corona pandemic .

The trademark as of December 31, 2017G, with a value of 2.8 million Saudi Riyals, includes the brand of Raouche International Sweets Company, which was acquired in 2014G.

#### 6-7-1-4 Investment in Affiliates/Associates

The following table provides a summary of the Company's investment in an associate company as of December 31, 2017G, 2018G and 2019G and in the nine-month period ended September 30, 2020G.

Table No. (23): Investment in affiliates

(SAR'000)	Fiscal year ended December 31			Nine-month period ended September 30 2020 (Non-Audited)	Increase (decrease)			CAGR 20117-2019
	2017 (Audited)	2018 (Audited)	2019 (Audited)		December 2018	December 2019	September 2020	
The balance at the beginning of the period / year	-	-	81,247	82,123	N/A	N/A	1.10%	N/A
Additions, net	-	80,517	-	-	N/A	(100.00%)	-	-
Share in profits	-	730	875	(1,939)	N/A	19.90%	(321.50%)	N/A
<b>Balance at the end of the period / year</b>	<b>-</b>	<b>81,247</b>	<b>82,123</b>	<b>80,183</b>	<b>N/A</b>	<b>1.10%</b>	<b>(2.40%)</b>	<b>N/A</b>

Source: Audited financial statements for the years ended December 31, 2017G, 2018G and 2019G and 2019G, and interim unaudited financial statements for the period ended September 30, 2020G

The group owns an investment in Aljonah for Desserts & Catering Co. Ltd., which works in outdoor parties, meals and cooked and uncooked subsistence services. As of September 30, 2020, the group's share of Aljonah's capital was 30%.

#### 6-7-2 Current Assets

The following table provides a summary of other current assets as of December 31, 2017G, 2018G and 2019G and in the nine-month period ended September 30, 2020G.

Table No. (24): Current Assets

(SAR'000)	Fiscal year ended December 31			Nine-month period ended September 30 2020G (Non-Audited)	Increase (decrease)			CAGR 20117-2019
	2017 (Audited)	2018 (Audited)	2019 (Audited)		December 2018	December 2019	September 2020	
Inventory	6,240	3,392	3,774	2,380	(45.60%)	11.20%	(36.90%)	(22.20%)
Due from related parties	17,640	3,812	7,652	8,906	(78.40%)	100.70%	16.40%	(34.10%)
Trade receivables	861	333	532	796	(61.30%)	59.90%	49.60%	(21.40%)
Prepayments and other receivables	14,317	13,111	10,790	8,193	(8.40%)	(17.70%)	(24.10%)	(13.20%)
Cash and cash equivalents	7,334	6,034	2,228	1,391	(17.70%)	(63.10%)	(37.60%)	(44.90%)
<b>Total current assets</b>	<b>46,391</b>	<b>26,682</b>	<b>24,976</b>	<b>21,665</b>	<b>(42.50%)</b>	<b>(6.40%)</b>	<b>(13.30%)</b>	<b>(26.60%)</b>

Source: Audited financial statements for the years ended December 31, 2017G, 2018G and 2019G and 2019G, and interim unaudited financial statements for the period ended September 30, 2020G

Advance payments and other debtors accounted for 30.9%, 49.1%, 43.2% and 37.8% of total current assets as of December 31, 2017G, 2018G and 2019G, as in the nine-month period ended September 30, 2020G, respectively. the following table provides a summary of other stocks as of December 31, 2017G, 2018G and 2019G and in the nine-month period ended September 30, 2020G.

#### 6-7-2-1 Inventory

The following table provides a summary of other stocks as of December 31, 2017G, 2018G and 2019G and in the nine-month period ended September 30, 2020G.

Table No. (25): Inventory

(SAR'000)	Fiscal year ended December 31			Nine-month period ended September 30 2020G (Non-Audited)	Increase (decrease)			CAGR 20117-2019
	2017 (Audited)	2018 (Audited)	2019 (Audited)		December 2018	December 2019	September 2020	
Raw materials, food and beverages	3,406	1,975	2,656	1,330	(42.00%)	34.50%	(49.90%)	(11.70%)
Consumable supplies and tools	2,582	1,372	1,057	1,050	(46.90%)	(23.00%)	(0.70%)	(36.00%)
finished goods	252	45	60	-	(82.10%)	33.20%	(100.00%)	(51.10%)
<b>Total</b>	<b>6,240</b>	<b>3,392</b>	<b>3,774</b>	<b>2,380</b>	<b>(45.60%)</b>	<b>11.20%</b>	<b>(36.90%)</b>	<b>(22.20%)</b>

Source: Audited financial statements for the fiscal years ended on December 31, 2017G, 2018G and 2019G and management information for the period ended September 30, 2019G and 2020G

Raw materials consist of food and drink from the basic raw materials of products meat, poultry, vegetables, rice, foodstuffs and spices. The stock value of raw materials for food and drink decreased by 42.0% from SAR 3.4 million as of December 31, 2017G to SAR 2.0 million as of December 31, 2018, primarily due to the exclusion of operations of Raouche International Sweets Company Subsidiary ("Non-Continuous Operations"). The balance of raw materials for food and drink increased by 34.5% to SAR 2.7 million as of December 31, 2019G. This is mainly due to the increase in the prices of some basic primary products as well as the increase in the number of branches. The value of raw materials inventory for food and drink decreased by 49.9% to SAR 1.3 million as of September 30, 2020, as a result of the decrease in purchases associated with decrease of sales due to the Corona pandemic.

Supplies and tools consumed include cooking tools, cooking equipment, production aids, depreciated tools and equipment, hygiene materials, packaging and packaging. The balance of supplies and tools consumed decreased by 46.9% from SAR 2.6 million as of December 31, 2017G to SAR 1.4 million as of December 31, 2018G. It also decreased to SAR 1.1 million as of December 31, 2019G. This was the result of the exclusion of operations of Raouche International Sweets Company subsidiary ("non-continuous operations"). The value of the inventory of supplies and items consumed did not experience substantial volatility between December 31, 2019G and September 30, 2020G.

Ready-made goods mainly include products purchased for sale and are not prepared in the restaurant such as sweets.

#### 6-7-2-2 Due from Related Parties

The following table provides a summary of what is required from related parties as of December 31, 2017G, 2018G and 2019G as in the nine-month period ended September 30, 2020G.

Table No. (26): Due from Related Parties

(SAR'000)	Fiscal year ended December 31			Nine-month period ended September 30 2020G (Non-Audited)	Increase (decrease)			CAGR 20117-2019
	2017 (Audited)	2018 (Audited)	2019 (Audited)		December 2018	December 2019	September 2020	
Company's name								
Al-Qalzam Sea Food Company	42	54	34	34	(86.80%)	(37.10%)	-	(9.60%)
Aljonah for Desserts & Catering Co.	1,659	1,397	3,989	5,913	(15.80%)	185.50%	48.20%	55.10%
Farah banquet hall	15,673	2,115	3,449	2,784	(86.50%)	63.10%	(19.30%)	(53.10%)
Kebab and Liver Restaurant	146	166	175	175	13.80%	5.50%	-	9.60%
Mansour AsSalmi	-	80	-	-	N/A	(100.00%)	-	-
Other	120	-	5	-	(100.00%)	N/A	(100.00%)	(79.50%)
<b>Total</b>	<b>17,640</b>	<b>3,812</b>	<b>7,652</b>	<b>8,906</b>	<b>(78.40%)</b>	<b>100.70%</b>	<b>16.40%</b>	<b>(34.10%)</b>

Source: Audited financial statements for the years ended December 31, 2017G, 2018G and 2019G and 2019G, and interim unaudited financial statements for the period ended September 30, 2020G

Dues from Al Qalzam Seafood Company during 2017G, 2018G, 2019G and 2020G represent sales through business transactions.

The liabilities of Aljonah; a company that is distinguished for sweets and parties, were related to the sales and rents for leased sites and associated expenses. The balance decreased by 15.8% from SAR 1.7 million as of December 31, 2017G to SAR 1.4 million as of December 31, 2018G, as a result of reduced business dealings with reduced relative sales, repayments and debtor and creditor settlements between the two parties. The value of dues from Aljonah Premium Confectionery and Concert Company increased by 185.5% to SAR 4.0 million as of December 31, 2019G, resulting in an increase in the rental value of Aljonah's leased sites and an increase in the number of branches. The balance increased by 48.2% to SAR 5.9 million as of September 30, 2020G, resulting in an increase in the due balance of leases during the nine-month period ended September 30, 2020G.

Receivables from Farah Concert Hall are related to commercial transactions, sales and associated expenses. As of December 31, 2017G, liabilities from Farah Concert decreased by 86.5% from SAR 15.7 million as of December 31, 2017G to SAR 2.1 million as of December 31, 2018G, after paying part of the dues from the relevant party. Receivables from Farah Concert Hall increased by 63.1% to SAR 3.4 million as of December 31, 2019G, after the commercial transaction of the Company's sales and associated expenses increased.

Dues from kebab and liver restaurant during December 31, 2017G, 2018G and 2019G and as of September 30, 2020G are mainly related to commercial transactions sales of kebab and liver restaurant.

As of December 31, 2018G, mansour AsSalmi's liabilities are related to sales transactions and associated expenses, which represent the rental of sites, sales invoices and expenses.

Liabilities from other related parties as of December 31, 2017G and 2019G relate mainly to business transactions, sales, purchases and associated expenses.

#### 6-7-2-3 Advance Payments and Other Debtors

The following table provides a summary of payments made and other debtors as of December 31, 2017G, 2018G and 2019G and in the nine-month period ended September 30, 2020G.

Table No. (27): Advances and other Receivables

(SAR'000)	Fiscal year ended December 31			Nine-month period ended September 30 2020G (Non-Audited)	Increase (decrease)			CAGR 2011-2019
	2017 (Audited)	2018 (Audited)	2019 (Audited)		December 2018	December 2019	September 2020	
Prepaid expenses	7,838	9,807	7,671	5,017	25.10%	(21.80%)	(34.60%)	(1.10%)
Advance payments to suppliers	4,497	1,216	849	273	(73.00%)	(30.20%)	(67.90%)	(56.50%)
Employee Receivables	1,077	1,418	1,370	728	31.60%	(3.40%)	(46.80%)	12.70%
Bank letter of guarantee securities	324	118	-	-	(63.40%)	(100.00%)	-	(100.00%)
Other receivables	580	552	900	2,175	(4.90%)	63.10%	141.50%	24.60%
<b>Total</b>	<b>14,317</b>	<b>13,111</b>	<b>10,790</b>	<b>8,193</b>	<b>(8.40%)</b>	<b>(17.70%)</b>	<b>(24.10%)</b>	<b>(13.20%)</b>

Source: Audited financial statements for the fiscal years ended on December 31, 2017G, 2018G and 2019G and management information for the period ended September 30, 2019G and 2020G

Advance paid expenses accounted for 54.7%, 74.8%, 71.1% and 61.2% of total payments made and other debtors as of December 31, 2017G, 2018G and 2019G and as of September 30, 2020G, respectively. Advance paid expenses increased by 25.1% from SAR 7.8 million as of December 31, 2017G to SAR 9.8 million as of December 31, 2018G, mainly due to the nature of the accounts in accordance with Saudi accounting standards and provided as rents for new branches. Advance paid expenses decreased by 21.8% to SAR 7.7 million as of December 31, 2019G, as a result of the application of International Standard 16. Advance paid expenses decreased by 34.6% to SAR 5.0 million as of September 30, 2020G, mainly due to the nature of the accounts after the application of International Accounting Standards (Standard 16) and the closure of advance payments with asset accounts and right-of-use obligations.

Payments to suppliers represent Advance payments for purchases and business transactions. Payments to suppliers decreased by 73.0% from SAR 4.5 million as of December 31, 2017G to SAR 1.2 million as of December 31, 2018G, and also decreased by 30.2% to SAR 0.8 million as of December 31, 2019G, also decreased to 0.3 million Saudi Riyals as of September 30, 2020G and the decrease was as of December 31, 2018G and 2019G and as of September 30, 2020G driven by the lack of liquidity as down payment and change of payment terms in addition to excluding transactions of the subsidiary (Raouche International Sweets Company) as a result of entering into a partnership deal with the associate company (Aljonah Confectionery Company).

Employee receivables relate to the advances, meal withdrawals, end-of-service payments, dependent fees and all employee transactions. The employee's receivable balance increased by 31.6% from SAR 1.1 million as of December 31, 2017G to SAR 1.4 million as of December 31, 2018G. This is primarily due to cash advances, payment of dependent fees for employees and payment of part of the end-of-service entitlements to employees. Between December 31, 2018G and 2019G, there were no substantial fluctuations in staff turnover. As of September 30, 2020G, the employee's receivable balance decreased by 46.8% to SAR 0.7 million, due to the suspension of advances and meal withdrawals for employees due to the circumstances of the Corona pandemic.

Bank guarantee letter as of December 31, 2017G and 2018G include guarantees for subsistence contracts and hajj campaigns .

Other accounts receivables mainly include receivable balances for customers other than commercial customers and other receivable payments. The balance of the accounts receivables did not experience any substantial fluctuations between December 31, 2017G and 2018G. The balance of the other accounts receivables increased by 63.1% from SAR 0.5 million as of December 31, 2018G to SAR 0.9 million as of December 31, 2019G, and the balance also increased to reach SAR 2.2 million as of September 30, 2020G. The increase, as of December 31, 2019G and September 30, 2020G, is due to the rise in business transactions related to activity and customer operations

#### 6-7-2-4 Cash and Cash Equivalent

The following table provides a summary of cash in the fund and at banks as of December 31, 2017G, 2018G and 2019G and in the nine-month period ended September 30, 2020G.

Table No. (28): Cash and Cash Equivalent

SAR'000	Fiscal year ended December 31			Nine-month period ended September 30	Increase (decrease)			CAGR
	2017 (Audited)	2018 (Audited)	2019 (Audited)		December 2018	December 2019	September 2020	
Cash and Cash Equivalent	1,736	1,939	1,362	1,038	11.70%	(29.80%)	(23.80%)	(11.40%)
Cash at bank	5,599	4,094	867	353	(26.90%)	(78.80%)	(59.30%)	(60.70%)
<b>Total</b>	<b>7,334</b>	<b>6,034</b>	<b>2,228</b>	<b>1,391</b>	<b>(17.70%)</b>	<b>(63.10%)</b>	<b>(37.60%)</b>	<b>(44.90%)</b>

Source: Audited financial statements for the fiscal years ended on December 31, 2017G, 2018G and 2019G and management information for the period ended September 30, 2019G and 2020G

Cash in the fund includes cash available in restaurants and branches of the Company. Cash in the Fund increased by 11.7% from SAR 1.7 million as of December 31, 2017G to SAR 1.9 million as of December 31, 2018G, and cash in the Fund decreased by 29.8% to 1.9 million Riyals as of December 31, 2018G. As of December 31, 2019G, cash in the Fund fell decreased by 23.8% to SAR 1.0 million as of September 30, 2020G. The increase and decrease of cash in the Fund is due to the context of the Company's normal business .

Bank cash decreased by 26.9% from SAR 5.6 million as of December 31, 2017G to SAR 4.1 million as of December 31, 2018G, resulting in a decrease in sales, repayment of capital obligations for expansions, repayment of current obligations, repayment of loans and partnership amounts with Aljonah and dividends. The balance also decreased by 78.8% to SAR 0.9 million as of December 31, 2019G, primarily due to decrease in sales, repayment of capital obligations for expansions, repayment of current obligations, repayment of loans and partnership amounts with Aljonah. Bank assets decreased to SAR 0.3 million as of September 30, 2020G, due to the decrease in revenues caused by the Corona pandemic, which affected the bank balance.

### 6-7-3 Non-Current Liabilities

The following table provides a summary of non-current liabilities as of December 31, 2017G, 2018G and 2019G as in the nine-month period ended September 30, 2020G.

Table No. (29): Non-Current liabilities

SAR'000	Fiscal year ended December 31			Nine-month period ended September 30	Increase (decrease)			CAGR
	2017 (Audited)	2018 (Audited)	2019 (Audited)		December 2018	December 2019	September 2020	
The non-current portion of long-term loans	-	10,655	16,452	16,462	N/A	54.40%	0.10%	N/A
Provision for end of service benefits	18,492	17,608	17,590	15,608	(4.80%)	(0.10%)	(11.30%)	(2.50%)
The non-current portion of the lease obligation	-	-	65,882	61,315	N/A	N/A	(6.90%)	N/A
<b>Total non-current liabilities</b>	<b>18,492</b>	<b>28,263</b>	<b>99,924</b>	<b>93,385</b>	<b>52.80%</b>	<b>253.50%</b>	<b>(6.50%)</b>	<b>132.50%</b>

Source: Audited financial statements for the fiscal years ended on December 31, 2017G, 2018G and 2019G and management information for the period ended September 30, 2019G and 2020G

Non-current liabilities consist mainly of the end-of-service termination benefits allowance, the non-current part of long-term loans and leasing obligations.

Non-current liabilities gradually increased by 52.8% or SAR 9.7 million from SAR 18.5 million as of December 31, 2017G to SAR 28.3 million as of December 31, 2018G, as a result of the Company's acquisition of a financing agreement on April 15, 2018G for SAR 18.9 million in the form of long-term financing leases to finance capital expansions. Non-current liabilities continued to rise by 253.5% or SAR 71.7 million from SAR 28.3 million as of December 31, 2018G to SAR 99.9 million as of December 31, 2019G. This is due to the Company receipt of SAR 16.2 million as a second payment from the financing agreement dating back to April 15, 2018G. The increase in non-current liabilities was also affected by the impact of the Company's application of the International Financial Reporting standard 16. Non-current liabilities did not experience substantial fluctuations between December 31, 2019G and September 30, 2020G.

#### 6-7-3-1 The Non-Current Part of Long-Term Loans

The following table provides a summary of long-term loans as of December 31, 2017G, 2018G and 2019G and in the nine-month period ended September 30, 2020G.

Table No. (30): The non-current portion of long-term loans

SAR'000	Fiscal year ended December 31			Nine-month period ended September 30	Increase (decrease)			CAGR
	2017 (Audited)	2018 (Audited)	2019 (Audited)		December 2018	December 2019	September 2020	
Long-term financing	-	17,818	28,098	24,298	N/A	57.70%	(13.50%)	N/A
Deduct: deferred finance costs	-	(2,971)	(4,049)	(2,596)	N/A	36.30%	(35.90%)	N/A
Net	-	14,848	24,049	21,702	N/A	62.00%	(9.80%)	N/A
Deduct: current portion	-	(4,193)	(7,598)	(5,241)	N/A	81.20%	(31.00%)	N/A
<b>The non-current portion</b>	<b>-</b>	<b>10,655</b>	<b>16,452</b>	<b>16,462</b>	<b>N/A</b>	<b>54.40%</b>	<b>0.10%</b>	<b>N/A</b>

Source: Audited financial statements for the years ended December 31, 2017G, 2018G and 2019G and 2019G, and interim unaudited financial statements for the period ended September 30, 2020G

Loan balances recorded on December 31, 2018 are related to a loan acquired by the Company from Orix Saudi Financial Leasing to finance capital expansions. The loan of SAR 18.9 million was guaranteed with a mortgage guarantee and a bond for an order from the group. The loan is subject to a murabaha rate of 4.49%. The balance of long-term loans increased by 54.4% or SAR 5.8 million from SAR 10.7 million as of December 31, 2018G to SAR 16.4 million as of December 31, 2019G. After the Companies received SAR 16.2 million on June 25, 2019G,

companies received a second payment from the financing agreement. Long-term loans experienced no substantial fluctuations between December 31, 2019 and September 30, 2020G.

#### 6-7-3-2 Provision for Severance Benefits

The following table provides a summary dedicated to employee termination as of December 31, 2017G, 2018G and 2019G and in the nine-month period ended September 30, 2020G.

Table No. (31): Provision for End of Service benefits

SAR'000	Fiscal year ended December 31			Nine-month period ended September 30 2020G (Non-Audited)	Increase (decrease)			CAGR 2017G-2019G
	2017 (Audited)	2018 (Audited)	2019 (Audited)		December 2018	December 2019	September 2020	
Balance as of January 1	17,878	18,492	17,608	17,590	3.40%	(4.80%)	(0.10%)	(0.80%)
An expense charged in profit or loss	2,977	3,090	2,215	1,947	3.80%	(28.30%)	(12.10%)	(13.70%)
Actuarial remeasurement charged to other comprehensive income	(1,332)	(509)	757	-	(61.80%)	(248.70%)	(100.00%)	N/A
Exclude operations	-	(1,977)	-	-	N/A	(100.00%)	-	-
Benefits paid	(1,031)	(1,488)	(2,990)	(3,929)	44.30%	101.00%	31.40%	70.30%
<b>The balance</b>	<b>18,492</b>	<b>17,608</b>	<b>17,590</b>	<b>15,608</b>	<b>(4.80%)</b>	<b>(0.10%)</b>	<b>(11.30%)</b>	<b>(2.50%)</b>

Source: Audited financial statements for the years ended December 31, 2017G, 2018G and 2019G and 2019G, and interim unaudited financial statements for the period ended September 30, 2020G

Employee benefits obligations decreased by 4.8% in th amount of SAR 0.8 million from SAR 18.5 million as of December 31, 2017G to SAR 17.6 million as of December 31, 2018G as a result of the actuarial report and payment of end-of-service dues to employees. Employee benefits obligations did not undergo any substantial change as of December 31, 2019G. As of December 31, 2019G, the provision for employment termination decreased by 11.3% from SAR 17.6 million as of September 30, 2020G, due to the disbursement of end-of-service dues and leave balance to employees whose services were terminated due to corona pandemic conditions.

#### 6-7-4 Current Liabilities

The following table provides a summary of current liabilities as of December 31, 2017G, 2018G and 2019G as in the nine-month period ended September 30, 2020G.

Table No. (32): Current liabilities

SAR'000	Fiscal year ended December 31			Nine-month period ended September 30 2020G (Non-Audited)	Increase (decrease)			CAGR 2017G-2019G
	2017 (Audited)	2018 (Audited)	2019 (Audited)		December 2018	December 2019	September 2020	
Current portion of a long-term loan	-	4,193	7,598	5,241	N/A	81.20%	(31.00%)	N/A
Current portion of lease contracts liability	-	-	10,933	13,670	N/A	N/A	25.00%	N/A
Trade payables	11,296	15,550	23,860	30,889	37.70%	53.40%	29.50%	45.30%
Due expenses and other payables	5,566	-	-	-	(100.00%)	N/A	-	(100.00%)
Due to related parties	147	16,224	10,184	9,553	N/A	(37.20%)	(6.20%)	732.70%
Provision for Zakat and income tax	855	526	-	-	(38.50%)	(100.00%)	-	(100.00%)
<b>Total</b>	<b>17,865</b>	<b>36,493</b>	<b>52,575</b>	<b>59,353</b>	<b>104.30%</b>	<b>44.10%</b>	<b>12.90%</b>	<b>71.50%</b>

Source: Audited financial statements for the years ended December 31, 2017G, 2018G and 2019G and 2019G, and interim unaudited financial statements for the period ended September 30, 2020G

Current liabilities consist mainly of commercial creditors and required to related parties. Those two components 64.1% 87.1% and 64.8% 68.1% of total current liability balances as of December 31, 2017G, 2018G and 2019G as of September 30, 2020G, respectively.

#### 6-7-4-1 Trade payables

The following table provides a summary of trade payables as of December 31, 2017G, 2018G and 2019G as in the nine-month period ended September 30, 2020G.

Table No. (33): Trade payables

SAR'000	Fiscal year ended December 31			Nine-month period ended September 30 2020G (Non-Audited)	Increase (decrease)			CAGR 2017G- 2019G
	2017 (Audited)	2018 (Audited)	2019 (Audited)		December 2018	December 2019	September 2020	
Accounts payable	11,296	10,618	15,575	19,234	(0.06)	0.47	0.24	0.17
Due expenses	5,566	578	3,852	8,651	(0.90)	5.67	1.25	(0.17)
Accrued employees' benefits	-	2,957	2,910	678	N/A	(0.02)	(0.77)	N/A
Advances from clients	-	444	-	-	N/A	(1.00)	-	N/A
Due Board members remuneration	-	250	-	-	N/A	(1.00)	-	N/A
Payable dividend	-	63	63	63	N/A	-	-	N/A
Other payables	-	639	1,460	2,263	N/A	1.29	0.55	N/A
<b>Total</b>	<b>16,862</b>	<b>15,550</b>	<b>23,860</b>	<b>30,889</b>	<b>(7.80%)</b>	<b>53.40%</b>	<b>29.50%</b>	<b>19.00%</b>

Source: Audited financial statements for the fiscal years ended on December 31, 2017G, 2018G and 2019G and management information for the period ended September 30, 2019G and 2020G

Accounts payable decreased by 6.0% from 11.3 million Saudi Riyals as of 31 December 2017G to SAR 10.6 million as of 31 December 2018G. The balance of payables increased by 46.7% to reach SAR 15.6 million as of 2019G, mainly due to the change in terms of payment. Accounts payable increased by 23.5% from SAR 15.6 million as of December 31, 2019G to SAR 19.2 million as of September 30, 2020G, mainly due to the decrease in revenues and the lack of sufficient liquidity to pay the amounts of payables due to the Corona pandemic.

Expenses due include dues from electricity, government services and salaries due. Outstanding expenses decreased by 89.6% from SAR 5.6 million as of December 31, 2017G to SAR 0.6 million as of December 31, 2018G, due to the exclusion of Raouche International Sweets Company operations (the subsidiary at that time) and its transformation of non-continuous operations in addition to the reclassification of the external auditor for some accounts covered in the expenses due to payments from customers and other accounts payables as of December 31, 2019G. The comparison figures for 2018G were adjusted. Outstanding expenses increased by 566.6% to SAR 3.8 million as of December 31, 2019G, and outstanding expenses increased to SAR 8.6 million as in 3 September 30, 2020G. The increase as of December 31, 2019G and as of September 30, 2020G is due to the increase in salaries and due wages and taxes as well as the increase of government fees due.

Customer payments of SAR 0.4 million as of December 31, 2018G mainly include customer credit balances.

The remuneration of the members of the Board of Directors due relates to the amounts due to the members of the Annual Board of Directors in accordance with the Company's statutes.

Credit dividends were related to SAR 63 thousand as of December 31, 2018G and 2019G and as of September 30, 2020G with outstanding dividend amounts.

Other payables included a credit balance for accrued taxes, non-commercial supplier balances, payables and other provisions. The balance of other payables increased by 128.5% to reach SAR 1.5 million as of December 31, 2019G, as a result of the change in payment terms. Other payables increased by 55.0% from SAR 1.5 million as of December 31, 2019G to SAR 2.3 million as of September 30, 2020G, mainly due to lack of payment and changing the payment terms due to the circumstances of the Coronavirus pandemic.

#### 6-7-4-2 Provision of Zakat and Income Tax

The following table provides a summary of the provision for Zakat and income tax as of December 31, 2017, 2018 and 2019, and as of September 30, 2020.

Table No. (34): Provision for Zakat and Income Tax

SAR'000	Fiscal year ended December 31			Nine-month period ended September 30 2020G (Non-Audited)	Increase (decrease)			CAGR 2017G- 2019G
	2017 (Audited)	2018 (Audited)	2019 (Audited)		December 2018	December 2019	September 2020	
January 1	1,865	855	526	-	(54.10%)	(38.50%)	(100.00%)	(46.90%)
Charged during the year	792	434	227	528	(45.10%)	(47.70%)	132.50%	1595.20%
paid	(1,801)	(763)	(754)	(528)	(57.60%)	(1.30%)	(29.90%)	(35.30%)
<b>Balance at the end of the year / period</b>	<b>855</b>	<b>526</b>	<b>-</b>	<b>-</b>	<b>(38.50%)</b>	<b>(100.00%)</b>	<b>-</b>	<b>(100.00%)</b>

Source: Audited financial statements for the years ended December 31, 2017G, 2018G and 2019G and 2019G, and interim unaudited financial statements for the period ended September 30, 2020G

#### Raydan Food Company

The Company has finalized its Zakat assessments up to 2018G by responding to inquiries and providing all data to the Zakat and Income Authority and the final assessment of the years under examination from 2014G to 2018G. The Zakat and Income Certificate was received for the year 2019G. No inquiries were received from the Zakat and Income Authority other than that.

Value-Added Tax (VAT): The Company submitted its tax declarations for the years ending on December 31, 2018G and 2019G. During the nine-month period ending on September 30, 2020G, the General Authority of Zakat and Income requested inquiries about the years 2018G and 2019G, and all inquiries were answered by the Company.

#### Raydan Food Company Egypt Cuisines and Restaurants Company

Income tax: The Company was not examined during the period under analysis.

VAT: The Company was examined until December 31, 2018G and the differences resulting from the examination were paid.

Payroll taxes: The Company was not examined during the period under analysis.

Discount and add taxes: The Company was not examined during the period under analysis.

Stamp tax: The Company was not examined during the period under analysis .

(In addition, see subsection (2-1-20) "Risks related to potential legal Zakat benefits, tax and additional claims" from Section (2) "Risk Factors" of this prospectus)



### 6-7-4-3 Due to Related Parties

The following table provides a summary of the amounts due to related parties as of December 31, 2017G, 2018G and 2019G and in the nine-month period ended September 30, 2020G.

Table No. (35): Due to related parties

SAR'000	Fiscal year ended December 31			Nine-month period ended September 30	Increase (decrease)			CAGR
	2017	2018	2019	2020G	December	December	September	2017G-2019G
	(Audited)	(Audited)	(Audited)	(Non-Audited)	2018	2019	2020	
Company's name								
Aljonah for Desserts & Catering Co.	51	16,121	9,837	9,347	N/A	(39.00%)	(5.00%)	1287.50%
Khaled AsSalmi Trading Establishment	60	103	175	-	72.80%	69.90%	(100.00%)	71.40%
Mansour AsSalmi	-	-	172	-	-	N/A	(100.00%)	N/A
Other	36	-	-	206	(100.00%)	-	N/A	(100.00%)
Total	147	16,224	10,184	9,553	10945.90%	(37.20%)	(6.20%)	732.70%

Source: Audited financial statements for the years ended December 31, 2017G, 2018G and 2019G and 2019G, and interim unaudited financial statements for the period ended September 30, 2020G

The liabilities to Aljonah, a premium confectionery and party company, mainly represent the partnership amounts due from the partnership deal. Aljonah's liability balance increased from SAR 51 thousand as of December 31, 2017G to SAR 16.1 million as of December 31, 2018G, due to partnership-related amounts representing the due balance from the partnership deal associated with payment of funds in addition to the branch of Raouche International Sweets Company after obtaining 30% of Aljonah company in accordance with the agreement concluded. The 39.0% decrease in the liability balance to Aljonah as of December 31, 2019G was mainly related to the payment of part of the partnership's transaction amounts. The balance did not experience substantial fluctuations between December 31, 2019G and September 30, 2020G.

During December 31, 2017G, 2018G and 2019G, Khalid AsSalmi Commercial Establishment's liabilities consist of commercial transactions related to purchases, where Khalid AsSalmi Establishment is a supplier to the Company during this period.

As of December 31, 2019G, liabilities to Mansour AsSalmi included due rental amounts.

The liabilities to other related entities relate to SAR 36 thousands and SAR 0.2 million as of December 31, 2017G and as of September 30, 2020G in commercial transactions, purchases, sales and associated expenses.

### 6-7-5 Equity

The following table provides a summary of shareholders' rights as of December 31, 2017G, 2018G and 2019G as in the nine-month period ended September 30, 2020G.

Table No. (36): Equity

SAR'000	Fiscal year ended December 31			Nine-month period ended September 30 2020 (Non-Audited)	Increase (decrease)			CAGR 2017G-2019G
	2017 (Audited)	2018 (Audited)	2019 (Audited)		December 2018	December 2019	September 2020	
capital	225,000	225,000	225,000	225,000	-	-	-	-
Statutory reserve	25,482	27,414	27,414	27,414	7.60%	-	-	3.70%
Retained earnings / (Accumulated losses)	22,014	24,055	18,520	(35,305)	9.30%	(23.00%)	(290.60%)	(8.30%)
Foreign currency translation reserve	238	231	452	501	(3.30%)	96.00%	10.80%	37.70%
<b>Total shareholder equity in the Company</b>	<b>272,735</b>	<b>276,700</b>	<b>271,385</b>	<b>217,609</b>	<b>1.50%</b>	<b>(1.90%)</b>	<b>(19.80%)</b>	<b>(0.20%)</b>
Non-controlling interests	16	13	33	23	(19.10%)	159.70%	(28.50%)	45.00%
<b>Total equity</b>	<b>272,750</b>	<b>276,712</b>	<b>271,418</b>	<b>217,633</b>	<b>1.50%</b>	<b>(1.90%)</b>	<b>(19.80%)</b>	<b>(0.20%)</b>

Source: Audited financial statements for the years ended December 31, 2017G, 2018G and 2019G and 2019G, and interim unaudited financial statements for the period ended September 30, 2020G

Total equity increased by 1.5% or equivalent to SAR 3.9 million from SAR 272.8 million as of December 31, 2017G to SAR 276.7 million as of December 31, 2018G, due to the increase in the statutory reserve by 7.6% or by SAR 1.9 million from SAR 25.5 million as of December 31, 2017G to SAR 27.4 million as of December 31, 2018G. It is also due to an increase in retained profits by 9.3% or SAR 2.0 million between 2017G and 2018G.

Total equity decreased by 1.9%, or SAR 5.3 million, as of December 31, 2019G, mainly due to a 23.0% decrease in retained profits, or SAR 5.5 million, from SAR 24.0 million as of December 31, 2018G to SAR 18.5 million as of December 31, 2019G.

Total equity decreased by 19.8% to SAR 217.6 million as of September 30, 2020G, after accumulating losses in the amount of SAR 35.3 million.

#### **6-7-5-1 Capital**

The Company's capital amounted to SAR 225 million divided into 22,500 thousand ordinary shares and the price per share is SAR 10 as of September 30, 2020G.

#### **6-7-5-2 Statutory Reserve**

According to the corporate system and the Company's Article of Association, the Company must transfer 10% of the net profit of the year to statutory reserves. The Company may stop making such a transfer when the reserve totals 30% of the capital.

#### **6-7-5-3 Retained earnings / (accumulated losses)**

The Company recorded a retained profit of SAR 22.0 million as of December 31, 2017G, and the Company's profit in 2018G increased which is equivalent to 9.3% or 2.0 million to SAR 24.0 million as of December 31, 2018G. The profits mentioned were mainly driven by net income recorded by the Company in 2018G, which amounted to SAR 14.7 million.

Retained profits decreased by 23.0% or SAR 5.5 million in 2019G, from SAR 24.0 million as of December 31, 2018G to SAR 18.5 million of December 31, 2019G, due to the Company's net loss of SAR 4.8 million in 2019G. The Company recorded accumulated losses of SAR 35.5 million as of September 30, 2020, which was driven by net loss of SAR 53.8 million in the nine-month period ended September 30, 2020.

#### **6-7-5-4 Foreign Currency Translation Reserve**

Foreign currency translation reserves recorded a decrease by 3.3% from SAR 238 thousand as of December 31, 2017G to SAR 231 thousand as of December 31, 2018G. The reserve increased by 96% from SAR 231 thousand as of December 31, 2018G to SAR 452 thousand as of December 31, 2019. Foreign currency translation reserves increased by 10.8% to SAR 0.5 million as of September 30, 2020G, and the increase and decrease in foreign currency translation reserves was mainly related to the exchange rate change of the Company of the Arab Republic of Egypt.

#### **6-7-5-5 Non-Controlling Shares**

Non-controlling shares didn't experience any change worth mentioning during the period under analysis.

## 6-7-6 Related Party Balances

The following table provides a summary of related party balances as of December 31, 2017G, 2018G and 2019G and in the nine-month period ended September 30, 2020G.

Table No. (37): Related Party Balances

SAR'000	Related party	Nature of the transaction	Fiscal year ended December 31			Nine-month period ended September 30
			2017 (Audited)	2017G- 2019G	2019 (Audited)	2020 (Non-Audited)
Company's name						
Al-Qalzam Sea Food Company	Sister company	Rentals / sales to related parties	51	10	-	-
		Purchases from related parties	-	7	20	-
Aljonah for Desserts & Catering Co.	Sister company	Rentals / sales to related parties	978	1,247	2,814	2,127
		Purchases from related parties	153	2,199	455	218
Farah banquet hall	Sister company	Rentals / sales to related parties	-	830	2,107	739
Khaled AsSalmi Trading Establishment	Sister company	Purchases from related parties	859	752	835	-
Kebab and Liver Restaurant	Sister company	Rentals / sales to related parties	14	20	9	-
Other	Sister company	Rentals / sales to related parties	200	-	-	-
		Purchases from related parties	814	-	-	-
Total			3,070	5,065	6,241	3,084

Source: Audited financial statements for the years ended December 31, 2017G, 2018G and 2019G and 2019G, and interim unaudited financial statements for the period ended September 30, 2020G

Transactions between the Company and related parties included transactions of a nature of sale, purchase and rental mainly.

### Qalzam Seafood Co .

#### Rentals/sales

Rental and sales transactions with Al-Qalzam Seafood Company were associated with commercial transaction, sales and expenses for selling Raydan Food Company products to Al-Qalzam Company.

#### Procurement

Procurement transactions are mainly related to business dealings and the purchase of products from Al-Qalzam .

### Aljonah for Desserts & Catering

#### Rentals/sales

Rental and sales transactions with Aljonah for Desserts & Catering include the sale of Raydan Food Company's products to Aljonah, the rental of Raydan Food Company's points of sale to Aljonah and associated expenses.

#### Procurement

Procurement transactions have been associated with business transactions - the purchase of Al-Aljonah products and associated expenses.

### Farah Concert Hall

Transactions related to rents and sales with Farah Concert Hall include commercial transactions, the sale of the Company's products to Farah Concert Hall and associated expenses.

#### Khalid AsSalmi Commercial Establishment

Procurement transactions with Khalid AsSalmi Commercial Company have been mainly associated with business dealings and the purchase of products from Khalid AsSalmi Establishment, where Khalid AsSalmi Establishment is a supplier to the Company.

#### Kebab and Liver Restaurant

Rental/sales transactions with kebab and liver restaurant are mainly associated with commercial transactions, the sale of the Company's products to kebab and liver restaurant.

#### Other

Rentals/sales

Rental and sales transactions with other related parties have been associated with commercial transactions, sales and associated expenses.

Procurement

Procurement transactions with other related parties include business transactions, purchases and associated

### 6-8 Statement of Cash Flows

The following table presents a summary of the Company's statement of cash flows for the financial years ended December 31, 2017G, 2018G, 2019G and the two periods ended September 30, 2019G and 2020G.

Table No. (38): Cash Flow Statement

SAR'000	Fiscal year ended December 31			Nine-month period ended September 30		Increase (decrease)			CAGR
	2017 (Audited)	2018 (Audited)	2019 (Audited)	2019 (Non-Audited)	2020 (Non-Audited)	December 2018	December 2019	September 2020	
Net cash available from operating activities	40,769	35,603	18,837	10,680	3,777	(12.70%)	(47.10%)	(64.60%)	(32.0%)
Net cash available from / (used in) investing activities	(17,626)	(39,928)	(22,899)	(14,413)	1,209	126.50%	(42.60%)	(108.40%)	14.0%
Net cash available from / (used in) financing activities	(36,250)	3,171	33	443	(5,873)	(108.70%)	(99.00%)	N/A	N/A
<b>Net change in cash and cash equivalents for the period</b>	<b>(13,107)</b>	<b>(1,154)</b>	<b>(4,029)</b>	<b>(3,290)</b>	<b>(887)</b>	<b>(91.20%)</b>	<b>249.20%</b>	<b>(73.00%)</b>	<b>(44.60%)</b>
Cash and cash equivalents at the beginning of the year	20,431	7,334	6,034	6,034	2,228	(64.10%)	(17.70%)	(63.10%)	(45.7%)
Excluded cash with discontinued operations	-	(129)	-	-	-	N/A	(100.00%)	-	-
The effect of translating foreign currencies on cash and cash equivalents	10	(18)	224	178	49	(276.40%)	(1340.40%)	(72.40%)	367.8%
<b>Cash and cash equivalents at the end of the year</b>	<b>7,334</b>	<b>6,034</b>	<b>2,228</b>	<b>2,922</b>	<b>1,391</b>	<b>(17.70%)</b>	<b>(63.10%)</b>	<b>(52.40%)</b>	<b>(44.9%)</b>

Audited financial statements for the years ended December 31, 2017G, 2018G and 2019G and 2019G, and interim unaudited financial statements for the period ended September 30, 2020G

The Company recorded net cash outflows of SAR 13.1 million, SAR 1.1 million and SAR 4.0 million in 2017G, 2018G and 2019G, respectively. Net external cash of SAR 13.1 million in 2017G was due to net cash used in investment activities in the amount of SAR 17.6 million and net cash used in financing activities in the amount of SAR 36.2 million. Net external cash was associated with SAR 1.1 million, SAR 4.0 million in 2018G and 2019G with net cash used in investment activities of SAR 39.9 million and SAR 22.9 million in 2019G, respectively. The external cash flows recorded in 2018G, 2019G were partially offset by cash generated from operating activities by SAR 35.6 million and SAR 18.8 million, respectively. The Company recorded net cash outflows of SAR 3.3 million and SAR 0.9 million in the nine-month period ended September 30, 2019G and 2020G. Net external cash was attributable to the period ended September 30, 2019. Net cash used in investment activities was SAR 14.4 million, while net external cash in the nine-month period ended September 30, 2020 was associated with net cash used in financing activities of SAR 5.9 million.

### 6-8-1 Cash flows from Operating Activities

The following table outlines the statement of cash flows from the Company's operating activities for the financial years ended December 31, 2017G, 2018G, 2019G and the two periods ended September 30, 2019G and 2020G.

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

SAR'000	Fiscal year ended December 31			Nine-month period ended September 30		Increase (decrease)			CAGR
	2017 (Audited)	2018 (Audited)	2019 (Audited)	2019 (Non-Audited)	2020 (Non-Audited)	December 2018	December 2019	September 2020	2017G- 2019G
Profit / (loss) for the period	26,218	14,721	(4,761)	5,380	(53,835)	(43.90%)	(132.30%)	N/A	N/A
Depreciation of properties, machinery and equipment	16,023	15,632	14,264	15,237	17,072	(2.40%)	(8.80%)	12.00%	(5.60%)
Depreciation of right-of-use assets	-	-	8,724	-	-	-	N/A	-	N/A
Impairment in the value of property and equipment	-	-	-	-	21,589	-	-	-	-
Amortization of intangible assets	581	290	266	185	264	(50.10%)	(8.30%)	43.00%	(32.40%)
IPO costs	2,069	-	-	-	-	(100.00%)	-	-	(100.00%)
Losses from exclusion of discontinued operations	-	4,606	-	-	-	N/A	(100.00%)	-	-
Finance costs incurred	636	490	3,978	2,931	3,843	(23.00%)	711.50%	31.10%	150.00%
Gains / (losses) on disposal of properties, machinery and equipment	(30)	(1)	222	(0)	6,017	(96.10%)	N/A	N/A	N/A
The Company's share in profits of an associate company	-	(730)	(875)	(768)	1,683	N/A	19.90%	(319.30%)	N/A
Termination benefits incurred	2,977	3,090	2,215	1,650	1,947	3.80%	(28.30%)	18.00%	(13.70%)
Charged Zakat and income tax	792	434	227	480	528	(45.10%)	(47.70%)	10.10%	(46.40%)
<b>Changes in working capital:</b>									
Inventory	(257)	1,191	(381)	(670)	1,394	(563.90%)	(132.00%)	(308.00%)	21.90%
Trade receivables	(87)	303	(199)	(1,584)	(264)	(447.70%)	(165.80%)	(83.30%)	51.30%
Due from related parties	7,250	(3,205)	(3,840)	(3,090)	(1,254)	(144.20%)	19.80%	(59.40%)	N/A
Prepayments and other receivables	(2,741)	72	471	(1,270)	2,853	(102.60%)	555.00%	(324.70%)	N/A
Trade payables	1,006	884	8,311	1,252	7,029	(12.10%)	839.90%	461.60%	187.40%
Due to related parties	238	77	(6,040)	(5,970)	(631)	(67.50%)	N/A	(89.40%)	N/A
Accrued expenses and other credit balances	(11,073)	-	-	-	-	(100.00%)	-	-	(100.00%)
Paid Termination Benefits	(1,031)	(1,488)	(2,990)	(2,240)	(3,929)	44.30%	101.00%	75.40%	70.30%
Zakat and foreign income tax paid	(1,801)	(763)	(754)	(843)	(528)	(57.60%)	(1.30%)	(37.30%)	(35.30%)
<b>Net cash available from operating activities</b>	<b>40,769</b>	<b>35,603</b>	<b>18,837</b>	<b>10,680</b>	<b>3,777</b>	<b>(12.70%)</b>	<b>(47.10%)</b>	<b>(64.60%)</b>	<b>(32.00%)</b>

Source: Audited financial statements for the years ended December 31, 2017G, 2018G and 2019G and 2019G, and interim unaudited financial statements for the period ended September 30, 2020G

Net cash generated from operating activities decreased by 12.7% from SAR 40.8 million in 2017G to SAR 35.6 million in 2018G. Net cash generated from operating activities decreased again by 47.1% to reach SAR 18.8 million in 2019G. The decrease in 2018G and 2019G is primarily due to a decrease in net profit in 2018G by SAR 11.5 million and recording a net loss of SAR 4.8 million in 2019G. Net cash generated from operating activities decreased by 64.6% from SAR 10.7 million in the nine-month period ended 30 September 2019G to SAR 3.8 million in the nine-month period ending in 2020G, primarily due to recording a net loss of SAR 53.8 million in the nine-month period ended September 30, 2020G, compared to a net profit of SAR 5.4 million for the period ended September 30, 2019G.

## 6-8-2 Cash flows from Investment Activities

The following table outlines the statement of cash flows from the Company's investment activities for the financial years ended December 31, 2017G, 2018G, 2019G and the two periods ended September 30, 2019G and 2020G.

Table No. (40): Statement of Cash Flows from Investment Activities

SAR'000	Fiscal year ended December 31			Nine-month period ended September 30		Increase (decrease)			CAGR 2017G-2019G
	2017 (Audited)	2018 (Audited)	2019 (Audited)	2019 (Non-Audited)	2020 (Non-Audited)	December 2018	December 2019	September 2020	
Purchase of properties, machinery and equipment	(17,713)	(21,095)	(22,460)	(14,025)	(3,874)	19.10%	6.50%	(72.40%)	12.60%
Purchase of intangible assets	-	(1,851)	(488)	(475)	-	N/A	(73.60%)	(100.00%)	N/A
Proceeds from disposal of properties, machinery and equipment	86	269	50	88	5,083	210.90%	(81.50%)	5675.10%	(24.20%)
Investment in an associate company	-	(17,250)	-	-	-	N/A	N/A	-	-
<b>Net cash available from / (used in) investing activities</b>	<b>(17,626)</b>	<b>(39,928)</b>	<b>(22,899)</b>	<b>(14,413)</b>	<b>1,209</b>	<b>126.50%</b>	<b>(42.60%)</b>	<b>(108.40%)</b>	<b>14.00%</b>

Source: Audited financial statements for the years ended December 31, 2017G, 2018G and 2019G and 2019G, and interim unaudited financial statements for the period ended September 30, 2020G

Additions to real estate, machinery and equipment are SAR 17.7 million, SAR 21.1 million and SAR 22.5 million in 2017G, 2018G and 2019G by purchasing equipment, machinery and improvements for new branches. Additions to real estate, machinery and equipment in the nine-month period ended September 30, 2020G are related to assets purchased during this period for operating purposes .

Additions to intangible assets amounted to SAR 1.8 million, SAR 0.5 million in 2018G and 2019G mainly in addition to the ERP program .

The proceeds from the exclusion of real estate, machinery and equipment amounted to SAR 5.1 million in the nine months ended September 30, 2020 in the sale of lands, cars, machinery and equipment.

On September 1, 2018G, the Company signed an agreement to purchase 30% of Aljonah Company as of October 1, 2018G, in exchange for an in-kind stake, namely, Raouche International Sweets Company and Outdoor Parties, which are branches of the group, in addition to a cash share of SAR 33.3 million to be paid in installment over a three-year period. SAR 17.2 million was paid in 2018G.

## 6-8-3 Cash flows from Financing Activities

The following table outlines the statement of cash flows from the Company's financing activities for the financial years ended December 31, 2017G, 2018G, 2019G and the two periods ended September 30, 2019G and 2020G.

Table No. (41): Statement of Cash Flows from Financing Activities

SAR'000	Fiscal year ended December 31			Nine-month period ended September 30		Increase (decrease)			CAGR 2017G-2019G
	2017 (Audited)	2018 (Audited)	2019 (Audited)	2019 (Non-Audited)	2020 (Non-Audited)	December 2018	December 2019	September 2020	
Long term loans added / (repaid)	(34,421)	14,357	10,280	10,147	(3,800)	(1)	(0)	(1)	N/A
Finance costs paid	(1,829)	-	(2,538)	(692)	-	(1)	N/A	(1)	0
Pay off lease obligations	-	-	(7,709)	(9,012)	(2,073)	-	N/A	(1)	N/A
Dividend paid	-	(11,187)	-	-	-	N/A	(1)	-	-
<b>Net cash available from / (used in) financing activities</b>	<b>(36,250)</b>	<b>3,171</b>	<b>33</b>	<b>443</b>	<b>(5,873)</b>	<b>(1)</b>	<b>(1)</b>	<b>(14)</b>	<b>N/A</b>

Source: Audited financial statements for the years ended December 31, 2017G, 2018G and 2019G and 2019G, and interim unaudited financial statements for the period ended September 30, 2020G

The repayment of long-term loans of SAR 34.4 million in 2017G is mainly related to the repayment of NCB loan. The additions to long-term loans in 2018G and 2019G were related to obtaining loans from ORIX Saudi Arabia.

Financing costs paid include SAR 1.8 million, SAR 2.5 million in 2017G and 2019G with interest on loans.

The Company distributed profits of SAR 11.2 million in 2018G. This follows the realization of net profit of SAR 26.2 million for fiscal year 2017G. Half a Riyal per share was distributed in the amount of SAR 11.2 million for 22,500 million shares.

## 7 Using the Proceeds of the Offering and Future Projects

### 7-1 Net Offering Proceeds

The total proceeds of the Rights Offering is estimated to be one hundred and twelve million five hundred thousand (SAR 112,500,000) Saudi Riyals, about Four million nine hundred thirty-one thousand eight hundred seventy-five (4,931,875) Saudi Riyals of which will be paid to cover the Offering costs, which include the fees of the Financial Advisor, Lead Manager, Underwriter, Legal Advisor, and Auditor, as well as marketing, printing, distribution and other Offering-related expenses.

The net proceeds of the Offering will be about one hundred seven million five hundred sixty-eight thousand one hundred and twenty five (107,568,125) Saudi Riyals, which will be used to support the expansion of the Company's activity and provide working capital that enables the Company to increase its operational capacity and support its future activities. Shareholders will not receive any of the proceeds arising from the Offering.

The Company will also disclose to the public on the Saudi Stock Exchange website (Tadawul) when there is a difference of (5%) or more between the actual use of Offering Proceeds compared to what was disclosed in this Prospectus as soon as it becomes aware of it. This is in accordance with Paragraph (b) of Article (54) of the Rules on the Offer of Securities and Continuing Obligations, which states that "the issuer must disclose to the public when there is a difference of 5% or more between the actual use of the proceeds of the Rights Issue compared to what was disclosed in the relevant Prospectus as soon as the Company becomes aware of the variation."

### 7-2 Using the Proceeds of the Offering

The net proceeds from the Offering will be used mainly to support the expansion of the Company's activity and to provide working capital to enable the Company to increase its operating capacity and support its future activities. Shareholders will not receive any of the proceeds arising from the Offering.

The Company will use the net proceeds from the Offering to fund the following projects:

- 1) **Activity expansion:** The Company intends to expand its activity by establishing new branches in various regions of the Kingdom and granting franchise rights. The branches are as follows:
  - Completing Al-Zaydi project of SAR 4,000,000 to build a new branch in Al-Zaydi district in Makkah Al-Mukarramah, according to the new identity of the Company branches. 55% of the project has been completed as at the date of this Prospectus (the completed part of the project is unpaid) and the Company intends to complete the project within a period of three months as soon as the amount from the Offering proceeds becomes available.
  - Completing Al-Madinah project of SAR 4,500,000 to build a new branch in Al-Madinah, according to the new identity of the Company branches. 60% of the project has been completed as at the date of this Prospectus (the completed part of the project is unpaid) and the Company intends to complete the project within a period of three months as soon as the amount from the Offering proceeds becomes available.
  - Establishing the new university branch with a value of SAR 4,000,000 in Al-Jamiah district in Jeddah, according to the new identity of the Company branches.

- In addition to the aforementioned projects, the Company aims to open (5) new branches in various regions of the Kingdom at the end of the fourth quarter of 2022G. The locations of the new branches have not been determined as at the date of this Prospectus. The schedule shows the timeline for establishing the branches:

Table No. (42): Schedule of constructing new branches

SAR'000	2021			2022			Total
	Q2	Q3	Q4	Q1	Q2	Q3	
Branch (1)	-	-	2,000,000	-	-	-	2,000,000
Branch (2)	-	-	-	2,000,000	-	-	2,000,000
Branch (3)	-	-	-	2,000,000	-	-	2,000,000
Branch (4)	-	-	-	-	2,000,000	-	2,000,000
Branch (5)	-	-	-	-	-	2,000,000	2,000,000
<b>Total</b>	-	-	<b>2,000,000</b>	<b>4,000,000</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>10,000,000</b>

- 2) **Applying the new identity:** The Company's management adopted a new identity and a new design that fits the current development and operating requirements. It includes a new design for the branch buildings, its interior design, food menu, meal covers, and design of delivery vehicles. The Company intends to apply the identity design to all owned and leased branches of the Company. The expected total costs of applying the identity to the existing branches and on the Company products amount to (SAR 15,000,000).
- 3) **Plant and service centers:** The Company has a factory/plant for supporting its business and supplying semi-finished products to the branches of the franchise (for more information, please refer to subsection (3-3) "Main Activities of the Company" of Section (3) "The Company Background and Nature of its Business." of this Prospectus). The Company seeks to increase the production capacity and production lines, in line with the Company's plan to expand its business and branches. This includes establishing a new factory in the second industrial zone in Jeddah to support the logistical operations in support of the targeted franchise branches in addition to the current Raydan branches.
- 4) **Repayment of existing loans:** This represents repayment of a long-term finance lease loan, the total value of which is (SAR 35,094,011), according to the following:
  - On 29/07/1439H (corresponding to 15/04/2018), the Company obtained a long-term financing loan from the Saudi Orix in the amount of (SAR 18,919,311) to finance the Company's capital expansion. The loan was secured by mortgage of plots of land owned by the Company.
  - On 07/09/1440H (corresponding to 12/05/2019), the Company obtained a long-term financing loan from the Saudi Orix in the amount of (SAR 16,175,225) to finance the Company's capital expansion. The loan was secured by mortgage of plots of land owned by the Company.

An amount (SAR 11,843,862) was paid out of the total value, and the remaining amount as of 30/09/2020 was (SAR 23,250,149). The remaining part of the loan was rescheduled on 11/03/1442H (corresponding to 28/10/2020G) to suit the conditions of the Company's cash flows, so that the total amount after scheduling was (SAR 27,515,007), including interest and administrative fees. The loan is repaid in quarterly payments (for more information please refer to subsection (10-8-5) "Loans and Facilities" from Section (10) "Legal Information" of this Prospectus).

- 5) **Repayment of investment amounts:** On 21/12/1439H (corresponding to 09/01/2018G), the Company entered into an agreement of partnership to acquire a 30% stake of Aljonah for Desserts & Catering Company in exchange for an in-kind stake, which is Al-Raouche International Sweets and Party branches formerly owned by Raydan Food Company, in addition to a cash share of SAR 33,250,000, to be paid in instalments over three years. Repayment of the remaining amount (SAR 9,346,577) has been postponed due to the repercussions of Coronavirus (Covid-19) pandemic. Repayment will take place when liquidity becomes available.



- 6) **Working capital:** The Company's current liabilities have surpassed its current assets during the previous years. This is mainly due to the exclusion of Al-Raoucheh's business, the liabilities resulting from the partnership transaction with Aljonah for Desserts & Catering Company and the financing loan received by the Company. In addition, the repercussions of the Coronavirus "Covid-19" that affected the Company's business, led to a decrease in the Company's sales while it continued to incur fixed and semi-variable expenses that affected the Company's cash flows and thus cause a continued decrease in its working capital (for more information, please refer to subsection (2-1-2) "Liquidity Risks" of Section (6) "Risk Factors" of this Prospectus). The Company seeks to cover the deficit in working capital through the proceeds of the Offering.

The following table illustrates the use of the Offering Proceeds:

Table No. (43): Expected use of the Offering proceeds

SAR'000	2021			2022			Total
	Q2	Q3	Q4	Q1	Q2	Q3	
Completion of Al-Zaydi project	4,000,000	-	-	-	-	-	4,000,000
Completion of Al Madinah project	4,500,000	-	-	-	-	-	4,500,000
Construction of the new university branch	2,000,000	2,000,000	-	-	-	-	4,000,000
Apply the new identity	4,000,000	3,000,000	2,000,000	2,000,000	2,000,000	2,000,000	15,000,000
Establishing (5) new branches	-	-	2,000,000	4,000,000	2,000,000	2,000,000	10,000,000
Factory and service centers	2,000,000	2,500,000	1,500,000	6,000,000	5,000,000	3,000,000	20,000,000
Repayment of loans	2,000,000	1,000,000	1,000,000	1,500,000	1,500,000	3,000,000	10,000,000
Investment amounts	9,346,577	-	-	-	-	-	9,346,577
Working capital	15,000,000	2,000,000	4,000,000	3,000,000	3,000,000	3,721,548	30,721,548
<b>Net Offering proceeds</b>							<b>107,568,125</b>
Offering costs							4,931,875
<b>Total Offering proceeds</b>							<b>112,500,000</b>

Source: The Company

It should be noted that the aforementioned projects will be funded exclusively from the Offering proceeds.

## 8 Experts Statement

The advisors whose names appear in pages (V) and (VI) have given their written consents to the publication of their names, logos and statements in the form included in the Prospectus and have not withdrawn such a consent up to the date of this Prospectus.

None of the above advisers or their employees or any of their relatives has any shareholding or interest of any kind in the Company and its subsidiaries up to the date of this Prospectus that may jeopardize their independence.

## 9 Declarations

As at the date of this Prospectus, the Company's Directors declare that:

1. Except as stated in subsection (3-10) "Business Interruption" of Section (3) "Background on the Company and Nature of its Business", there was no interruption in the business of the Company that could affect or have had a significant impact on the financial condition during the last (12) months.
2. No commissions, discounts, brokerage fees, or any non-monetary compensation were granted by the Company during the three years immediately prior to the date of submitting the application for registration and the Offering of securities in relation to the issuance or offering of any securities.
3. Except as stated in subsection (2-1-23) "Risks related to investing in Aljonah For Desserts & Catering Company Ltd." of Section (2) "Risk Factors, there has not been any material negative change in the financial and commercial status of the Company during the three years immediately preceding the date of filing the securities registration and offering subject to this Prospectus, in addition to the accounting period covered by the auditors' report until the approval date of this Prospectus.
4. Other than what is stated in pages (IV, 29) of this Prospectus, the members of the Board of Directors or any of their relatives do not have any shares or interest of any kind in the Company or its subsidiaries.
5. The Company did not keep treasury shares, and the EGM of the Company did not approve the purchase of the Company's shares.

## 10 Legal Information

### 10-1 Company's name

The Company was registered in the commercial register of joint-stock companies in Jeddah, under the commercial name: "Raydan Food Company".

### 10-2 Introduction and major changes of the Company

#### • Establishment and capital developments

- Raydan Food Company started its activities as a sole proprietorship establishment owned by Mr. Awadallah Ahmad Ayedh Al-Humaie AsSalmi under the name of "AsSalmi Group for Real Estate Development", registered in Jeddah under the commercial registration No. 4030064059 dated 12/07/1409H (corresponding to 19/02/1989G). Its capital then was one hundred thousand (100,000) Saudi Riyals. A branch of the Establishment under the name "Raydan Cuisines and Restaurants" was registered under Commercial Registration No. (4030123324) on 18/09/1418H (corresponding to 17/01/1998G).
- On 11/06/1429H (corresponding to 15/06/2008G) the Company was incorporated as a closed joint stock company according to Ministerial Resolution No. (149/Q) dated 29/04/1429H (corresponding to 05/05/2008G) under the name of "Raydan Cuisines and Restaurants Company" as per the Commercial Registration No. (4030180055), with a capital of one hundred million (100,000,000) Saudi Riyals, divided into one hundred thousand (100,000) in-kind shares of equal value, each of which is worth one thousand (1,000) Saudi Riyals.
- On 25/11/1434H (corresponding to 10/01/2013), the Company signed an agreement (sale and assignment) to acquire the Raouche Sweets Establishment, which was registered under the Commercial Registration number (4030171113) issued in Jeddah for its owner Fahd Nasser Awadallah Al-Humaie AsSalmi, with all its trade name, branches, trademarks and assets including lands, buildings, warehouses of raw materials, sweets factory, cars, stock, tools, machines, electrical devices, computers, candlesticks, refrigerators and ovens for a total amount of forty-five million (45,000,000) Saudi Riyals. This in addition to the assignment of the labor services of the Establishment's in favor of Raydan Food Company after getting their written consent to that, and after approval of the Board of Directors of the acquisition in its meeting held on 22/09/1434H (corresponding to 30/07/2013).
- On 11/05/1435H (corresponding to 12/03/2014G), the Extraordinary General Assembly (EGM) of the shareholders agreed to increase the Company's capital by (45%) from one hundred million (100,000,000) Saudi Riyals to one hundred and forty-five million (145,000,000) Saudi Riyals, and as such, increasing the number of the Company's shares from ten million (10,000,000) ordinary shares to fourteen million five hundred thousand (14,500,000) ordinary shares of equal value, each of which is worth ten (10) Saudi Riyals, by capitalizing the Company's shareholders' loan amounting to forty five million (45,000,000) Saudi Riyal for the acquisition of the Raouche International Sweets Company.
- On 16/01/1436H (corresponding to 09/11/2014G), the EGM approved an increase of the Company's capital by (55.17%) from one hundred forty-five million (145,000,000) Saudi Riyals to two hundred twenty-five million (225,000,000) Saudi Riyals, and as such, increasing the number of the Company's shares from fourteen million five hundred thousand (14,500,000) ordinary shares to twenty-two million five hundred thousand (22,500,000) ordinary shares of equal value, each of which is worth ten (10) Saudi Riyals, by means of a cash deposit from the shareholders in the amount of sixty seven million (67,000,000) Saudi Riyals and transferring thirteen million (13,000,000) Saudi Riyals from the balance of the retained earnings account as of 31/08/2014G to the capital account.
- On 29/05/1438 H (26/02/2017) the Company was listed on the Saudi Capital Market - Tadawul - Parallel Market ("Growth") through an initial public offering of 6,750,000 ordinary shares representing a ratio (30%) of the Company's total shares amounting

to 22,500,000 ordinary shares, based on the resolution of the Company's Board of Directors dated 13/04/1438 H (11/01/2017) and the approval of the CMA dated 02/05/1438 H (30/01/2017).

- On 15/10/1440H (corresponding to 18/06/2019), the EGM agreed to change the name of the Company from "Raydan Cuisines and Restaurants Company" to "Raydan Food Company".
- On 24/03/1441H (corresponding to 21/11/2019G), the Company was transformed, listed and started trading its shares on the main Saudi Stock Market with twenty-two million five hundred thousand (22,500,000) ordinary shares, with a nominal value of ten (10) Saudi Riyals per share, after obtaining the approval of the Saudi Stock Exchange Company (Tadawul).
- On 19/01/1442H (corresponding to 07/09/2020G), the Board of Directors recommended to increase the Company's capital by (50%) by offering Rights shares of one hundred twelve million five hundred thousand (112,500,000) Saudi Riyals, after obtaining all the necessary regulatory approvals and the approval of the Extraordinary General Assembly, so that the Company's capital after the increase becomes three hundred thirty-seven million five hundred thousand (337,500,000) Saudi Riyals. On 03/12/1442H (corresponding to 13/07/2021G), the Extraordinary General Assembly of shareholders approved a 50% increase in the Company's capital from two hundred twenty-five million (225,000,000) Saudi Riyals, to three hundred and thirty-seven million five hundred thousand (337,500,000) Saudi Riyals, thus increasing the number of shares from twenty-two million five hundred thousand (22,500,000) ordinary shares to thirty-three million seven hundred fifty thousand (33,750,000) ordinary shares, of equal value of ten (10) Saudi Riyals per share, by issuing eleven million two hundred fifty thousand (11,250,000) new ordinary shares a Rights Issue with a nominal value of ten (10) Saudi Riyals per share.

**Substantial Shareholder:** At the time of listing, there were four Substantial Shareholders. As of the date of this Prospectus, there is one Substantial Shareholder who holds more than 5% of the Company's shares, Mr. Mansour Awadallah Ahmed AsSalmi (who holds 2,999,250 shares representing 13.33% of the Company's total shares before the Offering), as shown in the table below:

Table No. (44): List of Substantial Shareholders and changes occurred on their shareholding

Substantial Shareholders	Nationality	Shareholding %		
		As per last share issue Prospectus dated 30/01/2017*	Up to 30.09.2020	As of the date of this Prospectus
Mansour Awadallah Ahmed AsSalmi	Saudi	29.40%	20.64%	13.33%

Source: The Company

\* Substantial Shareholders will be subject to a trading ban for one year from the listing date of 29/05/1438H (25/02/2017), and they may trade in the shares after the lapse of the ban period without the need to obtain CMA/Tadawul's approval.

**Headquarters:** The Company's headquarters is located in Jeddah - Safa district, at the intersection of Prince Mit'eb Street with Abdullah Al-Sharbatly Street, P.B. 13868, Postal Code 21323. In accordance with article (5) of the Articles of Association, the Company may establish and open branches, offices, or agencies within or outside the Kingdom by a decision taken by the Managing Director. (for further information, please refer to subsection 10-5-2 "Company branches and points of sale" of this Prospectus).

**Company Duration:** As per article 6 of the Company's Articles of Association, the Company's duration shall be 99 Gregorian years, commencing from the date of commercial registration. The Company's duration may be thereafter extended by a resolution passed by an Extraordinary General Assembly meeting, one year, at least prior to the end of the current duration. According to the commercial register, the current duration of the Company shall end on 17/03/1529H (03/04/2105).

**Company's management:** As per article 16 of its Articles of Association, the Company shall be managed by a Board of Directors, which shall be composed of (8) directors elected by the Shareholders Ordinary General Assembly for a term not exceeding three years. On 16.08.1440H (21.04.2019), the Shareholders General Assembly elected the board members for a new term of three years commencing on 16.08.1440H (21.04.2019) and ending on 19/09/1443H (20/04/2022). The Board of Directors for the said term consists of the directors listed in page (d) and (26) of this Prospectus. The Company complies with the Companies Law and the Corporate Governance Regulations which provide that the number of board members shall not be less than three (3), nor shall exceed 11 members. The Company also complies with Article 16 of the Corporate Governance Regulations, which provides that the majority of board members shall be non-executive, and that the independent members of the board shall not be less than two members or one third of the total number of board directors, whichever is higher. Excluding the Managing Director, seven (7) non-executive members have been appointed, including three (3) independent members and (5) five non-independent members. (For more information on the Company's compliance with the governance rules, please refer to sub-section 10.7.5 "continuing liabilities as per CMA requirements" hereof.

**Articles of Association:** The following articles of the Company's Articles of Association have been amended as follows:

1. On 23/01/1438H (24/10/2016), the Extra-Ordinary General Assembly approved amendment of the Company's Articles of Association to cope with the amendments made on the Companies Law.
2. On 15/10/1440H (18/06/2019), the Extra-Ordinary General Assembly approved amendment of article 2 of the Company's Articles of Association changing the Company's name from Raydan Cuisines and Restaurants Company to Raydan Food Company.

The Company complied with the requirements of CMA and Tadawul in terms of uploading a copy of the Company's Articles of Association on Tadawul website in the Company's page, and the last amended version of the Company's Articles of Association was approved by the Ministry of Commerce (Corporate Governance Department) on 17/10/1440H (20/06/2019).

**Company's activity:** As per its commercial register, the Company may conduct the following activities: ("restaurants with service, banquets and meal serving restaurants"). The Company conducts its activities through its headquarters and branches, which the Company has established within the kingdom in accordance with the regulations and after having obtained the necessary licenses from the competent authorities. The Company has obtained the necessary licenses from the competent authorities to conduct its activity (for further information please refer to sub-section (2.9) "Licenses and Permits under which the Company operates" of this Prospectus).

### 10-3 Board Composition

As per article 16 of its Articles of Association, the Company shall be managed by a Board of Directors, which shall be composed of (8) directors elected by Shareholders Ordinary General Assembly for a term not exceeding three years. On 16/08/1440H (21/04/2019), the Shareholders General Assembly elected the board members for a new term of three years commencing on 16/08/1440H (21/04/2019) and ending on 19/09/1443H (20/04/2022).

The Company complies with the Companies Law and the Corporate Governance Regulations which provide that the number of board members shall not be less than three (3), nor exceed 11 members. The Company also complies with Article 16 of the Corporate Governance Regulations, which provides that the majority of board members shall be non-executive, and that the independent members of the board shall not be less than two members or one third of the total number of board directors, whichever is higher. Excluding the Managing Director, seven (7) non-executive members have been appointed, including three (3) independent members and (5) five non-independent members.

#### 10.3.1 Chairman, Deputy Chairman and Board Secretary:

In accordance with Article 21 of the Company's Articles of Association, the Board of Directors shall appoint a chairman and deputy chairman from its members. It may also appoint a managing director. The chairman of the board may not hold any other executive position in the Company. The Board of Directors shall also appoint a secretary to the board from the board members or others. The Company complies with

its Articles of Association and the Corporate Governance Regulations in respect of the mandatory appointment in these positions. The Board of Directors, in its meeting held on 19/08/14401H (24/04/2019) approved the required appointments in these positions, as follows:

Table No. (45): Board positions:

Appointed member	Position
Awadallah Ahmed Ayed AsSalmi	Chairman
Nasser Awadallah Ahmed AsSalmi	Deputy Chairman
Mansour Awadallah Ahmed AsSalmi	Managing Director
Fozan Abdullah Alharthi	CEO
Nasser Mansour Awadallah AsSalmi	Board Secretary

Source: The Company

The powers of the Board of Directors are specified in article 19 of the Company's Articles of Association, and the powers of the chairman, deputy chairman, managing director and secretary are prescribed in article 21 of the Company's Articles of Association. The secretary of the Board of Directors shall assume the minuting of meeting events and board resolutions in a register to be prepared for this purpose.

#### 10.3.2 Board Remuneration:

- The board's remuneration shall be as prescribed in Article 20 of the Company's Articles of Association, fifty thousand (50,000) Saudi Riyals per year per director, one thousand (1,000) Saudi Riyals as attendance fee per board meeting and two thousand (2,000) Saudi Riyals as attendance fee per executive committee meeting; however, the total remuneration paid to board directors shall not exceed 10% of the Company's net profits.
- As stipulated by the Companies Law provisions, the board report to the Ordinary General Assembly shall include a detailed statement of all remunerations, allowance and financial privileges paid to board members during the relevant fiscal year. The report shall also include a statement of the remuneration paid to board members in their capacity as staff members, and the sums paid to them against any technical or administrative tasks. The report shall further include a statement of the number of board meetings attended as well as the number of meetings attended by each member from the date of the last general assembly meeting.
- The board's annual report for the fiscal year ended on 31 Dec 2019, as approved by the Ordinary General Assembly Meeting held on 25/10/1441H (17/06/2020G) includes a detailed statement of the criteria applied by the Company in payment of remuneration to board members as well as a statement of the total remuneration paid to Directors, including salaries, profit share, attendance allowance, expenses and other privileges; however, the report did not contain details of remuneration paid to directors in 2019 in their capacity as staff members as well as amounts paid to them against any technical, administrative or advisory tasks.
- The total remuneration paid to board members for the fiscal year ended December 31, 2017 amounted to SAR nine hundred and sixty thousand (960,000), SAR one million four hundred twenty-seven thousand five hundred (1,427,500) for the fiscal year ended December 31, 2018, SAR two hundred and fifty thousand (250,000) for the fiscal year ended December 31, 2019 and SAR one hundred and eighty seven thousand and five hundred (187,500) for the period ended 30/09/2020

For more information, please refer to item (4-5) "Remuneration of board members and senior executives" of Section (4) "Organizational Structure" of this Prospectus.

#### 10.3.3 Board Meetings:

- As per article 22 of the Company's Articles of Association, the board shall convene two times per year at the call of the chairman which call shall be accompanied by the meeting agenda. The chairman shall call the board to convene if requested by two directors.
- The Company is committed to the minimum number of board meetings, and the board held 4 meetings in 2017, 5 meetings in 2018 and 5 meetings in 2019.

#### 10.3.4 Board committees

The Board of Directors has formed 4 committees to assist the board in performing its functions, as follow

##### - Audit Committee

As per Article 38 of the Company's Articles of Association, the audit committee shall comprise of three (3) members. Presently, the number of the audit committee members is 3. The members of the audit committee were appointed by the Ordinary General Assembly Meeting held on 16/08/1440H (21/04/2019G) and its term will end by the end of the present board's term on 19/09/1443H (20/04/2022). The committee members are as follows:

Table No. (46): Audit Committee members

Name	Position	Other positions presently held by the member
Saud Saeed Aql Alajaiifi	Chairman	Head, Law office and Legal Counseling - partner of First Law Firm – Chairman of Remuneration and Nomination Committee at Raydan Food Company
Amjad Khaled Sami Kotobi	member	Financial Manager and Secretary of the Audit Committee of Bait Alqoot Company
Omar Rabeh Satr AsSalmi	member	Businessman, manages his own group of companies

Source: The Company

On 02/07/1442H (14/02/2021), the committee member Mr. Zaher Fadl Alsayed Hameeda Aldabbi resigned from the Audit Committee, and the Board of Directors accepted his resignation on 04/07/1442H (16/02/2021) and appointed Mr. Amjad Khaled Sami Kotobi in his place.

As of the date of this Prospectus, none of the audit committee members holds any other positions in the Company except the chairman of the committee, Mr. Saud Saeed Aql Alajaiifi who is an independent member of the board and chairman of Remuneration and Nomination Committee.

The terms of reference of the audit committee were approved by the Board of Directors on 06/05/1442H (21/12/2020) and the board referred the same to the next Ordinary General Assembly for endorsement. (Please refer to sub-item 4-3-1 "Audit Committee" of section 4 "Organizational structure", of this Prospectus.

The Audit Committee shall convene at least one (1) time every three months and whenever its chairman deemed necessary. Invitation to attend Audit committee meetings will be made by the committee secretary. The Audit Committee held 5 meetings in the fiscal year ended 31 Dec 2018 and 4 meetings in the fiscal year ended 31 Dec 2019.

##### - Remuneration and Nomination Committee

Remuneration and Nomination Committee is composed of 3 directors. The committee was re-formed at the board meeting dated 29/11/1441H (20/07/2020) and the committee term ends by the end of the present board term on 19/09/1443H (20/04/2022). The Remuneration and Nomination Committee consists of the following members:

Table No. (47): Members of Remuneration and Nomination Committee:

Name	Position	Other positions presently occupied by the member
Saud Saeed Aql Alajaiifi	Chairman	Chairman of Audit Committee, Raydan Food Company -Head, Law office and Legal Counseling - partner of First Law Firm –
Khaled Awadallah AsSalmi	member	Businessman, manages his own group of companies
Jamal Nasser Ahmad Abdulkareem	member	Finance Manager, Raydan Food Company – Member of the Executive Committee, Raydan Food Company

Source: The Company

The committee shall hold (1) meeting per year, or more when necessary. The Committee held three (3) meetings during the fiscal year ended December 31, 2018 and four (4) meetings during the fiscal year ended December 31, 2019. The committee exceeded the prescribed number



of its meetings during the year due to urgent tasks such as to review and examine the papers and documents submitted by the members nominated for the membership of the board and audit committee for the term commencing 21/04/2019H (16/08/1440).

- **Executive Committee**

The Executive Committee consists of 3 members. The committee was re-formed at the board meeting dated 29/11/1441H (20/07/2020) and the committee term ends by the end of the present board term on 25/07/1444H (16/02/2023). The Committee consists of the following members:

Table No. (48): Executive Committee members:

Name	Position	Other positions presently occupied by the member
Fozan Abdullah Saad Alharthi	Chairman	CEO, Raydan Food Company
Mansour Nasser Awadallah AsSalmi	Member	Head of operations, Raydan Food Company – Member of Corporate Governance and Risks Committee, Raydan Food Company
Jamal Nasser Ahmad Abdulkareem	Member	Finance Manager, Raydan Food Company – Member of Remuneration and Nomination Committee, Raydan Food Company

Source: The Company

The committee shall meet 1 time at least every two months. The Committee held three (3) meetings in the fiscal year ended December 31, 2018 and three (3) meetings in the fiscal year ended December 31, 2019.

- **Corporate Governance and Risk Committee**

The Corporate Governance and Risk Committee is composed of four (3) members appointed by the Board of Directors under resolution taken at the board meeting held on 29/11/1441H (20/07/2020). The committee term ends by the end of the current board term, on 25/07/1444H (16/02/2023). The committee members are as following:

Table No. (49): Board Risk Committee members

Name	Position	Other positions presently occupied by the member
Fahd Nasser Awadallah AsSalmi	Chairman	Head, Corporate Communication and Development, Raydan Food Company
Abdullah Ali Abdullah Alawi	Member	Supervisor, Development Affairs, Raydan Food Company
Mansour Nasser Awadallah AsSalmi	Member	Head of operations, Raydan Food Company – Member of Corporate Governance and Risks Committee, Raydan Food Company

Source: The Company

The committee held 3 meetings in 2020 as of the date of this Prospectus.

#### 10-4 Executive Management

Mr. Fozan Abdullah Saad Alharthi holds the position of chief executive officer effective 09/09/1435H (06/07/2014G). Details of the executive management of the Company are reflected in the following table:

Table No. (50): Executive Management

Name	Position	Nationality	Age	Date of appointment	Shares held			
					directly		indirectly	
					No.	%	No.	%
Fozan Abdullah Saad Alharthi	Chief Executive Officer	Saudi	49	06.07.2014	-	-	-	-
Jamal Nasser Ahmad Abdulkareem	Chief Financial Officer	Egyptian	39	25.04.2004	-	-	-	-
Ziad Saad Saeed Almoled	Head, Human Resources and Administrative Affairs	Saudi	40	23.08.2010	-	-	-	-
Mansour Nasser Awadallah AsSalmi	Head of operations	Saudi	27	18.07.2016	-	-	-	-
Fahd Nasser Awadallah AsSalmi	Head, Corporate Communication and Development	Saudi	35	21.06.2007	-	-	-	-
Talal Abdulrahman Mohammad Baddah	Manager Projects and Commercial Franchise Department	Yemeni	39	26.08.2010	-	-	-	-

Source: The Company

#### 10-5 Licenses and Permits under which the Company Operates

##### 10-5-1 Approvals, licenses and permits relating to the head office

The Company obtained several licenses and regulatory and operational certificates from the competent authorities which were needed to conduct its activities in the Kingdom of Saudi Arabia. Such licenses, permits and certificates are renewable periodically.

Details of the current licenses and approvals obtained by the Company in relation to its principal register are reflected in the following tables:

Table No. (51): Approvals, Licenses, certificates, and permits under which the Company operates:

License type	Objective	License holder	License number	Date of issue/renewal	Expiry	Issuing authority
Commercial register	To register the Company in the Commercial Register (joint-stock company)	Raydan Food Company	4030180055	11.06.1429H (15.06.2008)	11.06.1444H (04.01.2023)	*Ministry of Commerce, Commercial Register Office in Jeddah
Membership of the (First) Chamber of Commerce and Industry	Compliant with the commercial register rules which require the Company to obtain membership of the Chamber of Commerce and Industry.	Raydan Food Company	128888	13.06.1439H (28.05.2018)	11.06.1444H (04.01.2023)	"Jeddah" Chamber of Commerce and Industry
Certificate of Zakat and Income Tax	To inform that the Company has presented its annual Zakat and tax declaration and paid due Zakat and withholding tax.	Raydan Food Company	1110577228	02.08.1441H(26.03.2020)	18.09.1442H (30.04.2021)	General Authority of Zakat and Income
Certificate of Registration in the VAT	To inform that the Company is registered in the VAT	Raydan Food Company	300102207700003	07.07.2019	No expiry date	General Authority of Zakat and Income
Company status evaluation certificate	To evaluate the status of the Company in line with	Raydan Food Company	None	None	None	Electronic Services Department – Ministry

	Netaqat program. The certificate indicates that the Company is ranked in the (green) zone					of Human resources and Social Development **
Saudization Certificate***	To inform that the Company is compliant with the required nationalization ratio as per Netaqat program	Raydan Food Company	20002003003984	09.07.1441H (21.02.2021)	09.10.1441H (21.05.2021)	Electronic Services Department – Ministry of Human resources and Social Development
GOSI certificate****	To inform that the Company is compliant with the rules of General Organization of Social Insurance	Raydan Food Company	-	-	-	General Organization of Social Insurance (GOSI)
Commercial Activity License (Municipal)	Municipal License issued to the Company to conduct its activity from its head office	Raydan Food Company	39111422045	-29.03.1443H (15.11.2020)	29.03.1443H (04.11.2021)	Ministry of Municipal and Rural Affairs – Jeddah Municipality
Safety License	Compliance with the Safety terms of the Civil Defense Department	Raydan Food Company	39111425006	04.03.1442H (21.05.2020)	04.03.1443H (10.10.2021)	Ministry of Interior – Directorate of Civil Defense

Source: The Company

\* The name of the "Ministry of Commerce and Investment" has been amended to "Ministry of Commerce".

\*\* The name of the "Ministry of Labor and Social Development" has been amended to "Ministry of Human Resources and Social Development".

\*\*\* A certificate of Compliance, valid for a maximum of three months renewable electronically upon request.

\*\*\*\* A certificate of Compliance valid for a maximum of one month renewable electronically upon request. The Company applied electronically for the certificate and is waiting for issuance.

#### 10-5-2 Branches and points of sale

Article 5 of the Company's Articles of Association provides that the Company may establish branches, offices, or agencies in and out of the Kingdom under a decision by the managing director.

As of the date of this Prospectus, the Company established 25 branches in the Kingdom as follows:

Table No. 52: List of branches (Regional offices), points of sale and commercial registers:

SN	Branches	CR No.	Location	Activity	Issue date	Expiry date	Branch manager
1	Raydan Cuisines and Restaurants Company	4030212394	Jeddah, University District	Restaurants with service	08.06.1432H 11.05.2011	08.06.1443H 11.01.2022	Mansour Awadallah Ahmed AsSalmi
2	Raydan Cuisines and Restaurants Company	4030263435	Jeddah, Hamadaniah District, Haramain Express Road	Restaurants with service . Popular food shops, banquet Cuisines	14.03.1435H 15.01.2014	14.03.1445H 29.09.2023	Mansour Awadallah Ahmed AsSalmi
3	Raydan Cuisines and Restaurants Company	2050107466	Dammam, Ohud District, Abu Bakr Al Siddique Street	Setting up, management and operation of restaurants and provision of cooked and uncooked subsistence services	17/02/1437 25/11/2015	17.02.1443H 24.09.2021	Mansour Mu'eedh Saud AsSalmi
4	Raydan Cuisines and Restaurants Company	1010419814	Riyadh, Rawda, Khalid Bin Alwaleed Street	Setting up restaurants, selling Arabian meals and banquets, and holding and establishment of real estates.	16/09/1435H 13/07/2014	17.12.1442H 27.07.2021	Awadallah Ahmed Ayed AsSalmi

5	Raydan Cuisines and Restaurants Company	4030212391	Jeddah, Sharafiah, King Fahd Road	Restaurants with service	08.06.1432H 11.05.2011	08.06.1443H 11.01.2022	Mansour Awadallah Ahmed AsSalmi
6	Raydan Cuisines and Restaurants Company	4030280791	Jeddah, Safa District, Abdullah Alsharbatly Street	Activities of catering contractors	11.05.1436H 02.03.2015	11.05.1446H 13.11.2024	Mansour Awadallah Ahmed AsSalmi
7	Raydan Cuisines and Restaurants Company	4030212445	Jeddah, Safa District, Alabbas Alzaki Street	Restaurants with service	11.06.1432H 14.05.2011	11.06.1443H 14.01.2022	Mansour Awadallah Ahmed AsSalmi
8	Raydan Food Company branch	4030212448	Jeddah, Nassim District	Restaurants with service	11.06.1432H 14.05.2011	11.06.1443H 14.01.2022	Mansour Awadallah Ahmed AsSalmi
9	Raydan Cuisines and Restaurants Company	4030212441	Jeddah, Alnozha District, Heraa Street	Restaurants with service	11.06.1432H 14.05.2011	11.06.1443H 14.01.2022	Mansour Awadallah Ahmed AsSalmi
10	Raydan Cuisines and Restaurants Company	4031212516	Makkah, Sharaia, Alaskar Street	Serving meals on occasions, preparing food, contracting	03.06.1439H 19.02.2018	03.06.1444H 27.12.2022	Mansour Awadallah Ahmed AsSalmi
11	Raydan Cuisines and Restaurants Company	4030297019	Jeddah, Almajid District, Hamdaniah Street	Restaurants with service	25.01.1439H 15.10.2017	25.01.1444H 23.08.2022	Mansour Awadallah Ahmed Al- Silmi
12	Raydan Cuisines and Restaurants Company	4650083053	Medina, Mohammed Bin Abdulaziz Street	Setting up restaurants, selling Arabian meals and operating and managing factories established by the Company after obtaining the necessary licenses, and holding and establishing real-estate for the benefit of the Company	25.01.1439H 15.10.2017	25.01.1444H 23.08.2022	Mansour Awadallah Ahmed AsSalmi
13	Raydan Food Company branch	4030212451	Jeddah, Obhor District, Abr Alqarat Street	Restaurants with service	11.06.1432H 14.05.2011	11.06.1443H 14.01.2022	Mansour Awadallah Ahmed AsSalmi
14	Raydan Cuisines and Restaurants Company	4030212449	Jeddah, South Old Makkah Road	Restaurants with service	11.06.1432H 14.05.2011	11.06.1443H 14.01.2022	Mansour Awadallah Ahmed AsSalmi
15	Raydan Cuisines and Restaurants Company	4030263437	Jeddah, Guaiza District, Warehouses City	Activities of catering contractors	14.03.1435H 15.01.2014	14.03.1445H 29.09.2023	Mansour Awadallah Ahmed AsSalmi

16	Raydan Cuisines and Restaurants Company Factory for food products	4030318833	Jeddah	Production of chilled and frozen meat, other activities related to slaughtering and processing of meat and its products, preparing meals equipped with vegetables, producing tomato sauce, other activities of the grain grinding industry, baking industry and products by automated bakeries, preparation of poultry dishes	27.04.1440H 03.01.2019	27.04.1445H 11.11.2023	Mansour Awadallah Ahmed AsSalmi
17	Raydan Cuisines and Restaurants Company	4030263433	Jeddah	Restaurants with service . Popular food shops, banquet Cuisines	14.03.1435H 15.01.2014	14.03.1445H 29.09.2023	Mansour Awadallah Ahmed AsSalmi
18	Raouche International Sweets, branch of Raydan Cuisines and Restaurants Company	4030279635	Jeddah, Hamdaniah District, Main Road	general contracting, cooked and uncooked subsistence services and parties.	07.03.1436H 29.12.2014	07.03.1441H 04.11.2019	Khbab bin Mosleh Habib Allah AsSalmi
19	Raydan Food Company	4030279638	Jeddah, Safa District, Prince Mut,eb Street	Restaurants with service.	07.03.1436H 29.12.2014	07.03.1441H 04.11.2019	Mansour Awadallah Ahmed AsSalmi
20	Raydan Cuisines and Restaurants Company	4030321190	Jeddah, Faihaa District, Andalus Mall, Prince Majid Street	Restaurants with service . Popular food shops, banquet Cuisines	23.05.1440H 29.01.2019	23.05.1445H 07.12.2023	Mansour Awadallah Ahmed AsSalmi
21	Raydan Cuisines and Restaurants Company	4031082499	Makkah, Alsharai'e	Restaurants with service . Popular food shops, banquet Cuisines	14.03.1435H 15.01.2014	14.03.1445H 29.09.2023	Mansour Awadallah Ahmed AsSalmi
22	Raouche International Sweets, branch of Raydan Cuisines and Restaurants Company	4031095136	Makkah	Restaurants selling Arabian meals and banquets, cooked and uncooked subsistence services and outdoor parties	24.04.1437H 03.02.2016	24.04.1442H 09.12.2020	Jazi bin Ma'adad Aweid AsSalmi
23	Raydan Cuisines and Restaurants Company	4031098223	Makkah, Aziziah, Main Road	Restaurants with service . Popular food shops, banquet Cuisines	06.03.1438H 05.12.2016	06.03.1446H 09.09.2024	Mansour Awadallah Ahmed AsSalmi
24	Raydan Food Company	4031098224	Makkah, Zaidi District, Haramain Road	Restaurants with service . Popular food shops, banquet Cuisines	06.03.1438H 05.12.2016	06.03.1446H 09.09.2024	Mansour Awadallah Ahmed AsSalmi
25	Raydan Cuisines and Restaurants Company	4603149025	Qunfudah, Laith Road	Restaurants with service . Activities of catering contractors	13.08.1440H 18.04.2019	13.08.1445H 13.02.2024	Mansour Awadallah Ahmed AsSalmi

Source: The Company.

Table No. 53: List municipal licenses obtained for branches (Area offices) and points of sale

No.	Branches	No. of Municipal License	Date of issue	Expiry date	Address	Safety License (Civil Defence)
1	Raydan Cuisines and Restaurants Company	3909436042	17.01.1440H 27.09.2018	17.01.1444H 15.08.2022	Makkah – Shara'e District, Omar Qadi Street	Compliant as per license No. 1-000478524-41
2	Raydan Cuisines and Restaurants Company	4031098223	14.01.1439H 04.10.2017	19.01.1441H 17.08.2022	Makkah, Omra District, Medina Street	--
3	Raydan Cuisines and Restaurants Company	40112497198	18.11.1440H 21.07.2019	17.11.1443H 16.06.2022	Makkah, Jurhom District, Ibrahim Alkhalil Road	Compliant as per license No. 1-000367870-40
4	Raydan Food Company	39111331597	06.02.1440H 15.10.2018	05.02.1446H 09.08.2024	Jeddah, North Obhor District, Main Street	Compliant as per license No. 2-000062930-42
5	Raydan Food Company	39111419390	30.08.1436H 17.06.2015	29.08.1445H 10.03.2024	Jeddah, Thagr District, University Street	Compliant as per license No. 1-000583371-42
6	Raydan Food Company	39111452795	27.01.1440H 07.10.2018	26.01.1446H 01.08.2024	Jeddah, Al Samer District, Haramain Road	Compliant as per license No. 1-000583377-42
7	Raydan Food Company	39111436394	26.11.1437H 29.08.2016	25.11.1445H 02.06.2024	Jeddah, Sharafiah District, King Fahd Road	--
8	Raydan Cuisines and Restaurants Company	39111320680	15.11.1439H 28.07.2018	15.11.1446H 13.05.2025	Makkah, King Fahd District, Dr. Abdulqader Kowshak Street	Compliant as per license No. 1-000207924-39
9	Raydan Food Company	39111422045	30.03.1437H 10.01.2016	29.03.1443H 04.11.2021	Jeddah, Safa District, Abdullah Alsharabatly Street	--
10	Raydan Cuisines and Restaurants Company branch - Qunfudah	40092194494	16.09.1440H 21.05.2019	15.09.1443H 16.04.2022	Jeddah, Kharej Hodoud Al-Ahyaa District, Main street	Compliant as per license No. 1-000340577-40
11	Raydan Cuisines and Restaurants Company	39111414005	01.08.1440H 06.04.2019	01.08.1442H 14.03.2021	Jeddah, Hamdaniah District, Main Street	Compliant as per license No. 2-000073413-42
12	Raydan Cuisines and Restaurants Company branch	40011666709	07.04.1439H 25.12.2017	06.04.1446H 09.10.2024	Medina, Areed District, Imam Alharamain Aljweini Street	--
13	Raydan Food Company	39111419265	28.08.1440H 03.05.2019	27.08.1442H 09.04.2021	Jeddah, Naseem District, Main Street	Compliant as per license No. 1-000583385-42
14	Raydan Cuisines and Restaurants Company	3909436250	02.09.1439H 117.05.2018	01.09.1443H 02.04.2022	Makkah, Alkhadraa District, Main Street	--
16	Raydan Food Company	39111302050	14.10.1435H 10.08.2014	13.10.1449H 09.03.2028	Jeddah, Alfadhl District, Main Street	Compliant as per license No. 1-000583388-42
17	Raydan Cuisines and Restaurants Company	39111419747	14.01.1440H 24.09.2018	13.01.1446H 19.07.2024	Jeddah, Nozha District, Heraa Street	Compliant as per license No. 2-000033210-42

18	Raydan Cuisines and Restaurants Company	39111424938	26.02.1440H 04.11.2018	25.02.1446H 29.08.2024	Jeddah, Hamdaniah District, Sheikh Mohammad Abdullah Mawala	Compliant as per license No. 2-000150068-42
19	Raydan Cuisines and Restaurants*	10047	25.04.1437H 04.02.2016	24.04.1440H 31.12.2018	Dammam, Ohud District, Abu Bakr Al Siddiq Street	Compliant as per license No. 1-000387448-40

Source: The Company

\*Renewal of Civil defense license is under processing

## 10-6 Subsidiaries

In accordance with article (4) of the Company's Articles of Association, the Company may establish companies on its own with limited liability or a closed joint-stock companies provided that the capital shall not be less than SAR 5 million. The Company may also have an interest in or, in any other way, share in bodies or companies that engage in businesses similar to its business or that may help it to achieve its objectives; and may hold shares in other existing companies or merge therewith. It may also participate with others in establishing joint-stock or limited liability companies after having fulfilled the regulatory requirements and instructions in this regard. The Company may dispose of such shares, excluding brokerage business. As of the date of this Prospectus, the Company has two subsidiaries, one in Saudi Arabia and the other out of Saudi Arabia.

### 10-6-1 Subsidiaries in the Kingdom of Saudi Arabia

As of the date of this Prospectus, the Company does not have any subsidiaries in the Kingdom of Saudi Arabia

### 10-6-2 Companies Invested In

- Aljonah for Desserts & Catering Co., Ltd.:** This company was established under commercial register No. (4030146561) dated 20/11/1424H (12/01/2004) under the name "Alsafer Premium Company for Trade and Foodstuff" (a limited liability company). On 27/02/1425H (17/04/2004), the partners decided to amend the Company's name to "Aljonah for Desserts & Catering Co." (limited liability company). On 19/08/1429H (20/08/2008), the partners decided to amend the Company's name to "Aljonah for Desserts & Catering Co." (limited liability company), which is the present commercial name of the Company as of the date of this Prospectus. No other amendment of the Company's commercial name was made as of the date of this Prospectus.

On 01/03/1441H (29/10/2019), the Shareholders Extraordinary General Assembly, at the recommendation of the Board of Directors dated 21/12/1439H (01/09/2018), approved the acquisition of (30%) of the capital shares of Aljonah for Desserts & Catering Co. Limited, through the assignment by two founding shareholders, Mishaal Awadallah AsSalmi and Nassar Awadallah AsSalmi) by transferring six branches held by Raouche International Sweets Company (a branch of Raydan Kitchen and Restaurants Company, as part of acquisition of a minimum of 30% from Aljonah for Desserts & Catering Co. Limited. Following is a brief synopsis of this company:

The present capital of the Company is SAR 6,000,000 divided into 60,000 shares of equal value of SAR 100 each. It is held by three partners as follows:

Table No. 54: ownership of the shares of Aljonah for Desserts & Catering Co..

Partner's name	No. of shares	Share value	Partner share value	%
Raydan Food Company	18,000	100	1,800,000	30%
Mr. Mishaal Awadallah bin Ahmad Al-Humaie AsSalmi	13,998	100	1,399,800	23.33
Mr. Nassar Awadallah bin Ahmad Al-Humaie AsSalmi	28,002	100	2,800,200	46.67%
Total	60,000	--	6,000,000	100%

Source: The Company

- The Company is managed by a general manager (Mr. Nassar bin Awadallah bin Ahmed Al-Humaie AsSalmi) who has all the powers stipulated in the memorandum of association.
- On 24/05/1441H (19/01/2020), Hana Sweets and Biscuits Co., Ltd. was merged with Aljonah for Desserts & Catering Co., a limited liability company with commercial register no. (4030132369) dated 11/10/1421H (06/01/2001) with its rights and liabilities including all intellectual rights, names, trademarks, all assets and contents and all projects, contracts and businesses to which the merged company is a party in addition to all employees, while retaining its main register number and branches and turning them into branches of Aljonah for Desserts & Catering Co., in addition to licenses such as industrial license, operating license and environmental approvals of Hana Confectionery Factory
- The Company engages in the manufacturing of sweets and wholesale of chocolate and cocoa; wholesale of bakery products, food and beverage, retail sale of bakery products and sugar confectionary, and retail sale of chocolate and cocoa to catering contractors in Hajj and Umrah, food processing companies or catering companies.

#### 10-6-3 Subsidiaries outside the Kingdom of Saudi Arabia

- **Raydan Cuisines and Restaurants Company (Egypt):** A limited liability company, subsidiary of Raydan Food Company: This company was established outside the Kingdom of Saudi Arabia in accordance with the laws and regulations in force in Egypt. The headquarters of the Company is located at the Arab League Street – Farghaly Fruit Building. Raydan Food Company holds 99% and Mansour Awadallah Ahmed AsSalmi 1% of the Company's shares. The Company was established, and commercial register issued in Egypt on 21/01/2014 (at a date falling after the establishment of Saudi Raydan Cuisines and Restaurants Company as a closed joint stock company) and was registered in the Commercial Register in Cairo under number (71123). The Company is run by two directors, Mr. Mansour bin Awadallah Ahmed AsSalmi and Mr. Osama Abdullah Obeid Mohammed, who have the powers stipulated in the Company's memorandum of association. The Company's capital amounts to EGP 50,000 (SAR 2.6 thousand) divided into 500 equal shares of EGP 100 (SAR 5.00) each. The Company holds banking accounts with Egyptian banks where the headquarters is located.
- The following table describes the licenses, approvals and certificates relating to Raydan Cuisines and Restaurants Company (Egypt):

Table No. (55): licenses, approvals and certificates relating to Raydan Cuisines and Restaurants Company (Egypt):

License type	Objective	License holder	License No.	Date of issue/renewal	Expiry	Issuing Authority
Commercial Register	To register the Company in the Commercial Register as an LLC	Raydan Cuisines and Restaurants Company (Egypt)	71123	20.03.1435H 21.01.2014	Unlimited	Ministry of Commerce and Industry – Directorate of Corporate Register – Commercial Register Department – Investment - Cairo

Source: The Company

Table No. 56: Shareholding of the subsidiary (Raydan Cuisines and Restaurants Company Egypt)

Partner	No. of shares	Share value (EGP)	%
Raydan Cuisines and Restaurants Company	495	49,500	99%
Mansour bin Awadallah bin Ahmad AsSalmi	5	500	1%
Total	500	50,000	100%

Source: The Company



## 10-7 Continuing Obligations Prescribed by Government Authorities on the Company as a “Licensed Person”

The following supervisory authorities require the Company to meet certain essential requirements as follows:

### 10-7-1 Continuing Liabilities as per Ministry of Commerce requirements:

- The Company is compliant with the commercial register rules with respect to registration with the Commercial Register Department in Jeddah, where the Company's headquarters is located, as per commercial register no. (4030180055) dated 11/06/1429H (15/06/2008) which expires on 11/06/1444H (04/01/2023).
- The Company is also compliant with the Companies Law in respect of approval of its Articles of Association which was adjusted to align with the latest amendments to Companies Law. The prior approval of the draft Articles of Association was obtained from the Ministry of Commerce and shareholders Extraordinary General Assembly meeting held on 15/10/1440 (18.06.2019). The Articles of Association were also approved by the Corporate Governance Department, (Ministry of Commerce) on 17/10/1440 (20/06/2019). The Company is compliant with the requirements of the Saudi Capital Market Authority (Tadawul) in respect of publishing its Articles of Association on Tadawul site in the Company's page.
- The Company complies with the commercial register rules as to obtaining the chamber of commerce and industry membership certificate as per certificate No. (128888) dated 13/06/1439H (28/05/2018) which expires on 11/06/1444H (04/01/2023).
- The Company is liable to complete the establishment processes of its branches. It is also compliant with the commercial register rules in respect of registering these branches with the Commercial Register and obtaining a membership certificate of Chamber of Commerce and Industry for each branch. (for more information, please refer to (9.2.2) of this Prospectus).
- The Company has a trademark that was registered with the Ministry of Commerce under No. (1439025523). The trademark will enable the Company to place its name and logo on the facades of its buildings and the offices occupied thereby. The Company registered the trademark and secured the necessary legal protection thereto in accordance with the commercial trademark rules. (For more information, please refer to section 10.11 of this Prospectus)
- The Commercial Franchise Law issued under Royal Decree No. (122) and 09/02/1441H (08/10/2019) and its Implementing Regulations require each franchisor to register the franchise agreement and disclosure document with the Ministry. The franchisor is further obliged not to establish any facility engaged in activity similar to that of the franchisor in the geographical area specified in the franchise agreement, or to grant the same right to others, during the duration of the franchise agreement. In the event of an essential breach by the franchisor of the disclosure obligations or registration as specified in the rules and regulations, the franchisee, one year before the date of his knowledge of the breach or three years before the date of the breach occurrence, whichever is earlier, may: Terminate the franchise agreement – by a written notice to the franchisor - without compensating the franchisor for that, and the franchisor may be obliged (1) to repurchase the physical assets used exclusively in the franchise business as purchased by the franchisee from him or from others at his directions, within (60) days of the franchisee's request. The repurchase shall be, at least, for the price paid by the franchisee, less than the amount of depreciation of any equipment or assets, and depreciation will be calculated in accordance with the accounting standards and practices of the franchisee, and (2) to compensate the franchisee for any losses incurred in establishing, acquiring, or operating the franchise in the Kingdom of Saudi Arabia, and any other damage incurred thereby. The Company is not compliant with Article (3) of the franchise rules as it did not register each signed franchise agreement and the relevant disclosure document with the Ministry within (90) days of the date of the signing of the agreement, by filing a copy of the agreement and disclosure document with the competent authority at the ministry.
- The Company is not compliant with Article (35) of the Trademark Rules issued by Royal Decree No. 21 dated 28/05/1423H, as it did not register a licensing agreement for use of its trademark by the franchisees (Please refer to subsection (2.1.25) "Risks relating to trademark protection and equity" of section (2) "Risk Factors" of this Prospectus).

Except as stated above and in section 2 “Risk factors” of this Prospectus, the Company is compliant with the rules and regulations of the Ministry of Commerce.

#### 10-7-2 Continuing Obligations as per General Authority of Zakat and Income Tax requirements:

- Like all other registered establishments or companies operating in the Kingdom of Saudi Arabia, the Company is required to submit its Zakat and tax declarations within 120 days of the end of each fiscal year in order to be able to renew the certificate issued by the General Authority for Zakat and Tax; the Company was registered as a tax-payer under file number (3001022077) and has submitted its Zakat declaration for the fiscal year ended December 31, 2019 and obtained a Zakat certificate from the General Authority for Zakat and Tax under No. (1110577228) dated 02/08/1441H (28/03/2020) valid through 18/09/1442H (30/04/2021). Zakat paid to the General Authority for Zakat and Tax for the fiscal year ended December 31, 2019 amounted to SAR 557,255.
- The Company complies with the VAT Rules and Implementing Regulations and is registered with the General Authority for Zakat and Tax under the tax number (300102207700003) as per certificate issued on 07/07/2019. The Company is registered since 01/01/2018.
- In compliance with the General Authority for Zakat and Tax rules, the Company's branches in Riyadh, Jeddah, Makkah and Dammam have been added to the list of branches of taxpayer, (Raydan Food Company)
- The Company submitted its Zakat declarations for all years since commencement of activity till the fiscal year ended December 31, 2019 and obtained a Zakat certificate valid through 30 April 2021.
- The Company was issued a final Zakat assessment up to the fiscal year ending 31 December 2018 for an amount of SAR 717,053. An amount of SAR 51,544 was paid for the year 2014, and the remaining amount of SAR 665,509 is due for the years from 2015 to 2018.

Except as stated hereinabove and in section 2 "Risk Factors" of this Prospectus, the Company is compliant with the rules and regulations of the General Authority for Zakat and Tax.

#### 10-7-3 Continuing Obligations under the Ministry of Human Resources and Social Development requirements:

- A file has been opened in the Company's name with the Ministry of Human Resources and Social Development (Labor Office) under the consolidated number (114253-9) as per the Saudization certificate issued thereby. As of the date of this Prospectus, the Company benefits from the electronic services of the Ministry of Human Resources and Social Development. The Saudization certificate was obtained to inform that the Company is compliant with the nationalization rate required by the Ministry in accordance with the Netaqat program, (13.6%), and the Company is ranked in the green zone.
- The Company maintains internal by-laws, (HR Manual), which is approved by the Ministry of Human Resources and Social Development (Labor Office) under No. (1/1/164/A) dated 10/01/1434H (24/11/2012).

Except as stated in section 2 "Risk Factors" of this Prospectus, the Company is compliant with the required Saudization rate as per Ministry of Human Resources and Social Development requirements.

#### 10-7-4 Continuing Obligations under GOSI requirements:

- A file has been opened in the Company's name with GOSI under subscription No. (502394118). The Company subscribed to both wage and professional risk lines for Saudi staff and to the professional risks line for non-Saudi staff as per GOSI Certificate.

Table No. 57: No. of Saudi and non-Saudi employees

No. of Saudi and Non-Saudi staff				
Department	Reference*	No. of Saudi staff	No. of Non-Saudi staff	Total
GOSI	GOSI certificate	105	679	784
Netaqat	Netaqat certificate	108	685	793
Passports - Muqem	Muqem extract	NA	667	667

Source: The Company

\* As of November 2020

- Unemployment Insurance Law (SANED)**

The Company is compliant with the unemployment insurance law (SANED) in line with Royal Decree No. (M/18) dated 12/03/1435H (14/01/2014) approving the SANED Rules for unemployment insurance. In accordance with the Royal Order providing for support to Saudi workers in private sector facilities, who were affected by the COVID-19 pandemic, through the unemployment insurance law (SANED). In accordance with the Royal Order providing for extension of support period for an additional three months, provided support ration shall be a maximum of 70% of Saudi workers in the facilities most affected by the pandemic and a maximum of 50% of Saudi workers in the facilities least affected in order to achieve full use of initiatives announced since the beginning of the pandemic. The Company submitted its first request for support on 26/08/1441H 19/04/2020 under subscription number (502394118) and received support at 70% of the Saudi active workers in the Company.

(Except as stipulated in Section (2) "Risk Factors" of this Prospectus, the Company is compliant with the rules and regulations of GOSI.

#### 10-7-5 Continuing Obligations as per CMA requirements:

- CMA mandates all listed companies to comply with the rules governing securities offering, the continuing liabilities and the special instructions issued by the Authority, in particular the requirement for periodical disclosure of substantive and financial developments and the Board report. As per the continuing liabilities guide for listed companies, the annual financial results announced on (Tadawul) must be derived from the audited financial statements approved by the auditors appointed by the General Assembly and approved by the Board of Directors. The announcement samples included in the said special instructions must be observed when announcing company's results. The Company shall also provide a statement explaining all reasons and effects of any changes in the financial results for the current fiscal year compared to other periods, and such reasons must cover all items of financial results announced.
- CMA also mandated listed companies to disclose the stages of their keeping pace with the transformation to the International Accounting Standard. On 10/04/1439H (28/12/2017), the Company announced on Tadawul that it was compliant accordingly.
- The Capital Market Authority also mandated listed companies to follow the rules governing the announcements made by listed joint stock companies as issued under the resolution of CMA No. (1-199-2006) dated 18/07/1427H (12/08/2006) and amended by resolution No. (1-07-2021) dated 01/06/1442H (14/01/2021).
- With respect to Corporate Governance, the table below depicts a summary of the Company's extent of compliance with the governance rules issued by CMA.

Table No. 58: Summary of major provisions of Corporate Governance Regulations with which the Company complies.

Corporate Governance Rule No.	Details	Liabe Party	Notes
9/B	The Board shall establish a clear policy for the distribution of dividends to achieve the interests of the shareholders and the Company as per the Company's bylaw	Board of Directors	Compliant – No separate written policy, however the Company relies on the Company's governance rules and Articles of Association.
8/A	To upload information of persons nominated for the board membership on the Company's website.	Board of Directors	Non-compliant
12/5 and 54	Formation of Audit Committee	Shareholders General Assembly	Compliant- Audit Committee members were appointed by the Extra-ordinary General Meeting held on 16.08.1440H (21.04.2019)
54/C	The General Assembly, at the recommendation of the Board of Directors, shall issue the terms of reference of the Audit Committee which describes the controls and processes to be followed in performing members tasks, selection of members, their nomination, term of membership, remuneration and temporary appointment of members in the event of any vacancy.	Shareholders General Assembly	Compliant – The terms of reference were approved by the board on 06.05.1442H (21.12.2020) and were referred for approval of the next General Assembly.
6/12	To approve the financial statements for the year 2019	Shareholders General Assembly	Compliant – Approved by General Assembly on 25.10.1441H (17.06.2020)

7/12	To approve the Board's annual report for the year 2018	Shareholders General Assembly	Compliant – Board report for 2019 was approved by the General Assembly held on 25.10.1441H (17.06.2020)
12/9 and 81	To appoint the auditors of the Company, fix their remuneration, reappoint, or change them and approve their reports.	Shareholders General Assembly	Compliant – the Ordinary General Assembly held on 25/10/1441H (17/06/2020), at the recommendation of Audit Committee, approved the appointment of (Baker Tilly) as auditors of the Company to audit the Company's financial statements for the second, third, and fourth quarters and annual statements of 2021 as well as the first quarter of 2021 and to fix their fees.
13/D	To publish on the Company's website. a notification of the date of general assembly meeting, place and agenda, 21 days in advance,	Board of Directors	Compliant – Publication period as set in the Articles of Association must be adjusted from 10 to 21 days). The Board of Directors recommended on 06/05/1442H (21.12.2020) to the Extraordinary General Assembly approval of amendment.
14/C	At the publishing of general assembly meeting notifications on the Company's website, shareholders must be enabled to access the meeting agenda, the board report, auditors report, the financial statements, and the report of the Audit Committee.	Board of Directors	General Assembly meeting agenda is accessible on Tadawul site
2/22	To have in place and supervise internal controls, to include: the development of a written policy for handling actual and potential conflict of interests for board members, senior executives, and shareholders. This will cover: misuse of Company's assets and facilities, misconduct resulting from dealing with related parties, soundness of financial and accounting systems including those relating to the preparation of financial reports, application of proper controls for measurement and management of risks by enhancing a general perception of the risks which might be faced by the Company; encourage a risk management culture at the level of the Company and share the same transparently with stakeholders and related parties; annual revision of the efficiency of internal control procedures in the Company.	Board of Directors	Compliant – the rules were approved by the board on 06.05.1442H (21.12.2020)
3/22	Have in place clear and specific policies, standards, and procedures for membership of the Board of Directors and to implement the same after having been approved by the General Assembly.	Shareholders General Assembly	Compliant – approved by the General Assembly on 06.05.1442H (21.12.2020) and referred to the next General Assembly for approval.
4/22	To develop a written policy for regulating the relationship with stakeholders in line with the provisions of the Governance Rules. This policy should, in particular, provide for the following: - Appropriate procedures for compensating stakeholders in the event of a violation of their rights that are stipulated in the rules and protected by agreements. - Appropriate work procedures for resolving complaints or disputes that may arise between the Company and stakeholders. - Appropriate procedures for building good relationships with customers and suppliers and for maintenance of the confidentiality of their information.	Board of Directors	Compliant – There is no separate rules provided for in the Company's governance rules.

5/22	To develop policies and procedures to ensure that the Company shall comply with the rules and regulations and is committed to disclose essential information to shareholders and stakeholders, while ensuring the executive management is compliant therewith.	Board of Directors	Compliant – There is no separate rules provided for in the Company's governance rules.
22/13, 50, 60/A and 64	To form specialized committees emanating from the Board of Directors, specify their membership terms, liabilities and how the board would control them. Formation resolution shall include member appointment, their tasks, rights, and duties as well as assessment of the performance of their members.	Board of Directors	Compliant - the Company has 4 key committees (Audit committee - appointed by the General Assembly held on 16/08/1440H 21/04/2019, Remuneration and Nomination Committee, Executive Committee and Corporate Governance and Risk Committee. Members of these committees were appointed under the Board of Directors' resolution dated 29 November 1441 (20/07/2020)
1/23	To approve the internal policies related to the Company's business and development, including the setting of tasks, authorities and responsibilities assigned to the different organizational levels.	Board of Directors	Compliant – approved by the board on 06.05.1442H (21.12.2020)
2/23	To have in place a written and detailed policy for assigning the powers delegated to the executive management and a schedule explaining such powers, implementation method, length of mandate; and the Board may request the Executive Management to report periodically on exercising such authorized powers.	Board of Directors	Compliant – approved by the CEO and MGD in September 2017 (policy to be approved by the board).
25	Appointment of CEO	Board of Directors	Compliant – No appointment decision.
5/26	To have in place the organizational and functional structures of the Company and submit same to the Board for approval.	Board of Directors	Compliant – approved under the Board resolution dated 06.05.1442H (21.12.2020)
10/26	To propose a policy and types of remuneration for staff such as fixed remuneration, performance linked rewards and share rewards.	Board of Directors	Non-compliant
43	To have a written clear policy to handle conflicts of interest cases which occur or may occur, and which may affect the performance of board members, executive management or other employees of the Company when dealing with the Company or with other stakeholders.	Board of Directors	Compliant. Conflict of interests policy approved by the Board on 13.01.1442H (01.09.2020)
55/B/4 and 74	To appoint the internal audit unit/ department's manager or internal auditor and recommend his remuneration	Board of Directors	Non-compliant
60/B and 64/B	At the recommendation of the Board of Directors, the General Assembly of the Company shall issue the terms of reference of the Remuneration and Nomination Committee, which shall include description of the controls, processes, work plans, tasks, rules for selection or nomination of its members and their term of office, remuneration and temporary appointment of members in case of any vacancy.	Shareholders General Meeting	Compliant – approved by the board on 06.05.1442H (21.12.2020) and referred to the next General Assembly meeting for endorsement.

1/61	Nominations and Remuneration Committee to draw a clear policy for remunerating members of the board and committees and executive management. The policy should be submitted to the Board for consideration and referral to the General Assembly for approval. The policy should provide for performance related criteria considering disclosure and implementation.	Shareholders General Meeting	Compliant – There is no separate policy, provided for in the Company's governance rules.
3/65	To have in place a description of the capabilities and qualifications required for board membership and executive management positions.	Nominations and Remuneration Committee	Compliant – approved by the board on 06.05.1442H (21.12.2020)
68	To publish the announcement for nomination to the board membership on the Company's website.	Board of Directors	Compliant- Published on Tadawul on 10.02.2019
84	To draw policies or procedures to be followed by stakeholders in filing complaints or reporting on violation practices	Board of Directors	Compliant – There is no separate policy, provided for in the Company's governance rules.
86	To draw professional conduct and ethical values policies	Board of Directors	Compliant – There is no separate policy, provided for in the Company's governance rules.
89	To have in place written policies for disclosure and processes, and supervisory procedures based on the disclosure requirements stated in the Companies Law and CMA rules.	Board of Directors	Compliant – There is no separate policy, provided for in the Company's governance rules.
91/B	To publish the report of audit committee on the Company's website		Non-compliant
94	To have in place a governance rules of the Company which does not conflict with the mandatory governance rules.	Board of Directors	Compliant - approved by the board on 06.05.1442H (21.12.2020)

Source: The Company

- The Company has been held accountable by the Authority, and penalties were imposed thereon by CMA for the previous three years (2017-2018-2019) as follows:
- On 30/03/2017, trading of the Company's shares on Tadawul was suspended from Sunday, 5.7.1438H (April 2, 2017) until its annual financial statements were published for the fiscal period ended December 31, 2016.
- On 24/04/2017, suspension of trading of the Company's shares was lifted as of Tuesday, 28.07.1438H (25.04.2017) after the Company announced on 26.07.1438H (23.04.2017) its annual financial statements for the fiscal period ended December 31, 2016.
- On 04.10.2017, CMA Board issued a resolution imposing a fine of SAR 20,000 on the Company for violating the Board's resolution No. (1-29-2017) dated 17/6/1438H (16 March 2017) and paragraph (e) of articles 42 and 43 of the Listing Rules, and paragraph (4) of the instructions for completion of the electronic disclosure form No. (8) relating to corporate governance liabilities, for its failure to provide the Authority with documents and disclosure to shareholders of its annual financial statements and the Board's report for the fiscal period ending 31 December 2016 within the statutory period stipulated in the Board's decision.
- On 11/09/2019, CMA Board imposed a fine of SAR 10,000 on Raydan Food Company for violating article 65 of the rules for securities offering and continuing obligations, for not providing the Authority and disclosing to shareholders of its Board report for the fiscal year ended 31/12/2018 within the specified statutory period; the Company did not disclose such information until 07/04/2019.

Excluding the above statements and the provisions of sub-section (2.2.3) "Risks relating to Companies Law and Corporate Governance Regulations" of Section 2 ("Risk Factors") of this Prospectus, the Company is compliant with the governance rules as per CMA requirements.

#### 10-7-6 Continuing obligations as per requirements of the Ministry of Municipal and Rural Affairs and Housing (“Ministry of Municipalities”)

- A municipal license should be obtained for the administrative offices and food facilities (restaurants, Cuisines, warehouses, stores, etc.) in order for the Company to operate such facilities taking into account that the municipality requires the following documents: copy of C.R., copy of memorandum of association (Articles of Association), a copy of lease contract, a copy of the building permit for the food facility or commercial store (restaurant), warehouse or rented restaurant, a copy of the real-estate office license and a remote photograph of the building, including the signage (with a copy of the signage bill, company ownership of trademark to be used on the building façade), in addition to the Civil Defense license.
- The Company has (45) sites leased for the purpose of conducting its activity (for further information, please refer to paragraph (2-8-10) "lease contracts" of this Prospectus). As of the date of this Prospectus, the Company did not obtain municipal licenses for 22 leased sites/locations. The licenses and permits referred to in the table below have not been renewed either.

Table No. 59: List of municipal licenses obtained for branches (regional offices) and points of sale:

S	Company branches	No. of municipal license	Date of issue	Expiry date	Address	Safety License (Civil Defence)
1	Raydan Cuisines and Restaurants Company branch	39111407463	18/06/1440 H (23/02/2019)	18/0643r5/1441 H (12/02/2020)	Jeddah, Safa District, Abdullah Alsharbatly street	Compliant as per license No. 1-000201752-39
2	Raydan Cuisines and Restaurants Company	40112497198	17/11/1441 H (08/07/2020)	17/11/1443 H (16/06/2022)	Makkah – Jurhom District – Ibrahim Alkhalil Road	Compliant as per license No. 1-000367870-40
3	Raydan Cuisines and Restaurants Company	39111320680	15/11/1441 H 06/07/2020)	15/11/1446 H, 13/05/2025	Makkah – King Fahd District – Dr. Abdulqader Koshak Street	Compliant as per license No. 1-00020924-39
4	Raydan Cuisines and Restaurants Company branch Qunfudah	40092194494	15/09/1441 H 08/05/2020)	15.09.1442H 16.04.2022	Jeddah – Kharej Hodod Al Ahya District – Main street	Compliant as per license No. 1-000340577-40
5	Raydan Cuisines and Restaurants Company branch	40072078018	19.06.1440H 24.02.2019	19.06.1441H 13.02.2020	Jeddah – Fayhaa District – main street	--
6	Raydan Cuisines and Restaurants Company	39111407416	22.06.1440H 27.02.2019	22.06.1441H 16.02.2020	Jeddah, Safa District, Abdullah Alsharbatly street	--
7	Raydan Cuisines and Restaurants	10047	25.04.1437H 04.02.2016	24.04.1440H 31.12.2018	Dammam – Ohod District – Abu Bakr Al Siddique street	Compliant as per license No. 1-000387448-40

Source: The Company

Except as provided for in section 2 (“Risk Factors”) of this Prospectus, the Company and its subsidiaries are compliant with the rules of the Ministry of Municipal, Rural and Housing Affairs as well as the other related regulations and instructions.

#### 10-7-7 Continuing obligations in accordance with the requirements of the Saudi Food and Drug Authority:

- The Company's business is subject to the Food Rules issued by Royal Decree No. (M/1) dated 06/01/1436H (30/10/2014) across all stages of food processing, beginning with the initial production to delivery to the consumer, including import, export, manufacturing, preparation, processing, packing, packaging, preparation, storage, transportation, possession, distribution, offering and sale, or distribution, etc. No food facility may trade in food stuff before having obtained a technical license from the Saudi Food and Drug Authority.
- The Ministry of Municipal, Rural and Housing Affairs shall continue to exercise the powers relating to food industry, as stipulated in the Food Rules, that it had assumed before it came into force, until such powers are transferred to Saudi Food and Drug Authority as per the arrangements stipulated by the Council of Ministers Resolution No. 470 dated 26/12/1435H.

- In accordance with the list of health requirements issued by the Ministry of Municipal, Rural and Housing Affairs relating to regulation of health control over foodstuffs, places of circulation and service providers. Whereas a basic requirement that must be met by service providers within restaurants is to have a health card confirming their suitability to work in the food sector and absence of any Infectious diseases. In compliance with these requirements, the Company has obtained health licenses for its employees operating in restaurants and points of sale, and the number of licenses obtained amounted to (152) health cards, out of which (115) have expired while (37) cards are still valid.
- As of the date of this Prospectus, the Company's management advised that it was not subject to registration with the Saudi Food and Drug Authority due to lack of factory license. However, a factory license is presently under process to enable the registration of the Company with the Saudi Food and Drug Authority

Except as provided for in sub-section (2.1.6) "Risks relating to non-issue or non-renewal of licenses, permits and certificates" and sub-section (2.1.7) "Risks related to health and safety requirements" of Section 2 ("Risk Factors") of this Prospectus, the Company is compliant with the Food Rules of the Saudi Food and Drug Authority.

## 10-8 Summary of Material Contracts

### 10-8-1 Contracts and deals with related parties:

- The Company concluded a number of contracts and agreements and pledged, upon conclusion thereof, that all dealings shall be executed on a purely commercial competitive basis to protect shareholders rights, and referred to the Company's general assembly for approval, which meeting should exclude the shareholders having interests in such contracts or deals.

The table below reflects the transactions and contracts concluded in 2019, in which the board members and senior executives have direct or indirect interest:

Table No. 60: contracts and transactions made with related parties:

Related Party	Name	Position	Nature of relationship	Type of dealing	Value of deals (2019)*
Aljonah for Desserts & Catering Co.	Mishaal Awadallah Ahmad AsSalmi	Board member	Partner	Sales – Purchases and investments	SAR 3,988,850 (Debit balance – Sales) SAR 9,837,289 (Credit balance – purchases and investments)
Alqalzam Premium Food Company Ltd.	Nasser Awadallah Ahmad AsSalmi	Board member	Partner	Sales from Raydan Company to Alqalzam Company	SAR 34,259 (Debit balance)
Farah Parties Hall	Mansour Awadallah Ahmad AsSalmi	Board member	Partner	Sales from Raydan Company to Farah Hall	SAR 3,448,917 (Debit balance)
Khalid Awadallah Ahmad AsSalmi Trading Establishment	Khalid Awadallah Ahmad AsSalmi	Board member	Proprietor	Purchases for Raydan Food company from Khalid Awadallah Ahmad AsSalmi Trading Establishment	SAR 174,744 (Credit balance)
National Liver and Kebab Restaurant	Mansour Awadallah Ahmad AsSalmi	Board member	Partner	Sales from Raydan Company to National Liver and Kebab Restaurant	SAR 175,164 (Debit balance)

Source: The Company

- The Company, its board members and shareholders are compliant with Articles (71) and (72) of the Companies Law. Such transactions were voted on and approved at the General Assembly meeting held on 25/04/144H (17/06/2020). The General Assembly has also approved the transactions and contracts to be concluded with such parties and licensed same for the next year.



- Most of the said transactions were made with the Substantial Shareholders, Mansour Awadallah Ahmed AsSalmi, who holds 13.33% and Mishaal Awadallah Ahmed AsSalmi, who holds 3.44% of the Company's total shares.

#### 10-8-2 Lease agreements:

The Company entered into 32 lease agreements in the capacity of lessee (offices, showrooms, commercial stores, and staff housing) to conduct its business, including 5 lease contracts for accommodating the workers of the Company and branches which do not require issuance of municipality licenses, and 1 lease contract in its capacity as lessor. Most of the said contracts are traditional agreements (i.e., provide for the lease amount payable to the lessor on annual basis), renewable, would be deemed void if the lessee failed to pay the lease, and the lessee may not sub-lease the property unless with the written consent of the lessor. The lessee may not change the purpose for which the property was leased, or its activity, unless with the lessor's consent.

The following table depicts the major details of lease agreements concluded by the Company for its offices and branches:

Table No. 61: Valid and renewed lease contracts of the Company's sites:

#	Lessor	Lessee	Location	Property type	Contract date	Duration	Contract end date	Contract value (SAR)	Notes
Lease contracts concluded by the Company as lessee									
1	Sadia Albahr International Company Ltd.	The Company	Jeddah – Obhor branch 2	Lease of ground floor to be used a sweets showroom	29/01/2017	10 Gregorian years commencing on 1/7/2017 Renewable automatically unless either party notifies the other party otherwise one month before contract end.	28/01/2027	SAR 127.500 for the first 5 years, SAR 160.000 for the following 5 years	
2	Sadia Albahr International Company Ltd.	The Company	Jeddah – Obhor branch 1	Lease of ground floor to be used for Raydan restaurant purpose	1/5/1438 29/1/2017	10 Gregorian years commencing on 1/7/2017 Renewable automatically unless either party notifies the other party otherwise one month before contract end.	28/01/2027	SAR 340.000 for the first 5 years, SAR 425.000 for the following 5 years	
3	Hasan Bin Hamza Ma'atouq	The Company	Jeddah – University District	University Branch restaurant	1/5/2019	25 Gregorian years commencing 1/8/2019	1/8/2044	SAR 320.000 payable to the first party by demand draft. First year rent is to be paid in one payment at contract signature and payment will be for 6 months in advance for the following years.	Renewable with the two parties' consent
4	Heirs of Saleh Bakr Alem	The Company	Jeddah – University District	Residence for University branch	16/11/1441 7/7/2020	10 years	16/11/1451 21/3/2030	SAR 80.000 for the first 5 years, and SAR 850.000 for the remaining years.	Renewable automatically unless otherwise advised by either party
5	The late Abdullah Kharman Alzahrani, represented by his legal representative Fawaz Abdullah Kharman Alzahrani	The Company	Jeddah – University District	Residential and commercial Building – University branch restaurant + 3 apartments and 1 annex	06/07/1423 13/09/2002	1/10/1423 5/12/2002	01/10/1443 09/08/2021	SAR 170.000 per Hijri year for the first 10 years and SAR 160.000 for the last 10 years.	

6	Saud Ghazi Ziad Alhazili	The Company	Jeddah - Hamdaniah	Commercial stores – Hamdaniah branch	17/1/1424 20/3/2003	10 Hijri years commencing on 1/3/1434 13/1/2013	01/03/1444 (27/09/2022)	SAR 180.000 for the first 5 years, SAR 200.000 for the last 5 years	
7	Ahmad Ahmad Mohammad Alomairi	The Company	Dammam	Warehouse and preparation of banquets and cooking (Dammam branch)	1/3/2016	5 years from 1/3/2016	1/4/2021	SAR 32.000 per year	
8	Abdullah Suhaid Mashhari	The Company	Dammam	Sheep shelter – Dammam branch	4/7/1442 16/2/2021	5 years	4/7/1447 24/12/2025	SAR 3000 in advance every 3 months	Valid – renewable at the end of validity period
9	Odais bin Khashebin bin Nasser Arouqi Alqahtani	The Company	Dammam	Lease of the full building- Dammam branch	1/8/2014	10 Hijri years commencing on 1/8/2014	30/07/2024	SAR 500.000 for the 10 Gregorian years, as the rent for the first year is SAR 500.000. 10% to be added above the first year's rent, i.e. SAR 50.000	
10	Mr. Saleh Mohammed Al-sane'a	The Company	Riyadh- Alandalus district	Free land plot- establishment of commercial activity- Riyadh branch	--	20 Hijri years commencing on 1/8/1433 21/6/2012	30/701453 16/11/2031	SAR 350.000 for the first 7 years, SAR 400.000 for the following 6 years and SAR 450.000 for the last 7 years.	One year grace period extended
11	Ahmed Abdullah Al-Sama'a- Alsamer Commercial Center 2	The Company	Jeddah – Alharamain Road	Showroom – Alsamer District branch	29/7/1434 8/6/2013	10 Hijri years commencing on 1/3/2014	1/3/2024	SAR 340.000 for the first 5 years, to be increased 5% in the last 5 years to become SAR 375.000	contract renewable automatically for a similar period unless either party advises the other party otherwise by a written notice two months at least before end of the contract
12	Heirs of Abdulaziz Abdullah Banaqsh	The Company	Jeddah - Sharafiah	Villa - residential	1/1/1441 31/8/2019	5 Hijri years commencing from 1/1/1441 31/8/2019	29/12/1445 5/7/2024	SAR 65000 per year	
13	Abdulkareem bin Othman alFahmi Alzahrani	The Company	Jeddah – Sanabel District	Showroom and apartment – commercial activity	29/10/2019	For 5 Gregorian years commencing on 1/1/2020	30/12/2025 Renewable for a similar period unless the other party is notified otherwise two months prior to contract expiry date.	SAR 40.000 for the showroom and SAR 15000 for the apartment.	
14	Sheikh Attiya bin Hassan bin Hasen Alqurashi	The Company	Makkah – Sharai'a	Investment of 2 plots – Sharai'a branch	25/7/1432 27/6/2011	20 years commencing on 1/1/2013	30/12/2032	SAR 400.000 for the first 10 years, SAR 430.000 for the last 10 years.	From 01.07.2011 to 30.12.2012 is a grace period

15	Fawzia bint Abdulrahman bin Abdullah Khiami	The Company	Makkah – Shara'a	Residential contract for Shara'a branch	2/3/2014	20 Gregorian years commencing on 1/9/2014	1/9/2034	SAR 50.000 per year for the first 10 years, SAR 60.000 per year for the last 10 years.	
16	Mrs. Tahani Ali Abdullah Basalloum (property investor)	The Company	Makkah – Um Alkanayed district	Showrooms	14/11/1438 06/08/2017	11 Hijri years commencing on 15/2/1439 4/11/2017	15/02/1450 08/07/2028	SAR 650.000 for the first 5 years, SAR 700.000 for the remaining 6 years.	Mrs. Tahani is a renting party from the original owner (Omar Ameen Omar Jad) and she is entitled to sublease the building. 3 months grace period commencing on 15/11/1438
17	Hani Saleh Ali Badyan	The Company	Jeddah – Safa District	Building – labor residence for Safa branch	11/11/1437 14/8/2016	10 years commencing on 1/12/1437 2/9/2016	1/12/1447 18/5/2026	SAR 150.000 per year	
18	Mohammed Suliman Bin Ali Alsheikh	The Company	Makkah - Aziziah	Building and showrooms	16/5/1439 2/2/2018	15 Hijri years commencing on: 1/1/1441 31/8/2019	01/01/1456 22/03/2034	SAR 800.000 for the first 5 years, SAR 1.000.000 for the following 5 years and SAR 1.200.000 for the last 5 years.	
19	Ma'youid Hsheim Hidayat Almutairi and Awadallah Hsheim Hidayat Almutairy	The Company	Jeddah – Almajid Plan	Free land plot – Almajid branch	27/09/2016	30 Gregorian years commencing on 1/1/2016	31/12/2045	SAR 250.000 per year	
20	Suliman Fareed	The Company	Medina	Sheep shelter	21/4/1443 6/12/2020	1 Hijri year	21/04/1443 26/11/2021	SAR 15.000 per year payable upfront	Valid – contract renewable automatically for a similar period unless either party advises the other party otherwise by a written notice one month at least before end of the contract
21	Saud Abdulaziz Hamza Mahrous	The Company	Medina	Investment – Medina branch 1	22/10/1437 27/7/2016	20 Hijri years commencing on 1/1/2017	30/12/2036	SAR 400.000 for the first 5 years, SAR 500.000 for the following 5 years and SAR 600.000 for the last 5 years.	Investment contract

22	Ahmad Eid Wasel Alofi	The Company	Medina	Rent of 2 showrooms – Medina branch 2	12/3/1440 20/11/2018	15 Hijri years commencing from: 1/8/1440 6/4/2019	30/7/1445 11/2/2024	6,000,000 SAR	Renewable for a similar period or one year under a new contract unless either party notifies the other party by a written notice two months at least prior to contract expiry date
23	Mr. Hassan Mohammad Hamdan Alshehri	The Company	Jeddah – Alnassim District	Nassim branch	16/11/1434 22/9/2013	20 Hijri years commencing on 1/9/1435 28/6/2014	30/8/1455 23/11/2033	SAR 550.000 for the first 5 years, SAR 600.000 for the following 10 years and SAR 650.000 for the last 5 years.	Renewable for a similar period under a new contract unless either party notifies the other party by a written notice two months at least prior to contract expiry date
24	Jabal Omar Development Company	The Company	Makkah – Jabal Omar	Commercial store	6/3/1440 14/1/2018	3 Gregorian years commencing on 15/2/2019	14/02/2022	SAR 1.327.610 per Gregorian year	From 14/11/1018 to 14/2/2019 Is a grace period
25	Jabal Omar Development Company	The Company	Makkah – Jabal Omar	Warehouse	6/3/1440 14/1/2018	3 Gregorian years commencing on 15/2/2019	14/02/2022	SAR 342.485 yearly	From 14/11/2018 to 14/2/2019 Is a grace period
27	Ahmed Bin Saleh Bin Ahmed Al Harbi	The Company	Makkah – Takhassusi District	Establishment of catering restaurants and parties – Zaidi branch	23/01/2019	15 Gregorian years commencing on 1/5/2019	30/04/2034	SAR 300.000 for the first 5 years, SAR 350.000 for the following 5 years and SAR 400.000 for the last 5 years.	Grace period is 3 months
27	Khalid Ahmad Saeed Bahazeq	The Company	Makkah	Lease of commercial outlet – Nawarriah branch	1/2/2017	20 Gregorian years commencing from 01/01/2018	31/12/2038	SAR 600.000 for the first 10 years, SAR 650.000 for the following 5 years and SAR 700.000 for the last 5 years.	The first 6 month is a grace period
28	Tareq Abdul hadi Mohammed Wali Qotah	The Company		Heraa branch	1/7/2020	1 year	30/07/2021	4,000 SAR	
29	Sami bin Kareem bin Abdulkareem Alharbi	The Company	Jeddah	Jeddah new Slaughterhouse	26/5/1442 10/1/2021	1 year	7/6/1443 10/1/2022	240,000 SAR	
30	Mansour Wared Wasl Alotaibi	The Company		Nawarriah Housing	1/7/2020	1 year	30/06/2021	32,000 SAR	
31	Hussam Mohammed Ali Hazzazi	The Company		Shouqia Branch housing	14/6/1442 27/1/2021	1 year	14/6/1443 17/1/2022	40,000 SAR	
32	Mohammed Almarhabi Establishment	The Company	Qunfudah	Qunfudah Branch	1/1/2019	10 years	31/12/2028	350,000 SAR	

Lease contracts made by the Company in the capacity of lessor									
1	The Company	Qotof and Hala trading Establishment	Jeddah, Nassim District	Showrooms	20/12/1440 21/8/2019	5 years commencing on 20/1/1441 19/9/2019	19/1/1446 25/7/2024	SAR 180.000 every 6 months	Raydan Company rents the showrooms from the owner, Hsan Mohammed Alshehri, and subleased same to Qotof and Hala Establishment as Raydan Company is entitled to sublease the building in line with the contract

Source: The Company

The Corporate persons with whom the Company deals in its capacity as a lessee have no direct or indirect relationship with board members. The resolution of the Council of Ministers No. (292) dated 16/05/1438 H (13/02/2017) provides that a lease contract not registered in the electronic platform shall not be considered a valid contract with administrative and judicial effects. The electronic services platform was launched in collaboration between The Ministry of Justice and Ministry of Housing on 17/05/1439 H (03/02/2018), and the Ministry of Justice's circular was issued requesting that the platform be used to document all lease contracts concluded after 05/05/1440H (11/01/2019). As of the date of this Prospectus, the Company's above lease contracts were not registered in the said electronic platform as per the Minister of Justice circular. The Company is taking corrective action, where it is communicating with the lessors to register all contracts electronically.

#### 10-8-3 Commercial Franchise Contracts (Franchise):

The Company has signed a number of franchise contracts with a number of companies and institutions inside and outside the Kingdom as franchise agents of the trademark (Raydan). The Company has a standard franchise agreement form that it is used by the Company in its dealings with franchisees who are examined and appointed on the basis of certain criteria including (solvency, expertise in restaurant services, ability to expand and value adding). The Franchise agreement contains the following basic provisions:

- Description of franchise business, duration of franchise agreement, amendment method and geographical coverage.
- Any consideration payable by the franchisee to the franchisor, the financial compensation for training the staff of franchisee (if any), technical support, mechanism for calculating any amount paid as a compensation for the goods or services provided to the franchisee by the franchisor or any person in his group.
- Liabilities of both parties in respect of training by the franchisor to the franchisee staff.
- The franchisor's commitment to provide technical, marketing, and other expertise that's required by the nature of the franchise granted.
- The franchisee's commitment to comply with the instructions, marketing, and presentation method and to maintain the identity of the franchise.
- Any obligations due from the franchisor in relation to the supply of any goods or services to the franchisee, and the obligations of the franchisee in relation to obtaining such commodity or service from the franchisor, or from another party in fulfillment of the franchisor's orders.
- The franchisee's rights to use any trademark and any other intellectual equity relating to the franchise business and the obligations of both parties in the event of a breach of intellectual equity and the resulting compensation.
- The mechanism for settlement of any disputes relating to the franchise agreement.
- The extent to which the franchisee is entitled to sub-franchise, and the controls governing sub-franchise.
- Implications of any change in the ownership of the franchisee or franchisor, or the person controlling any of them.

Table No. 62: List of commercial franchise contracts (Franchise)

#	Franchisor	Franchisee	Contract objective	Contract date	Duration	Expiry date	Value
1	Raydan Food Company	Advanced Seol Company Ltd.	To operate a restaurant in the specified location in Baha at King Fahd Bin Abdulaziz Road	20/05/2020	5 Gregorian years	20/05/2025 Renewable automatically for a similar period with the consent of the two parties	USD 30.000 payable upon contract signature
2	Raydan Food Company	Naif Hasan Ayedh Alqahtani Est.	To operate a restaurant in Tabuk, at King Abdullah Bin Abdulaziz Road	20/10/2019	5 Gregorian years	13/10/2024 Renewable automatically for a similar period with the consent of the second party to abide by the conditions	USD 30.000 payable as of the date of agreement signature
3	Raydan Food Company	Abdulhafez Ahmad Almackoush Contracting Establishment	To operate a restaurant in Abha, King Fahd Road	25/08/2019	5 Gregorian years	25/08/2024 Renewable automatically for a similar period with the consent of the second party to abide by the conditions	USD 30.000 payable as of the date of agreement signature
4	Raydan Food Company	Abdulhafez Ahmad Almackoush Contracting Establishment	To operate a restaurant in Aldarb district, Triangle Signal, Abha road, Jeddah, Fazzaa Plaza	25/08/2019	5 Gregorian years	25/08/2024 Renewable automatically for a similar period with the consent of the second party to abide by the conditions	USD 30.000 payable as of the date of agreement signature
5	Raydan Food Company	Venice Tower Confectionary Establishment	To operate a restaurant in Taif	13/01/2020	5 Gregorian years	11/1/2025 Renewable automatically for a similar period with the consent of the second party to abide by the conditions	USD 30.000 payable as of the date of agreement signature
6	Raydan Food Company	Jalal Rahim Abdulrahman Almaghrabi Contracting Est.	To operate a restaurant in in Hafr Albaton, Star Plaza, King Abdulaziz Al Saud Road	18/12/2019	5 Gregorian years	18/12/2024 Renewable automatically for a similar period with the consent of the second party to abide by the conditions	USD 30.000 payable as of the date of agreement signature
7	Raydan Food Company	Abdulhafez Ahmad Almackoush Contracting Establishment	To operate a restaurant in Khamis Mushait, Prince Sultan Road	25/08/2019	5 Gregorian years	25/08/2024 Renewable automatically for a similar period with the consent of the second party to abide by the conditions	USD 30.000 payable as of the date of agreement signature
8	Raydan Cuisines and Restaurants Company	Abdulsalam Alhammadi Companies Group	marketing and sale of Raydan Company commodities and services in Dubai, UAE	13/06/1439 1/3/2018	5 Gregorian years Commencing on signature date	1/3/2023 Renewal will be in accordance with new contracts to be negotiated 6 months prior to end of last contract year	USD 30.000 payable as of the date of agreement signature

9	Raydan Food Company	Fahd Ali Mahdi Alyami Restaurant Establishment-meal serving	To operate a restaurant in Najran, King Abdullah Al Saud Street	01/01/2020	5 Gregorian years	30/05/2025 Renewable automatically for a similar period with the consent of the second party to abide by the conditions	USD 30.000 payable as of the date of agreement signature
10	Raydan Food Company	Alhayal Kitchen and Restaurant Establishment	To operate a restaurant in Yanbu City, Royal Commission	16/12/2019	5 Gregorian years	5/11/2024 Renewable automatically for a similar period with the consent of the second party to abide by the conditions	USD 30.000 payable as of the date of agreement signature
11	Raydan Food Company	Marina Dream Lodge Establishment	To operate a restaurant in Jizan City, Safa District, Prince Sultan Road	22/11/2020	5 Gregorian years	22/11/2025 Renewal will be in new contract and additional provisions as deemed by the franchisor	USD 30.000 payable as of the date of agreement signature

Source: The Company

#### 10-8-4 Supply contracts

The Company deals with 7 suppliers through written agreements, while it deals with others through purchase orders:

Table No. 63: List of supply contracts

#	Supplier	Contract objective	Agreement date	Duration	Expiry date	Notes
1	Agricultural Development Company Ltd.	Supply of chilled chicken	10/01/2021	One Gregorian year	31/12/2021	-
2	Middle East and North Africa Refreshments Manufacturing Company	Supply of refreshments and multi drinks to Raydan Company	24/06/1440 01/03/2019	Contract begins on 01.03.2019 and ends with the supply of quantities agreed in the basic contract	Automatically renewable unless either party notifies the other party otherwise at least one month prior to end date.	-
3	Omar Ali Balsharaf Est.	Rice supply	11/06/1443 1/1/2021	One Gregorian year	11/6/1443 31/12/2021	Automatically renewable unless either party notifies the other party otherwise at least one month prior to end date.

4	Omar Qasim Alesa'ie and Partners Marketing Company Ltd. and Raydan Food Company	--	11/6/1443 1/1/2021	One Gregorian year commencing on 1/1/2021	11/6/1443 31/12/2021	This agreement shall not be automatically renewed unless with the written consent of both parties.
5	Alhayel International Trade Company	Vegetable supply contract	11/6/1443 1/1/2021	One Gregorian year	11/6/1443 31/12/2021	
6	Mohammad Ruba'ian Alma'abadi Est.	Livestock supply contract	1/1/2018	None	None	The supply process is made under daily payments

Source: The Company

#### 10-8-5 Loans and facilities

The Company has a financing agreement (Murabaha) under which the total funding received by the Company amounted to SAR (35,094,011) of which an amount of SAR (11,843,862) was settled and the balance of SAR (23,250,149) is still outstanding. The following is a brief description of the agreement:

Table No. 64: Loans and facilities

Financing Company	End of facility availability**	Credit Limit (SAR)	Used amounts (SAR)*	Settled amounts (SAR) *	Settlement Dates
Saudi Orix Lease Finance Company	13/04/2023	-	18,919,311	-	As per installment schedule
Saudi Orix Lease Finance Company	10/2/2024	-	16,174,700	4,256,500	As per installment schedule

Source: The Company

\* As of 30/09/2020

- The major financial and operational undertakings issued by the Company to the financing company as per the agreement include the following:
  - A signed promissory note for an amount equal to the value of periodic rental payments or any other amount.
  - Copies of provisional and annual financial statements.
  - To maintain the debt-to-equity ratio, trading ratio and capital share for the lease duration at the level provided for in the latest financial statements, as a minimum.
  - To provide any information about the Company's activities and financial position within 15 days of the financing company's request.
- On 28 October 2020, the facilities were rescheduled as follows:
  - The total facility amount after rescheduling is SAR 27,515,007 including interest and administrative fees.
  - Funding period is 5 years.
  - The first payment before rescheduling ends on 15/04/2023 and on 05/10/2024 after rescheduling.
  - The second payment before rescheduling ends on 10/02/2024 and on 15/10/2024 after rescheduling.
  - Repayment will be on quarterly payments.

#### 10-8-6 Auditor appointment agreement:

On 25 June 2020, the Company entered into an agreement with Baker Tilly M.K.M. & partners, Chartered Accountants, to audit the Company's financial statements for the year ending December 31, 2020 and examine the three-month interim financial statements ending on 30 June 2020, 30 September 2020, and 31 March 2021.



**10-8-7 IT contracts**

The Company concluded a programming, hosting, and training services agreement with the Saudi Electronic Works Corporation dated 05/11/2016.

**10-8-8 Service agreements**

Table No. 65: Service agreements:

#	First Party	Second Party	Contract Objective	Contract Date	Duration	Expiry date	Value
1	Hunger Station Company Ltd.	Raydan Cuisines and Restaurants Company	Provision of marketing services and reception of food orders online from the first party	23.06.1439H 11.03.2018	6 months	6 months automatically renewable if not otherwise notified by either party	15% for 18 branches Kingdom-wide
2	Kareem Transportation IT Inc.	Raydan Cuisines and Restaurants Company	Display of Second Party information and food list on Kareem Platform	22.06.1440H 27.02.2019	Unlimited	Unlimited period. If a party wishes to terminate the contract, he must serve a prior written notice 7 days before the termination date	15% for 18 branches Kingdom-wide
3	Aram Mim Commercial Services	Raydan Food Company	Company use of electronic trade platform (Toyo) which links the Company's restaurants with consumers and enable them to submit purchase orders and delivery of company products	08.11.1441H 29.06.2020	Unlimited	Agreement to remain valid so long as the restaurant is listed in the application	15% for each purchase order or delivery

Source: The Company

**10-9 Company properties**

The following table describes the properties and sites held by the Company, which title deeds were reviewed:

Table No. 66: Company properties:

#	Title deed No.	Dated	Location	Land/Plan, No.	Area	Owner	Notes
1	320215027909	24.05.1436 15.03.2015	University District, Jeddah	Land plot No. -	226.05 m <sup>2</sup>	Raydan Cuisines and Restaurants	
2	320220017743	04.05.1436H	Breman district, Jeddah	House built on agricultural land, No. -	7402 m <sup>2</sup>	Raydan Cuisines and Restaurants	
3	410121034182	20/3/1436 11/1/2015	Alandalus district, Riyadh	Plot No. 105, block 8 of Plan 1628	750 m <sup>2</sup>	Raydan Cuisines and Restaurants	
4	520208027009	4/8/1440 9/4/2019	Almontazahat District, Jeddah	Plot No. 204 of Plan 238B	1,987.5 m <sup>2</sup>	Raydan Food Company	Mortgaged Property
5	920216024027	26/8/1440 1/5/2019	Sharafiah District, Jeddah	Land plot No. -	619 m <sup>2</sup>	Raydan Food Company	Mortgaged Property
6	20215027908		University District, Jeddah			Raydan Food Company	

7	520227007163	16/08/1439 02/05/2018	Alsafa District, Jeddah	Plot 286 replicated of plan No. 9	145,7 m <sup>2</sup>	Raydan Food Company	Mortgaged Property
8	720227007164	16/08/1439H 02/05/2018	Alsafa District, Jeddah	Plot 286 of plan 9	482.7 m <sup>2</sup>	Raydan Food Company	Mortgaged Property
9	320227007165	16/08/1439 02/05/2018	Alsafa District, Jeddah	Plot 286 of plan 9	625 m <sup>2</sup>	Raydan Food Company	Mortgaged Property
10	620227007166	16/08/1439 02/05/2018	Alsafa District, Jeddah	Plot 286 of plan 9	625 m <sup>2</sup>	Raydan Food Company	Mortgaged Property
11	320227007167	16/08/1439 02/05/2018	Alnozha District, Jeddah	Plot 590 of Plan 3/534/A	750 m <sup>2</sup>	Raydan Food Company	Mortgaged Property

Source: The Company

Except for the properties above, there are no properties registered in the Company's name.

## 10-10 Litigation

As of the date of this Prospectus, the Company, and its subsidiaries, in conducting their business, were not a party to any legal cases, claims, arbitration or administrative actions, singly or jointly, existing or may exist, which may essentially affect the Company's business or financial status.

## 10-11 Trademarks





The Company has a trademark registered with the Ministry of Commerce (Trademark Department\*) under No.1439025523 dated 11.03.1440H (19.11.2018) which expires on 05.11.1449H (31.03.2028). This will enable the Company to place its name and logo on the façades of the buildings or offices occupied thereby. Trademark was duly registered and given the necessary legal protection in line with the trademark rules.


The Company has also a trademark registered under No. 1437006973 dated 24/03/1437H (04/01/2016) which protection under such certificate will expire on 24.03.1447H (16.09.2025).












The Company registered its trademark (Raydan) in a number of Arabian and African countries, Canada, and European Union.

The following table reflects the Company's trademark and details of registration countries:


Table No. 67: Trademark

SN	Certificate No.	Registration date	Holding Company	Protection Start Date	Protection End Date	Registration Country	Cat	Trademark
1	197814	13/11/1439 26/07/2018	Raydan Cuisines and Restaurants Company		04/03/1450 26/07/2028	Kuwait	43	
2	283072	06/10/1439 20/06/2018	Raydan Cuisines and Restaurants Company	01/03/1439 19/11/2017	20/06/1449 19/11/2027	UAE	43	
3	183230	25/10/1428 06/11/2007	Raydan Cuisines and Restaurants Company		10/09/2026 27/02/2026	Egypt	43	
4	120968	24/02/1439 13/11/2017	Raydan Cuisines and Restaurants Company		14/06/1449H 13/11/2027	Bahrain	43	

5	28886	03/12/1427 24/12/2006	Raydan Cuisines and Restaurants Company	21/05/1437 01/03/2016	12/09/1447 1/3/2026	Yemen	43	
6	120878		Raydan Cuisines and Restaurants Company		2/3/1450 24/7/2028	Oman	43	
7	TN/E/2006/00 405	23/03/1428 11/04/2007	Raydan Cuisines and Restaurants Company		07/09/1447 24/2/2026	Tunisia	43	
8	TN/E/2018/00 390	29/03/1441 26/11/2019	Raydan Cuisines and Restaurants Company		23/02/1450 16/07/2028	Tunisia	43	
9	1439025523	11/03/1440 19/11/2018	Raydan Cuisines and Restaurants Company		05/11/1449 31/03/2028	Saudi Arabia	43	
10	108606	06/10/1441 29/05/2020	Raydan Cuisines and Restaurants Company			Algeria	43	
11	81375		Raydan Cuisines and Restaurants Company		12/09/1451 16/01/2030	Iraq	42	
12	34980	19/01/1427 18/02/2006	Raydan Cuisines and Restaurants Company	09/05/1437 18/02/2016	01/09/1447 18/02/2026	Sudan	43	
13	5707		Raydan Cuisines and Restaurants Company		19/02/1451 01/07/2029	Kurdistan- Arbil	42	
14	3201900463		Raydan Cuisines and Restaurants Company			African Intellectual Property Organization	43	
15	1,925,663		Raydan Cuisines and Restaurants Company			Canada	43	
16	UK000033248 46		Raydan Cuisines and Restaurants Company			UK	43	
17	304618053	18/11/1439 31/07/2018	Raydan Cuisines and Restaurants Company		08/03/1450 30/07/2028	Hong Kong	43	

18	501906		Raydan Cuisines and Restaurants Company			Pakistan	43	
19	700445	20/06/1440 25/02/2019	Raydan Cuisines and Restaurants Company		23/02/1450 16/07/2028	Russia	43	
20	2018/21955		Raydan Cuisines and Restaurants Company			South Africa	43	
21	146371/88		Raydan Cuisines and Restaurants Company			USA	43	
22	17931271	13/03/1440 21/11/2018	Raydan Cuisines and Restaurants Company	03/11/1439 16/07/2018	23/02/1450 16/07/2028	European Union Intellectual Property Office	43	
23	34038	02/09/1440 07/05/2019	Raydan Cuisines and Restaurants Company	05/11/1439 18/07/2018	23/01/1447 18/07/2025	West Bank	43	
24	24184	22/06/1441 16/02/2020	Raydan Cuisines and Restaurants Company	03/11/1439 16/07/2018	20/01/1447 15/07/2025	Gazza	43	
25	124692	16/9/1440 21/5/2019	Raydan Cuisines and Restaurants Company		09/03/1450 31/7/2028	Qatar	43	
26	196120	18/11/1439 31/7/2018	Raydan Cuisines and Restaurants Company		9/3/1450 31/7/2028	Morocco	43	
27	145687	16/8/1440 21/4/2019	Raydan Cuisines and Restaurants Company	06/02/1440 15/10/201	25/5/1450 14/10/2028	Syria	43	
28	40201815018 U	18/11/1439 31/7/2018	Raydan Cuisines and Restaurants Company		9/3/1450 31/7/2028	Singapore	43	
29	2018 67721	25/05/1440 31/1/2019	Raydan Cuisines and Restaurants Company		27/02/1450 20/7/2082	Turkey	43	
30	32409225	18/10/1440 21/06/2019	Raydan Cuisines and Restaurants Company	18/10/1440 21/06/2019	09/02/1451 21/06/2029	China	43	

31	12208	22/08/1428 04/09/2007	Raydan Cuisines and Restaurants	22/08/1428 04/09/2007	08/11/1435 03/09/2014 (protection period: 7 months)	National Palestinian Authority	43	
32	105542	01/02/1427 01/03/2006	Raydan Cuisines and Restaurants Company	01/02/1427 01/03/2006	16/07/1442 28/02/2021 (protection: 15 years)	Lebanon	43	"مطابخ ومطاعم ريدان" باللغة العربية وعبرة "Raydan Cuisines and Restaurants" باللاتينية يفصل بينهما الحرف مكتوب "R" اللاتينية بشكل مميز. Raydan Cuisines and Restaurants in Arabic and the phrase "Raydan Cuisines and Restaurants" in Latin, separated by the Latin letter "R" written in a distinctive form.
33	47566	08/10/1429 08/10/2008	Raydan Cuisines and Restaurants		04/07/1437 11/04/2016	Bahrain	43	
34	102003	18/01/1427 17/02/2006	Raydan Cuisines and Restaurants			Morocco	43	
35	EE060405	23/03/1428 11/4/2007	Raydan Cuisines and Restaurants	25/01/1427 24/02/2006	14/05/1437 23/02/2016 (protection: 10 years from date of submission)	National Institute for Specifications and Industrial Property- Tunisia		
36	10569	21/10/1429 21/10/2008	Raydan Cuisines and Restaurants	24/01/1427 23/02/2006	12/04/1434 22/02/2013 (protection: 7 years)	National Palestinian Authority- Gaza	43	
37	38981	20/12/1427 0/01/2007	Raydan Cuisines and Restaurants	16/01/1427 15/02/2006	05/05/1437 14/02/2016	Oman	43	
38	TN/E/ 2018/390	29/03/1441 26/11/2019	Raydan Cuisines and Restaurants Company	03/11/1439 16/07/2018	22/02/1450 15/07/2028 (protection: 10 years from date of submission)	National Institute for Specifications and Industrial Property- Tunisia	43	

39	700445	20/06/1440 (25/02/2019)	Raydan Cuisines and Restaurants Company		23/02/1450 1/7/2028	Russia		
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Source: The Company

\* Trademarks registration powers have been moved to the Saudi Intellectual Rights Authority

Some trademark registration applications (Raydan) were under processing, and the final registration was not completed as of the date of this Prospectus in the following countries: Malaysia, Indonesia, India, Sudan, Ethiopia, and Singapore.

In addition to its trademark, the Company has other intangible assets, namely, management programs and systems which book value, as of 31.12.2019, amounted to SAR 1.289.760

The Company is compliant in respect of registering its website [www.raydan.com.sa](http://www.raydan.com.sa) with the Communications and IT Commission (CITC)

## 10-12 Insurance

The Company has a number of insurance policies to cover certain risks and protect its assets and properties, as follows:

- Health insurance policy for its employees and their families concluded with Bupa Cooperative Insurance S.A, a company license to operate in the Kingdom of Saudi Arabia. The policy is valid for one Gregorian year starting from 11/01/2021 and ending on 10/01/2022. This document covers health care through the network of service providers appointed by the Company, under the condition that the case is covered by the insurance cover.
- Motor vehicle comprehensive insurance policy issued by Alinma Tokyo Marine Cooperative Insurance Company, a company licensed to operate in the Kingdom of Saudi Arabia, under document P/10112/31/13101/2020/0057 valid from 12/02/2021 to 11/02/2022, covering (104) vehicles with a liability limit of up to SR 10,000,000.
- All-risk insurance policy issued by Alinma Tokyo Marine Company, a company licensed to operate in the Kingdom of Saudi Arabia, under No. P/101/12106/2019/00033/R1, valid for one year from 09/08/2020 to 08/08/2021. The policy covers all risks to buildings, factories and machinery, furniture and fittings, warehouses, work interruption or rental losses.
- Fidelity insurance policy issued by Alinma Tokyo Marine Company, a company licensed to operate in the Kingdom of Saudi Arabia, under document P/101/14102/2019/00015/R1, valid from 09/08/2020 to 08/08/2021. The number of insured employees is (50) employees, and the liability limit extends to SAR 1 million as a maximum per employee. The coverage includes the losses resulting from fraud, dishonesty, forgery or modifications, cheques, securities, bonds, bills (negotiable instruments) or other written documents carrying a pledge to pay a certain amount of money inside or outside the Company's premises in Saudi Arabia.
- General liability insurance policy concluded with Alinma Tokyo Marine Company, a company licensed to operate in the Kingdom of Saudi Arabia under the number P/101/14201/2019/00047/R1, for a period of one year from 09/08/2020 to 08/08/2021. The contract value amounts to SAR 150,000,000, and the liability limit for any incident amounts to SAR 1,000,000. Coverage includes the legal liability of the Company arising from its trade at twenty-two locations as specified in the document (the Company's covered branches) resulting from the following risks: personal bodily injury to a third party and loss or damage to third party property.
- Cash insurance policy issued by Alinma Tokyo Marine Company, a company licensed to operate in the Kingdom of Saudi Arabia, under P/101/14101/2019/00019/R1, valid from 09/08/2020 to 08/08/2021. This coverage includes cash losses realized at:
  - Case 1:** Safe places (24 branches of the Company as specified in an attached schedule)
  - Case 2:** transit areas (between work sites, from the bank to work sites, and other transit areas related to the Company's activity).
 As per this policy, the coverage limit per case is SAR 1,469,431.00 for case 1, and SAR 1,262,781.00 in case 2.

### 10-13 Material information that has Changed since CMA's Approval of the Last Share Issue

The following is a summary of the material information that has changed since the CMA's approval of the last share issue (share issue in the parallel market) issued on 02/05/1438H (30/01/2017):

- **Company name:** The Company's name was changed from (Raydan Cuisines and Restaurants Company) to (Raydan Food Company) as per the approval of the Shareholders Extra-ordinary General Assembly held on 15.10.1440H (18/06/2019).
- **Promotion from the growth market to the main market:** The Board of Directors agreed to shift the Company from the parallel market (growth) to the main market on 09/02/1441H (08/10/2019).
- **Substantial Shareholders:** As per sub-section (9-1) of this Prospectus, the Company has one Substantial Shareholder (Mr. Mansour Awadallah Ahmad AsSalmi) who holds more than 5% of the Company's total shares 3,000,000 shares representing 13.33% of the Company's total shares prior to the issue). The number of Substantial Shareholders was 4 according to the latest prospectus (share offering in the parallel market) issued on 02/05/1438H (30/01/2017).
- **Acquisition of a controlling share in a Saudi limited liability company:** based on the approval of the Extraordinary General Assembly held on 01/03/1441H (29/10/2019), a part of Aljonah for Desserts & Catering Co. shares, owned by two of the Company's constituent shareholders (Mishaal Awadallah AsSalmi and Nassar Awadallah AsSalmi) was acquired. Six of the branches owned by Raouche International Sweets Company (a branch of Raydan Company) were transferred as part of a deal to obtain a minimum of 30% of Aljonah for Desserts & Catering Co.
- **Branches:** The Company established branches in the cities of Obhor, Medina Munawara, Jeddah (Majid Branch) and In Makkah (Al-Shawqiya Branch - Al-Nawraiya Branch - Jabal Al-Amal Branch) and in the city of Al-Qunfudah in the years 2017, 2018 and 2019. The Company's branch in Al-Ahdal market, Waziriah district, Jeddah was closed based on a decision issued by King Abdulaziz Waqf of Al Ain Al Azizia, which mandated evacuation of the area and commercial stores. The branch accounts for 4.97% of the total sales of the Company.
- **Financial statements:** Preparation of financial statements has been changed to be in line with the International Financial Reporting Standards (IFRS). The Company announced the completion of all stages of the transformation plan by 30/04/2018.
- **Governance:** The Company has approved internal governance regulations and policies related to the Company's governance in line with the provisions of the Corporate Governance Regulations.
- **Board committees:** A number of committees emanating from the Board of Directors, Audit Committee, Remuneration and Nomination Committee, Executive Committee, and Governance Committee, were formed.
- **Franchise contracts:** The Company has signed a number of franchise contracts (Franchise) with a number of institutions and companies inside and outside the Kingdom of Saudi Arabia as franchisees of the Raydan brand.

### 10-14 Board members' statements regarding legal information:

In addition to the other statements referred to herein, the board members acknowledge as follows:

- a) The issue does not violate the relevant rules and regulations in the Kingdom of Saudi Arabia.
- b) The issue does not prejudice any of the contracts or agreements to which the Company is a party.
- c) All essential legal information relating to the Company has been disclosed in the prospectus.
- d) The Company and its subsidiaries are not subject to any legal cases or procedures which may, singly or collectively, fundamentally affect the Company's/subsidiary's business or financial status (Please refer to sub-section 10.10 of section 10 "Legal Information" of this Prospectus.
- e) The members of the Board of Directors are not subject to any legal cases or procedures which may, singly or collectively, fundamentally affect the Company's/subsidiary's business or financial status. (Please refer to sub-section 10.10 of section 10 "Legal Information" of this Prospectus.

## 11 Underwriters

The Company and the Underwriter (Falcom Financial Services Company) have entered into an underwriting agreement for the subscription of eleven million two hundred fifty thousand (11,250,000) ordinary shares, at a price of ten (10) Saudi Riyals per share, with a total value of one hundred twelve million five hundred thousand (112,500,000) Saudi Riyals, representing (50%) Of the Rights Issue offered for subscription ("Underwriting Agreement").

### 11-1 Underwriters

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#### FALCOM Financial Services Company

Riyadh - Al-Worood District - Olaya Street

P.O. Box 884, Riyadh 11421

Saudi Arabia

Tel: +966 8004298888

Fax: +966 11 2054827

Email: Info@falcom.com.sa

Website: www.falcom.com.sa

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### 11-2 Summary of the Underwriting Agreement

The principal terms of the Underwriting Agreement are set forth below:

- 1) The Company undertakes to the Underwriters that, on the allocation date, it will allocate and issue to the Underwriter all shares that have not been subscribed to by the Eligible Shareholders as additional shares at the Offer Price.
- 2) The Underwriters undertake to the Company that they will, on the allocation date, purchase the number of Offer Shares not subscribed to by Eligible Shareholders, as additional shares at the Offer Price.
- 3) The Underwriters will receive a fixed financial consideration against underwriting the Offering which amount shall be paid from the Offering Proceeds.



## 12 Waivers

The Company has not submitted any request to CMA to be exempted from any requirements relating to the Offering.

## 13 Information related to shares and the terms and conditions of the Offering

The Company filed an application for the registration and offering of the new shares to the Capital Market Authority and to the Saudi Stock Exchange Company (Tadawul) to list the new shares. All requirements were fulfilled in accordance with the rules and regulations of Capital Market Authority offering of securities and continuing obligations and listing rules.

All Eligible Shareholders, the acquired rights holders and bidders, must read the terms of subscription and instructions very carefully before the electronic subscription, or before submitting the subscription application through the broker, or filling in the Rump Offering form. The submission of the subscription application or signing and submitting the Rump Offering form is considered as endorsement and acceptance of the mentioned terms and conditions.

### 13-1 The Offering

The Offering is an increase in the Company's capital through issuing tradable rights shares with a value of one hundred twelve million five hundred thousand (112,500,000) Saudi Riyals, divided into eleven million two hundred fifty thousand (11,250,000) ordinary shares, with a nominal value of ten (10) Saudi Riyals per share and an offer price of ten (10) Saudi Riyals per share.

### 13-2 How to apply for Subscription to the Rights (New Shares)

Registered Shareholders wishing to subscribe to the Right shares must submit the subscription application during the subscription period through an investment portfolio at Tadawul platforms through which the sale and purchase orders are entered. Subscription applications may be made through any other means provided by the broker and the shares Custodian in the Kingdom during the subscription period. In case that there is a Rump Offering Period, subscription applications could be submitted for any remaining shares by Investment institutions only.

By completing and presenting the Subscription Application form, the Subscriber:

- ✓ Agrees to subscribe for the number of New Shares as stated in the Subscription Application Form;
- ✓ Warrants that he/she has carefully read the Prospectus and understood all its contents;
- ✓ Accepts the By-Laws of the Company and the terms and conditions mentioned in the Prospectus;
- ✓ Declares that he/she has not previously subscribed for this Right Issue, in which case the Company has the right to reject all applications;
- ✓ Accepts the number of shares allocated to him/her and all other subscription instructions and terms mentioned in the Prospectus and the Subscription Application Form; and
- ✓ Warrants not cancelling or amending the Subscription Application Form after submitting it to the Receiving Agent.

### 13-3 Subscription Application

Eligible Persons wishing to exercise their full right and subscribe for all the Rights to which they are entitled, An Eligible Person, must subscribe through the investment portfolio at the Trading Platforms through which buying and selling orders are entered or through any other means provided by the agent and the Custodian of shares.

The number of shares that the eligible person is entitled to subscribe for is calculated according to the number of Rights he owns. As for the subscription amount that the subscriber is required to pay, it is calculated by multiplying the number of existing tradable rights that he owns before the end of the subscription period by (10) ten Saudi Riyals.

#### 13-4 The Trading and Subscription Stage and The Rump Offering Period

Eligible Shareholders who wish to subscribe to the Rights must submit a subscription application during the subscription period which begins on 01/01/1443H (corresponding to 09/08/2021G) and ends on 11/01/1443H (corresponding to 19/08/2021G).

The Extraordinary General Assembly held on 03/12/1442H (corresponding to 13/07/2021G) approved the recommendation of the Board of Directors to increase the Company's capital through a Rights Issue. Under this Prospectus, eleven million two hundred fifty thousand (11,250,000) ordinary shares will be offered for subscription through the Rights Issue, which represent 50% of the Company's capital prior to subscription at an Offer Price of ten (10) Saudi Riyals per share, with a nominal value of ten (10) Saudi Riyals per share, with a total offering one hundred twelve million five hundred thousand (112,500,000) Saudi Riyals. The new shares will be issued at a ratio of one share for each Right. Subscription to the rights will be offered to the shareholders registered in the shareholders' register of the Company at the end of the second trading day following the Extraordinary General Assembly on 05/12/1442H (corresponding to 15/07/2021G) and to the Eligible Persons who have purchased the priority rights During the rights issue Subscriptions period, including the registered shareholders who have purchased additional rights in addition to the rights they originally owned.

If the rights of the Eligible Persons are not exercised by the end of the subscription period, then the remaining shares (as a result of inability to exercise those rights or being sold by the eligible persons) will be offered to the investment companies through the Rump Offering Period. If the Investment Institutions did not subscribe to all the remaining shares and share fractions, then the remaining shares will be allocated to the Underwriters who will purchase them at the Offering Price.

The registered shareholders will be able to trade the Rights that have been deposited in their portfolios through the Saudi Stock Exchange (Tadawul). These Rights are considered as acquired right for all shareholders registered in the Company's records at the end of the second trading day following the Extraordinary General Assembly that approved the capital increase. Each Right gives its holder the right to practice subscribing for one new share, at the Offering Price. Rights will be deposited after the assembly convenes. The Rights will appear in the registered shareholders' portfolios under a new code for the Rights, and the registered shareholders will then be notified of depositing the Rights in their portfolios.

The schedule and details of the Offering are as follows:

- 1) **Eligibility Date:** End of trading session on the day of the Extraordinary General Assembly on 03/12/1442H (corresponding to 13/07/2021G).
- 2) **Trading and subscription phase:** The trading and subscription phase begins on 01/01/1443H (corresponding to 09/08/2021G), provided that the trading period ends on 08/01/1443H (corresponding to 16/08/2021G), and the subscription period continues until the end of 11/01/1443H (corresponding to 19/08/2021G).
- 3) **Rump Offering Period:** Starts at ten o'clock in the morning of 16/01/1443H (corresponding to 24/08/2021G) and continues until five o'clock in the evening of the next day on 17/01/1443H (corresponding to 25/08/2021G).. During this period, the remaining shares will be offered to a number of Institution Investors ("Investment Institutions"), provided that those investment institutions submit offers to buy the remaining shares. Rump Shares will be allocated to the Investment Institutions with the highest bids first, then the lowest and the lowest (provided that the bids shall not fell below the Offering Price). The shares shall be allocated on a pro rata basis to the Investment Institutions that offer

the same price. As for the fractional shares, they will be added to the Rump Shares and treated similarly. Subscription price of the new shares not subscribed for during this period will be at the minimum Offering Price. If the unsubscribed share price is higher than the Offering Price, the difference (if any) will be distributed as compensation for the Rights holders who did not subscribe for their Rights in proportion to the Rights they own.

- 4) **Final allocation of shares:** The shares will be allocated to each investor based on the number of Rights that he fully and properly exercised. As for those entitled to fractional shares, the shares will be collected and added to the Rump Shares that were not subscribed to and offered to the investment institutions during the Rump Offering Period. The total Offering Price of the remaining shares of the Company will be paid, and the remaining proceeds from the sale of the remaining shares and fractional shares will be distributed without accounting for any fees or deductions (exceeding the Offering Price) to those who are entitled shareholders according to what they are entitled to not later than on 02/02/1443H (corresponding to 09/09/2021G).
- 5) **Trading of New Shares in the Market:** Trading of shares offered for subscription in the Tadawul system will begin upon completion of all procedures related to the registration and allocation of the offered shares.

The Company has submitted an application to the Capital Market Authority to register and offer new shares. The Company has also applied to the Saudi Stock Exchange Company (Tadawul) to accept its listing.

### 13-5 Allocation and Refund of Surplus

The Company and the Lead Manager will open an Escrow Account into which the Offering Proceeds will be deposited.

Shares will be allocated to eligible persons based on the number of rights they have exercised fully and correctly. As for those entitled to fractional shares, fractions of shares will be collected and added to the remaining shares that were not subscribed for and offered to the investment institutions during the Rump Offering Period, and the total price of the remaining shares will be paid to the Company, the remaining proceeds from the sale of the remaining shares and fractions of shares (exceeding the Offering Price) shall be distributed to entitled ones, each according to what he is entitled to, no later than 02/02/1443H (corresponding to 09/09/2021G). Note that the investor who did not subscribe or sell his rights, and the owners of fractional shares, may not get any compensation when selling shares in the Rump Offering Period at the Offering Price. In the event that shares remain unsubscribed to, then the underwriters will purchase those new shares and will be allocated to them.

It is expected to announce the final number of shares that have been allocated to each eligible person without any commissions or deductions by the Lead Manager by crediting them to the subscribers' accounts. For more information, Eligible Persons should contact the Agent through which the subscription application was submitted. The allocation results will be announced no later than 21/01/1443H (corresponding to 29/08/2021G).

The oversubscriptions (remaining proceeds from the Offering process exceeding the Offering Price) (if any), and the compensation amount (if any) will be refunded to the Eligible Persons who have not exercised their right to subscribe in whole or in part to the new shares and to those who are entitled to fractional shares without any deductions, no later than 02/02/1443H (corresponding to 09/09/2021G).

### 13-6 Supplementary Prospectus

The Company must submit to the Authority a Supplementary Prospectus, in accordance with the requirements of the rules for the Offering of securities and Continuing Obligations, if the Company becomes aware at any time after the date of the publication of this Prospectus and before the completion of the Offering of any of the following:

- The existence of a significant change in material matters mentioned in this Prospectus.
- Any important issues have emerged that should have been included in this Prospects.

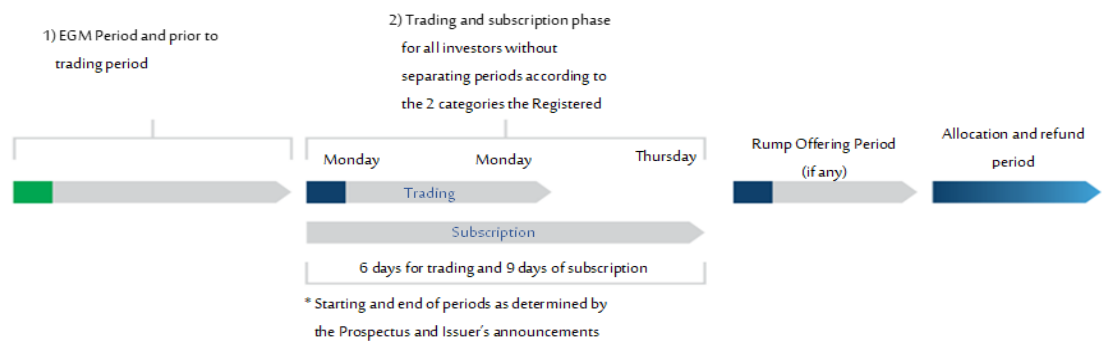
The investor who subscribed for the new shares prior to the publication of the Supplementary Prospectus may cancel or amend his subscription for these shares before the end of the Offering period.

### 13-7 Suspension or cancellation of the Offering

The Financial Market Authority may at any time issue a decision to suspend or cancel the Offering if it deems that the Offering may result in a breach of the stock market system, its implementing regulations, or the market's rules. In addition, the offer will be canceled if the extraordinary general assembly does not approve any of the details of the offer.

The following figure shows the mechanism for trading and underwriting tradable rights traded:

Figure No. (2): Illustrative diagram for the revised mechanism for trading in and subscribing to traded Rights.



Source: Tadawul

### 13-8 FAQs about the Rights Issue

#### What is a Rights Issue?

Rights are tradable securities that give their holders the right to subscribe to the new shares offered upon approval of the capital increase. They are acquired rights for all Registered Shareholders who own shares on the day of the extraordinary general assembly meeting for the capital increase and who are registered in the Company's Shareholders Register at the Depository Center at the end of the second trading day following the Extraordinary General Assembly. Each Right grants its holder eligibility to subscribe to one New Share at the Offer Price.

#### Who is granted the Rights?

The Rights are granted to all Registered Shareholders in the Company's Register as at the close of the second trading day after the date of the Extraordinary General Assembly.

### **When are the Rights deposited?**

Following the Extraordinary General Meeting and its approval to increase the capital through a Rights Issue, the Rights shall be deposited as securities in the portfolios of the Company's Shareholders Register at the Securities Depository Center by the end of the second trading day after the Extraordinary General Meeting. The New Rights appear in their portfolios under a new code for the Rights. Such Rights will be allowed to be traded or subscribed only at the beginning of the Trading and Subscription periods.

### **How are Investors in the Rights notified of the Rights being deposited in their portfolios?**

Investors are notified through an announcement on the Tadawul website and through Tadawulati Service provided by the Depository Center and SMS's sent through intermediaries.

### **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.

### **What is the Rights Issue ratio?**

It is the ratio that permits the Registered Shareholder to know how many Rights he/she is entitled to in relation to the Shares that he/she already owned on the second trading day after the Extraordinary General Assembly. This factor is calculated by dividing the number of new shares by the number of the current shares of the Company. Therefore, the eligibility factor is (1) right for each one (2) share owned by the registered shareholder on the eligibility date. Accordingly, if a registered shareholder owns (1,000) shares on the eligibility date, he/she will be allocated (500) rights in exchange for the shares he/she owns.

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

Yes, the acquired Right will be added to the Investor's Portfolio under the name of the original stock, with the addition of the word Rights, in addition to a new symbol for these Rights.

### **What is the Right's value upon the trading commencement?**

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

### **Who is the Registered Shareholder?**

Any Shareholder whose name appear in the Company's Shareholders' Register at the end of the second trading day after the Extraordinary General Assembly.

### **Can Registered Shareholders subscribe for additional shares?**

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

### **Is it possible for a Registered Shareholder to lose his eligibility to subscribe even if he has the right to attend the Extraordinary General Assembly and vote on raising the capital through a rights issue?**

Yes, the Shareholder loses his eligibility to subscribe if he sells his 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 the investment portfolio in the trading platforms through which the buy and sell orders are entered, in addition to the possibility of subscribing through any other means provided by the intermediaries and custodian.

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

The eligible person cannot subscribe to more shares than the Rights owned by him.

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

The Rights will be deposited in the same portfolio where the shares of the Company connected to the Rights are deposited. Example: If a shareholder holds (1,000) shares in the Company (800) shares in portfolio (a) and (200) shares in portfolio (b), then the total Rights which will be deposited (500) Rights as each share is eligible for (0.5) Rights. Therefore, (400) Rights will be deposited in portfolio (a) and (100) 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 Rights?**

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

### **When can the subscriber subscribe for the Rights he purchased during the trading period?**

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

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

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

### **What will happen to Rights that are unsold or unsubscribed for during the Trading Period and the Offering Periods?**

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

**Who has the right to attend the Extraordinary General Assembly and vote on increasing the Share Capital through a rights issue?**

The shareholder who is registered in the Issuer's Shareholders' Register at the Depository Center after the end of the trading session on the Extraordinary General Assembly day shall have the right to attend the Extraordinary General Assembly and vote on increasing the Issuer's Share Capital through a rights issue.

**When is the share price adjusted as a result of increasing the Issuer's Share Capital through a rights issue?**

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

**If an investor buys securities on the Extraordinary General Assembly day, will he be eligible for the Rights resulting from the increase of the Issuer's 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 Rights will be granted to all shareholders registered in the Company's Shareholders Register at the end of trading section on second trading day following the date of the Extraordinary General Assembly. However, he 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 Brokerage Company, how will his Rights be calculated?**

The investor's shares will be distributed to the portfolios owned by him, according to the percentage of ownership 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 Trading and Subscription (Offering) periods?**

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

**Is it possible to subscribe during the weekend?**

No, that is not possible.

**Can non-registered shareholders on the day of the Extraordinary General Assembly subscribe for the Rights?**

Unrestricted Shareholders can subscribe for the Rights after purchase of Rights during the period specified for trading.

**Further Assistance:**

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

For more information on the Subscription terms, conditions and instructions, please refer to Section (13) "Information Related to Shares and Offering Terms and Conditions" as well as other information contained in this Prospectus.



### 13-9 Decisions and approvals according to which shares will be offered

The decisions and approvals according to which the shares will be offered are as follows:

- 1) The recommendation of the Company's Board of Directors, in its meeting held on 19/01/1442H (corresponding to 07/09/2020G), to increase the Company's capital through a Rights Issue of one hundred twelve million five hundred thousand (112,500,000) Saudi Riyals, after obtaining all the necessary regulatory approvals and approval of the Extraordinary General Assembly.
- 2) Approval of the Company's Extraordinary General Assembly on 03/12/1442H (corresponding to 13/07/2021G). to increase the Company's capital through a Rights Issue. The Offering consists of offering eleven million two hundred fifty thousand (11,250,000) new ordinary shares at an offer price of ten (10) Saudi Riyals per share, at a nominal value of ten (10) Saudi Riyals, to increase the Company's capital from Two hundred and twenty five million (225,000,000) Saudi Riyals to three hundred and thirty-seven million five hundred thousand (337,500,000) Saudi Riyals, and to increase the number of shares from twenty-two million five hundred thousand (22,500,000) ordinary shares to thirty-three million seven hundred fifty thousand (33,750,000) ordinary shares.
- 3) Approval of the Saudi Stock Exchange Company (Tadawul) on the application for listing new shares on the date of its announcement on 27/05/1442H (corresponding to 11/01/2021G). It was also approved to publish this Prospectus and all the supporting documents requested by the Authority, on the date of its announcement on the Authority's website on 20/09/1442H (corresponding to 02/05/2021G).

### 13-10 Miscellaneous items

- The Subscription Application Form and all related terms, conditions and covenants hereof shall be binding upon and inure to the benefit of the parties to the subscription and their respective successors, permitted assigns, executors, administrators and heirs; provided that, except as specifically contemplated herein, neither the Subscription Application Form nor any of the rights, interests or obligations arising pursuant thereto shall be assigned or delegated by any of the parties to the subscription without the prior written consent of the other party.
- These instructions, clauses, and any receipt of subscription application forms or contracts arising therefrom shall be subject to the Kingdom's regulations and shall be construed in accordance with them. This Prospectus may be distributed in both Arabic and English, and in the event of a conflict between the Arabic text and the English text, the Arabic text of the Prospectus shall prevail.

### 13-11 Statement of any arrangements in place to prevent disposal of certain shares

There are no arrangements in place to prevent disposal of any shares.

## 14 The change in the share price as a result of an increase in capital.

The closing price of the Company's share on the day of the Extraordinary General Assembly is (36.80) Saudi Riyals, and it is expected to reach (27.85) Saudi Riyals at the opening of the following day, and this change represents a decrease of (32.06%). In the event that none of the shareholders appear in the Company's Shareholders Register at the Depository Center subscribed to at the end of the second trading day following the date of the Extraordinary General Assembly, this will lead to a decrease in their ownership percentage in the Company.

**Method for calculating the share price as a result of the capital increase is as follows:**

**First: Calculating the market value of the Company upon closing on the day of the Extraordinary General Assembly:**

The number of shares at the end of the day of the Extraordinary General Assembly x the closing price of the Company's share on the day of the Extraordinary General Assembly = The market value of the Company at the close on the day of the Extraordinary General Assembly.

**Second: Calculating the share price at the opening day of the day that follows the day of the Extraordinary General Assembly:**

The market value of the Company at the close on the day of the Extraordinary General Assembly + the value of the shares offered) / (the number of shares at the end of the day of the Extraordinary General Assembly + the number of shares offered for subscription) = The expected share price at the opening of the day following the day of the Extraordinary General Assembly.

## 15 Covenants relating to the Subscription

### 15-1 Overview of the Subscription Application and the Covenants.

It is possible to subscribe using the trading platforms or through any other means provided by the agent to the investors. The new shares will be subscribed to in one stage, according to the following:

- 1) During this period, all registered shareholders and new investors will be able to subscribe to the new shares.
- 2) The Registered Shareholder will be able to subscribe directly to the number of his shares during the subscription period, and if he acquires new Rights, he will be able to subscribe to them after the end of its settlement period (two working days).
- 3) New investors will be able to subscribe to the new shares directly after the rights purchase is settled (two working days).
- 4) Subscription will be made available electronically through the investment portfolio in trading platforms and applications through which buy and sell orders are entered, in addition to subscribing to other channels and means available to the Agent.

Each Rights gives its holder the right to subscribe to one new share, at the Offering Price. The subscriber to the new shares declares the following:

- ✓ His acceptance of all the subscription terms and conditions stated in this Prospectus.
- ✓ That he has read this Prospectus and all its contents carefully and understood its content.
- ✓ His acceptance of the Company By-Laws.
- ✓ He is committed not to cancel or amend the subscription application after its submission.

### 15-2 Allocation Processes

The Rights will be allocated to eligible persons based on the number of rights they have exercised fully and correctly. As for those entitled to fractional shares, fractions of shares will be collected and added to the remaining shares that were not subscribed to and offered to the investment institutions during the Rump Offering Period, and the total price of the remaining shares will be paid to the Company, the remaining proceeds from the sale of the remaining shares and fractions of shares (exceeding the Offering Price) shall be distributed to the entitled persons, each according to what he is entitled to, no later than 02/02/1443H (corresponding to 09/09/2021G), and in the event that shares remain unsubscribed to, then the underwriters will purchase those new shares and they will be allocated to them.

Eligible Persons should contact the agent through which they were subscribed to obtain any additional information. The allocation results will be announced no later than 21/01/1443H (corresponding to 29/08/2021G).

### 15-3 Saudi Stock Exchange (Tadawul)

Tadawul system was established in 2001G as an alternative system for the electronic securities information system. The electronic stock trading started in the Kingdom in 1990G. The trading process is carried out through an integrated electronic system from the execution of the transaction to the settlement. Trading is conducted on each business day at one go from 10 a.m. until 3:00 p.m., from Sunday to Thursday of each week, during which orders are executed. Beyond such times, orders are permitted to be inserted, amended, and cancelled from 9:30 a.m. until 10 a.m.

The transactions are executed through automatic order matching, and orders are received and prioritized according to the price. In general, market orders are executed first, which are the orders that have the best prices, followed by fixed-price orders, and in the event that several orders are entered at the same price, they are executed according to the timing of the entry.

The Tadawul system distributes a comprehensive range of information through different channels, most notably the Tadawul website on the Internet and the electronic link to Tadawul's information, which provides up-to-date market information for information providers such as Reuters. Transactions are automatically settled within two business days (T + 2).

The Company must disclose all decisions, material and important information through Tadawul, which is responsible for monitoring the market in its capacity as the operator of the mechanism through which the market works in order to ensure the fairness and easy flow of share exchange.

#### **15-4 Trading of the Company shares on the Saudi Stock Exchange**

An Application has been submitted to CMA to register and list the Rights in the Saudi Stock Exchange and a request has been submitted to the Stock Market (Tadawul) for their listing. This Prospectus has been approved and all requirements have been met.

Registration and the commencement of trading in the Rights in the Saudi Stock Exchange are expected after the final allocation of the Offering Shares is completed and will be announced on Tadawul website. The dates mentioned in this Prospectus are tentative and may be changed with the approval of CMA.

Although the existing shares are listed on the Saudi Stock Exchange and the Company's Shares are listed on Tadawul, the new shares can only be traded after the final allotment of shares has been made and deposited in the subscribers' portfolios. Trading in the new shares is strictly prohibited before the allocation is approved.

Subscribers and bidders in the Rump Offering who engage in prohibited trading activities shall bear full liability for them and the Company shall not be liable in such a case.

## 16 Documents available for Inspection

The following documents will be available for review at the headquarters of the Gulf General Cooperative Insurance Company, located in Jeddah, Madinah Road, Al Ghaithi Plaza, P.O. Box 1866, Jeddah 21441, Kingdom of Saudi Arabia, during official working days from Sunday to Thursday between 08:00 a.m. until 4:00 pm, starting from the first working day after the date of the invitation to convene the Extraordinary General Assembly, provided that this period shall not be less than 14 days before the date of the Extraordinary General Assembly. These documents will remain available for inspection until the end of the Offering:

### Documents related to incorporation and Articles of Association:

- Commercial Registration.
- Company By-Laws.

### Approvals related to shares capital increase:

- Board of Directors 'decision recommending the increase of capital.
- A copy of the Capital Market Authority's approval on the Offering of Rights.
- The approval of the Saudi Stock Exchange Company (Tadawul) to list tradable rights shares.

### Reports, letters and documents:

- Underwriters Agreement and the Lead Manager Agreement.
- Written consents by the Financial Advisor, Lead Manager, Underwriter, Legal Advisor and Auditors to use their names, logos and statements in the Prospectus.



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