السَّيف غاليري
Alsaif Gallery

Prospectus of

Al-Saif Stores for Development & Investment Company

Offering Period

Two (2) days

Commencing on Monday 11/05/1444H (corresponding to 05/12/2022G) and ending on Tuesday 12/05/1444H (corresponding to 06/12/2022G).

A Saudi closed joint stock company pursuant to Ministry of Commerce Resolution No. 322/S dated 23/01/1436H (corresponding to 16/11/2014G) and registered in Riyadh under Commercial Registration No. 1010111193 dated 18/12/1413H (corresponding to 09/06/1993G).

Offering of ten million, five hundred thousand (10,500,000) ordinary shares, representing 30% of Alsaif Stores' capital, for public subscription, at an Offer Price of [•] Saudi Riyals (SAR [•]) per Share.

Financial Advisor, Lead Manager, Bookrunner and Underwriter	Receiving Agents
السعودي الفرنسي كابيتال Saudi Fransi Capital	البنك السعودي الفرنسي Banque Saudi Fransi; SNB

Al-Saif Stores for Development & Investment Company 'Alsaif Gallery' (the "**Company**" or the "**Issuer**") is a Saudi closed joint stock company incorporated pursuant to Ministry of Commerce Resolution No. 322/S dated 23/01/1436H (corresponding to 16/11/2014G) and registered in Riyadh under Commercial Registration No. 1010111193 dated 18/12/1413H (corresponding to 09/06/1993G). The Company's registered address is Imam Saud Bin Abdulaziz Bin Muhammad Road, Al Taawun, P.O. Box 10447, Riyadh, 11626, Kingdom of Saudi Arabia (the "**Kingdom**").

On 18/12/1413H (corresponding to 09/06/1993G), the Company was incorporated as a sole proprietorship owned by Suleiman bin Muhammad Alsaif under Commercial Registration No. 1010111193 dated 18/12/1413H (corresponding to 09/06/1993G). On 23/01/1436H (corresponding to 16/11/2014G), the Company was converted from a sole proprietorship into a closed joint stock company named 'Alsaif Stores Development & Investment Holding Company (Saudi Closed Joint Stock Company)' pursuant to Ministry of Commerce Resolution No. 322/S, with a fully-paid capital of two million Saudi Riyals (SAR 2,000,000), divided into two hundred thousand (200,000) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share. Since its inception, the Company's capital has been increased twice. The capital was first increased by virtue of the Extraordinary General Assembly resolution dated 20/02/1439H (corresponding to 09/11/2017G), from two million Saudi Riyals (SAR 2,000,000) to forty-two million Saudi Riyals (SAR 42,000,000) paid in full, divided into four million, two hundred thousand (4,200,000) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share. The increase of forty million Saudi Riyals (SAR 40,000,000) was covered in cash. The Company's capital was further increased pursuant to the Extraordinary General Assembly resolution dated 15/09/1443H (corresponding to 16/04/2022G), from forty-two million Saudi Riyals (SAR 42,000,000) to three hundred and fifty million Saudi Riyals (SAR 350,000,000) paid in full, divided into thirty-five million (35,000,000) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share. The increase of three hundred and eight million Saudi Riyals (SAR 308,000,000) was covered through the capitalization of retained earnings (for further details on the Company's history, see Section 4.1.2 "**Corporate History and Evolution of Capital**" of this Prospectus).

The current capital of the Company is three hundred and fifty million Saudi Riyals (SAR 350,000,000), divided into thirty-five million (35,000,000) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share.

The initial public offering (the "**Offering**") consists of ten million, five hundred thousand (10,500,000) ordinary shares (collectively, the "**Offer Shares**" and each an "**Offer Share**") at an Offer Price of [•] Saudi Riyals (SAR [•]) per share, with a nominal value of ten Saudi Riyals (SAR 10) per share (the "**Offer Price**"). The Offer Shares represent 30% of the Company's capital.

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

Tranche A - Participating Parties: this tranche comprises the parties entitled to participate in the book-building process as specified under the Instructions on Book Building and Allocation of Shares in Initial Public Offerings (the "**Book Building Instructions**") issued by the Capital Market Authority (the "**CMA**") pursuant to Resolution No. 2-94-2016 dated 15/10/1437H (corresponding to 20/07/2016G), as amended by CMA Board Resolution No. 3-102-2019 dated 18/01/1441H (corresponding to 17/09/2019G) (collectively the "**Participating Parties**") (for further details, see Section 1 "**Definitions and Abbreviations**" of this Prospectus). The number of Offer Shares to be initially allocated to the Participating Parties is ten million, five hundred thousand (10,500,000) Offer Shares, representing 100% of the total Offer Shares. Final allocation of the Offer Shares will be made after the end of subscription by Retail Investors. In the event that Retail Investors (as defined in Tranche B below) subscribe for the Offer Shares allocated thereto, the Financial Advisor shall have the right to reduce the number of shares allocated to the Participating Parties to a minimum of nine million, four hundred and fifty thousand (9,450,000) Offer Shares, representing 90% of the total Offer Shares. The number and percentage of the Offer Shares to be allocated to the Participating Parties will be determined by the Financial Advisor in consultation with the Company, using the discretionary allocation mechanism. The Company and the Financial Advisor may not, as they deem appropriate, allocate shares to some of the Participating Parties.

Tranche B - Retail Investors: this tranche comprises Saudi Arabian nationals, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, any non-Saudi natural person who is a resident in the Kingdom, or any GCC national, in each case who has a bank account, and is allowed to open an investment account, with one of the Receiving Agents (collectively, the "**Retail Investors**" and each an "**Retail Investor**", and together with Participating Parties, the "**Subscribers**"). Subscription of a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature is proven to have occurred, then the law shall be enforced against such person. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted. A maximum of one million and fifty thousand (1,050,000) Offer Shares, representing 10% of the total Offer Shares, will be allocated to Retail Investors. If the Retail Investors do not subscribe for all the shares allocated thereto, the Financial Advisor may reduce the number of shares allocated to them in proportion to the number of shares that they had subscribed for.

Prior to the Offering, the entire shares of the Company are held by Suleiman bin Muhammad bin Saleh Alsaif, Heila bint Abdullah bin Saleh Alsaif, Ahmed bin Suleiman bin Muhammad Alsaif, Muhammad bin Suleiman bin Muhammad Alsaif, Haitham bin Suleiman bin Muhammad Alsaif, Muhannad bin Suleiman bin Muhammad Alsaif, Asma bint Suleiman bin Muhammad Alsaif, Maha bint Suleiman bin Muhammad Alsaif, Manal bint Suleiman bin Muhammad Alsaif, Ibtihal bint Suleiman bin Muhammad Alsaif and Alaa bint Suleiman bin Muhammad Alsaif. The Offer Shares will be sold by Suleiman bin Muhammad bin Saleh Alsaif (the "**Selling Shareholder**") as per Table 4.1 "**Ownership Structure of the Company Pre- and Post- Offering**" of this Prospectus. Upon completion of the Offering, the Selling Shareholder will own approximately 62.5% of the Company's shares and will consequently retain a controlling interest. The Offering proceeds, less the Offering expenses (the "**Net Proceeds**") will be distributed to the Selling Shareholder. The Company will not receive any part of the Net Proceeds (for further details, see Section 8 "**Use of Offering Proceeds**" of this Prospectus). The Offering is fully underwritten by the Underwriter (for further details about the underwriting, see Section 13 "**Underwriting**" of this Prospectus). Substantial Shareholders, who own 5% or more of the Company's shares, may not dispose of their shares for a period of 6 months (the "**Lock-up Period**") as of the date trading commences on the Saudi Exchange ("**Tadawul**" or the "**Exchange**"), as set out on page (x) of this Prospectus. The Company has one substantial shareholder that holds 5% or more of its shares, who is Suleiman bin Muhammad bin Saleh Alsaif (the "**Substantial Shareholder**"), owning 92.5% of the Company's shares pre-Offering and 62.5% of the Company's shares post-Offering. Table 1.2 "**The Substantial Shareholder, the Number of its Shares and its Ownership Percentage Pre- and Post-Offering**" sets out the Substantial Shareholder's ownership percentage in the Company's capital.

The Offering Period will commence on Monday 11/05/1444H (corresponding to 05/12/2022G), and continue for a period of Two (2) days up to and including the closing day on Tuesday 12/05/1444H (corresponding to 06/12/2022G) (the "**Offering Period**"). Subscription to the Offer Shares by Retail Investors can be made during the Offering Period through any of the Receiving Agents listed on page (viii) ("**Receiving Agents**"), or through the Internet, telephone banking or ATMs of the Receiving Agents, or any other e-channels that the Receiving Agents offer to their customers (for further details, see Section 17.3.2 "**Subscription by Retail Investors**" of this Prospectus). Participating Parties may subscribe for the Offer Shares through the Bookrunner during the book-building process, which will take place prior to offering the Shares to Retail Investors.

Each of the Retail Investors who subscribe to the Offer Shares must apply for no less than ten (10) Offer Shares and no more than two hundred and fifty thousand (250,000) Shares. The minimum allocation per Retail Investor is ten (10) Shares, and the balance of the Offer Shares, if any, will be allocated on a pro rata basis based on the number of Offer Shares applied for by each Retail Investor. In the event that the number of Retail Investors exceeds one hundred and five thousand (105,000) Retail Investors, the minimum allocation cannot be guaranteed by the Company and the allocation shall be made as per the instructions of the Company and the Financial Advisor. Excess subscription monies (if any) will be refunded to Subscribers without any charge or withholding by the related Receiving Agents. Notification of the final allocation and refund of excess subscription amounts will be made no later than 20/05/1444H (corresponding to 14/12/2022G) (for further details, see the "**Key Dates and Subscription Procedures**" section on page (xiii) and Section 17 "**Subscription Terms and Conditions**" of this Prospectus).

The Company has one class of shares. Each share entitles its holder to one vote, and each Shareholder (a "**Shareholder**") has the right to attend and vote at the general assembly meetings of the Company (the "**General Assembly**"). No Shareholder benefits from any preferential voting rights. The Offer Shares will be entitled to receive dividends declared by the Company as of the date of this Prospectus (the "Prospectus") and for subsequent Financial Years (for further details regarding the Dividend Distribution Policy, see Section 7 "**Dividend Distribution Policy**" of this Prospectus).

Prior to the Offering, there has been no public market for the Company's shares in the Kingdom or elsewhere. The Company has submitted an application to the CMA for the registration and offer of the Shares, and an application to the Saudi Stock Exchange (Tadawul) for listing such Shares. All required documents have been submitted to the relevant authorities. All requirements have been met, and all approvals pertaining to the Offering have been obtained, including this Prospectus. Trading of the Shares on the Exchange is expected to commence upon completion of final allocation, with all relevant regulatory requirements being met (for further details, see the "**Key Dates and Subscription Procedures**" section on page (xiii) of this Prospectus. After the Company's shares have been admitted for listing on the Exchange, Saudi Arabian nationals, residents holding valid residency permits in the Kingdom and companies, banks and investment funds established in the Kingdom or in GCC countries, as well as GCC nationals, will be permitted to trade in the Shares. Moreover, Qualified Foreign Investors ("**QFIs**") will be permitted to trade in the Company's Shares in accordance with Rules for Qualified Foreign Financial Institutions Investment (as defined in Section 1 "**Definitions and Abbreviations**" of this Prospectus). In addition, Foreign Strategic Investors may also trade in the shares in accordance with the Instructions for Foreign Strategic Investors Ownership (as defined in Section 1 "**Definitions and Abbreviations**" of this Prospectus). Non-GCC nationals living outside the Kingdom and non-GCC institutions registered outside the Kingdom ("**Foreign Investors**") will also have the right to invest indirectly in the Shares by acquiring economic benefits in the Shares by entering into SWAP Agreements with a Capital Market Institution licensed by the CMA ("**Capital Market Institutions**") to buy and trade in shares listed on the Exchange for the benefit of Foreign Investors. Under such SWAP Agreements, the Capital Market Institutions will be the registered legal owners of such shares.

Persons willing to subscribe for the Offer Shares must read and consider the "**Important Notice**" section on page (i) and Section 2 "**Risk Factors**" of this Prospectus prior to making a decision to invest in the Offer Shares.

This Prospectus includes information provided as part of the application for the registration and offer of securities in compliance with the Rules on the Offer of Securities and Continuing Obligations of the Capital Market Authority (the "CMA") and the application for the listing of securities in compliance with the Listing Rules of Tadawul. 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, the omission of which would make any statement herein misleading. The CMA and the Exchange bear no responsibility for the contents of this Prospectus, make no representations as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document.

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

This Prospectus is dated 02/03/1444H (corresponding to 28/09/2022G).

This Red Herring prospectus will be made available to Participating Parties participating in the Book-building process, and does not include the Offer Price. The final version of this Prospectus which will include the Offer Price shall be published after the completion of the Book-building process and the determination of the Offer Price.

السّيف غاليري

Alsaif Gallery

Important Notice

This Prospectus contains detailed information relating to the Company and the Offer Shares. When submitting an application for the Offer Shares, Participating Parties and Retail Investors will be treated as applying solely on the basis of the information contained in this Prospectus, copies of which are available on the websites of the Company (www.alsaifgallery.com), the CMA (www.cma.org.sa), the Exchange (www.saudiexchange.sa) and the Financial Advisor (www.sfc.sa).

The Company has appointed Saudi Fransi Capital as the Financial Advisor (the "**Financial Advisor**"), the Lead Manager (the "**Lead Manager**"), the Bookrunner (the "**Bookrunner**") and the Underwriter (the "**Underwriter**") with respect to the Offering described in this Prospectus. For further details, see Section 13 "**Underwriting**" of this Prospectus.

This Prospectus includes information that has been presented in accordance with the Rules on the Offer of Securities and Continuing Obligations issued by the CMA. 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 the omission of which would make any statement herein misleading.

While the Company has made all reasonable studies and inquiries as to the accuracy of the information contained in this Prospectus as of the date hereof, substantial portions of information hereof regarding the market and industry wherein the Company operates, have been derived from external sources. While neither the Company nor any of the Directors, Selling Shareholder, or Advisors, whose names appear on pages (vi) and (vii) 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. Accordingly, no representation or assurance is made with respect to the accuracy or completeness of any such information.

The information contained in this Prospectus, as of the date hereof, is subject to change. In particular, the financial position of the Company and the value of the Shares may be adversely affected by future developments, such as inflation, interest rates, taxation or other economic, political and other factors, over which the Company has no control (for further details, see Section 2 "**Risk Factors**" of this Prospectus). Neither this Prospectus nor any verbal, written or printed communications in connection with the Offer Shares shall be considered, relied upon in any way, or construed as a promise, confirmation or representation regarding future earnings, results or events.

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

Subscribing for the Offer Shares shall be limited to two tranches of investors as follows:

Tranche A - Participating Parties: this tranche comprises the parties entitled to participate in the book-building process as specified under the Book-Building Instructions (for further details, see Section 1 "**Definitions and Abbreviations**" of this Prospectus).

Tranche B - Retail Investors: this tranche comprises Saudi Arabian nationals, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widowed and the mother of her minor children, any non-Saudi natural person who is a resident in the Kingdom, or any GCC national, in each case who has a bank account, and is allowed to open an investment account, with one of the Receiving Agents. Subscription of a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature is proven to have occurred, then the law shall be enforced against such person. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted.

The distribution of this Prospectus or the sale of Offer Shares to any person in any country other than the Kingdom is expressly prohibited except for Qualified Foreign Financial Institutions and/or Foreign Investors, by entering into SWAP Agreements. The Company, the Selling Shareholder and the Financial Advisor request recipients of the Prospectus to observe any regulatory restrictions on offering and selling the Offer Shares. Both the Retail Investors and Participating Parties shall read this Prospectus in full and seek professional advice from a CMA-licensed financial advisor, their attorneys, accountants and professional advisors regarding statutory, tax, regulatory and economic considerations related to their investment in the Offer Shares, and they will personally bear the fees associated with such advice. Neither the Company, the Selling Shareholder nor the Financial Advisor provide any assurances with respect to the distribution of dividends.

Market and Industry Information

The information contained in Section 3 "**MARKET OVERVIEW**" is derived from a market study report prepared by Euromonitor International Limited (the "**Market Consultant**") exclusively for the Company in April 2022G. The Market Consultant is headquartered in London, UK. For further details on the Market Consultant, please visit its website (www.euromonitor.com).

The Market Consultant does not, nor do any of its subsidiaries, partners, shareholders, directors, or any of their Relatives own any shares or interest of any kind in the Company. As at the date of this Prospectus, the Market Consultant has given, and has not withdrawn, its written consent to use its name, logo, market information and data provided by it to the Company in the form set out in this Prospectus.

The Directors believe that the information and data herein which has been obtained from other sources, including the market study report prepared by the Market Consultant, are reliable. However, this information has not been independently verified by the Company, its Directors, Advisors (except for the Market Consultant) or the Selling Shareholder, and thus none of them bear any liability for the accuracy or completeness of such information or data.

Financial Information

The Company's audited financial statements for the financial years ended 31 December 2019G, 2020G and 2021G and the notes thereto, as well as the Company's audited financial statements for the three-month period ended 31 March 2022G, have been prepared in accordance with the International Financial Reporting Standards ("IFRS") endorsed in the Kingdom and other standards and publications adopted by the Saudi Organization for Chartered and Professional Accountants (previously known as the Saudi Organization for Certified Public Accountants) ("SOCPA"). The Company's audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G have been audited by KPMG Professional Services (the "Auditor for FYs 2019G, 2020G and 2021G"). In addition, the Company's audited financial statements for the three-month period ended 31 March 2022G have been audited by Al Bassam & Co. (a member of PKF International) (the "Auditor for Q1 2022G", and together with the Auditor for FYs 2019G, 2020G and 2021G, the "Auditors"). These financial statements have been included in Section 19 "**Financial Statements and Auditors' Report**" of this Prospectus. The Company publishes its financial statements in Saudi Riyals.

Some financial and statistical information contained in this Prospectus have been rounded-off to the nearest integer; therefore, if figures contained in the tables are added, the total may not match with what has been mentioned in the Prospectus.

Forecasts and Forward-looking Statements

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

Certain statements in this Prospectus constitute, or may be deemed to constitute, "forward-looking statements". Such statements can generally be identified by their use of forward-looking words such as "plans", "determines", "intends", "estimates", "expects", "is expected", "may", "possibly", "will", "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 by such forward-looking statements. Some of the risks and factors that could have such an effect are described in more detail in other sections of this Prospectus (for further details, see Section 2 "**Risk Factors**" of this Prospectus). Should one or more of these factors materialize, or any forecasts or assumptions prove to be incorrect or inaccurate, 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 if, at any time after the date of publication of this Prospectus and prior to completion of the Offering, the Company becomes aware that: (a) there has been a significant change in material matters contained in the Prospectus or any document required by the Rules on the Offer of Securities and Continuing Obligations; or (b) any significant issues that should have been included in this Prospectus arise. Except in the aforementioned circumstances, the Company does not intend to update or otherwise revise any industry or market information in this Prospectus, whether as a result of new information, future events or otherwise. As a result of the aforementioned, as well as other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Prospectus might not occur in the way the Company expects, or at all. Subscribers should consider all forward-looking statements in light of these explanations and should not place undue reliance on forward-looking statements.

Definitions and Abbreviations

For an explanation of certain terms and abbreviations included in this Prospectus, see Section 1 “**Definitions and Abbreviations**” of this Prospectus.

Corporate Directory

Board of Directors

Table No. (1.1): The Company's Board of Directors

No.	Name	Position	Nationality	Membership Status	Direct Ownership (%)		Indirect Ownership (%)**		Date of Appointment*
					Pre-Offering	Post-Offering	Pre-Offering	Post-Offering	
1	Suleiman bin Muhammad bin Saleh Alsaif	Chairman	Saudi	Non-executive/ Non-independent	92.50%	62.5%	N/A	N/A	26/03/1444H (corresponding to 22/10/2022G)
2	Ahmed bin Suleiman bin Muhammad Alsaif	Vice Chairman	Saudi	Non-executive/ Non-independent	1%	1%	N/A	N/A	26/03/1444H (corresponding to 22/10/2022G)
3	Muhammad bin Suleiman bin Muhammad Alsaif	Director & CEO	Saudi	Executive/non-independent	1%	1%	N/A	N/A	26/03/1444H (corresponding to 22/10/2022G)
4	Haitham bin Suleiman bin Muhammad Alsaif	Director & Marketing and Business Development Manager	Saudi	Executive/non-independent	1%	1%	N/A	N/A	26/03/1444H (corresponding to 22/10/2022G)
5	Muhannad bin Suleiman bin Muhammad Alsaif	Director	Saudi	Non-executive/ Non-independent	1%	1%	N/A	N/A	26/03/1444H (corresponding to 22/10/2022G)
6	Ahmed bin Saleh bin Muhammad Al-Sultan	Director	Saudi	Non-executive/ Independent	N/A	N/A	N/A	N/A	26/03/1444H (corresponding to 22/10/2022G)
7	Muhammad bin Saud bin Abdulaziz Al-Zamil	Director	Saudi	Non-executive/ Independent	N/A	N/A	N/A	N/A	26/03/1444H (corresponding to 22/10/2022G)
8	Abdulmajeed bin Suleiman bin Muhammad Al-Dakhil	Director	Saudi	Non-executive/ Independent	N/A	N/A	N/A	N/A	26/03/1444H (corresponding to 22/10/2022G)

* The dates listed in this table are the dates of appointment of the Directors to the current session of the Board. The biographies of the Directors state the dates on which the Directors were appointed to the Board or to any other position (for further details, see Section 5.3.7 "**Summary Biographies of the Directors and the Secretary**" of this Prospectus).

Source: The Company.

Company Address

Al-Saif Stores for Development & Investment Company (Alsaif Gallery)
Imam Saud Bin Abdulaziz Bin Muhammad Road, Al Taawun
P.O. Box 10447, Riyadh, 11626
Kingdom of Saudi Arabia
Tel.: +966 (11) 219 8848
Fax: +966 (11) 219 8866
Website: www.alsaifgallery.com
E-mail: cs@alsaifgallery.com

Company Representatives

Muhammad bin Suleiman bin Muhammad Alsaif
Director & CEO
Imam Saud Bin Abdulaziz Bin Muhammad Road, Al Taawun
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Kingdom of Saudi Arabia
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E-mail: m.alsaif@alsaifgallery.com

Abdulelah bin Mulhem bin Muhammad Al-Mofeez
CFO
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Secretary

Faisal bin Saif bin Muaid Al-Sultan
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Exchange

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Fax: +966 (11) 218 9133
Website: www.saudiexchange.sa
E-mail: csc@saudiexchange.sa

Depository Center

Securities Depository Center Company (Edaa)
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Kingdom of Saudi Arabia
Tel.: +966 (11) 92002 600
Fax: +966 (11) 218 9133
Website: www.edaa.com.sa
E-mail: cc@edaa.com.sa

Advisors

Financial Advisor, Lead Manager, Bookrunner and Underwriter
Saudi Fransi Capital King Fahad Road 8092 Riyadh 3735-12313 P.O. Box 23454, Riyadh 11426 Kingdom of Saudi Arabia Tel.: +966 (11) 282 6666 Fax: +966 (11) 282 6823 Website: www.sfc.sa E-mail: AlSaifGallery.IPO@fransicapital.com.sa
Legal Advisor to the Company
The Law Firm of Salman M. Al-Sudairi King Fahd Road Tatweer Towers, Tower 1, 7th Floor P.O. Box 17411 Riyadh 11484 Kingdom of Saudi Arabia Tel.: +966 (11) 207 2500 Fax: +966 (11) 207 2577 Website: www.alsudairilaw.com.sa E-mail: info@alsudairilaw.com.sa
Financial Due Diligence Advisor
PricewaterhouseCoopers (Public Accountants) King Fahd Road P.O. Box 8282, Riyadh, 11482 Kingdom of Saudi Arabia Tel.: +966 (11) 211 0400 Fax: +966 (11) 211 0401 Website: www.pwc.com/middle-east E-mail: joseph.boueid@pwc.com
Auditor for FYs 2019G, 2020G and 2021G
KPMG Professional Services Riyadh Front, Airport Road P.O Box 92876 Riyadh 11663 Kingdom of Saudi Arabia Tel.: +966 (11) 874 8500 Fax: +966 (11) 874 8600 Website: www.kpmg.com.sa E-mail: www.marketingsa@kpmg.com
Auditor for Q1 2022G
Al Bassam & Co. (Member of PKF International) P.O. Box 69658, Riyadh 11557 Kingdom of Saudi Arabia Tel.: +966 (11) 206 5333 Fax: +966 (11) 206 5444 Website: www.pkfalbassam.com E-mail: info.sa@pkf.com

Market Consultant	
Euromonitor International Limited 60-61 Britton Street, London EC1M 5UX UK Tel.: +44 (20) 7251 8024 Fax: +44 (20) 7608 3149 Website: www.euromonitor.com E-mail: info-mena@euromonitor.com	

Note:

The above Advisors and Auditors have given, and, as of the date hereof, have not withdrawn, their written consent to the publication of their names, addresses, logos, and statements in this Prospectus in the form in which they appear herein. Moreover, they do not themselves, or their employees (forming part of the engagement team serving the Company), or any of their Relatives have any shareholding or interest of any kind in the Company as at the date of this Prospectus which would impair their independence.

Receiving Agents

Banque Saudi Fransi King Saud Road P.O. Box 56006 Riyadh 11554 Kingdom of Saudi Arabia Tel.: +966 (92) 000 0579 Fax: +966 (11) 402 7261 Website: www.alfransi.com.sa E-mail: Fransiplusadmin@alfransi.com.sa	البنك السعودي الفرنسي Banque Saudi Fransi
Saudi National Bank King Fahd Road, Al-Aqiq, King Abdullah Financial District P.O. Box 3208, Unit No. 778 Kingdom of Saudi Arabia Tel: +966 (92) 000 1000 Fax: +966 (11) 406 0052 Website: www.alahli.com E-mail: contactus@alahli.com	SNB الأهلي

Offering Summary

This Offering Summary is intended to provide a brief overview of the information detailed in this Prospectus; however, this summary does not include all information which may be important to prospective investors and must be taken into consideration before deciding to invest in the Offer Shares. Therefore, those willing to subscribe to the Offer Shares must read and review this Prospectus in full. Any decision to invest in the Offer Shares should be based on a consideration of this Prospectus as a whole. In particular, the "**Important Notice**" section on page (i) and Section 2 "**Risk Factors**" of this Prospectus must be carefully considered before deciding to invest in the Offer Shares. Subscribers should not rely solely on this summary.

Company Name, Description and Incorporation	Al-Saif Stores for Development & Investment Company 'Alsaif Gallery' is a Saudi closed joint stock company incorporated pursuant to Ministry of Commerce Resolution No. 322/S dated 23/01/1436H (corresponding to 16/11/2014G) and registered in Riyadh under Commercial Registration No. 1010111193 dated 18/12/1413H (corresponding to 09/06/1993G). The Company's registered address is Imam Saud Bin Abdulaziz Bin Muhammad Road, Al Taawun, P.O. Box 10447, Riyadh, 11626, Kingdom of Saudi Arabia. On 18/12/1413H (corresponding to 09/06/1993G), the Company was incorporated as a sole proprietorship owned by Suleiman bin Muhammad Alsaif under Commercial Registration No. 1010111193 dated 18/12/1413H (corresponding to 09/06/1993G). On 23/01/1436H (corresponding to 16/11/2014G), the Company was converted from a sole proprietorship into a closed joint stock company named 'Alsaif Stores Development & Investment Holding Company (Saudi Closed Joint Stock Company)' pursuant to Ministry of Commerce Resolution No. 322/S, with a fully-paid capital of two million Saudi Riyals (SAR 2,000,000), divided into two hundred thousand (200,000) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share. Since its inception, the Company's capital has been increased several times. The capital was first increased by virtue of the Extraordinary General Assembly resolution dated 20/02/1439H (corresponding to 09/11/2017G), from two million Saudi Riyals (SAR 2,000,000) to forty-two million Saudi Riyals (SAR 42,000,000) paid in full, divided into four million, two hundred thousand (4,200,000) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share. The increase of forty million Saudi Riyals (SAR 40,000,000) was covered in cash. The Company's capital was further increased pursuant to the Extraordinary General Assembly resolution dated 15/09/1443H (corresponding to 16/04/2022G), from forty-two million Saudi Riyals (SAR 42,000,000) to three hundred and fifty million Saudi Riyals (SAR 350,000,000) paid in full, divided into thirty-five million (35,000,000) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share. The increase of three hundred and eight million Saudi Riyals (SAR 308,000,000) was covered through the capitalization of retained earnings (for further details on the Company's history, see Section 4.1.2 "**Corporate History and Evolution of Capital**" of this Prospectus).
Company Activities	The Company operates in the home utensils and appliances retail sector, where it operates fifty-eight (58) Alsaif Gallery-branded stores spread over twenty-nine (29) cities in the Kingdom as of 31 March 2022G. It also has an online store targeting customers inside the Kingdom and in GCC countries. Through its stores, the Company aims to fulfill customer needs for home utensils and appliances such as small home appliances, kitchenware, serveware and other home accessories. To support its stores and supply them with products and merchandise, the Company has two warehouses in Riyadh with a total area of more than 35,000 m^2. In accordance with the Company's Bylaws, the Company's activities comprise: 1. Wholesale and retail trade of Kitchenware and electrical appliances. 2. Wholesale and retail trade of home and office furniture, antiques, gifts, plastics, hardware and medical furniture. 3. Wholesale and retail trade and gilding of Kitchenware home utensils. 4. Wholesale and retail trade of toiletries, perfumes, cosmetics, women's accessories, belts, bags, other leather products, restaurant, hotel and hospital supplies, electronics, watches, heating flues, beauty tools and supplies, Home Accessories and hygienic kits. 5. Online retail sales. 6. Purchase and acquisition of properties and land to construct buildings or invest them by way of sale or lease for the Company's benefit. 7. Development, maintenance and management of land and properties for the Company's benefit. 8. Purchase, acquisition, investment by way of sale or lease, development, management, operation and maintenance of furnished apartments, hospitals, gardens, markets, restaurants, public parks, tourist complexes, health, recreational, tourist, industrial, residential, agricultural, sports and educational facilities, gas stations, rest areas, bakeries, stores, warehouses and automatic laundries. 9. Maintenance, cleaning, management and operation of cities, facilities, buildings, public and private establishments, markets, residential, commercial, industrial, recreational, medical, agricultural and educational facilities, roads, dams, tunnels, bridges, water and sewage works, gas stations, airports, factories, power plants and petroleum and oil and gas pipelines and tanks. 10. Organization of permanent and temporary exhibitions. 11. General contracting (construction, repair, restoration, demolition) for buildings and general construction for road works, water and sewage works, irrigation and associated network works, electrical, mechanical, industrial and electronic works, marine works, dams, well drilling, desalination, pumping and purification of water and gas, telephone networks, hospitals, medical centers, gas and power plants, airports, factories and power plants. 12. Import and export services, marketing for third parties and commercial agencies and advertising services. 13. Architectural, civil, mechanical, electrical, agricultural and zoological contracting. 14. Marketing services for third parties and commercial agencies. 15. Basic metallurgical industry (iron, steel, non-ferrous metals). 16. Purchase and acquisition of properties and land, in addition to investing them by way of sale or lease for the Company's benefit.

Company Activities	17. Establishment and organization of celebrations and festivals. 18. Other mail activities. 19. Private courier company activities. 20. Online trade. 21. Other retail sale activities via mail order houses or via the internet. 22. General warehouses holding a variety of merchandise. 23. Operation of warehousing facilities for all types of merchandise. 24. Services for shipment and distribution of merchandise in general. 25. Other warehousing activities.
Substantial Shareholder	The Substantial Shareholder, who directly or indirectly holds 5% or more of the Company's Shares, is Suleiman bin Muhammad bin Saleh Alsaif. The following table shows the number of shares of the Substantial Shareholder and its ownership percentage in the Company pre- and post-Offering: (see Table No. (1.2) below)

Table No. (1.2): The Substantial Shareholder, the Number of its Shares and its Ownership Percentage Pre- and Post-Offering

Shareholder	Pre-Offering			Post-Offering		
	No. of Shares	Nominal Value (SAR)	Percentage	No. of Shares	Nominal Value (SAR)	Percentage
Suleiman bin Muhammad bin Saleh Alsaif	32,375,000	323,750,000	92.5%	21,875,000	218,750,000	62.5%
Total	**32,375,000**	**323,750,000**	**92.5%**	**21,875,000**	**218,750,000**	**62.5%**

Source: The Company.

Company's Capital	Three hundred and fifty million Saudi Riyals (SAR 350,000,000), fully paid.
Total Number of Company Shares	Thirty-five million (35,000,000) fully paid ordinary Shares.
Nominal Value per Share	Ten Saudi Riyals (SAR 10) per Share.
Subsidiary	Alsaif Gallery Trading, a single-person limited liability company incorporated in Abu Dhabi, UAE, with a capital of ten thousand UAE dirhams (AED 10,000), divided into ten (10) shares with an equal nominal value of one thousand UAE dirhams (AED 1,000) per share. It is a wholly owned subsidiary of the Company. As at the date of this Prospectus, work is underway to register the Subsidiary in the Abu Dhabi commercial registry.
Offering	Offering of ten million, five hundred thousand (10,500,000) ordinary Shares, representing 30% of the Company's capital, for public subscription, at an Offer Price of [•] Saudi Riyals (SAR ([•]) per Share.
Total Number of Offer Shares	Ten million, five hundred thousand (10,500,000) fully paid ordinary Shares.
Percentage of the Offer Shares to the Company's Capital	The Offer Shares represent 30% of the Company's Shares.
Offer Price	[•] Saudi Riyals (SAR [•]).
Total Offering Value	[•] Saudi Riyals (SAR [•]).
Use of Offering Proceeds	The Offering Proceeds amounting to [•] Saudi Riyals (SAR [•]) (upon deducting all the Offering costs and expenses estimated at [•] Saudi Riyals (SAR ([•]), will be paid to the Selling Shareholder. The Company will not receive any part of the Net Proceeds (for further details, see Section 8 "**Use of Offering Proceeds**" of this Prospectus).
Number of Offer Shares Underwritten	Ten million, five hundred thousand (10,500,000) ordinary Shares.
Total Offering Value Underwritten	[•] Saudi Riyals (SAR [•]).
Categories of Target Investors	Subscription for the Offer Shares shall be limited to two tranches of investors as follows: **Tranche A - Participating Parties:** this tranche comprises the parties entitled to participate in the book-building process as specified under the Book-Building Instructions (see Section 1 "**Definitions and Abbreviations**" of this Prospectus). **Tranche B - Retail Investors:** this tranche comprises Saudi Arabian nationals, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who may subscribe for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, any non-Saudi natural person who is a resident in the Kingdom, or any GCC national, in each case who has a bank account, and is allowed to open an investment account with one of the Receiving Agents.
Total Number of Offer Shares Available for Each Category of Target Investors	
Number of Offer Shares Available to Participating Parties	Ten million, five hundred thousand (10,500,000) Offer Shares, representing 100% of the total Offer Shares. In the event that Retail Investors subscribe for the entire Offer Shares allocated thereto, the Financial Advisor shall have the right to reduce the number of shares allocated to the Participating Parties to a minimum of nine million, four hundred and fifty thousand (9,450,000) Offer Shares, representing 90% of the total Offer Shares.
Number of Offer Shares Available to Retail Investors	A maximum of one million and fifty thousand (1,050,000) Offer Shares, representing 10% of the total Offer Shares.

Subscription Method for Each Category of Target Investors	
Subscription Method for Participating Parties	Participating Parties may apply for participation in the book-building process by filling out the Bid Forms which will be made available by the Bookrunner to the Participating Parties during the book-building process. After initial allocation, the Bookrunner will provide the Bid Forms to the Participating Parties to be completed in accordance with the instructions set out in Section 17 "**Subscription Terms and Conditions**" of this Prospectus.
Subscription Method for Retail Investors	Subscription Application Forms will be made available by the Receiving Agents during the Offering Period. Subscription Application Forms shall be completed in accordance with the instructions mentioned in Section 17 "**Subscription Terms and Conditions**" of this Prospectus) and submitted to one of the branches of the Receiving Agents. Retail Investors can also subscribe through the internet, telephone banking or ATMs of the Receiving Agents that offer any or all such services to its customers, provided that: (a) the Retail Investor shall have a bank account at a Receiving Agent that offers such services; and (b) there should have been no changes in the personal details of the Retail Investor since his subscription in a recent offering.
Minimum Number of Offer Shares to be Applied for by Each Category of Target Investors	
Minimum Number of Offer Shares to be Applied for by Participating Parties	Fifty thousand (50,000) Shares.
Minimum Number of Offer Shares to be Applied for by Retail Investors	Ten (10) Shares.
Minimum Subscription Amount for Each Category of Target Investors	
Minimum Subscription Amount for Participating Parties	[•] Saudi Riyals (SAR [•]).
Minimum Subscription Amount for Retail Investors	[•] Saudi Riyals (SAR [•]).
Maximum Number of Offer Shares to be Applied for by Each Category of Target Investors	
Maximum Number of Offer Shares to be Applied for by Participating Parties	One million, seven hundred and forty-nine thousand, nine hundred and ninety-nine (1,749,999) Shares.
Maximum Number of Offer Shares to be Applied for by Retail Investors	Two hundred and fifty thousand (250,000) Shares.
Maximum Subscription Amount for Each Category of Target Investors	
Maximum Subscription Amount for Participating Parties	[•] Saudi Riyals (SAR [•]).
Maximum Subscription Amount for Retail Investors	[•] Saudi Riyals (SAR [•]).
Allocation of Offer Shares and Refund of Excess Subscription Monies (if any) for Each Category of Target Investors	
Allocation of Offer Shares and Refund of Excess Subscription Monies for Participating Parties	The initial allocation will be made as the Financial Advisor deems appropriate, in coordination with the Company, using the discretionary allocation mechanism. The Company and the Financial Advisor may, as they deem appropriate, not allocate shares to some of the Participating Parties. Final allocation of the Offer Shares to Participating Parties shall be made through the Financial Advisor upon completion of the allocation of Offer Shares to Retail Investors. The number of Offer Shares to be initially allocated to the Participating Parties is ten million, five hundred thousand (10,500,000) Offer Shares, representing 100% of the total Offer Shares. If there is sufficient demand by Retail Investors, the Financial Advisor shall have the right to reduce the number of shares allocated to the Participating Parties to a minimum of nine million, four hundred and fifty thousand (9,450,000) Offer Shares, representing 90% of the total Offer Shares, upon completion of the allocation of Offer Shares to Retail Investors.
Allocation Method for Retail Investors	The Offer Shares are expected to be allocated no later than Wednesday, 20/05/1444H (corresponding to 14/12/2022G). The minimum allocation per Retail Investor is ten (10) Shares, and the maximum allocation per Retail Investor is two hundred and fifty thousand (250,000) Shares. The balance of the Offer Shares, if any, will be allocated on a pro rata basis based on the number of Offer Shares applied for by each Retail Investor. In the event that the number of Retail Investors exceeds one hundred and five thousand (105,000), the Company will not guarantee the minimum allocation, in which case the Shares will be allocated as per the instructions of the Company and the Financial Advisor (for further details, see Section 17 "**Subscription Terms and Conditions**" of this Prospectus).
Refund of Excess Subscription Monies (if any)	The Lead Manager and Receiving Agents, as applicable, will notify the Subscribers informing them of the final number of Offer Shares allocated thereto as well as the amounts to be refunded. Excess subscription monies, if any, will be refunded to the Subscribers in whole, without any deductions or fees, and will be deposited in the Subscribers' accounts specified in the Subscription Application Forms. Announcement of the final allocation and refund of subscription monies will be made no later than Wednesday, 20/05/1444H (corresponding to 14/12/2022G).

Offering Period	The Offering Period will commence on Monday 11/05/1444H (corresponding to 05/12/2022G), and will continue for a period of two (2) days up to and including the closing day on Tuesday 12/05/1444H (corresponding to 06/12/2022G).
Entitlement to Dividends	The Offer Shares will be entitled to receive any dividends declared and paid by the Company as of the date of this Prospectus and for subsequent financial years (for further details, see Section 7 "**Dividend Distribution Policy**" of this Prospectus).
Voting Rights	The Company has one class of Ordinary Shares. None of the Shares carry any preferential voting rights. Each Share entitles its holder to one vote. Each Shareholder has the right to attend and vote at the General Assembly meetings and may delegate another Shareholder that is not a Director to attend General Assembly meetings and vote on its behalf (for further details about voting rights, see Section 12.3 "**Summary of the Company's Bylaws**" of this Prospectus).
Restrictions on the Shares (Lock-up Period)	The Substantial Shareholder is subject to a lock-up period of six (6) months from the date on which trading of the Offer Shares commences on the Exchange, wherein they may not dispose of their shares. Following the Lock-up Period, the Substantial Shareholder may dispose of its shares without prior approval from the CMA.
Listing and Trading of Shares	Prior to the Offering, there has been no public market for the shares in the Kingdom or elsewhere. An application has been made by the Company to the CMA for the registration and offer of the Shares in accordance with the Rules on the Offer of Securities and Continuing Obligations. The Company also submitted an application to the Exchange for admission to listing in accordance with the Listing Rules. All relevant approvals pertaining to the Offering have been granted, and all supporting documents required by the CMA have been obtained. Trading of the Shares on the Exchange is expected to commence upon completion of final allocation (for further details, see the "**Key Dates and Subscription Procedures**" section on page (xiii) of this Prospectus).
Risk Factors	There are certain risks related to investment in the Offer Shares. Such risks can be classified as follows: 1. Risks related to the Company's activity and operations. 2. Risks related to the market and sector in which the Company operates. 3. Risks related to the Offer Shares. These risks are described in Section 2 "**Risk Factors**" of this Prospectus, and should be considered carefully prior to deciding to invest in the Offer Shares.
Offering Expenses	The expenses and costs related to the Offering will be fully borne by the Selling Shareholder and will be deducted from the Offering Proceeds. The Offering expenses are estimated at approximately [•] Saudi Riyals (SAR [•]). This figure includes the fees of each of the Financial Advisor, Underwriter, Legal Advisor, legal advisor to the Underwriter, Auditors, Market Consultant, the Financial Due Diligence Advisor and Receiving Agents, in addition to marketing, printing, distribution and translation expenses as well as other expenses related to the Offering.
Underwriter	**Saudi Fransi Capital** King Fahad Road 8092 Riyadh 3735-12313 P.O. Box 23454, Riyadh 11426 Kingdom of Saudi Arabia Tel.: +966 (11) 282 6666 Fax: +966 (11) 2826823 Website: www.sfc.sa E-mail: AlSaifGallery.IPO@fransicapital.com.sa

Note: The "**Important Notice**" section on page (i) and Section 2 "**Risk Factors**" of this Prospectus should be carefully considered prior to deciding to invest in the Offer Shares.

Key Dates and Subscription Procedures

Key Dates

Table No. (1.3): Expected Offering Timetable

Event	Date
Bidding and book-building period for Participating Parties	A period of five (5) days commencing on Tuesday 28/04/1444H (corresponding to 22/11/2022G), and ending on Monday 04/05/1444H (corresponding to 28/11/2022G).
Retail Investors' subscription period	A period of two (2) days commencing on Monday 11/05/1444H (corresponding to 05/12/2022G), and ending on Tuesday 12/05/1444H (corresponding to 06/12/2022G).
Deadline for submission of Subscription Application Forms based on the provisionally allocated Offer Shares for Participating Parties	Thursday, 07/05/1444H (corresponding to 01/12/2022G).
Deadline for payment of subscription monies for Participating Parties based on the provisionally allocated Offer Shares	Monday, 11/05/1444H (corresponding to 05/12/2022G).
Deadline for submission of Subscription Application Forms and payment of subscription monies for Retail Investors	Tuesday, 12/05/1444H (corresponding to 06/12/2022G).
Announcement of final allocation of Offer Shares	Wednesday, 20/05/1444H (corresponding to 14/12/2022G).
Refund of Excess subscription monies (if any)	Wednesday, 20/05/1444H (corresponding to 14/12/2022G).
Expected date of commencement of trading on the Exchange	Trading of the Company's Shares on the Exchange is expected to commence after all relevant regulatory requirements are satisfied. Trading will be announced through Tadawul's website (www.saudiexchange.sa).

Note: The above timetable and dates therein are indicative. The actual dates will be communicated through announcements appearing on the websites of the Exchange (www.saudiexchange.sa), the Financial Advisor (www.sfc.sa), and the Company (www.alsaifgallery.com).

How to Apply for Subscription

Subscription for the Offer Shares shall be limited to two tranches of investors as follows:

A. Participating Parties:

This tranche comprises the parties entitled to participate in the book-building process as specified under the Book-Building Instructions (see Section 1 "**Definitions and Abbreviations**" of this Prospectus).

Participating Parties can obtain Bid Forms from the Bookrunner during the book-building process and Subscription Forms from the Bookrunner after initial allocation. The Bookrunner shall, after the approval of the CMA, offer the Offer Shares to the Participating Parties only during the Book-Building Period. Subscription by the Participating Parties shall commence during the Offering Period, which also includes Retail Investors, in accordance with the terms and conditions detailed in the Subscription Application Forms. A signed Subscription Application Form shall be submitted to the Bookrunner, with such form representing a binding agreement between the Selling Shareholder and the relevant Participating Party submitting the application.

B. Retail Investors:

This tranche comprises Saudi Arabian nationals, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, any non-Saudi natural person who is a resident in the Kingdom, or any GCC national, in each case who has a bank account, and is allowed to open an investment account with one of the Receiving Agents. Subscription of a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature is proven to have occurred, then the law shall be enforced against such person. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted.

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

- the Retail Investor must have a bank account with a Receiving Agent which offers such services; and
- there should have been no changes in the personal information or data of the Retail Investor (by way of disposal or addition of any member of their family) since they last participated in a recent initial public offering.

Subscription Application Forms must be completed in accordance with the instructions set out in Section 17 "**Subscription Terms and Conditions**" of this Prospectus. An applicant must complete all relevant items of the Subscription Form. The Company reserves the right to reject any Subscription Application Form, in part or in whole, if any of the subscription terms and conditions are not met. Amendments to and withdrawal of the subscription application shall not be permitted once the subscription application has been submitted. The submission of a Subscription Application Form is considered a binding agreement between the relevant Subscriber and the Selling Shareholder (for further details, see Section 17 "**Subscription Terms and Conditions**" of this Prospectus).

Excess subscription monies, if any, will be refunded to the primary Investor's account held with the Receiving Agent from which the subscription value had been initially debited, without any commissions or withholding by the Lead Manager or the Receiving Agents. Excess subscription monies shall not be refunded in cash or to third-party accounts.

For further details regarding subscription by Retail Investors and Participating Parties, see Section 17 "**Subscription Terms and Conditions**" of this Prospectus.

Summary of Key Information

This summary is intended to provide a brief overview of the detailed information contained in this Prospectus; however, this summary does not include all information which may be important to prospective investors and must be taken into consideration before deciding to invest in the Offer Shares. Therefore, those willing to subscribe for the Offer Shares must read and review this Prospectus in full. Any decision to invest in the Offer Shares should be based on a consideration of this Prospectus as a whole. In particular, the "**Important Notice**" section on page (i) and Section 2 "**Risk Factors**" of this Prospectus must be carefully considered before deciding to invest in the Offer Shares. Subscribers should not rely solely on this summary.

Overview of the Company

Al-Saif Stores for Development & Investment Company 'Alsaif Gallery' is a Saudi closed joint stock company incorporated pursuant to Ministry of Commerce Resolution No. 322/S dated 23/01/1436H (corresponding to 16/11/2014G) and registered in Riyadh under Commercial Registration No. 1010111193 dated 18/12/1413H (corresponding to 09/06/1993G). The Company's registered address is Imam Saud Bin Abdulaziz Bin Muhammad Road, Al Taawun, P.O. Box 10447, Riyadh, 11626, Kingdom of Saudi Arabia.

On 18/12/1413H (corresponding to 09/06/1993G), the Company was incorporated as a sole proprietorship owned by Suleiman bin Muhammad Alsaif under Commercial Registration No. 1010111193 dated 18/12/1413H (corresponding to 09/06/1993G). On 23/01/1436H (corresponding to 16/11/2014G), the Company was converted from a sole proprietorship into a closed joint stock company named 'Alsaif Stores Development & Investment Holding Company (Saudi Closed Joint Stock Company)' pursuant to Ministry of Commerce Resolution No. 322/S, with a fully-paid capital of two million Saudi Riyals (SAR 2,000,000), divided into two hundred thousand (200,000) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share. Since its inception, the Company's capital has been increased twice. The capital was first increased by virtue of the Extraordinary General Assembly resolution dated 20/02/1439H (corresponding to 09/11/2017G), from two million Saudi Riyals (SAR 2,000,000) to forty-two million Saudi Riyals (SAR 42,000,000) paid in full, divided into four million, two hundred thousand (4,200,000) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share. The increase of forty million Saudi Riyals (SAR 40,000,000) was covered in cash. The Company's capital was further increased pursuant to the Extraordinary General Assembly resolution dated 15/09/1443H (corresponding to 16/04/2022G), from forty-two million Saudi Riyals (SAR 42,000,000) to three hundred and fifty million Saudi Riyals (SAR 350,000,000) paid in full, divided into thirty-five million (35,000,000) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share. The increase of three hundred and eight million Saudi Riyals (SAR 308,000,000) was covered through the capitalization of retained earnings. The current capital of the Company is three hundred and fifty million Saudi Riyals (SAR 350,000,000) divided into thirty-five million (35,000,000) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share. For further details on the Company's history, see Section 4.1.2 "**Corporate History and Evolution of Capital**" of this Prospectus.

The Company operates in the home appliances and Kitchenware retail sector, where it operates fifty-eight (58) Alsaif Gallery-branded stores spread over twenty-nine (29) cities in the Kingdom as of 31 March 2022G. It also has an online store targeting customers inside the Kingdom and in GCC countries. Through its stores, the Company aims to fulfill customer needs for home appliances and Kitchenware such as small home appliances, Kitchenware, Serveware and other home accessories. To support its stores and supply them with products and merchandise, the Company has two warehouses in Riyadh with a total area of more than 35,000 m^2.

Principal Activities of the Company

The Company operates in the home appliances and Kitchenware retail sector, where it operates fifty-eight (58) Alsaif Gallery-branded stores spread over twenty-nine (29) cities in the Kingdom as of 31 March 2022G. It also has an online store targeting customers inside the Kingdom and in GCC countries. Through its stores, the Company aims to fulfill customer needs for home appliances and Kitchenware such as small home appliances, Kitchenware, Serveware and other home accessories. To support its stores and supply them with products and merchandise, the Company has two warehouses in Riyadh with a total area of more than 35,000 m^2.

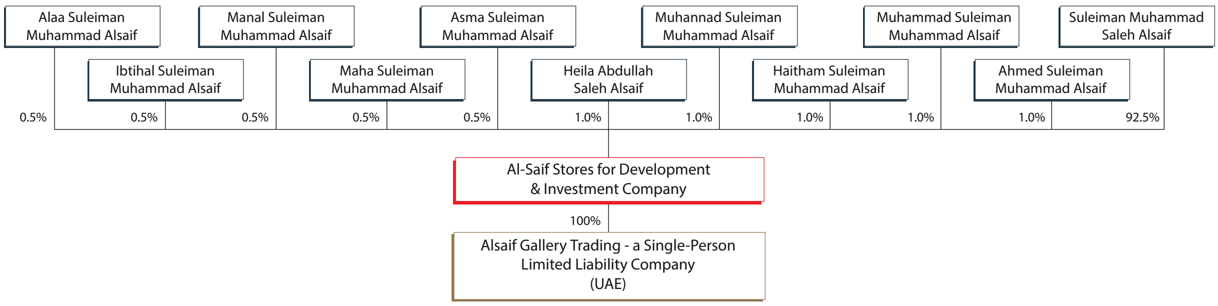
The Company's activities are mainly concentrated in the retail sector. In accordance with the Company's Bylaws, the Company's activities include:

1. Wholesale and retail trade of Kitchenware and electrical appliances.
2. Wholesale and retail trade of home and office furniture, antiques, gifts, plastics, hardware and medical furniture.
3. Wholesale and retail trade and gilding of Kitchenware.
4. Wholesale and retail trade of toiletries, perfumes, cosmetics, women's accessories, belts, bags, other leather products, restaurant, hotel and hospital supplies, electronics, watches, heating flues, beauty tools and supplies, Home Accessories and hygienic kits.

5. Online retail sales.
6. Purchase and acquisition of properties and land to construct buildings or invest them by way of sale or lease for the Company's benefit.
7. Development, maintenance and management of land and properties for the Company's benefit.
8. Purchase, acquisition, investment by way of sale or lease, development, management, operation and maintenance of furnished apartments, hospitals, gardens, markets, restaurants, public parks, tourist complexes, health, recreational, tourist, industrial, residential, agricultural, sports and educational facilities, gas stations, rest areas, bakeries, stores, warehouses and automatic laundries.
9. Maintenance, cleaning, management and operation of cities, facilities, buildings, public and private establishments, markets, residential, commercial, industrial, recreational, medical, agricultural and educational facilities, roads, dams, tunnels, bridges, water and sewage works, gas stations, airports, factories, power plants and petroleum, oil and gas pipelines and tanks.
10. Organization of permanent and temporary exhibitions.
11. General contracting (construction, repair, restoration, demolition) for buildings and general construction for road works, water and sewage works, irrigation and associated network works, electrical, mechanical, industrial and electronic works, marine works, dams, well drilling, desalination, pumping and purification of water and gas, telephone networks, hospitals, medical centers, gas and power plants, airports, factories and power plants.
12. Import and export services, marketing for third parties and commercial agencies and advertising services.
13. Architectural, civil, mechanical, electrical, agricultural and zoological contracting.
14. Marketing services for third parties and commercial agencies.
15. Basic metallurgical industry (iron, steel, non-ferrous metals).
16. Purchase and acquisition of properties and land, in addition to investing them by way of sale or lease for the Company's benefit.
17. Establishment and organization of celebrations and festivals.
18. Other mail activities.
19. Private courier company activities.
20. Online trade.
21. Other retail sale activities via mail order houses or via the internet.
22. General warehouses holding a variety of merchandise.
23. Operation of warehousing facilities for all types of merchandise.
24. Services for shipment and distribution of merchandise in general.
25. Other warehousing activities.

Ownership Structure of the Company

Figure No. (1): Ownership Structure of the Company



Source: The Company

Subsidiary

The Company has one subsidiary, Alsaif Gallery Trading, a single-person limited liability company (the "**Subsidiary**"). The Subsidiary was incorporated in Abu Dhabi, UAE, with a capital of ten thousand UAE dirhams (AED 10,000), divided into ten (10) shares with equal nominal value of one thousand UAE dirhams (AED 1,000) per share. It is a wholly owned subsidiary of the Company. As at the date of this Prospectus, work is underway to register the Subsidiary in the Abu Dhabi commercial registry. For the purpose of measuring the materiality of the Company's Subsidiary, the Company and the Financial Advisor have taken into account the impact of the Subsidiary on investment in the Company's Offer Shares and their price, including, but not limited to, whether they constitute 5% or more of the Company's total assets, liabilities, revenue, profits or contingent liabilities. Based on the foregoing, the Subsidiary is not considered as material.

Company Vision, Mission and Values

Vision

The Company strives to be the leader and the first choice for customers to serve them and to provide the finest home appliances and Kitchenware.

Mission

Providing the latest home appliances and Kitchenware and innovative products and services that enhance customers' quality of life.

Values

- Quality.
- Customer Satisfaction.
- Development.
- Honesty.
- Teamwork.

Company Strategy

A. Store Network Expansion in the Kingdom and Abroad

The Company is working to expand its network of stores in the Kingdom and abroad, as part of its continuous endeavor to serve the largest number of new and existing customers, by increasing the number of its fifty-eight (58) stores as of 31 March 2022G. Among the Company's objectives is to expand by opening small branches in small cities and governorates that fit the size and needs of the target city. The Company also plans to open stores in countries neighboring the Kingdom, such as the Gulf states and Egypt. In this regard, on 29/07/1443H (corresponding to 02/03/2022G), the Company's Board of Directors approved a resolution to expand the Company's business in the United Arab Emirates, Oman, Qatar, Kuwait, Bahrain and Egypt. As of the date of this Prospectus, the Company has not yet set a time plan for expansion projects in Oman, Qatar, Kuwait and Egypt. Regarding the United Arab Emirates, the Company is working, as of the date of this Prospectus, to establish its legal entity in the United Arab Emirates, and plans to open three (3) stores and one warehouse in the United Arab Emirates, whereby the first store is expected to open in Abu Dhabi during the last quarter of 2022G (for further details, see Section 4.3.8 "**Future Projects**" of this Prospectus).

B. Product Portfolio Diversification

The Company plans to enhance and develop its product portfolio to serve the needs and preferences of its customers for Kitchenware and other appliances by adding kitchen-related products such as ovens, refrigerators and dishwashers of small sizes. The Company strives to make its stores a one-stop shop for all home items and appliances. Moreover, the Company currently provides some dry food products such as coffee and spices. The Company intends to expand by increasing the food products offered in order to improve the experience of its customers, including through offering products that are compatible with the store's products. This will enhance the Company's strategy of diversifying products that revolve around the needs of customers to include items that cater to the customer segment and their needs. In addition, diversification reflects the Company's vision of continuing to develop products that help facilitate customer experience in carrying out household chores. Since most of the Company's shoppers are women, the Company also seeks to provide products complementary to customer needs for electrical appliances related to personal care.

C. Online Store Expansion

The Company's online store is available through its website (Alsaifgallery.com) and smartphone applications on Android and iOS to provide a flexible and seamless shopping experience. The online store provides a delivery service to all regions of the Kingdom and GCC countries, where delivery takes between one and three (3) days inside Riyadh, between three (3) and five (5) days outside Riyadh, and between five (5) and ten (10) days for orders from outside the Kingdom. The Company offers various electronic payment options through its online store, such as bank cards, Apple Pay, cash on delivery, or payment in installments (for further details, see Section 4.3.4 "**Online Store**" of this Prospectus). The Company's sales from the online store witnessed rapid growth, as the contribution of these sales to total revenue increased from 1.4% in 2019G to 7.2% in 2021G, at a CAGR of 156%. The growth of online store sales depended on several factors, the most important of which was the Company's work on developing electronic platforms to facilitate customer experience in terms of use, browsing, payment and shipping. The Company intends to continue developing its store and electronic platforms to keep pace with the evolving aspirations of customers and in order to be a major outlet for sales. In addition, the Company plans to move to omni-channel sales, which will provide a smooth experience for customers, whether through shopping via the online store or the network of stores. The Company is working on exploiting its branches in the Kingdom along with its website to facilitate the customer experience and expedite delivery time and after-sales services.

Areas of Strength and Competitive Advantages

A. Market Leadership and Distinctive Brands

The Company was established in 1993G and the "Alsaif Gallery" brand was registered in 2006G to be the market leader in the home appliances and Kitchenware retail sector. Over the course of twenty-nine (29) years of persistent work, the Company was able to build the largest network of stores in the home appliances and Kitchenware retail sector in the Kingdom, which amounted to fifty-eight (58) stores as of 31 March 2022G, covering most of the cities and governorates of the Kingdom. As of 2021G, the Company's market share amounted to 39.0% in the Kitchenware and Serveware sector (the highest market share as of 2021G) and 27.1% in the small home appliances sector (the second largest market share as of 2021G). The Company believes that its leading position in the market and the spread of the "Alsaif Gallery" brand are the result of several factors, the most important of which is the Company's continuous eagerness to provide its customers with high quality products at reasonable prices and distinguished after-sales services such as a three (3) year warranty on its electrical products. In addition, the Company welcomes maintenance requests in all of its stores, which meet the requirements of customers and keep pace with the latest changes in their preferences, develop and provide products tailored to the needs of the Saudi market, especially products that are not provided by international manufacturers, such as the Edison electric cooker designed to prepare Saudi dishes such as kabsa, mandi and maqluba, Arabic bread makers, maamoul and Arabic pastry makers, and machines for roasting, grinding and making Arabic coffee such as "I-Cafe" and others. Moreover, the Company runs effective marketing campaigns on social media and in traditional advertising media (such as billboards on highways).

It should be noted that the Company has developed many products and brands such as "Edison" which specializes in small home appliances such as electric cookers, electric bakers, coffee machines, electric fryers, mixers, food processors and other small home appliances; "Tornado", "Robust" and "Rocky" which specialize in kitchenware such as cookers; and "Everest", "Elegance", "Leema", "Rhine" "Timeless", "Royal", "Falcon", "Glory" and "Alsaif Gallery" which specialize in thermoses and other Serveware. The Company also has several franchises for international brands such as "Markutec", "Helios", "Hascevher" and "Falez". The Company's own brands have won wide customer satisfaction and have spread in the Kingdom and the Gulf countries, with the sales of products from the Company's brands accounting for 77%, 80%, 84% and 84% of the Company's total revenue as of 2019G, 2020G, 2021G and the three-month period ended 31 March 2022G, respectively (for further details, see Section 4.3.2(b) "**Company Products and Trademarks**" of this Prospectus).

B. Ability to Grow through Geographic Expansion and/or Product Diversification

The Company has a unique business model that enables it to grow by opening new stores or developing new products and selling them through its existing network of stores.

1. Growth through Geographic Expansion

The Company offers a wide range of products through a wide network of stores across the regions of the Kingdom. The Company's revenues from stores amounted to SAR 636 million, SAR 748 million and SAR 758 million as of 2019G, 2020G and 2021G, respectively. These revenues represent a growth rate of 18% for 2020G and 1% for 2021G. It is worth noting that the number of the Company's stores as of 1 January 2019G amounted to thirty-two (32) stores. Eleven (11) stores were opened in 2019G, five (5) stores in 2020G, eight (8) stores in 2021G and two stores during the three-month period ended 31 March 2022G, bringing the total number of stores to fifty-eight (58) stores as of 31 March 2022G. The Company is also working to open six (6) new branches during 2022G. The contribution of stores opened in 2019G (eleven (11) stores) amounted to 17% of the total store revenues for the same year, the contribution of stores opened in 2020G (five (5) stores) amounted to 7% of the total store revenues for the same year, and the contribution of stores opened in 2021G (eight (8) stores) amounted to 7% of the total store revenues for the same year (for further details, see Section 6.7.3 "**Revenue by Region**" of this Prospectus). The Company intends to continue expanding its store network and serving new geographies (for further details, see Section 4.3.8 "**Future Projects**" of this Prospectus).

2. Growth through Product Diversification

The Company follows a growth strategy that includes adding new and diversified products as well as shaping, renovating and introducing fashion to serveware and hospitality utensils, in addition to targeting new categories of customers. As mentioned earlier, the Company creates electrical products to keep pace with customers' needs and provide them with all Kitchenware they may need, such as the development of the Edison electric pressure cooker suitable for preparing Saudi dishes, in addition to the luqaimat maker. Sales of small electrical appliances witnessed a growth in revenue, with the Company's revenues from small home appliances amounting to SAR 191 million, SAR 335 million, SAR 364 million and SAR 119 million as of 2019G, 2020G, 2021G and the three-month period ended 31 March 2022G, respectively (for further details, see Section 6.7.2 "**Revenue by Product/Category**" and Section 6.8.2 "**Revenue by Product/Category**" of this Prospectus).

C. Experience in Anticipating Market Needs and Creating or Providing Products to Meet Such Needs

The Company was able to use its vast experience in the Saudi market to be proactive in anticipating market needs and meet such needs for its customers. The Company's awareness of market needs contributes to maintaining customer traffic levels in its physical stores and on its online store. The total number of customer requests for the Company's products (from all sales outlets) witnessed a continuous growth, reaching 2.3 million, 2.8 million, 3.0 million and 0.9 million requests for 2019G, 2020G, 2021G and the three-month period ended 31 March 2022G, respectively. In addition, the Company also strives to innovate new products based on its experience of market needs. As part of the Company's endeavor to facilitate the experience of its customers in their household chores, the Company owns a brand called "Edison" that has gained a great spread in the Saudi market due to the Company's excellence in innovating home appliances compatible with the Gulf kitchen, such as electric bakers, electric ovens, masabib pancake makers, electric pressure cookers and luqaimat makers. Experience in innovative products serves as an indication to the Company of the importance of continuing innovation, as innovating new products that are well-received by customers offers a unique competitive advantage due to it creating unanticipated market demand. In this regard, the Company intends to continue to use and develop its experience for the purpose of providing and creating diversified products that meet the changing needs and desires of customers.

D. Reliance on a Direct Supply Chain that Drives Profitability Improvement

The product revenues of the Company's owned brands represented 77%, 80%, 84% and 84% of the Company's total revenues as of 2019G, 2020G, 2021G and the three-month period ended 31 March 2022G, respectively. Due to the Company's reliance on selling its own products, its ability to control costs is relatively higher, as the Company contracts directly with manufacturers, and therefore the provision of these products does not require the incurrence of additional costs, commissions or increases in supply prices paid to wholesalers or commercial agents, as is the case for third-party products that the Company relies on wholesalers or commercial agents to provide. Hence, the Company has the ability to provide its customers with its own branded products at competitive prices and high quality, achieving profitable margins at the same time due to contracting directly with manufacturers.

E. Ease of Reaching Customers through a Network of Stores Spread over a Wide Geographical Area and an Easy-to-Use Online Store

The Company is highly capable of reaching customers through its extensive network of physical stores and its online store (via the mobile application and website). As of 31 March 2022G, the number of the Company's stores was fifty-eight (58) in total, covering five (5) regional areas throughout the Kingdom. The Company believes that its market leadership in terms of the number and spread of stores contributes to achieving growth by serving new customer bases, in addition to maintaining existing customers. In its quest to achieve the best outcomes from the expansion of the store network, the Company takes into account several factors when establishing a new store, including studying the volume of demand in the region, the presence of competitors, the purchasing power levels of potential customers, the availability of appropriate sites to establish the store, etc. Based on such factors, the Company decides whether or not to establish the store and determines appropriate specifications for the store, including the area and the appropriate range of products (for further details, see Section 4.3.3(c) "**Strategy for Selecting and Designing Company Stores**" of this Prospectus).

In addition to its store network, the Company has increased its focus on developing electronic sales platforms (i.e., the mobile application and the website) in order to keep pace with changes in customer behavior patterns and their increased reliance on online shopping (for further details, see Section 4.3.4 "**Online Store**" of this Prospectus). The Company's development of electronic platforms has resulted in increased demand from customers, with the Company's revenues from electronic platforms amounting to 1.4%, 4.6%, 7.2% and 9.5% of the Company's total revenues for 2019G, 2020G, 2021G and the three-month period ended 31 March 2022G, respectively. The Company is aiming for significant growth via the electronic platform to reach more than 10% of the Company's revenues in 2022G. Also, the Company intends to continue developing its electronic platform due to its belief in the importance of these platforms as major sales outlets in the future (for further details, see Section 4.2.5(c) "**Online Store Expansion**" and Section 6.7.4 "**Revenue by Branch**" of this Prospectus).

F. Excellent Relationships with Manufacturers and Suppliers

As part of the Company's endeavor to provide a variety of products to its customers, it works with a large base of suppliers and manufacturers, numbering six hundred and sixty (660) suppliers and manufacturers as of 2021G. Due to the Company's longevity and leadership in the Kingdom in terms of market share, it enjoys distinguished relationships with manufacturers and suppliers that enable it to negotiate prices, quantities and schedules to suit its objectives. The Company also has its own exclusive production lines with manufacturers and its own exclusive designs that are not available to any other importers. The Company's strategy in dealing with suppliers depends on short-term contracts with several suppliers/manufacturers to provide or manufacture the same group of products. Hence, the Company has greater flexibility to change manufacturers to meet its needs according to changing market trends and to quickly respond to these variables. Additionally, this offers the Company leverage in negotiations with such suppliers so that it can agree on reasonable prices and quantities (for further details, see Section 4.3.5 "**Overview of Suppliers**" of this Prospectus).

Market and Sector Overview

The Kingdom enjoys the largest Gross Domestic Product (GDP) in the MEA region at approximately SAR 3.1 trillion (USD 834 billion) in 2021G. After an economic decline in 2020G of 4.1% (due to the novel coronavirus (COVID-19) pandemic along with the decline in crude oil prices), the real GDP of the Kingdom witnessed a recovery, recording a growth of 3.2% in 2021G, with an expected recovery of 4.8% in 2022G (supported by an expansionary monetary policy, restoration of domestic and foreign demand and structural reforms).

Total consumer spending on home appliances also recorded an annual growth rate of 6.8% between 2019G-2021G, reaching SAR 16.7 billion (USD 4.5 billion) by the end of 2021G, which is the second largest rate in the MEA region. These economic and social conditions provide support for the home appliances sector in the Kingdom, which will benefit from the implementation of Saudi Vision 2030 and the thirteen Vision Realization Programs through major investments in infrastructure, initiatives to support the national strategy for real estate and public sector privatization programs in the Kingdom. With regard to infrastructure investment, for example, the Government has pledged to allocate SAR 1.6 trillion (USD 426 billion) by 2030G to improve the transport and communications sectors in the Kingdom, which is expected to support the expansion of non-oil sectors and create approximately 1.6 million jobs by 2030G.

The small home appliances category in the Kingdom was estimated to be approximately SAR 2.0 billion (USD 525 million) in 2021G, after rising at an annual rate of 5.1% between 2019G-2021G. The expansion of the small home appliances sector in the Kingdom was driven by factors including staying at home and cooking, and the increased demand for entertainment products following the outbreak of COVID-19 (such as small cookers, personal care devices and food processors); increasing female participation in the workforce (supporting demand for time- and convenience-saving products); and increased hygiene and health concerns among Saudi households (supporting sales in sectors such as air treatment products). In particular, COVID-19 has increased the demand for small home appliances for healthy cooking, air fryers, appliances that consume less cooking oil, as well as compact appliances that make smart use of home space. As a result, the growth of the small home appliances sector during 2019G-2021G exceeded the growth of the consumer appliances sector (including large home appliances), with such category recording a CAGR of 4.7% during the same period and ranking among the best performing categories of the entire Saudi non-catering retail sector during such period.

The total small home appliances market in the Kingdom is expected to increase at an annual rate of 2.3% in value terms between 2021G-2026G, reaching SAR 2.2 billion (USD 589 million) by 2026G. Factors such as the expected improvement in the Kingdom's economic performance, increased female participation in the workforce and the continued investment in the Kingdom's real estate sector will be the main driver of this growth.

After a temporary rise in some categories of electrical appliances in 2020G due to the pandemic, four categories of electrical appliances went through a stagnation period during the subsequent period, namely personal care devices, heaters, irons and vacuum cleaners (at a CAGR of 2.1% for the four categories combined) with a minimum growth forecast of 2.2% for all four categories during the forecast period, 2021G-2026G.

Conversely, certain subcategories of the small home appliances category, including food processors, hot beverage devices, fryers, ovens and air treatment products, are expected to grow by 65% of the total sales of this category in 2021G.

Market activities during the forecast period will also be influenced by the global/regional trends of the small home appliance sector, which include growing demand for health-oriented innovations (which supports the increased popularity of products such as slow juicers, air fryers and air purifiers); the increasing dominance of small home appliances that use internet/robot connectivity (as part of the IoT infrastructure that has a role in "smart homes"); and consumers shifting toward small home appliances (while continuing to rebuild their finances).

The total market size for the Kitchenware market in the Kingdom, including the Serveware market (hereinafter referred to as the Kitchenware market) amounted to SAR 1.1 billion (USD 293 million) in 2021G, up from SAR 987.1 million (USD 263.2 million) in 2019G, with a CAGR of 5.5% between 2019G and 2021G, ranking highest in growth among the Saudi non-catering retail sector categories). The strong performance of this category during such period was due to the following factors:

- Staying at home and increased demand for entertainment products, due to the outbreak of COVID-19.
- Saudi families' preferences to renew Kitchenware annually or seasonally (for example: families in the Kingdom usually renew Kitchenware every year, for use in family gatherings that usually host large numbers of people) and strong seasonal demand, especially around Ramadan, Eid and back-to-school time.
- Effective promotional activities, including price reductions, in-store promotions and offers to exchange old Kitchenware sets for new ones.

In addition to these factors, economic, demographic and market conditions have contributed to the long-term expansion of the Kitchenware market in the Kingdom, including:

- Increase in the total civilizational progress in the Kingdom (which recorded a CAGR of 1.9% between 2010G and 2021G):
- Expansion of real estate activities in the Kingdom and an increase in the number of new housing units that entered the market.
- Increase in household consumer spending on Kitchenware, tableware and glass containers (an average of 3.7% between 2010G and 2021G).

These factors are allocated in the context of Saudi consumer preferences regarding household items, as younger generations seek to personalize products within a modern and contemporary framework (due to the influence of the internet and social media), and in accordance with Saudi usage and traditions.

With the gradual reopening of the economy and improvement in consumer confidence and disposable income levels, the Saudi kitchenware category is expected to expand at a CAGR of 4.4% in value terms between 2021G and 2026G, reaching SAR 1.37 billion (USD 365 million) by 2026G. In addition to the above-mentioned trends that will drive the growth of this sector during the forecast period, new factors that will enter into force in the post-pandemic phase will contribute to shaping the activity of this sector in the medium term, including:

- The growing trend toward products that are of high quality, especially with regard to devices and products related to the preservation of food and beverages, such as food containers.

- The growing trend toward healthy products to reflect positively on the demand for products made of healthy, "green" and biodegradable materials.
- Continuous product development and launch by leading companies in the Kitchenware category.
- Growing interest in Serveware products, with colorful and unique designs, compared to basic and simple products.
- The growing trend toward the use of natural materials for BPA-free beverage preservation products (especially for children), and internet-connected products (e.g., water bottles associated with apps that measure water levels).
- The growing trend toward high quality tableware products (such as Japanese tableware) driven by the rising incomes of the Saudi population.
- The expected trend toward sanitary products will also increase the demand for non-stick cookware categories (e.g., porcelain), BPA-free, as well as eco-friendly and recyclable products. New brands, designers and manufacturers are also expected to emerge in the Kitchenware category, who will be able to launch new trends in the market by leveraging the support of social media influencers.
- New innovations in the food containers category, such as those that are foldable, have multiple compartments, or allow food heating.
- For Kitchenware, growth will be driven by the increasing demand for smart tools and materials, and the market is expected to become more competitive due to increased activity from retailers, such as large stores and department stores.

Despite the expected increased share of electronic sales in the Kitchenware category during the post-COVID-19 phase, consumers will continue to prefer direct shopping, as they can touch and see products prior to purchase, especially in the case of strong brand retailers, who offer refund and replacement options for their products. Increasingly, Saudi families will continue to search for products that are suitable for modern lifestyles and preferences, such as multifunctional Kitchenware.

Summary of Financial Information

The financial information and KPIs set forth below should be read in conjunction with the Company's audited financial statements for the financial years ended 31 December 2019G, 2020G and 2021G and the Company's audited financial statements for the three-month period ended 31 March 2022G. The selected financial information and KPIs set forth below should be read in conjunction with the information provided in Section 2 "**Risk Factors**" and Section 6 "**Management's discussion and analysis of financial position and results of operations**" of this Prospectus, the audited financial statements for the financial years ended 31 December 2019G, 2020G and 2021G and the Company's audited financial statements for the three-month period ended 31 March 2022G which have been prepared in accordance with the International Financial Reporting Standards ("IFRS") endorsed in the Kingdom and other standards and publications adopted by Saudi Organization for Chartered and Professional Accountants (previously known as the Saudi Organization for Certified Public Accountants) ("SOCPA") as included in Section 19 "**Financial Statements and Auditors' Report**" of this Prospectus, in addition to other financial data contained elsewhere in this Prospectus.

Table No. (1.4): Summary of Financial Information and KPIs for the Financial Years Ended 31 December 2019G, 2020G and 2021G

SAR '000	FY 2019G (Audited)	FY 2020G (Audited)	FY 2021G (Audited)
Sales	655,220	797,197	825,289
Cost of sales	(379,314)	(472,990)	(549,761)
Gross profit	275,906	324,207	275,528
Selling and distribution expenses	(33,138)	(43,273)	(58,128)
General and administrative expenses	(39,871)	(46,860)	(24,015)
Financing costs	(6,495)	(8,295)	(7,076)
Depreciation of right-of-use assets	(10,728)	(15,162)	(18,877)
Operating profit	185,674	210,617	167,432
Loss on disposal of property and equipment	(844)	(725)	(0.3)
Other income	4,813	6,487	19,715
Gain from sale of financial assets at FVTPL	2,578	2,628	4,289

SAR '000	FY 2019G (Audited)	FY 2020G (Audited)	FY 2021G (Audited)
Gain from re-measurement of financial assets at FVTPL	578	782	-
Profit for the year before Zakat	**192,800**	**219,789**	**191,436**
Zakat	**(5,374)**	**(5,597)**	**(6,551)**
Profit for the year	187,426	214,191	184,884
Statement of Financial Position			
Total current assets	309,001	318,898	347,354
Total non-current assets	205,273	222,931	263,651
Total assets	**514,274**	**541,829**	**611,005**
Total current liabilities	104,180	103,387	115,246
Total non-current liabilities	80,155	90,604	114,620
Total liabilities	**184,335**	**193,991**	**229,866**
Total equity	**329,939**	**347,838**	**381,139**
Total Liabilities and Equity	**514,274**	**541,829**	**611,005**
Statement of Cash Flows			
Net cash flows from operating activities	213,922	183,819	161,369
Net cash used in investing activities	(34,828)	(24,186)	(12,128)
Net cash used in financing activities	(81,117)	(238,432)	(168,704)
Cash and cash equivalents at the beginning of the year	46,989	144,966	66,167
Net change in cash and cash equivalents	97,977	(78,799)	(19,462)
Cash and cash equivalents at the end of the year	144,966	66,167	46,704
KPIs			
Gross profit margin (%)	42.1%	40.7%	33.4%
Net profit margin (%)	28.6%	26.9%	22.4%
ROA (%)	36.4%	39.5%	30.26%
ROE (%)	56.8%	61.6%	48.5%

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

Table No. (1.5): Statement of Comprehensive Income for the Three-Month Period Ended 31 March 2021G and 2022G

SAR '000	Three-Month Period Ended 31 March 2021G (Reviewed)	Three-Month Period Ended 31 March 2022G (Reviewed)
Sales	272,805	252,947
Cost of sales	(170,375)	(167,534)
Gross profit	**102,430**	**85,413**
Sales and distribution expenses	(17,249)	(14,692)
General and administrative expenses	(5,981)	(8,179)
Financing costs	(2,376)	(2,201)
Depreciation of right-of-use assets	(4,179)	(4,433)
Operating profit	72,646	55,909
Other income	2,311	2,165
Gain from sale of financial assets at FVTPL	54	-
Gain from re-measurement of financial assets at FVTPL	578	2,518
Profit for the period before Zakat	**75,589**	**60,592**
Zakat	(1,736)	(1,500)
Profit for the period	**73,853**	**59,092**
KPIs		
Gross profit margin (%)	37.5%	33.8%
Net profit margin (%)	27.1%	23.4%

Source: Financial statements for the three-month period ended 31 March 2022G and Management information.

Table No. (1.6): Summary of Financial Information and KPIs for the Financial Years Ended 31 March 2021G and 2022G

SAR '000	As of 31 December 2021G (Audited)	As of 31 March 2022G (Reviewed)
Statement of Financial Position		
Total current assets	347,354	533,550
Total non-current assets	263,651	269,980
Total assets	**611,005**	**803,530**
Total current liabilities	115,246	247,873
Total non-current liabilities	114,620	115,426
Total liabilities	**229,866**	**363,299**
Total equity	**381,139**	**440,231**
Total Liabilities and Equity	**611,005**	**803,530**
KPIs		
ROA (%)	30.3%	29.4%
ROE (%)	48.5%	53.7%
SAR '000	**Three-month period ending 31 March 2021G (Reviewed)**	**Three-month period ending 31 March 2022G (Reviewed)**
Statement of Cash Flows		
Net cash flows from operating activities	89,586	81,409
Net cash used in investing activities	(49,014)	(150,996)
Net cash generated from financing activities	43,483	94,269
Cash and cash equivalents at the beginning of the period	66,167	46,704
Net change in cash and cash equivalents	84,055	24,683
Cash and cash equivalents at the end of the year	150,222	71,387

Source: Financial statements for the three-month period ended 31 March 2022G and Management information.

Risk Factors

Below is a summary of the risk factors related to investment in the Offer Shares; however, this summary does not contain all the information that may be important to investors. Therefore, those wishing to subscribe to the Offer Shares must read and review this Prospectus in full. Any decision to invest in the Offer Shares should be based on a consideration of this Prospectus as a whole. In particular, the "**Important Notice**" section on page (i) and Section 2 "**Risk Factors**" of this Prospectus must be carefully considered before deciding to invest in the Offer Shares. Subscribers should not rely solely on this summary.

Risks Related to the Company's Business

- Risks related to reliance on external suppliers and service providers.
- Risks related to the continued operation of the business.
- Risks related to reputation and quality of products.
- Risks related to product liability and defects.
- Risks related to retaining existing customers and attracting new customers.
- Risks related to marketing and sales.
- Risks related to leased real estate.
- Risks related to identification of suitable sites for new stores.
- Risks related to the Company's online store.
- Risks related to the Company's IT systems and cyber-attacks.
- Risks related to payments via credit cards, Mada cards, and e-payment methods.
- Risks related to cash management, theft and security.
- Risks related to reliance on transactions with Related Parties.
- Risks related to Directors' engagement in competing business.
- Risks related to protection of the Company's brands and intellectual property rights.
- Risks related to Zakat and tax.
- Risks related to the inadequacy of insurance coverage.
- Risks related to financing and credit facilities.
- Risks related to poor inventory management.
- Risks related to increased operating expenses and unexpected requirements for future capital expenditure.
- Risks related to litigation.
- Risks related to reliance on Senior Executives and key personnel.
- Risks related to employee misconduct and errors.
- Risks related to newly implemented corporate governance rules.
- Risks related to newly formed Board Committees.
- Risks related to lack of experience in managing a joint stock company listed on the Exchange.
- Risks related to the Company's failure to implement its strategy successfully, on time, or at all.
- Risks related to expansion outside the Kingdom.

Risks Related to the Sector in which the Company Operates

- Risks related to competition.
- Risks related to home the appliances and Kitchenware retail sector and consumer spending level.
- Risks related to changes in the regulatory environment.
- Risks related to the Competition Law and its Implementing Regulations.
- Risks related to data protection and cybersecurity systems.
- Risks related to the economy of the Kingdom and the global economy.

- Risks related to political instability and security concerns in the Middle East.
- Risks related to compliance with Saudization requirements.
- Risks related to employee costs.
- Risks related to prices of energy, electricity, water and related services.
- Risks related to licenses, permits, and approvals.
- Risks related to the outbreak of COVID-19 or any other infectious disease.
- Risks related to foreign exchange and interest rates.
- Risks related to floods, earthquakes and other natural disasters or disruptive acts.
- Risks related to seasonal changes.

Risks related to the Offer Shares

- Risks related to effective control post-Offering by the Selling Shareholder.
- Risks related to the absence of a prior market for the Company's Shares.
- Risks related to fluctuation in the market price of the Shares.
- Risks related to the Company's ability to distribute dividends.
- Risks related to selling a large number of Shares on the Exchange post-Offering.
- Risks related to research published about the Company.
- Risks related to Non-Qualified Foreign Investors not being able to directly hold Shares.
- Risks related to investment in emerging markets.

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1. Definitions and Abbreviations

AED or UAE Dirham	The United Arab Emirates Dirham, the lawful currency of the United Arab Emirates.
Affiliate	A person who controls another person or is controlled by that other person, or who is under common control with that person by a third person. In any of the preceding, control may be direct or indirect.
Auditors	KPMG Professional Services for the financial years ended 31 December 2019G, 2020G, and 2021G, and Al Bassam & Co. (a member of PKF International) for the three-month period ended 31 March 2022G.
Auditor for FYs 2019G, 2020G and 2021G	KPMG Professional Services.
Auditor for Q1 2022G	Al Bassam & Co. (a member of PKF International).
Advisors	The Company's advisors in relation to the Offering whose names appear on pages (vi) and (vii) of this Prospectus.
Bid Form	The bid form to be used by Participating Parties to bid for the Offer Shares during the Book-Building Period. This term includes, when applicable, the appended bid form when the price range is changed.
Book Building Instructions	The Instructions on Book Building and Allocation of Shares in Initial Public Offerings issued by CMA Board Resolution No. 2-94-2016 dated 15/10/1437H (corresponding to 20/07/2016G), as amended by CMA Board Resolution No. 3-102-2019 dated 18/01/1441H (corresponding to 17/09/2019G).
Board or Board of Directors	The Company's Board of Directors.
Bookrunner	Saudi Fransi Capital.
Business day	Any day on which the Receiving Agents are open for business in the Kingdom (except for Fridays, Saturdays and any official holidays).
Bylaws	The Company's Bylaws approved by the General Assembly.
Capital Market Institution	A Capital Market Institution authorized by the CMA to engage in securities business.
Capital Market Law (CML)	The Capital Market Law promulgated by Royal Decree No M/30 dated 02/06/1424H (corresponding to 31/07/2003G), as amended.
CEO	Chief Executive Officer of the Company.
CFO	Chief Financial Officer of the Company.
Chairman or Chairman of the Board of Directors	Chairman of the Company's Board of Directors.
CMA	The Saudi Capital Market Authority.
Companies Law	The Companies Law promulgated by Royal Decree No. M/3 dated 28/01/1437H (corresponding to 10/11/2015G), as amended.
Competition Law	The Competition Law promulgated by Royal Decree No. M/75 dated 29/06/1440H (corresponding to 06/03/2019G), as amended.
Control	As defined in the Glossary of Defined Terms Used in the Regulations & Rules of the CMA, control refers to the ability to influence the actions or decisions of another person, whether directly or indirectly, alone or with a relative or affiliate, through any of the following: 1. holding 30% or more of the voting rights in the Company; or 2. having the right to appoint 30% or more of the members of the governing body. "Controlling" shall be construed accordingly.
Corporate Governance Regulations	The Corporate Governance Regulations issued by the CMA Board, pursuant to the Companies Law, by virtue of Resolution No. 8-16-2017 dated 16/05/1438H (corresponding to 13/02/2017G), as amended pursuant to CMA Board Resolution No. 1-94-2022 dated 24/01/1444H (corresponding to 22/08/2022G).
Directors	Members of the Company's Board of Directors.
Existing Branches	Branches of "Alsaif Gallery" stores that were opened and operated before 1 January 2019G. The term "Existing Branch" shall be construed accordingly.
Extraordinary General Assembly	A Shareholders' Extraordinary General Assembly convened in accordance with the Bylaws.
Financial Advisor	Saudi Fransi Capital.
Financial Statements	The Company's financial statements for the period covered by this Prospectus, including the audited financial statements for the financial years ended 31 December 2019G, 2020G and 2021G and the audited financial statements for the three-month period ended 31 March 2022G.
Financial Year	The financial year of the Company, beginning on 1 January to 31 December of each financial year.
Foreign Investors	Non-GCC individuals residing outside the Kingdom and non-GCC institutions incorporated outside the Kingdom, who have the right to invest indirectly to acquire an economic benefit in the Offer Shares by entering into SWAP Agreements with a Capital Market Institution.

G	Gregorian calendar.
GCC	The Cooperation Council for the Arab States of the Gulf, whose member states comprise Saudi Arabia, Bahrain, Kuwait, Oman, Qatar and the United Arab Emirates.
General Assembly	An Extraordinary General Assembly and/or an Ordinary General Assembly, and "General Assembly" shall mean any general assembly of the Company.
Glossary of Defined Terms Used in the Regulations & Rules of the CMA	The Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority issued by CMA Board Resolution No. 4-11-2004 dated 20/08/1425H (corresponding to 4/10/2004G), as amended by CMA Board Resolution No. 1-94-2022 dated 24/01/1444H (corresponding to 22/08/2022G).
Government	The Government of the Kingdom of Saudi Arabia; the word "Governmental" shall be construed accordingly.
H	Hijri calendar.
Home Accessories	Home accessories such as antiques, vases, organizers and lighting.
IFRS	The International Financial Reporting Standards endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by SOCPA.
Implementing Regulations of Competition Law	The Implementing Regulations of the Competition Law issued pursuant to the General Authority for Competition Board Resolution No. 337 dated 25/01/1441H (corresponding to 24/09/2019G).
Retail Investors	Saudi Arabian nationals, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who may subscribe for her own benefit or in the names of her minor children, on the condition that she proves that she is the mother of her minor children, any non-Saudi natural person who is a resident in the Kingdom, or GCC natural investors, in each case who has a bank account and is allowed to open an investment account, with one of the Receiving Agents.
Investment Funds Regulations (IFR)	The Investment Funds Regulations issued by CMA Board Resolution No. 1-219-2006 dated 03/12/1427H (corresponding to 24/12/2006G), as amended by CMA Board Resolution No. 2-22-2021 dated 12/07/1442H (corresponding to 24/02/2021G).
Instructions for Foreign Strategic Investors Ownership	The Instructions for the Foreign Strategic Investors Ownership in Listed Companies issued by CMA Board Resolution No. 3-65-2019 dated 14/10/1440H (corresponding to 17/06/2019G).
Kingdom or KSA	The Kingdom of Saudi Arabia.
Kitchenware	Items used in cooking such as pots, spoons, tongs and knives.
Labor Law	The Labor Law promulgated by Royal Decree No. M/51 dated 23/08/1426H (corresponding to 27/09/2005G), as amended.
Lead Manager	Saudi Fransi Capital.
Legal Advisor	The Law Firm of Salman M. Al-Sudairi.
Lock-up Period	The period during which the Substantial Shareholders are subject to a lock-up period of six (6) months from the date on which trading of the Offer Shares commences on the Exchange, wherein they may not dispose of their Shares.
Listing	Admission to listing the Company's Shares on the Exchange in accordance with the Listing Rules.
Listing Rules	The Listing Rules approved by CMA Board Resolution No. 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017G), as amended by CMA Board Resolution No. 3-96-2022 dated 10/02/1444H (corresponding to 06/09/2022G).
Market Consultant	Euromonitor International Limited.
Market Study	The market study prepared by Euromonitor International Limited.
MHRSD	The Saudi Ministry of Human Resources and Social Development.
Ministry of Commerce	The Saudi Ministry of Commerce.
Offering	Offering of ten million, five hundred thousand (10,500,000) ordinary shares, representing 30% of the Company's capital, for public subscription on the Saudi Exchange.
Offer Shares	Ten million, five hundred thousand (10,500,000) ordinary shares, representing 30% of the Company's capital.
Offering Period	The period commencing on Monday 11/05/1444H (corresponding to 05/12/2022G) and continuing for two (2) days, up to and including the closing day on Tuesday 12/05/1444H (corresponding to 06/12/2022G).
Offer Price	[•] Saudi Riyals (SAR [•]) per Share.
Ordinary General Assembly	A Shareholders' Ordinary General Assembly convened in accordance with the Bylaws.

Participating Parties	The parties entitled to participate in the book-building process, namely: a. Public and private funds that invest in securities listed on the Exchange, if permissible according to the terms and conditions of such funds, in compliance with the provisions and restrictions set forth in the Investment Fund Regulations and the Book Building Instructions; b. Capital Market Institutions authorized by the CMA to deal in securities as principals, in compliance with the provisions set forth in the Prudential Rules when submitting the Bid Form; c. Clients of a Capital Market Institution authorized by the CMA to conduct management services in accordance with the provisions and restrictions set forth in the Book-Building Instructions; d. Legal persons allowed to open an investment account in the Kingdom and an account with the Depository Center, except for non-resident foreign investors who are not Qualified Foreign Investors as per the Rules for Qualified Foreign Financial Institutions Investment in Listed Securities, in compliance with CMA Circular No. 6/05158, dated 11/08/1435H (corresponding to 09/06/2014G), issued pursuant to CMA Board Resolution No. 9-28-2014, dated 20/07/1435H (corresponding to 19/05/2014G); e. Government entities, any supranational authority recognized by the CMA or the Exchange or any other exchange recognized by the CMA or the Depository Center; f. Government-owned companies, directly or through a private portfolio manager; and g. GCC companies and GCC funds, if permissible according to the terms and conditions of such funds.
Prospectus	This prospectus, which is prepared by the Company in relation to the Offering.
Public	Any person other than those listed below: 1. Affiliates of the Issuer; 2. Substantial Shareholders of the Issuer; 3. Directors and Senior Executives of the Issuer; 4. directors and senior executives of the affiliates of the Issuer; 5. directors and senior executives of the Substantial Shareholders of the Issuer; 6. any relatives of the persons referred to in 1, 2, 3, 4, or 5 above; 7. any company controlled by any person referred to in 1, 2, 3, 4, 5 or 6 above; and 8. persons acting in concert and, collectively, holding 5% or more of the class of Shares to be listed.
Qualified Foreign Investor (QFI)	A foreign investor qualified to invest in listed securities in accordance with the Rules for Qualified Foreign Financial Institution Investment in Listed Securities. A qualification application shall be submitted to a licensed Capital Market Institution for evaluation and approval in accordance with the Rules for Qualified Foreign Financial Institution Investment in Listed Securities.
Receiving Agents	The receiving agents whose names are mentioned on page (viii) of this Prospectus.
Relatives	Husbands, wives and minor children. For the purpose of the Corporate Governance Regulations: • Fathers, mothers, grandparents, grandmothers and ascendants thereof. • Children, grandchildren and descendants thereof. • Full brothers and sisters, paternal half-brothers and sisters and maternal half-brothers and sisters. • Husbands and wives.
Related Party	The term "Related Party" or "Related Parties" in this Prospectus and in accordance with the Glossary of Defined Terms Used in the Regulations & Rules of the CMA includes: a. Affiliates of the Issuer; b. Substantial Shareholders of the Issuer; c. Directors and Senior Executives of the Issuer; d. directors and senior executives of the affiliates of the Issuer; e. directors and senior executives of Substantial Shareholders of the Issuer; f. any relatives of the persons referred to in A, B, C, D, and E above; and g. any company controlled by any person referred to in A, B, C, D, E, and F above.
ROSCOs, or Rules on the Offer of Securities and Continuing Obligations	The Rules on the Offer of Securities and Continuing Obligations issued by the CMA Board pursuant to Resolution No. 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017G) as amended by CMA Board Resolution No. 1-94-2022 dated 24/01/1444H (corresponding to 22/08/2022G).
Rules for Qualified Foreign Financial Institutions Investment	The Rules for Qualified Foreign Financial Institutions Investment in Listed Securities issued pursuant to CMA Board Resolution No. 1-42-2015 dated 15/07/1437H (corresponding to 04/05/2015G), as amended by CMA Board Resolution No. 3-65-2019 dated 14/10/1440G (corresponding to 17/06/2019G).
Rules of Listed Companies	Regulatory Rules and Procedures issued pursuant to the Companies Law relating to Listed Joint Stock Companies passed by CMA Board Resolution No. 8-127-2016 dated 16/01/1438H (corresponding to 17/10/2016G), as amended pursuant to CMA Board Resolution No. 4-122-2020 dated 03/04/1442H (corresponding to 18/11/2020G).
Saudi Riyal or SAR	Saudi Riyal, the official currency of the Kingdom.
Secretary	Secretary of the Company's Board.
Selling Shareholder	As at the date of this Prospectus, the Selling Shareholder is Suleiman bin Muhammad bin Saleh Alsaif.
Senior Executives or Executive Management	Any natural person assigned - individually or jointly with other persons - by the Company's Board or by a Director to oversee and manage tasks, and who reports directly to the Board, a Director or the CEO.

Serveware	Items used to serve food and drinks, such as pots, cups and jugs.
Shares	Thirty-five million (35,000,000) fully paid ordinary shares of the Company with a nominal value of ten Saudi Riyals (SAR 10) per share.
Shareholders	Any owner of Shares in the Company.
SOCPA	The Saudi Organization for Chartered and Professional Accountants.
Stock Exchange, the Exchange, Tadawul or the Saudi Exchange	The Saudi Stock Exchange (Tadawul).
Subscribers	The Participating Parties and Retail Investors.
Subscription Application Form	The Subscription Application Form that Retail Investors and Participating Parties (as applicable) must complete in to subscribe to the Offer Shares.
Subsidiary	Alsaif Gallery Trading, a single-person limited liability company. The Subsidiary was incorporated in Abu Dhabi, UAE, with a capital of ten thousand UAE dirhams (AED 10,000), divided into ten (10) shares with an equal nominal value of one thousand UAE dirhams (AED 1,000) per share. It is a wholly owned subsidiary of the Company. As at the date of this Prospectus, the process is underway to register the Subsidiary in the Abu Dhabi commercial registry.
Substantial Shareholder	A shareholder holding 5% or more of the Company's Shares, namely Suleiman bin Muhammad bin Saleh Alsaif.
SWAP Agreements	Agreements that foreign investors who are non-GCC nationals residing outside the KSA or non-GCC institutions incorporated outside the KSA enter into with a Capital Market Institution licensed by CMA to indirectly invest in the Shares in order to acquire economic benefits of the Shares.
Testahel Program	The Company's loyalty program for store customers, through which they can earn points for purchases from the Company's branches and redeem them against other purchases from the Company's stores.
The Company	Al-Saif Stores for Development & Investment Company (Alsaif Gallery).
Underwriter	Saudi Fransi Capital.
Underwriting Agreement	The underwriting agreement to be entered into between the Company, the Selling Shareholder and the Underwriter in connection with the Offering.
Zakat, Tax and Customs Authority	The Saudi Zakat, Tax and Customs Authority.

2. Risk Factors

Prospective investors should carefully consider all of the information contained in this Prospectus, including the risks described below, prior to deciding to invest in the Offer Shares. The risks described below are those that the Company currently believes could affect the Company and any investment in the Offer Shares. However, the risks listed below do not necessarily comprise all those affecting the Company or associated with an investment in the Offer Shares. There may be additional risks and uncertainties that the Company is currently unaware of, or that the Directors currently believe are immaterial. The occurrence of any such risks and uncertainties may materially and adversely affect the Company's business, financial position, results of operations and prospects. As a result, the price of the Company's Shares may decline, the Company's ability to pay dividends could be impaired and investors may lose all or part of their investments in the Shares.

If any of the risks listed below, or any other risks which are not identified by the Directors, or which are currently immaterial, were to occur or materialize, the Company's business, results of operations, financial position and prospects may be adversely and/or materially affected. Consequently, the Company's ability to pay dividends could be impaired and investors may lose all or part of their investments in the Shares. As a result of these risks or other factors that may affect the Company's business, expected future events and circumstances described in this Prospectus may not occur in the way the Company and/or the Directors expect, or at all. Therefore, investors should consider all forward-looking statements contained in this Prospectus in light of this explanation and should not rely on such statements without verifying them (for further details, see the "**Important Notice**" section on page (i) of this Prospectus).

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

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

The risks stated below are not arranged in order of their importance or their expected impact on the Company. Other risks which are unknown to the Company may also occur, or risks which the Company currently considers immaterial may have the same effects or consequences mentioned in this Prospectus. Accordingly, the risks described in this section or in any other section of this Prospectus may not include all risks that could affect the Company or its operations, activities, assets or markets in which it operates and/or do not indicate all risks involved in investing in the Offer Shares.

2.1 Risks Related to the Company's Business

2.1.1 Risks Related to Reliance on External Suppliers and Service Providers

The Company relies heavily on certified suppliers and manufacturers to supply the Company's stores with its home appliances and Kitchenware products. It imports the majority of its products directly from manufacturers, most of whom are located in China, and relies relatively less on domestic agents and suppliers. The Company has entered into nineteen (19) agreements with domestic suppliers and seven (7) agreements with foreign manufacturers. Revenues of products imported from foreign suppliers and manufacturers accounted for 82.9% of the Company's revenues as of 31 March 2022G, with an average contribution margin of approximately 48%, while revenues of products obtained from domestic suppliers and manufacturers represented an average contribution margin of 27.3%. In particular, the Company's purchases from the ten (10) top suppliers represented approximately 48% of the Company's total purchases as of 31 March 2022G. Moreover, for products provided by domestic agents and suppliers, the Company relies on products supplied by Al-Saif Trading Agencies Co. based on supply agreements entered into with it, which do not address the rights of either party to terminate the agreement (for further details on the supply agreement entered into with Al-Saif Trading Agencies Co., see Section 12.4.1 "**Supply Agreements**" of this Prospectus). It should be noted that Al-Saif Trading Agencies Co. is a Related Party (for further details on the risks related to transactions with Related Parties, see Section 2.1.13 "**Risks Related to Reliance on Transactions with Related Parties**" of this Prospectus). The Company may not be able to retain long-term relationships with its foreign and domestic key suppliers and manufacturers or maintain such relationships on favorable terms. Additionally, three (3) agreements with foreign key suppliers contain minimum compliance requirements, as the Company has to reach annual order targets. If the Company is unable to meet the annual order targets, the relevant agreements may be terminated. Where the Company is unable to maintain its relationship with key suppliers or renew it on favorable terms, or if key suppliers terminate the supply agreements they have entered into with the Company or change the terms in a way that is not suitable for the Company, the Company will be unable to display the products supplied by such suppliers in its stores, which will affect the Company's revenues or its reputation with customers, and thus will have a material and adverse impact on the Company's business, results of operations, financial position and prospects. It should be noted that the Company contracts with certain foreign suppliers and manufacturers to manufacture and supply home utensil and appliance products made specifically for the Company based on purchase orders or short-term agreements (for further details on supply agreements entered into with foreign suppliers and manufacturers, see Section 12.4.1 "**Supply Agreements**" of this Prospectus). As a result, the Company depends heavily on placing purchase orders with foreign suppliers and manufacturers in a timely manner. The Company may not be able to satisfy consumer demand or be able to obtain the desired products at an appropriate price if it is unable to make purchase orders in a timely manner. Thus, the Company's ability to manufacture and supply its products would be impacted by its inability to renew any of the agreements or to conclude purchase orders with foreign suppliers and manufacturers or renew them on favorable terms, or if foreign suppliers and manufacturers terminate purchase orders or supply agreements entered into with the Company or change the terms in a way that is unsuitable for the Company, this will in turn adversely and materially affect the Company's revenues and its reputation with customers. In addition, the Company may also be unable to find alternative suppliers or manufacturers on favorable terms or at all if it loses of any of its key suppliers and manufacturers. Accordingly, any of these factors would have a material and adverse impact on the Company's business, results of operations, financial position and prospects.

On the other hand, the Company's certified suppliers or manufacturers may fail to provide the Company's stores with adequate quantities of products within the allotted time frame and agreed-upon standards due to a shortage or defect in their factories or because of any other circumstances that may cause a disruption or delay in delivering the products required by the Company's stores. Even if there are enough alternative suppliers and manufacturers for the products and other essential supplies required by the Company's stores, there may be shortages or other disruptions in the supply chain at the sector level, as was the case with COVID-19, which affected supply chains across the world. For instance, COVID-19 affected global supply chains and shipping, leading to a decline in the number of cargo ships from China during such period. As a result, shipping costs increased from SAR 8.4 million (representing 2.8% of total purchases) in the financial year ended 31 December 2020G to SAR 37.1 million (representing 9.2% of total purchases) in the financial year ended 31 December 2021G and further from SAR eleven million (representing 8% of the total purchases) in the three months period ending 31 March, 2021G to SAR 15.3 million (representing 11% of the total purchases) in the three-month period ended 31 March 2022G (for further details on the risks related to COVID-19, see Section 2.2.12 "**Risks Related to the Outbreak of COVID-19 or any other Infectious Disease**" of this Prospectus). The Company may not be able to obtain replacement products of adequate quality or sufficient quantity on commercially acceptable terms and on time, which could require the Company to incur additional costs and, consequently, would have an adverse effect on the Company's business, results of operations, financial position and prospects.

The Company may not be able to directly guarantee the effectiveness and quality of suppliers and service providers, including manufacturers, when executing contracts. The Company may be indirectly liable if such suppliers and service providers are not able to successfully perform their contractual obligations and deliver products or services within the specified timeframe and to the agreed standards. If the Company is unable to recover losses (in whole or in part) as a result of a default by suppliers or service providers, such losses will have to be borne by the Company. In addition, three (3) agreements entered into with foreign manufacturers, pursuant to which they manufacture and supply home utensil and appliance products made specifically for the Company, include terms and conditions requiring the Company to purchase a certain quantity of products during the term of the agreement or within a specified period of time. If the Company fails to purchase the specified number of products within the given timeframe, foreign manufacturers may terminate the relevant agreement or impose penalties on the Company, as determined by the relevant agreement (for further details on agreements entered into with foreign manufacturers, see Section 12.4.1 "**Supply Agreements**" of this Prospectus), which in turn will have a material and adverse impact on the Company's business, results of operations, financial position and prospects.

In certain operations, the Company also relies on external service providers, such as providers of operational maintenance services, security services and internal transportation services for merchandise. As a result, the Company's operations may be impacted by changes to the policies or practices of external service providers such as pricing, payment terms, programming of such services, frequency or cost of services and other factors outside of the Company's control. Moreover, external service providers may not always deliver services that meet the Company's standards or may not perform their contractual obligations as required. On the other hand, if contracts with external service providers are terminated, expire, or are not renewed, if the Company is unable to negotiate replacement contracts on favorable terms, or if one of the external service providers discontinues its business without being replaced by another external service provider in a timely manner at comparable pricing, this will have a material and adverse impact on the Company's business, results of operations, financial position and prospects.

2.1.2 Risks related to the Continued Operation of the Business

The continued operation of the Company's stores is essential to its success. The Company's stores are subject to certain operational risks, including bad weather, physical damage to buildings, power outages, malfunctions, system failure or performance below the required standard, potential business interruption, riots, natural disasters or fires, as well as other types of risks related to store operation. Furthermore, products may not be delivered to the Company's warehouses and stores for a variety of reasons, such as poor handling or traffic jams caused by congestion, which could cause delays or non-receipt of merchandise, disrupt the supply of such products and lead to supply chain confusion. Therefore, this would have a material and adverse impact on the Company's business, results of operations, financial condition and prospects. Any losses or cancellation of significant orders as a result of a shortage or unavailability of specific products demanded by consumers could result in a decline in the Company's revenues. These events could cause unavailability of products, which would reduce sales or increase costs, and thus have a material and adverse impact on the Company's business, results of operations, financial condition and prospects. The Company's revenues and profitability may be impacted if the stores are subject to any operational risks or if the supply chain is adversely impacted, which in turn will have a material and adverse impact on the Company's business, results of operations, financial condition and prospects.

2.1.3 Risks Related to Reputation and Quality of the Products

The Company's success depends on its market reputation. The Company's reputation may also be significantly damaged due to several events, such as poor quality of its services and products, disputes with customers, deficiencies in internal control, or the Company's stores facing negative publicity regarding the quality or safety of the products sold by the Company, or being subject to penalties as a result of its non-compliance with the applicable laws. Similarly, the Company's reputation may also be damaged by the actions or statements of current or former customers, employees, competitors, suppliers, and adversaries or the media. Negative information and statements about the Company, even if they are based on rumors or are a misunderstanding, could have an adverse effect on its business. Damage to the Company's reputation may be severe and costly and take a long time to be remedied, which in turn may affect choices of potential or existing customers and lead to their refusal to opt for the Company's stores. This would lead to the Company losing customers, which would have an adverse effect on its business. Damage to the reputation of the Company may also reduce the value and effectiveness of the Company's brand name and stores and may reduce customers' and investors' confidence in them, which would have a material and adverse impact on the Company's business, results of operations, financial position and prospects.

In addition, the Company's reputation depends on its ability to maintain the quality of its products, which is crucial to the Company and its ability to retain existing customers and attract new customers. The Company's reputation with its customers will suffer if the Company is unable to maintain the quality of its products at an acceptable level. Damage to the Company's reputation may be severe and costly and take a long time to be remedied, which in turn may affect choices of potential or existing customers and lead to their refusal to choose the Company's stores for their home utensil and appliance needs, which will lead to a decline in the Company's revenues. Damages to the reputation of the Company may also reduce the value and effectiveness of the Company's brand and may reduce investors' confidence in it, which would have a material and adverse impact on the Company's business, results of operations, financial position and prospects.

2.1.4 Risks Related to Product Liability and Defects

The home utensil and appliance products offered by the Company may contain manufacturing defects that the Company was unable to discover, especially when products are introduced for the first time, which may have an adverse impact on the performance of the products and consequently on demand for them, the Company's reputation and customers' trust in the Company and its products. Although the Company and customers have tested the products offered, defects may occur in the Company's products from time to time, and some of these defects may not be apparent until such products are tried. Liability claims may also be filed against the Company regarding the quality of the products, their guarantees and their compliance with specifications and regulations, which may be time consuming and require lengthy procedures resulting in the Company incurring significant litigation expenses. The defects in the products offered by, or the claims that may be filed against the Company in this regard may have an adverse impact on the Company's reputation and demand for the Company's products. Any defects in the Company's products may require recalling products and spending significant resources to remedy such defects, which may damage the Company's reputation or lead to a loss in demand for the Company's products, which in turn will affect the Company's revenue or market share. In addition, the Company's Management may be distracted from its main business in order to defend any liability claims regarding product quality, warranty and compliance with specifications and regulations. Any of these factors will have a material and adverse impact on the Company's business, results of operations, financial position and prospects.

2.1.5 Risks Related to Retaining Existing Customers and Attracting New Customers

The growth of the Company's business and revenues depends on its ability to continue to retain its existing customers and attract new customers at appropriate costs. If the Company is unable to increase the number of its stores at an adequate rate or at all, it may not be able to attract more customers. The Company may not be able to retain existing customers if they are not satisfied with the products, prices, variety of options or the quality and timeliness of products or services provided. In particular, the success of the Company's business depends on its ability to continue to offer a comprehensive and integrated range of products and, at the same time, on its speed in anticipating and responding to changes in customer needs and choices. Customer needs and market trends in the Kingdom are subject to rapid changes, as customers' acceptance of new products is subject to a number of factors, including prevailing lifestyles, price levels, use cases, technology and many other factors (for further details on factors affecting consumer behavior, see Section 2.2.2 "**Risks Related to the Home Appliances and Kitchenware Retail Sector and Consumer Spending Level**" of this Prospectus). The success of the Company's operations depends on its continued ability to select products that meet customer needs. In the event that the Company is unable to respond to market changes and customer needs, this will have an adverse impact on the Company's business, results of operations, financial position and prospects.

In addition, the Company may not be able to retain existing customers or attract new customers if it is unable to maintain relevance with its customer base or if the identity or reputation of the Company's brands is tarnished for any reason. Failure to retain existing customers or attract new customers would have an adverse impact on the Company's business, results of operations, financial position and prospects. Additionally, the Company may incur significant costs in order to attract customers away from competitors, especially when entering into new geographical markets (for further detail on the risks related to competition, see Section 2.2.1 "**Risks Related to Competition**" of this Prospectus), and this will have a material and adverse impact on the Company's business, results of operations, financial position and prospects.

2.1.6 Risks Related to Marketing and Sales

High awareness of the Company's brands is essential to the Company's continued growth and financial success, and the Company's revenues are significantly affected by the marketing and advertising of its brands. Thus, the Company incurs significant costs in its marketing efforts. The Company's marketing and advertising expenses accounted for 2.7%, 3.4%, 4.4% and 5.8% of its consolidated sales in the financial years ended 31 December 2019G, 2020G and 2021G, and the three-month period ended 31 March 2022G, respectively. However, such initiatives may not be successful in generating higher sales or increasing brand awareness. Additionally, many of the Company's current or future competitors may be larger and may have greater financial, marketing, and other resources, devote greater resources to the marketing and sale of their products, gain international brand recognition or adopt more aggressive pricing strategies than the Company is able to. Should the Company's marketing and advertising initiatives and programs be less effective than those of its competitors, this would have a material and adverse impact on the Company's business, results of operations, financial position and prospects.

In addition, the Company relies on marketing campaigns and special offers as part of its marketing efforts to increase sales. Marketing and advertising campaigns are subject to the directives issued by the Ministry of Commerce and the licenses related to such campaigns. In the event that the Company conducts marketing or advertising campaigns that violate the directives of the Ministry of Commerce, or in the event of any errors that lead to such violations, the Company may be subject to penalties ranging from a financial fines to defamation, which will have a material and adverse impact on the Company's business, results of operations, financial position and prospects.

2.1.7 Risks Related to Leased Real Estate

The Company relies on leased sites, whereby fifty-six (56) stores out of the Company's total fifty-eight (58) stores are located on sites leased from third parties as of 31 March 2022G, including five (5) real estate properties leased under long-term investment lease agreements under which the Company may develop and sub-lease such real estate for investment (for further details on the leases entered into by the Company, see Section 12.6 "**Real Estate**" of this Prospectus). Since the Company's leases have a fixed term and are renewed at the request of the parties to the contract, any increase in the lease amount imposed by the lessors on the Company upon renewal will cause the Company to incur additional unforeseen liabilities, which in turn will have a material and adverse impact on the Company's business, results of operations, financial position and prospects.

The Company may not be able to renew all leases, or such leases may be renewed under different terms and conditions that may not be commensurate with the Company's plan and strategic objectives. It is worth noting that the Company has two leases for its stores that have expired and are being renewed as of the date of this Prospectus. If the Company decides to vacate any of its leased sites due to the termination or non-renewal of the leases in accordance with their terms, or because the renewal terms are not in line with the Company's plan, the Company will incur additional costs in connection with relocation to a new site, which may include an increase in the lease amount and/or costs related to necessary renovations of the new site. In addition, as it relocates to a new site, the Company may temporarily lose revenues that would have otherwise been generated by the relevant store. Consequently, any costs associated with the relocation, coupled with any temporary loss of revenues, would have an adverse impact on the Company's business, results of operations, financial position and prospects.

In addition, the Company leases the five (5) real estate properties it is entitled to sub-lease for investment purposes, and has entered into nineteen (19) leases with sub-lessors (for further details on the leases entered into by the Company as a lessor, see Section 12.6 "**Real Estate**" of this Prospectus). The Company's revenues from leases entered into as a lessor accounted for 0.677%, 0.635%, 0.544% and 0.426% of the Company's total revenues in the financial years ended 31 December 2019G, 2020G and 2021G and the three-month period ended 31 March 2022G. Any of the existing lessees may terminate their leases before the expiration of their term, and may not extend the leases upon the expiration of their current leases with the Company. It is worth noting that three (3) leases related to the Company's stores, administrative offices and staff residences have expired in the normal course of business and have not yet been renewed as of the date of this Prospectus.

Also, a lease related to the real estate that the Company is entitled to sub-lease has expired in the normal course of business and has not been renewed as of the date of the Prospectus. Moreover, a lease related to the real estate that the Company is entitled to sub-lease is registered in the name of Muhammad bin Suleiman Alsaif and has not been transferred to be in the name of the Company as of the date of this Prospectus. The Company may not be able to renew the leases entered into with the lessees on terms similar to the existing leases or on better terms. In the event that any of the leases are not renewed, the lessees may delay vacating the leased commercial showrooms and handing them over to the Company or to the new lessees. If the Company is unable to maintain or renew leases with its current lessees or conclude leases with new lessees, or if the Company is unable to renew existing leases on favorable terms, this may lead to a decrease in the Company's revenues, which would have an adverse impact on the Company's business, results of operations, financial position and prospects.

2.1.8 Risks Related to Identification of Suitable Sites for New Stores

The Company's performance depends, to a significant extent, on the sites of its stores. When selecting a site for a new store, the Company's Management takes into account various factors, including, but not limited to:

- Population density and customer traffic.
- The proximity and performance of competitors in the surrounding area.
- Customer accessibility, including parking areas.
- The advantages of sites and their suitability to the Company's store specifications.
- The ability to negotiate and reach acceptable commercial terms with lessors.
- The number of Company stores located in the same area.
- The Company's existing distribution and supply chain capabilities.

The Company secures its new store sites through leases, as determined in each case. In the future, the Company will need to secure new sites for its stores in order to support its planned growth and strategy (for further details on the Company's strategy, see Section 4.2.5 "**Strategy**" of this Prospectus). The sites available for new stores may not be commensurate with the objectives of the Company. If the Company encounters difficulties in securing suitable sites for its new stores in line with its expansion strategy, its growth opportunities will be adversely affected, which in turn will have a material adverse impact on the Company's business, results of operations, financial position and prospects.

On the other hand, when securing new store sites to support strategic growth objectives, the Company must consider avoiding cannibalization factors. For example, although the Company's total revenues grew by SAR 28.1 million in the financial year ended 31 December 2021G due to the opening of eight (8) new stores across the Kingdom and an increase in the Company's online store revenue, it witnessed a decrease in the total revenue of the Company's Existing Branches (i.e., branches of "Alsaif Gallery" stores that were opened and operational before 1 January 2019G) by SAR 51.7 million in the financial year ended 31 December 2021G compared to the previous year (where the revenues of the Existing Branches decreased from SAR 539.3 million in the financial year ended 31 December 2020G to SAR 487.6 million in the financial year ended 31 December 2021G), including a decrease in the revenues of eleven (11) Existing Branches in the central region, amounting to SAR 20.1 million. The decline in the revenues of the Existing Branches is partly attributed to the Company's opening of a number of stores in the central and eastern regions in close proximity to each other, which led to cannibalization as a result of customers moving to new stores which led to a decline in sales in the old stores. In addition, the Company witnessed a decrease in its revenues by 7.3% from SAR 272.8 million for the three-month period ended 31 March 2021G, reaching SAR 252.9 million for the three-month period ended 31 March 2022G. This is due to a decrease in demand from the Company's customers, which in turn led to a decrease in its revenues in the Existing Branches (which decreased by SAR 30.7 million) and the branches that were opened and operated in 2019G and 2020G (which decreased by SAR 15.5 million), which was partially offset by the increase in revenues realized from the branches that were opened in 2021G (by an increase of SAR 16.1 million), in addition to the increase in the revenues of the online store (by SAR 8.9 million) and the revenues that were achieved from the two stores that opened during the first quarter of 2022G (by SAR 2.1 million). If the Company is not able to successfully manage cannibalization factors by securing suitable sites for its new planned stores within its expansion strategy, this may lead to a decrease in the Company's revenue, which will have an adverse impact on the Company's business, results of operations, financial position and prospects.

2.1.9 Risks Related to the Company's Online Store

In order to sell its products to customers online, the Company offers an online store via a mobile application and an e-commerce platform, which the Company has developed in-house through its technical team. The Company achieved 1.5%, 4.7%, 7.4% and 9.5% of its total revenues through sales via the mobile application and the e-commerce platform in the financial years ended 31 December 2019G, 2020G and 2021G and the three-month period ended 31 March 2022G, respectively. The online commerce sector is witnessing rapid growth in the Kingdom. Accordingly, the Company is exposed to a number of risks in relation to its online store, including the possibility of the imposition of new regulatory restrictions in relation to online business activities through the E-Commerce Law and its Implementing Regulations, especially with regard to the protection of customers' personal data, privacy and advertising. The Company may not be able to comply with such restrictions in a timely manner, which could expose it to regulatory penalties and fines such as warnings, the imposition of financial penalties, or a temporary or permanent ban preventing the Company from practicing its business. If any of the above risks materialize, this will have a material and adverse impact on the Company's business, results of operations, financial position and prospects.

Additionally, the operation of the online store involves a number of risks for the Company, as it must maintain its online store and smart application and solve any problems that arise therein immediately to ensure that no business is lost during the period of any faults that occur on its online store, as well as provide continuous and effective services to its customers, attract more customers and achieve higher revenues from online sales. Moreover, the Company may not be able to respond quickly enough to customer requests for any reason, including, for example, high stress on the Company's technology systems, internet outages or the Company's online store being cyber-attacked (for further details on the technical risks that the Company is exposed to, see Section 2.1.10 "**Risks Related to the Company's IT Systems and Cyber-attacks**" of this Prospectus), which may affect the quality of services and products provided by the Company.

In the event the Company does not update and develop its online store effectively to enhance its ability to absorb and meet the requirements of customers, or does not succeed in quickly helping customers to resolve pre- or post-purchase problems, provide effective continuous services and maintain the quality of services and products provided, the Company's ability to sell additional products and services to customers via its online store may be negatively affected, and the Company's reputation with current and future customers may also be damaged. Accordingly, if the Company fails to meet customer requirements, maintain the quality of services and products offered on its online store and provide the necessary maintenance, this will affect the Company's reputation and popularity, which will have a material and adverse impact on the Company's business, results of operations, financial position and prospects.

2.1.10 Risks Related to the Company's IT Systems and Cyber-attacks

The Company is increasingly relying on IT systems in its operations. The Company's ability to run its business effectively depends on the efficiency of its electronic systems. The Company's IT systems may be exposed to internal and external risks such as malware, software flaws, attempts to hack the Company's systems – including its online store – and the lack of necessary updates or modifications, attacks, electronic destruction, sabotage, theft, computer viruses, loss or corruption of data or software, data leakage, human error, or other similar events, which constitute a direct threat to the Company's services and data. The Company's systems may also be subject to failure due to unforeseen force majeure events or power or internet outages. On the other hand, the Company's business may be adversely affected if the confidentiality, integrity or availability of the information of the Company and customers is compromised due to a data loss by the Company or by a third party with whom the Company deals. Additionally, the cost and operational consequences of implementing further upgrades to the Company's IT systems and networks, and data or system protection measures, whether as a result of expansion, upgrades, new technology, new laws and regulations, or otherwise, may be significant. Any internet outage or failure of the Company's IT systems and/or technology infrastructure, including outages affecting the Company's computer systems and online store, or the occurrence of any of the aforementioned risks, would have a material and adverse impact on the Company's business, results of operations, financial position and prospects.

It is worth noting that the Company has developed its online store which is available through a mobile application and an e-commerce platform and integrates some elements of open source software. The use of open source software entails specific risks, such as licensing it in a way that requires providing the source code to others for the software owned by the Company, or the absence of any updates, guarantees, support, compensation or control over the source of the software. Also, some open source software may contain security vulnerabilities and other issues that may not be known or may be vulnerable to security attacks and which may be difficult for the Company to manage. In the event that the Company does not deal with open source software correctly, this may have an impact on the Company's performance, which will have a material and adverse impact on the Company's business, results of operations, financial position and prospects.

2.1.11 Risks Related to Payments via Credit Cards, Mada Cards and E-payment Methods

The Company accepts payments within its branches and on its online store via credit cards, Mada cards and other e-payment methods that are made through point-of-sale systems or the online store. With regard to payments made by credit card, Mada cards and other e-payment methods, the Company pays specific fees to the relevant financial institutions which may rise from time to time. If the fees specified for e-payments rise, the Company's costs may rise. In addition, if the Company encounters problems with its point-of-sale hardware and software or in its ability to process payments through any payment system using credit cards, Mada cards and other e-payment methods, this will impair the Company's ability to collect revenue from sales. The occurrence of any of these factors would have a material and adverse impact on the Company's business, results of operations, financial position and prospects.

2.1.12 Risks Related to Cash Management, Theft and Security

The Company manages its in-store operations, which include managing daily cash transactions. As of 31 March 2022G, 99% of the Company's store customers paid for their transactions using cash. The Company then collects the cash from all its stores and it is deposited in its bank account by the Company's employees on a daily basis. The cash that the Company receives in its stores may be exposed to theft, whether by the employees working in its stores or by third parties. The cash insurance policies which the Company possesses may not be sufficient to compensate the Company for any losses incurred as a result of any theft or mishandling of cash. Any theft or other loss of cash will have an adverse impact on the Company's business, results of operations, financial position and prospects.

2.1.13 Risks Related to Reliance on Transactions with Related Parties

In the normal course of its business, the Company deals with Related Parties. It has entered into seven (7) agreements with Related Parties in relation to the supply from Al-Saif Trading Agencies Co. and Al-Saif Coffee Trading Co., as well as lease agreements in relation to the Company's stores and administrative offices (for further details on transactions with Related Parties, see Section 12.5 "**Material Agreements with Related Parties**" of this Prospectus). Transactions with Related Parties amounted to SAR 78.6 million, SAR 103.9 million, SAR 97.3 million, and SAR 4 million in the financial years ended 31 December 2019G, 2020G and 2021G and the three-month period ended 31 March 2022G, respectively, which represent 12.0%, 13.0%, 11.8% and 1.6% of the total net revenues, respectively, for the same periods. The Company obtained the approval of the General Assembly on 15/09/1443H (corresponding to 16/04/2022G) regarding the transactions and agreements in force with Related Parties in which the Directors have a direct or indirect interest.

The entry into contracts and transactions with Related Parties is subject to the provisions of the relevant laws and regulations. As per Article 71 of the Companies Law, any transactions in which any of the Company's Directors has a direct or indirect interest shall be submitted to the General Assembly for approval. It is prohibited for any Director who has an interest in these transactions to vote thereon, whether at the level of the Board of Directors or the Shareholders' assemblies. Therefore, the Company may not be able to renew the contracts entered into with Related Parties at the end of their term, as the Board or the General Assembly of the Company may not approve such transactions. In addition, in the event that future Related Party transactions are not entered into on an arm's length basis, this would have a material and adverse impact on the Company's business, results of operations, financial position and prospects.

2.1.14 Risks Related to Directors' Engagement in Competing Business

The Director Suleiman bin Muhammad bin Saleh Alsaif is in competition with the Company through his ownership stake in Al-Saif Trading Agencies Co., which competes with the Company in a business activity, whereby it wholesales home products and appliances, which is considered a competing business by the Company. On 15/09/1443H (corresponding to 16/04/2022G), the General Assembly of the Company approved engagement of the Director, Suleiman bin Muhammad bin Saleh Alsaif, in such competing business. This may lead to the existence or emergence of a direct or indirect conflict of interest, as the Director may obtain the Company's internal information and use it for his own interests or contrary to the interests and objectives of the Company. If the Director involved in the conflict of interest adversely impacts the Company's decisions or uses the Company's information available to him in a way that harms the Company's interests, this would have a material and adverse impact on the Company's business, results of operations, financial position and prospects.

2.1.15 Risks Related to Protection of the Company's Brands and Intellectual Property Rights

The Company relies heavily on its brands and intellectual property rights for its business. The Company uses thirteen (13) brands registered in the Kingdom and fourteen (14) brands registered in Qatar, Kuwait, Bahrain, the UAE and Oman. Also, the Company has filed one brand with the Saudi Authority for Intellectual Property (SAIP), which the Company is in the process of registering as of the date of this Prospectus (for further details on the Company's intellectual property rights, see Section 12.7 "**Intangible Assets**" of this Prospectus). The Company's success and competitiveness depends on its ability to protect the intellectual property of its brands and other intellectual property rights. It is worth noting that the "Alsaif Gallery" brand and trade name are registered in the UAE in the name of the Company's Chairman, Suleiman bin Muhammad Alsaif, and there are no licensing agreements entered into between the Company and the registered owner (Suleiman bin Muhammad Alsaif). Therefore, the Company may not be able to protect these rights in the event of any infringement. In the event that the registered owner of this brand in the UAE (Suleiman bin Muhammad Alsaif) does not take the necessary steps to prevent any infringement thereon, this would have an adverse impact on the brand, which would have a material and adverse impact of the Company's business, results of operations, financial position and prospects. With regard to the intellectual property rights that are being registered in the name of the Company in the Kingdom as of the date of this Prospectus, the Company may not be able to complete registration due to the rejection of the registration application or objection thereto. If the Company is unable to complete registration of such intellectual property rights, the Company may not be able to protect such rights, which would have a material and adverse impact on the Company's business, results of operations, financial position and prospects. Even if the Company successfully registers the intellectual property of its brands and other intellectual property rights, there is no guarantee that they will not be used without the Company's permission, copied, illegally owned or infringed upon by third parties. Although the Company has registered its brands, it may not be able to obtain protection for its brands quickly enough to meet the needs of the Company's business, or at all. The Company may, from time to time, have to file a lawsuit to protect its brands. In the event that the Company is unable to protect its brands for any reason, or in the event that third parties misuse, damage or infringe on its brands, this will constitute a risk to the value of the brands and will have a material and adverse impact on the Company's business, results of operations, financial position and prospects. The Company's reputation may be affected if its brands are used by third parties in a way that is inconsistent with the Company's vision and aspirations, which may lead to lower levels of demand for its services or adversely affect its ability to attract new customers.

In addition to the Company's brands, the Company relies on trade secrets, confidentiality provisions and other contractual arrangements designed to protect its intellectual property rights. In the event that any parties breach the contractual arrangements aimed at protecting the Company's intellectual property rights by using or exploiting the Company's trade secrets and confidential information without its permission or violating the intellectual property rights of the Company, this will have a material and adverse impact on the Company's business, results of operations, financial position and prospects. The Company's other intellectual property rights may be challenged, limited, voided, unenforced or circumvented in lawsuits including through opposition, re-revision, interference, invalidation or other similar legal processes in other countries. Consequently, the Company may lose its intellectual property rights or such rights may not give any competitive advantage to the Company. Such legal and judicial procedures may result in the Company incurring significant costs or its Management investing significant time in following them up, even if the final outcome is not in the Company's interest, which would have a material and adverse impact on the Company's business, results of operations, financial position and prospects.

2.1.16 Risks Related to Zakat and Tax

The Company is subject to Zakat and tax requirements in the Kingdom. Any increase of Zakat and/or tax requirements applicable to the Company may adversely affect its profitability. The Kingdom issued the VAT Law which came into effect on 14/04/1439H (corresponding to 01/01/2018G). This law imposes VAT of 5% on a number of products and services, including the Company's products. On 17/09/1441H (corresponding to 10/05/2020G), and as a response to the economic impact of the COVID-19 pandemic, the Kingdom announced the increase of VAT to 15%, which became effective on 10/11/1441H (corresponding to 01/07/2020G). VAT, by its nature, is borne by the end consumer, which has led to an increase in the sale price of the Company's products. Such increase, or any future increase in Zakat and tax requirements applicable to the Company may adversely affect its profitability. The implementation of VAT is relatively new, and the Company may make errors while implementing the regulatory requirements, which may result in penalties imposed by ZATCA in accordance with the VAT Law, which, in turn, would have an adverse effect on the Company's business, results of operations, financial position and prospects. No assessments relating to VAT have been examined or issued for any tax period by ZATCA.

The Company has obtained its final Zakat assessments from ZATCA for all years up to 2018G. As for the years from 2019G onwards, their Zakat status is still under examination by ZATCA. The Company has submitted Zakat and tax returns for the financial years until 2021G, and has paid its Zakat and tax dues within the required timeframe. The Company also obtained the final Zakat certificate for the Zakat return submitted for the year ended 31 December 2021G, which is effective until 10/10/1444H (corresponding to 30/04/2023G). However, there is a risk that ZATCA may revert to any year within the five (5) previous years if there is no Zakat assessment and ZATCA challenges the returns submitted in accordance with the Executive Regulations for Collection of Zakat issued by Ministerial Resolution No. 2217 dated 07/07/1440H (corresponding to 14/03/2019G). In such case, ZATCA may require the Company to pay additional Zakat amounts, and the Company will bear any Zakat differences. Therefore, any differences in ZATCA's assessment of the Company's Zakat would have an adverse impact on the Company's business, results of operations, financial position and prospects.

2.1.17 Risks Related to Inadequacy of Insurance Coverage

The Company maintains insurance coverage for its operations through several types of insurance policies, including property insurance, health insurance, motor insurance, financial Takaful insurance and fidelity guarantee insurance (for further details on the insurance policies issued to the Company, see Section 12.8 "**Insurance**" of this Prospectus). The insurance policies maintained by the Company may not sufficiently cover all risks to which it is exposed, and the limits of insurance coverage under such policies may be insufficient to cover the losses that the Company may incur in connection with the insured risks. The Company may not be able to substantiate its claims according to the applicable insurance policies due to the existence of exceptions or restrictions on insurance coverage, such as limiting insurance coverage to certain types of accidents, which will cause the Company to compensate for losses caused by any other accidents itself. The Company may also be affected by a number of risks that are not covered by insurance or are covered at unreasonable prices. There may be future accidents that the Company did not insure to cover potential losses or may not be covered by insurance at all, which would have a material and adverse impact on the Company's business, results of operations, financial position and prospects.

Additionally, the Company's claims may exceed the value of its insurance policies, or the damage may not be covered by the insurance. Also, claims submitted by the Company may be rejected by the relevant insurance company. Moreover, the Company may be unable to obtain adequate insurance coverage due to an increase in premiums or unavailability of coverage (due to an increase in premiums, discounts, or co-insurance requirements). Any of these factors would have a material and adverse impact on the Company's business, results of operations, financial position and prospects.

2.1.18 Risks Related to Financing and Credit Facilities

A. Current financing and facilities

As of the date of this Prospectus, the Company has entered into three (3) credit facility agreements under which it obtained financing from Al Rajhi Bank for a total amount of SAR 300 million, and from the Saudi British Bank for a total amount of SAR 60 million (for further details, see Section 12.4.4 "**Financing Agreements**" of this Prospectus). The relevant facility agreements related to these financing arrangements include some commitments the Company is bound by along with cases of breach that allow the financing parties to terminate the financing agreements, including failure to pay the amounts in a timely manner, application of judicial enforcement actions on the business or assets of the Company, or the occurrence of a material and adverse event that harms the Company's business and its ability pay under the financing agreements. If the Company fails to fulfill any of its obligations under the financing agreements, any assurance by the Company in those agreements is found to be incorrect or inaccurate, or the Company takes any steps towards filing for bankruptcy, insolvency, financial organization or restructuring, this will constitute a default event whereby lenders are entitled to terminate the financing agreements and demand payment of all amounts due, which would have a material and adverse impact on the Company's business, results of operations, financial position and prospects.

B. Future financing and facilities

In the future, the Company may need to obtain financing from commercial banks, government lenders and/or other financiers to cover working capital requirements or implement future growth plans. The Company's ability to obtain loans and facilities from lenders at lower costs or on favorable terms depends on its future financial position, global economic conditions, financial market conditions, interest rates, availability of credit from banks or external lenders and the confidence of lenders in the Company. The Company may not be able to obtain such financing on reasonable terms or at all for any reason, such as restrictions being placed on any current financing, lenders' views on the Company, or the future results of the Company's operations, financial position and cash flows. Borrowing at variable interest rates may also cause the Company to be vulnerable to increases in interest and/or commission rates (which may be significantly affected by factors beyond the Company's control, such as monetary and tax policies and global economic and political conditions), and the Company may not guarantee that it will be able to obtain such financing at reasonable terms or at all when necessary. Any fixed or variable increase in interest or commission rates applied by banks will lead to higher financing costs incurred by the Company, which will adversely affect its future profits and ability to pay and fulfill its obligations toward lenders. As a result, it may not be able to take advantage of business opportunities, such as acquisition opportunities, or react to changes in market or industry conditions. The occurrence of any of the above-mentioned cases would have a material and adverse impact on the Company's business, results of operations, financial position and prospects.

C. Guarantees provided by certain Shareholders

The credit facilities obtained by the Company from Al Rajhi Bank are linked to personal guarantees from Suleiman bin Muhammad Alsaif, Muhammad bin Suleiman Alsaif and Haitham bin Suleiman Alsaif, in addition to that the Company has provided promissory notes as guarantees under the credit facilities it obtained from Al Rajhi Bank and the Saudi British Bank in the amount of one hundred and twelve million, nine hundred and seventy-seven thousand, seven hundred and seventy-eight Saudi Riyals (SAR 112,977,778) for Al Rajhi Band and in the amount of one hundred and fifty-one million, nine hundred and twenty thousand Saudi Riyals (SAR 151,920,000) for Al Rajhi Band, and a promissory note in the amount of sixty million, four hundred thousand Saudi Riyals (SAR 60,400,000) for the Saudi British Bank provided by the Company and signed by each of Suleiman bin Muhammad bin Saleh Alsaif and Muhammad bin Suleiman bin Muhammed Alsaif as reserve guarantors (for further details on credit facilities, see Section 12.4.4 "**Financing Agreements**" of this Prospectus). The credit facility agreements stipulate events that constitute a breach by the Company of its obligations under those agreements, including events involving matters related to the Company and the guarantors and the extent of their continued acceptance of providing guarantees. Therefore, if any such event were to occur, the guarantees became unenforceable or there was any change in the financial condition of the guarantors, Al Rajhi Bank and the Saudi British Bank may request additional guarantees from the Company, which the Company may not be able to provide. Also, any of the Shareholders who provided guarantees may withdraw their guarantees or may not renew them, which will constitute a breach by the Company of its obligations under the credit facility agreements, which will result in the Company being required to pay all the remaining amounts of the relevant facilities value immediately. In addition, in any event of breach by the Company of any of its obligations under the credit facilities, Al Rajhi Bank and/or the Saudi British Bank may enforce the guarantees and the promissory notes. The Company may face difficulty in obtaining sufficient alternative funding sources to repay debts, which will have a material and adverse impact on the Company's business, results of operations, financial position and prospects.

As at the date of this Prospectus, Al Rajhi Bank has not waived the personal guarantees provided by Suleiman bin Muhammad Alsaif, Muhammad bin Suleiman Alsaif and Haitham bin Suleiman Alsaif. Following completion of the Offering and Listing of the Company's Shares on the Exchange, the Company intends to request Al Rajhi Bank to cancel the guarantees provided by Suleiman bin Muhammad Alsaif, Muhammad bin Suleiman Alsaif and Haitham bin Suleiman Alsaif and replace them with guarantees from the Company. Al Rajhi Bank may request additional guarantees from the Company in exchange for cancelling the guarantees of Suleiman bin Muhammad Alsaif, Muhammad bin Suleiman Alsaif and Haitham bin Suleiman Alsaif, which the Company may not be able to provide, which would affect the increase in the financing cost. Also, Al Rajhi Bank may not agree to the provision of alternative guarantees, which would constitute a breach by the Company of the terms of its agreements, which would have a material and adverse impact on the Company's business, financial position, results of operations and prospects.

2.1.19 Risks Related to Poor Inventory Management

The Company is required to maintain adequate inventory levels in order to operate its business successfully. The Company relies on its experience in managing retail home appliances and Kitchenwarestores and its knowledge of demand forecasts for its products to manage its inventory of home utensils and appliance products. It is worth noting that the Company purchased additional inventory of products from foreign suppliers for the financial year ended 31 December 2021G in line with the increase in sales as a form of hedge against the risks of the imposition of curfew restrictions in the Kingdom and increasing shipping costs in light of the emerging COVID-19 pandemic, as well as enabling it to meet market demand prior to Ramadan 2022G. Accordingly, the Company's inventory levels increased significantly from approximately SAR 127 million as of 31 December 2019G to approximately SAR 189 million as of 31 December 2020G, SAR 258 million as of 31 December 2021G and SAR 273 million as of 31 March 2022G. Days inventory outstanding also increased from 150 days as of 31 December 2019G to 185 days as of 31 December 2021G, before decreasing to 172 days as of 31 March 2022G. Forecast rates of demand for products made by the Company may not be accurate or correct, the Company may not be able to make such forecasts accurately and correctly in the future, and there may be fundamental changes in demand for products contrary to the forecast. Demand may be affected by the launch of new products in the market, changes in product cycles, pricing, changes in customer spending patterns, the entry of new competitors into the market, etc. As a result, customer demands for the Company's products may decrease. Therefore, if the Company is unable to accurately estimate the volume of products that its customers require or if it is unable to manage its inventory in an appropriate manner, this will lead to the accumulation of inventory or insufficient availability of the required products in the Company's inventory, which will adversely affect the Company's business, results of operations, financial position and prospects.

2.1.20 Risks Related to Increased Operating Expenses and Unexpected Requirements for Future Capital Expenditure

The Company's performance depends on its ability to maintain profitability by setting and offering reasonable prices for its products and its ability to sustain any higher costs for products offered to its customers by increasing the prices of such products or services. The Company cannot fully control the prices of its products to keep pace with any increase in costs, because such prices depend on supply and demand factors in the market in addition to the Company's strategy to maintain its market share. On the other hand, the Company cannot control its costs completely as it is subject to a number of factors that may affect such costs including economic factors, the regulatory environment and other factors that include - but are not limited to - the increase in shipping costs, labor costs, costs of increases in lease amounts of real estate leased by the Company, costs of insurance premiums and the costs of contracts entered into by the Company with its suppliers. It is worth noting that the Company aims to maintain its market share by continuing to provide competitive prices for its products. If the Company does not increase prices to meet any increase in costs, this will lead to a decline in the Company's profit margins. For example, the Company's revenues increased from SAR 655.2 million in the financial year ended 31 December 2019G to SAR 825.3 million in the financial year ended 31 December 2021G mainly due to an increase in the quantities sold by the Company during such period. However, the Company incurred the additional shipping costs during the COVID-19 pandemic period without passing them on to customers due to its desire to increase its market share. This led to a decrease in the Company's gross margins from 42.1% in the financial year ended 31 December 2019G to 40.7% in the financial year ended 31 December 2020G and 33.4% in the financial year ended 31 December 2021G. The Company's gross margins decreased from 37.5% in the three-month period ended 31 March 2021G to 33.8% in the three-month period ended 31 March 2022G. The Company has also increased its reliance on temporary employees due to the inability of some of its employees to return to the Kingdom during the COVID-19 pandemic period and the opening of new stores. Temporary employee costs amounted to SAR 3.0 million (70 employees), SAR 4.8 million (113 employees), SAR 7.4 million (187 employees) and SAR 1.7 million (78 employees) in the financial years ended 31 December 2019G, 2020G and 2021G and the three-month period ended 31 March 2022G, respectively, which may increase the possibility of incurring additional labor costs that may exceed the amounts allocated therefor in the Company's budget. Thus, if operating or product costs increase, and the Company is unable to raise the prices of its products to keep pace with the increase in costs, the Company's profitability will be adversely affected. This will lead to a decrease in its cash flow and its inability to implement future expansion works, which will have a material and adverse impact on the Company's business, results of operations, financial position and prospects.

In addition, the Company's capital expenditure may increase as a result of a number of factors (for further details on the Company's financial and operational performance, see Section 6 "**Management's discussion and analysis of financial position and results of operations**" of this Prospectus), including, for example, costs related to the Company's planned growth and strategy (for further details on the Company's planned growth and strategy, see Section 4.2.5 "**Strategy**" of this Prospectus). The Company's capital expenditure amounted to SAR 24.8 million, SAR 20.6 million, SAR 31.2 million and SAR 8.6 million for the years ended 31 December 2019G, 2020G and 2021G and the three-month period ended 31 March 2022G, respectively. Any increase in the Company's future capital expenditure may reduce the funds available for operation of the Company's Existing Branchesand increase the Company's operating expenses, which would have an adverse impact on the Company's business, results of operations, financial position and prospects.

2.1.21 Risks Related to Litigation

In the future, the Company may be subject, within or outside the Kingdom, to lawsuits, claims and other material judicial procedures related to its business operations, customers, suppliers and employees. As of the date of this Prospectus, the Company, as a plaintiff, is subject to two lawsuits within the ordinary course of business with a potential total financial impact of SAR 419.1 thousand. Also, the Company, as a defendant, is subject to a lawsuit within the ordinary course of its business with a potential total financial impact of SAR 100,000 (for further details, see Section 12.9 "**Litigation**" of this Prospectus). The Company cannot predict the outcome of such proceedings, and any unfavorable result for the Company would have an adverse impact on the Company's business, results of operations, financial position and prospects. In addition, the Company anticipates the incurrence of costs in such proceedings brought by or against it, or as a result of such lawsuits or judgments, including penalties imposed and damages due therefrom. Therefore, any unfavorable judgment for the Company in any current or future lawsuits would have an adverse impact on the Company's business, results of operations, financial position and prospects.

2.1.22 Risks Related to Reliance on Senior Executives and Key Personnel

In order for the Company to be successful, a team of highly qualified senior executives must be attracted, hired, developed, motivated, and retained (for further details on the Company's Senior Executives, see Section 5.5.2 "**Members of the Executive Management**" of this Prospectus). Disruptions in the continuing service of the Company's Senior Executives and other key personnel will have an impact on the Company's future performance. The departure or transfer of Senior Executives or other key personnel may disrupt the Company's operations or materially affect the results of its operations. The retail sector has fierce competition for senior executives and key personnel and the Company may not be able to retain Senior Executives and key personnel or attract and retain new employees in the future. Competitors of the Company may actively pursue Senior Executives or other key personnel of the Company and succeed in doing so. As a result, the Company may not be able to enforce non-competition clauses in employment contracts with such employees. The Company losing any of its Senior Executives or key personnel, or being unable to recruit new qualified employees with the required experience for reasonable remuneration, would have an adverse impact on the its business, results of operations, financial position and prospects.

The Company may need to invest large financial and human resources in order to attract and retain new employees, and it may not achieve returns on these investments. The loss of any of the Company's Senior Executives or key personnel could impede or delay the implementation and fulfillment of its strategic objectives, divert the attention of its Management in order to seek certain qualified replacements or adversely affect its ability to manage its business effectively. In addition, any of the Senior Executives or key personnel may resign at any time. If the Company is unable to recruit and retain senior executives and key personnel with high levels of skills in the appropriate fields, this will adversely affect the Company's business, results of operations, financial position and prospects.

2.1.23 Risks Related to Employee Misconduct and Errors

Employees of the Company may commit acts or errors which adversely affect the Company's business, such as engagement in illegal activities, misuse of information, disclosure of confidential information, publication of misleading information, or violation of the Company's internal controls. These actions and errors may result in a violation of any of the applicable laws or regulations in the Kingdom, which could lead to legal penalties being imposed against the Company by the competent authorities. Such penalties would vary according to the employee misconduct or error and would cost the Company financial liability and/or damage its reputation. The Company is not always able to prevent its employees from committing any misconduct, given the uncertainty of employee compliance with internal policies, which will cause the Company to incur losses, penalties or financial burdens or fall into ill repute. The Company's internal policies relating to governance and compliance (including sanctions, trade restrictions, anti-bribery and corruption, employee conduct and whistle-blowing policies in this regard) may be insufficient to protect the Company from any errors committed by its employees. Any fines, penalties, or claims may affect the profitability of the Company. In addition, negative publicity regarding employee misconduct may adversely affect the Company's reputation and revenue. Thus, misconduct and errors committed by Company employees will have a material and adverse impact on the Company's business, results of operations, financial position and prospects.

2.1.24 Risks Related to Newly Implemented Corporate Governance Rules

On 22/03/1443H (corresponding to 26/10/2021G) and 14/09/1443H (corresponding to 15/04/2022G), the Board of Directors adopted the Company's internal Corporate Governance Manual. In addition, the Company's General Assembly approved the Audit Committee Charter and the Nomination and Remuneration Committee Charter on 23/05/1443H (corresponding to 27/12/2021G) (for further details on the Corporate Governance Manual, see Section 5.9 "**Corporate Governance**" of this Prospectus). The Corporate Governance Manual includes regulations derived from the Corporate Governance Regulations issued by the CMA. The Company's success in properly implementing the Corporate Governance Regulations and procedures depends on the extent of its comprehension and understanding of these regulations and proper execution of such regulations and procedures by the Board, its Committees and the Senior Executives, especially with regard to Board independence requirements, conflict of interest procedures and disclosure requirements. Failure to comply with the mandatory provisions of the Corporate Governance Regulations issued by the CMA would result in regulatory penalties being imposed on the Company, which would have a material and adverse impact on the Company's business, financial position, results of operations and prospects.

2.1.25 Risks Related to Newly Formed Board Committees

The Company formed the Audit Committee pursuant to the General Assembly resolution dated 23/05/1443H (corresponding to 27/12/2021G) and reformed the Audit Committee pursuant to the General Assembly resolution dated 26/03/1444H (corresponding to 22/10/2021G). In addition, the Company formed the Nomination and Remuneration Committee pursuant to the Board resolution dated 29/07/1443H (corresponding to 02/03/2022G), and reformed the the Nomination and Remuneration Committee pursuant to the Board resolution dated 28/03/1443H (corresponding to 24/10/2022G) (for further details on the Company's Board Committees, see Section 5.4 "**Board Committees**" of this Prospectus). Failure by members of such Committees to perform their duties and adopt a framework that ensures protection of the Company's interests and those of its Shareholders may affect the Company's compliance with the corporate governance and continuing disclosure requirements and the Board's ability to monitor the Company's activities through such Committees, which would have a material and adverse impact on the Company's business, financial position, results of operations and prospects.

2.1.26 Risks Related to Lack of Experience in Managing a Joint Stock Company Listed on the Exchange

Since its incorporation, the Company has operated as a sole proprietorship until it was converted to a closed joint stock company on 23/01/1436H (corresponding to 16/11/2014G). Accordingly, some of the Company's Senior Executives have limited or no experience in managing a joint stock company listed on the Exchange in the Kingdom and complying with the laws and regulations of such companies. In particular, the internal or external training that Senior Executives will receive with regard to management of a Saudi listed joint stock company and the regulatory oversight and reporting obligations imposed on listed companies will require substantial attention by Senior Executives, which may divert their attention from the day-to-day management of the Company. Failure to comply in a timely manner with the regulations and disclosure requirements imposed on listed companies would expose the Company to regulatory penalties and fines. Penalties and fines imposed on the Company would have a material and adverse impact on the Company's business, results of operations, financial position and prospects.

2.1.27 Risks Related to the Company's Failure to Implement its Strategy Successfully, on Time, or at all

The Company's ability to increase its revenues and improve its profitability depends on successful realization of its strategy (for further details on the Company's strategy, see Section 4.2.5 "**Strategy**" of this Prospectus). To implement its strategy, the Company must consider several factors, some of which are beyond its control, including – but not limited to – factors related to competition of current or prospective competitors, suitability of the economic conditions for the Company's expansion plans, issuance of the required regulatory approvals and licenses, the Company's ability to negotiate and obtain terms acceptable to suppliers, the success of the Company's marketing campaigns, any construction development plans in the vicinity of the Company's planned sites (such as construction work) that may affect external traffic to new stores and the speed at which such works are carried out, and the Company's ability to monitor operations, reduce costs and control quality level. Moreover, the Company's available resources in terms of personnel, systems, infrastructure and financing may not be sufficient to support future growth and expansion. Also, the Company may not be able to obtain sufficient financing to support any growth or expansion plans it intends to undertake. Failure of the Company to implement its strategy or manage its growth strategy for any reason or the occurrence of any of the factors described in this section will a material and adverse impact on the Company's business, results of operations, financial position and prospects.

2.1.28 Risks Related to Expansion Outside the Kingdom

Currently, the Company primarily operates in the Kingdom. It has established a subsidiary in the UAE, where it intends to grow by opening new stores. The first store is anticipated to open in Abu Dhabi during the fourth quarter of 2022G. The

Board has also approved expansions in Oman, Qatar, Kuwait, Bahrain and Egypt. As at the date of this Prospectus, the Company has not yet set a timeline for expansion projects in Oman, Qatar, Kuwait, Bahrain and Egypt (for further details on the Company's expansion projects outside the Kingdom, see Section 4.3.8 "**Future Projects**" of this Prospectus). If the Company wishes to expand to offer its services in global markets outside the Kingdom, it may encounter difficulties that it is unable to overcome, and it may not be able to succeed in its business outside the Kingdom, including in the UAE, as required and at an appropriate cost. The difficulties the Company may have when expanding to global markets outside the Kingdom include, but are not limited to:

- Lack of knowledge of foreign markets and trends in the home appliances and Kitchenware retail sector in such markets.
- Failure to understand customer preferences in global markets.
- An increase in the Company's operating expenses due to changes in foreign exchange rates, resulting in the Company being unable to implement expansion plans on schedule and according to the expected costs.
- Change in tax policies or how they are applied.
- Restrictions on the transfer of income from the Company's business outside the Kingdom to its accounts within the Kingdom.
- Regulatory requirements for markets outside the Kingdom in terms of licensing and sectoral conditions.
- Being subject to different regulations and laws which may be difficult for the Company to understand and deal with in case of litigation.
- Security stability in countries in which the Company may research the viability of expansion, as well as susceptibility to political or civil unrest, terrorism, or the spread of conditions and circumstances such as epidemics, et cetera.
- Stability of the Kingdom's international relations with the countries where the Company wishes to expand.

If the Company is unable to handle the market and operational risks associated with its business outside the Kingdom as required, this will impede the Company's future business growth, which will have a material and adverse impact on the Company's business, results of operations, financial position and prospects.

2.2 Risks Related to the Sector in which the Company Operates

2.2.1 Risks Related to Competition

The Company operates in the retail sector, which is one of the most competitive sectors in the Kingdom in terms of product quality, pricing and after-sales services. The Company expects competition to intensify in the future, and it may not be able to continue to effectively compete with other market competitors including department stores, specialty retailers and discount stores, as well as other current or prospective competitors. The Company's current and future performance depends on its ability to acquire, retain and grow market share while maintaining profitability. This is dependent on, among several other factors, the Company's ability to maintain its advantage through innovative home utensil and appliance product offerings, high quality, competitive pricing of products and services, the reputation and quality of the brands and products it offers, the quality of customer service and after-sales services and its ability to understand and promptly address customer requests. Some of the Company's competitors may have access to larger financial and administrative resources. The following are just a few examples of the several competitive factors that may have an adverse impact on the Company's business, results of operations, financial position and prospects:

- Current or potential competitors adopting aggressive pricing strategies.
- Current or potential competitors offering a wider range of popular products.
- Current or potential competitors providing innovative store concepts or using creative sales channels.
- New competitors entering the existing markets where the Company operates and as well as increased competition from other domestic and global companies, including other chain stores.
- Greater competition from the online retail and home delivery service sector.
- Two or more competitors merging or forming alliances, and as a result of increased efficiency, offering high-quality services at a lower cost.
- The launch of creative and effective marketing campaigns by the Company's current or prospective competitors.

Given the foregoing, the Company may not be able to keep pace with the strategies adopted by its competitors while maintaining the volume of its revenues and levels of profitability, which may result in a decline in the Company's profit margins and a loss or reduction in its market share, and which in turn will have a material and adverse impact on the Company's business, results of operations, financial position and prospects.

2.2.2 Risks Related to the Home Appliances and Kitchenware Retail Sector and Consumer Spending Level

The Company's income depends on the volume of sales of home appliances and Kitchenware products from its stores to customers. As a result, the Company's business is susceptible to risks related to the home appliances and Kitchenwareretail sector, which is impacted by rapid and occasionally unexpected changes in consumer behavior, changes in their preferences and seasonal fluctuations in demand for the Company's products. Besides the general economic circumstances outside of the Company's control, which include disposable income levels, tax levels (including VAT, which was increased from 5% to 15% as of 10/11/1441H (corresponding to 01/07/2020G)), consumer spending (including discretionary spending on home appliances and Kitchenware), demographics, cost of living (such as water and electricity consumption), consumer borrowing capacity, interest rates, unemployment rates and general confidence in the economy. If the Company makes inaccurate predictions regarding market changes or fails to respond to them appropriately, this would have a material and adverse impact on the Company's business, results of operations, financial position and prospects.

Customer spending levels may be impacted by developments in the areas where the Company's stores are situated, including changes in demographics or changes affecting consumers' ease of access to stores. Since most customers arrive at the Company's stores by car, road closures or diversions brought on by maintenance or construction work on the roads leading to the Company's stores or within the surrounding areas are impediments beyond the Company's control, and such works may adversely affect the number of consumers who shop in the Company's stores. Additionally, any changes in the demographics of consumers who live close to or nearby the Company's stores, including changes in per capita income and consumer preferences for specific brands, may adversely affect the level of consumer spending in Company stores.

Changes in consumer behavior or purchasing patterns, as well as any emerging trends in the retail sector may also have a detrimental impact on the Company's business and results of operations. For instance, the Kingdom is currently experiencing a considerable increase in online commerce. The Company's online sales rose, accounting for 9.5% of the Company's sales in the three-month period ended 31 March 2022G and 7.4% of the Company's sales in 2021G, compared to 4.7% in 2020G and 1.5% in 2019G. Therefore, customer spending on online shopping, mobile apps and other retail channels, such as the Company's online store, may increase over time. The shift in spending toward online commerce and other retail channels may result in a decline in the movement of consumers and their spending in the Company's stores compared to online shopping, particularly with the expansion of online shopping options and alternatives due to the absence of geographical restrictions that limit market competition. Consequently, income will be impacted by sales revenues. Although online home appliances and Kitchenware retailers still form a small part of the retail sector in the Kingdom, their number is on the rise, thus intensifying competition in the online home appliances and Kitchenware retail sector. Even though it is anticipated that more of the Company's sales will be made online over the coming years, the online services offered by the Company may be of poorer quality than those of its competitors, which may adversely affect the Company's results of operations and its competitive strength.

2.2.3 Risks Related to Changes in the Regulatory Environment

In carrying out its business, the Company is regulated by a number of Government agencies in the Kingdom, including, but not limited to, the Ministry of Commerce, the Saudi Standards, Metrology and Quality Organization (SASO) and ZATCA. The legal and regulatory environment is changing rapidly, in line with the Kingdom's economic reform plans. As a result, the relevant regulators are likely to adopt changes in laws, regulations and policies in the future, which the Company cannot foresee, including changes in regulations and policies that pertain to import and export, taxes and customs duties, antitrust, boycott, pricing, corporate governance, the rent system, health and safety standards and working hours in the retail sector and other changes that may affect the Company's business and operations. Failure to comply with the requirements of the applicable laws may result in fines or penalties imposed against the Company by the relevant regulators. If the Kingdom enacts new laws or amends existing laws that govern the Company's business and operations, the Company may be required to expend significant costs or adjust its business practices, operations or products to comply with current or future laws and regulations. The occurrence of any of these factors will result in unforeseen or potentially even higher costs, which will have a material and adverse impact on the Company's business, results of operations, financial position and prospects.

The Company and its business are governed by a number of laws and regulations that are still relatively new, the interpretation and application of which still contain certain ambiguities. As a result, there may be some confusion regarding the interpretation and application of some of these laws and regulations. For instance, on 29/06/1441H (corresponding to 23/02/2020G), the Minister of Commerce and the Minister of Municipal, Rural Affairs and Housing introduced the unified lease contract to the commercial real estate sector, thus becoming a mandatory contract, pursuant to Council of Ministers' Resolution No. 405 dated 22/09/1437H (corresponding to 28/06/2016G), which mandates the registration of all residential and commercial leases with the Rental Services E-Network (Ejar), such that a lease serves as an executive instrument for both parties. As at the date of this Prospectus, the Company has not registered thirty-two (32) leases for its stores and fifteen (15) leases as a lessor with Ejar. It is important to note that, in accordance with Council of Ministers' Resolution No. 292 dated 16/05/1438H (corresponding to 13/02/2017G), a circular was issued by His Excellency the Minister of Justice directed to all courts, pursuant to which leases that have not been registered with Ejar are not valid contracts that are judicially and administratively enforceable. Hence, the Company may not be able to bring legal action to claim the rights under the unregistered leases with regard to the leases entered into after 04/05/1440H (corresponding to 10/01/2019G). It should be mentioned that the Ministry of Municipal, Rural Affairs and Housing plans to link the services of electronically registered leases to the 'Balady' service, where commercial municipality licenses are issued and renewed. Thus, the Company will not be able – upon implementation of such – to issue or renew municipal licenses for the Company's stores for any of its leases that are not electronically registered, which may disrupt the Company's business or expose it to violations and financial penalties due to non-compliance with the relevant laws. Furthermore, the unified leases may not give the Company absolute freedom to set all of its terms, given that either party may – through the real estate broker – modify or add certain clauses to a small extent such that the lease does not lose the feature of being an executive instrument. Therefore, failing to comply with some or all of the requirements of the laws and regulations by which the Company is governed, or being unable to effectively respond to changes in the regulatory environment will result in the imposition of fines or penalties against the Company or may affect the effectiveness of its contracts, which in turn will have a material and adverse impact on the Company's business, results of operations, financial position and prospects.

2.2.4 Risks Related to the Competition Law and its Executive Regulations

If the Company gains a dominant position in the market or is identified by the General Authority for Competition as a company in a dominant position in the market, the Company will be subject to the conditions and controls set forth in the Competition Law and its Executive Regulations, which aim to protect fair competition through reasserting market principles and goods traded therein, as well as free and transparent pricing. In addition, the Company must obtain the approval of the General Authority for Competition in case of involvement in any future economic concentration process (such as any acquisition or merger that results in economic concentration). If the Company violates the provisions of the Competition Law, or if the General Authority for Competition issues any decision against it due to a violation, the Company may be subject to fines of up to 10% of its annual sales or up to SAR 10 million in case it is impossible to estimate the Company's sales, or it may be subject to further measures that the General Authority for Competition may impose in relation to any violation, such as adjusting its status, remedying the violation, or requiring it to dispose of some assets, shares or equity. The General Authority for Competition also has the right to request temporary or permanent suspension of the Company's business (either partially or fully) if the Company repeats such violation, which will have a material and adverse impact on the Company's business, results of operations, financial position and prospects.

2.2.5 Risks Related to Data Protection and Cybersecurity Systems

The Company collects and processes personal data and other data from its current and prospective customers through its physical stores and through its online store. The Company uses this information to provide services and products to its customers, administer billing and support, expand and improve its business and communicate and recommend products and services through its marketing and advertising channels. As a result, the Company is required to comply with local laws and regulations, such as data protection and cyber security requirements in the Kingdom, including the Personal Data Protection Law promulgated by Royal Decree No. M/19, dated 09/02/1443H (corresponding to 16/09/2021G). Globally, new and evolving regulations regarding data protection and cybersecurity and other standards governing the collection, processing, storage, transfer, export, disclosure and use of personal data impose additional burdens for the Company due to increasing compliance standards that could restrict the use of the Company's online store and its online operations. Future laws, regulations, standards and other obligations, as well as changes in the interpretation of existing laws, regulations, standards and other obligations may require the Company to incur additional costs and restrict its business operations. If the Company is unable to comply with the applicable data privacy laws and regulations and cyber security controls and standards, the Company's ability to successfully operate its business and pursue its business goals could be damaged.

The Company's failure to comply with applicable laws and regulations, or to protect such data, could result in enforcement action against the Company, including fines, penalties, claims for damages by customers and other affected individuals and damage the Company's reputation, which could harm the Company's business, results of operations, financial position and prospects. The costs of compliance and other burdens imposed by laws, regulations and standards may limit the use and adoption of the Company's online store or lead to substantial fines, penalties or liabilities for any noncompliance. Thus, each of the above factors will have a material and adverse impact on the Company's business, results of operations, financial position, and prospects.

2.2.6 Risks Related to the Economy of the Kingdom and the Global Economy

The Company's assets and operations are located in the Kingdom, and, therefore, its performance, results of operations and growth prospects are affected by the general economic condition in the Kingdom and globally, in addition to the global economic circumstances which in turn affect the Kingdom's economy. Any economic downturn in the Kingdom or in the oil and gas industry may adversely affect the Company, given it may affect customer behavior and spending levels, which may adversely affect the demand for the Company's products, and which in turn will have a material and adverse impact on the Company's business, results of operations, financial position and prospects.

Furthermore, the Kingdom's economy is highly dependent on oil revenues, which play a significant role in the Kingdom's economic plan and gross domestic product. Any decrease in oil prices will result in an economic slowdown and/or slowdown in the Government's spending plans, which would affect all segments of the Kingdom's economy and would subsequently have a material and adverse impact on the Company's business, financial position, results of operations and prospects. It is worth noting that the economy of the Kingdom, as with the economies of many other countries, is currently experiencing significant disruption as a result of the outbreak of COVID-19 (for further details regarding the risks related to COVID-19, see Section 2.2.12 "**Risks Related to the Outbreak of COVID-19 or any other Infectious Disease**" of this Prospectus), with one such disruption being the steep decline of oil prices during the first quarter of 2020G. Economic conditions in the Kingdom could worsen in the future as a result of a decrease in oil prices or otherwise. All of these factors may adversely affect the Kingdom's economy, which will in turn have a material and adverse impact on the Company's business, results of operations, financial position and prospects.

2.2.7 Risks Related to Political Instability and Security Concerns in the Middle East

The Company's primary operations and customer base are located in the Kingdom. The Kingdom and the broader Middle East region are subject to a number of geopolitical and security risks. Any geopolitical events or any developments in the geopolitical situation in the Kingdom may contribute to instability in the Middle East and surrounding regions (that may or may not directly involve the Kingdom). Therefore, investments in the Middle East region are characterized by a significant degree of uncertainty. Any unexpected changes in the political, social, economic or other conditions in countries within the Middle East region, or any terrorist attacks or acts of sabotage in the future targeting the Kingdom, may materially and adversely affect the markets in which the Company operates, the Company's ability to retain and attract customers in these areas and investments that the Company has made or may make in the future, which, in turn, would have a material and adverse impact on the Company's business, financial position, results of operations and prospects.

2.2.8 Risks Related to Compliance with Saudization Requirements

Compliance with the Saudization requirements is required by law in the Kingdom, whereby all companies operating in the Kingdom, including the Company, are obligated to employ and maintain a certain percentage of Saudi employees among their employees. Such percentage varies based on the activity of each entity as set out under the "Nitaqat" program. The Company is currently compliant with the Saudization requirements as of the date of this Prospectus and is classified under the High Green category according to "Nitaqat" program (for further details on the Company's Saudization percentage, see Section 4.5 "**Employees**" of this Prospectus). However, the Company may not be able to continue to comply with the Saudization and "Nitaqat" program requirements. In such case, the Company will face penalties by Governmental authorities, such as suspension of work visa requests, suspension of requests for transfer of sponsorship for non-Saudi employees and exclusion from Governmental tenders and Governmental loans. The Company may not be able to recruit Saudi employees under favorable conditions or at all, or maintain its current Saudi employees, which in turn would affect its ability to meet the required Saudization percentage. There may be a significant increase in costs of salaries in the event that the Company hires a larger number of Saudi employees. The occurrence of any of the above would have a material and adverse impact on the Company's business, financial position, results of operations and prospects.

2.2.9 Risks Related to Employee Costs

The Kingdom has implemented a number of reforms aimed at increasing Saudi employee participation in the labor market, including imposing fees on non-Saudi employees employed at Saudi institutions as well as fees on residency permits of family members of non-Saudi employees. The non-Saudi employees' fee became effective on 14/04/1439H (corresponding to 01/01/2018G) while the residency permit fees became effective on 07/10/1438H (corresponding to 01/07/2017G), noting that such fees increased gradually up to SAR 9,600 annually per employee in 2020G. As of 31 March 2022G, non-Saudi employees constituted 83% of the Company's total employees. Implementation of such fees and increases led to an increase in the Governmental fees paid by the Company for its non-Saudi employees, which amounted to SAR 1,649 million as at 31 March 2022G. In addition, an increase in fees payable by non-Saudi employees for their family members resulted in higher living costs, which may affect the attractiveness of the Kingdom for such employees who may look to relocate to other countries with lower living costs. Consequently, high Government fees and difficulty in maintaining non-Saudi employees would have a material and adverse impact on the Company's business, financial position, results of operations and prospects.

The MHRSD has officially announced the launch of the "Improving Contractual Relationships" initiative, which encompasses a number of policies and controls, including the replacement of the Kafala (sponsorship) system with an employment contract system between the employer and expat worker, which became effective on 01/08/1442H (corresponding to 14/03/2021G). Under this initiative, the Kingdom strives to improve and promote the efficiency of the work environment, enhance the flexibility, effectiveness and competitiveness of the labor market and raise its attractiveness in line with international best practices, as well as activate contractual reference in the employment relationship between employers and employees based on a documented employment contract between them through the contract documentation program. The job mobility service also allows the expat worker to switch to another job upon the expiration of his/her employment contract without the employer's consent. Furthermore, the initiative also defines the mechanisms of mobility during the term of the contract, provided that the notice period and applicable controls are adhered to. The exit and return service allows expat workers to travel outside the Kingdom upon submitting an application, while notifying their employers electronically. The final exit service enables expat workers to leave immediately upon the expiration of the contract, while notifying their employers electronically, without the employer's consent. There is also the option to leave the Kingdom where the worker bears all the consequences of the termination of the contract. All these services will be available through "Absher" and MHRSD's "Qiwa" platform. As a result, the Company may be adversely affected in the event that a large number of non-Saudi employees decide to switch to other companies, in which case the Company would not be able to prevent them except to the extent permitted under their employment contracts. Hence, the Company may face difficulties in contracting with new employees to replace them. Should the Company lose a large number of its employees due to such employees switching to other companies and be unable to hire new employees to replace them, this would have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.2.10 Risks Related to Prices of Energy, Electricity, Water and Related Services

The Saudi Council of Ministers issued Resolution No. 95 dated 17/03/1437H (corresponding to 28/12/2015G), to raise energy prices (including fuel) and electricity, water and sanitation service tariffs for residential, commercial and industrial sectors, as part of the Kingdom's policies aimed at rationalizing the Government subsidy program. The Ministry of Energy and Industry issued a statement dated 24/03/1439H (corresponding to 12/12/2017G) on Fiscal Balance Program Plan to reform prices of energy products. It resulted in an increase in prices of gasoline 91, gasoline 95, diesel for industry and facilities, diesel for transportation and kerosene as at 14/04/1439H (corresponding to 01/01/2018G).

The Company's water and electricity expenses amounted to SAR 5.6 million, SAR 5.5 million, SAR 6.6 million and SAR 1,237 million in the financial years ended 31 December 2019G, 2020G and 2021G, and the three-month period ended 31 March 2022G, respectively. The price increases set out above, as well as any other potential increases, may lead to a decrease in discretionary spending or income available to customers in general. Consequently, sales in the Company's stores may be negatively impacted and the Company's operating expenses may increase, which will have a material and adverse impact on the Company's business, results of operations, financial position and prospects.

2.2.11 Risks Related to Licenses, Permits and Approvals

The Company is subject to a number of laws and regulations that require it to obtain the necessary licenses and permits from the competent legal and regulatory authorities in the Kingdom to conduct its business activities. The Company currently maintains a number of licenses, certificates, permits and approvals related to its business activities, including, but not limited to, the Commercial Registration certificate obtained by the Company from the Ministry of Commerce, municipality licenses and civil defense permits. It should be noted that the municipal license for one of the Company's branches in Asir expired in the normal course of business and is under renewal by the Company as at the date of this Prospectus. If the Company conducts its business without obtaining or renewing the necessary licenses, it may be subject to penalties and fines for continuing to do so without correction. Upon renewal or amendment of the scope of the license, certificate or permit, the competent authority may not renew or amend such documents and may impose conditions that would adversely affect the performance of the Company in the event that the competent authority renews or amends such documents. The Company may believe that it has fulfilled all necessary requirements and obtained the necessary licenses to operate. However, a Government entity may request that additional licenses be issued or further requirements be fulfilled in the future (for further details on the Company's material licenses, see Section 12.2.4 "**Key Licenses**" of this Prospectus). Failure by the Company to obtain or renew the licenses necessary to conduct its business could result in the suspension of its operations or the imposition of regulatory sanctions, including the closure of any stores in violation of the license requirements or imposition of fines thereupon, which will have a material and adverse impact on the Company's business, results of operations, financial position and prospects.

2.2.12 Risks Related to the Outbreak of COVID-19 or any other Infectious Disease

In March 2020G, the World Health Organization declared a global pandemic in relation to the rapidly growing outbreak of COVID-19. Certain preventative actions that governments, businesses, and individuals have taken with respect to COVID-19 have resulted in global business disruptions. The COVID-19 pandemic has adversely affected global economies, capital markets and international supply chains and has decreased the global demand for oil, which led to a drop in oil prices, as well as the overall environment in which the Company operates. The Kingdom, as is the case with other countries, adopted strict precautionary measures and limits on travel and public transport. Further measures applied by the Kingdom included curfews, practicing social distancing, suspension of attendance at workplaces in certain sectors, reduction of the number of employees and workers attending workplaces, closure of economic activities and the temporary suspension of schools and universities in the Kingdom for specific periods during 2020G. As of the date of this Prospectus, COVID-19 is still ongoing, and the Kingdom may impose new precautionary measures or re-impose any of the previous precautionary measures for short or long periods, which could cause an oil price decline for an extended period of time or adversely affect the Kingdom's economy. Accordingly, this will have a material and adverse impact on the Company's business, results of operations, financial position and prospects.

To reduce the effects of the spread of COVID-19, the Kingdom's Government implemented a number of preventive measures that affected the retail sector, including the imposition of certain protocols that retail stores must abide by during different periods since the start of the pandemic, such as reducing the number of visitor reception hours, decreasing the number of visitors allowed to enter stores, imposing procedures to verify visitors' temperature and vaccination against COVID-19 before entering stores and organizing queues in order to apply physical distancing between store visitors. In order to comply with the instructions to ascertain the vaccination status, the Company has increased the number of employees (particularly security personnel). Continued or renewed implementation of any preventative measures to limit the spread of COVID-19 or any other infectious disease may result in a decline in store revenues or an increase in the costs associated with compliance with such measures, which in turn will have a material and adverse impact on the Company's business, results of operations, financial position and prospects.

COVID-19 has particularly impacted the sector in which the Company operates due to the heightened demand for home utensil and appliance products for cooking such as electric cookers, electric fryers, blenders and other home appliances and Kitchenware during the curfew period. As a result, the Company's direct costs as a percentage of total revenues increased from 46.5% in the financial year ended 31 December 2019G to 48.4% in the financial year ended 31 December 2020G. In addition, shipping costs increased due to the impact on global supply chains during such period, which the Company incurred and did not pass on to customers due to its ability to bear such costs and in order to maintain its market share, which led to an increase in the Company's shipping costs from SAR 8.4 million in the financial year ended 31 December 2019G to SAR 38.1 million in the financial year ended 31 December 2020G. On the other hand, the Company's increased its inventory levels during the COVID-19 period in order to avoid any shortage of inventory due to the delay in production in China during such period in addition to higher shipping costs. The Company's inventory increased from SAR 189.0 million in the financial year ended 31 December 2020G to SAR 258.3 million in the financial year ended 31 December 2021G, and further to SAR 273.5 million in the three-month period ended 31 March 2022G. If the effects of COVID-19 persist or intensify, or if any other infectious disease that affects global supply chains spreads, the Company's costs may increase in order to address such challenges or other unfavorable impacts, which may adversely affect the Company's revenues and profit margins, which in turn would have a material and adverse impact on the Company's business, results of operations, financial position and prospects.

2.2.13 Risks Related to Foreign Exchange and Interest Rates

The Company is exposed to foreign exchange risks since it engages in operational transactions that are not denominated in Saudi Riyals. The Saudi riyal is pegged at a fixed rate to the US dollar. The Kingdom may, in the future, remove or adjust the peg, causing the value of the Company's assets and liabilities denominated in US dollars to fluctuate. Any measures adopted by the Company to hedge against foreign exchange fluctuations may not be sufficient to manage all its risks, and fluctuations in foreign exchange rates and interest rates may have a material and adverse impact on the Company's business, results of operations, financial position and prospects.

2.2.14 Risks Related to Floods, Earthquakes and Other Natural Disasters or Disruptive Acts

The occurrence of natural disasters or disruptive acts that are beyond the Company's control may adversely affect the Company's stores or employees. Any damages to the Company's stores as a result of floods, earthquakes, storms or other natural disasters, or as a result of disruptive acts such as terrorist attacks, would result in incurring significant costs and/or suspension of the Company's operations, which, in turn, would result in an increase in costs and a decrease in revenues. The occurrence of any such circumstances would have a material and adverse impact on the Company's business, financial position, results of operations and prospects.

2.2.15 Risks Related to Seasonal Changes

The Company's revenues are subject to seasonal changes that the home appliances and Kitchenware retail sector encounters. For instance, occasions such as the blessed month of Ramadan (the preparation for which begins from the month of Sha'ban every year) and the end of the Gregorian year see an increase in the retail sale of home appliances and Kitchenware. Therefore, the Company may face difficulty in planning its business which may limit its ability to accurately project its future revenues or to form an accurate budget for its operating costs, which will have a material and adverse impact on the Company's business, results of operations, financial position and prospects.

2.3 Risks Related to the Offer Shares

2.3.1 Risks Related to Effective Control Post-Offering by the Selling Shareholder

Following the completion of the Offering, the Selling Shareholder will own 62.5% of the Company's share capital. As a result, the Selling Shareholder will be able to control matters requiring Shareholder approval and will be able to significantly influence the Company's business, including matters such as the election of Directors, material corporate transactions, dividend distributions and capital adjustments. If circumstances were to arise where the interests of the Selling Shareholder conflicted with the interests of minority Shareholders (including the Subscribers), the minority Shareholders might be disadvantaged and the Selling Shareholder might otherwise exercise their control over the Company. This, in turn, would have an adverse effect on the Subscribers' anticipated returns and/or result in the loss of all or a portion of their investment in the Company.

2.3.2 Risks Related to the Absence of a Prior Market for the Company's Shares

There has been no public market for the Company's Shares. Therefore, there is currently no market for the Company's Shares, and there may not be an active and sustainable market for the Company's Shares following the Offering. The market may not continue if it were to exist. The absence or discontinuation of an active market with high liquidity may have an adverse impact on the trading price of the Company's Shares or lead to Subscribers' partial or complete loss of investment in the Company, which will affect the expected returns of the Subscribers.

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

The Offer Price may not be indicative of the price at which the Shares will be traded following completion of the Offering, and the Investors may not be able to resell the Offer Shares at the Offer Price or above, or at all. The trading price of the Shares may be volatile and may fluctuate significantly in response to a variety of factors, many of which are beyond the Company's control, including:

- Adverse fluctuations in the Company's operational performance and improvement of its competitors' performance.
- Actual or anticipated fluctuations in the Company's quarterly or annual results of operations.
- Downgrades or changes in research coverage by securities research analysts with respect to the Company, its competitors or the industry in which the Company operates.
- The public's reaction to the Company's press releases and other public announcements.
- Failure of the Company or its competitors to meet analysts' projections.
- Additions or departures of key personnel.
- Changes in the Company's business strategy.
- Changes in the regulatory environment.
- Changes in the applicable accounting rules and policies.
- Political or military developments or terrorist attacks in the Middle East or elsewhere.
- Political, economic or other developments in or affecting the Kingdom.
- Release or expiration of the Lock-up Period or other transfer restrictions on the Shares.
- Natural and other disasters.
- Changes in the general market and economic conditions.

Any of these factors may result in large and sudden changes in the trading volume and market price of the Shares, which, in turn, may lead to an adverse effect on the Subscribers' anticipated returns and/or result in the loss of all or portion of their investment in the Company.

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

The Company may not be able to pay dividends or the Board may not recommend and the Shareholders may not approve the payment of dividends for any reasons. Future distribution of dividends will depend on several factors, including, among other things, the Company's future earnings, financial position, cash flow, working capital requirements, capital expenditure and distributable reserves (for further details on the Company's dividend distribution policy, see Section 7 "**Dividend Distribution Policy**" of this Prospectus).

In addition, the Company may be subject to the terms of its future financing agreements, which may include restrictions on making any dividend payments. For example, the credit facilities agreements with Al Rajhi Bank include restrictions on dividend distribution (for further details on the credit facilities with Al Rajhi Bank, see Sections 12.4.4(a) "**Facility Agreement with Al Rajhi Bank (I)**" and Section 12.4.4(b) "**Facility Agreement with Al Rajhi Bank (II)**" of this Prospectus). The Company may incur expenses or liabilities that would reduce or eliminate the cash available for the distribution of dividends. If the Company does not pay dividends on the Shares, Shareholders will not receive any return on investment in the Shares unless they sell the Shares at a price higher than the Offer Price. There is no assurance that the Company will be able to distribute dividends to the Shareholders, or that dividend distribution will be recommended by the Board or approved by the Shareholders, which may have an adverse effect on the Investors' anticipated returns on investment in the Offer Shares.

2.3.5 Risks Related to Selling a Large Number of Shares on the Exchange Post-Offering

Sale of a large number of Shares on the market after the completion of the Offering, or the perception that such sale will occur, may adversely affect the market price of the Shares. Upon completion of the Offering, the Substantial Shareholder will be subject to the Lock-up Period of six (6) months following the Listing of the Company's Shares during which it may not dispose of any Shares it owns. The sale of a substantial number of Shares by the Substantial Shareholder following the expiration of the Lock-up Period, or the perception that such sale may occur, would have an adverse effect on the market for the Shares and may result in a lower market price.

Furthermore, if and when the Company decides to raise additional capital by issuing new Shares, the newly issued Shares may adversely affect the price of the Shares in the market and dilute the Shareholders' ownership percentage in the Company if they do not subscribe to new Shares at that time. The occurrence of any of the foregoing factors would have an adverse effect on the Investors' anticipated returns or may result in the loss of all or a portion of their investment in the Company.

2.3.6 Risks Related to Research Published about the Company

The trading price and volume of the shares will depend in part on the research that securities or industry analysts publish about the Company and its business. If research analysts do not establish and maintain adequate research coverage or if one or more of the analysts who covers the Company downgrades their recommendations on the Shares or publishes inaccurate or unfavorable research about the Company's business, the market price for the Shares could decline. In addition, if one or more research analysts cease to cover the Company or fail to publish reports on it regularly, it could lose visibility in the financial markets, which, in turn, could cause the market price for the Shares to decline significantly. Accordingly, this could have a material adverse effect on Subscribers' anticipated returns on investment in the Offer Shares.

2.3.7 Risks Related to Non-Qualified Foreign Investors not being able to Directly Hold Shares

Under the applicable regulations, non-Qualified Foreign Investors wishing to participate in the Offering must enter into SWAP Agreements with Capital Market Institutions, pursuant to which they acquire an economic benefit in the Offer Shares. Non-Qualified Foreign Investors are able to trade these benefits through Capital Market Institutions who will hold legal title to the Shares. Accordingly, non-Qualified Foreign Investors will not hold the legal title to the Shares nor will they be able to vote for the Shares in which they hold an economic benefit.

2.3.8 Risks Related to Investment in Emerging Markets

An investment in the Offer Shares involves risks related to investing in securities in emerging markets, such as the Kingdom, which generally involves a higher degree of risk than investments in securities of issuers in more developed countries. Generally, investments in emerging markets are only suitable for experienced investors who fully appreciate and are familiar with the significance of the risks involved in investing in emerging markets. Saudi Arabia's economy is susceptible to future adverse effects similar to those suffered by other emerging market countries. The Kingdom could be adversely affected by negative economic or financial developments in other emerging market countries. The occurrence of any of the foregoing factors may have an adverse effect on the Investors' anticipated returns or may result in the loss of all or a portion of their investment in the Company.

3. MARKET OVERVIEW

3.1 Introduction

The Company has commissioned Euromonitor International, a provider of strategic market research, to prepare a market study on small appliances and kitchenware (inc. serve ware) market, in the Kingdom.

The information below is based on an independent market study prepared by the market consultant, which has given and not withdrawn its written consent for its market report to be published in the Prospectus as of the date of its publication. The market consultant does not itself, nor do any of its employees or relatives, have shares or interests of any kind in the Company or any of its Subsidiaries.

Estimates and prospects set out in this Industry and Market Data section have been prepared based on a market research study prepared by the market consultant, which includes research estimates based on various official published sources such as Passport and trade opinion surveys conducted by the market consultant with a sample of key retailers selling small appliances and/or kitchenware and serve ware in The Kingdom has been prepared primarily as a research tool.

Therefore, the market consultant believes that it used suitable sources of information and methodologies for this study, but the nature of the techniques and methodologies used in market research does not guarantee nor pledge the accuracy or completeness of such information. References to the market consultant should not be considered as the opinion of the market consultant as to the value of any security or the advisability of investing in the Company.

The Company's Directors have no reason to believe that such information is false or misleading or that any material fact has been omitted that would render such information false or misleading. The information prepared by the market consultant and set out in this section has not been independently verified by the Company or any other party. Neither they nor the market consultant gives any representations as to its accuracy, and the information should not be relied upon in making or refraining from making any investment decision.

The Market Consultant does not, nor do any of its affiliates, subsidiaries, sister companies, partners, shareholders, members of its board of directors, executives or their relatives, own any shares or interest of any kind in the Company. The Market Consultant has given its written approval on the use of its name, the market information and data provided by it to the Company in the manner set out in this Prospectus, and such approval has not been withdrawn as of the date of this Prospectus.

3.2 Research Methodology

All data, analysis and research estimates in this Section are based on research work conducted between January 2022G and April 2022G including: (a) desk research to collect publicly available secondary sources of data including statistics on macroeconomic indicators, demographics from entities such as General Authority for Statistics (GASTAT), Saudi Central Bank (SAMA), the market consultant's internal database (Passport), and trade press on the covered industries, companies and third party reports; (b) trade survey analysis of the opinions and perspectives of a sample of leading competitors and largest consumption channels in The Kingdom; and (c) cross-checks and analysis of all sources to build an industry consensus on the market size and historic trends.

It is noted that the company provided their audited sales data for 2021G in The Kingdom, which was used to calculate their market share. Share for AlSaif Stores Development and Investment Co. was calculated using their audited sales data over the total market for the relevant sectors estimated by The market consultant. For the small appliances segment, the market consultant has calculated the company's market share in the small appliances segment based on the focus market that included only the fastest growing categories. The focus small appliance segment includes food preparation appliances, fryers, oven categories, hot beverages, air treatment products (exc. air conditions). This mainly excludes heating appliances, personal care appliances, irons and vacuum cleaners.

3.3 Forecasting Bases & Assumptions

The market consultant based this Report on the following assumptions: (i) the social, economic, and political environment is expected to remain stable in The Kingdom during 2022G-2026G; (ii) there will be no external shock, such as financial crisis that affects the demand and supply of the sector in The Kingdom during the same period; (iii) key market influencers that are taken into consideration for forecasts, include growing population, inflation, GDP growth, consumer expenditure, Saudization, expat exodus, tourism influx, VAT, private and public investments amongst others. Market section report covers the impact of COVID-19 wherever applicable.

3.4 The Macroeconomic Environment in the Kingdom

3.4.1 Economic Overview

The Kingdom boasted the largest total Gross Domestic Product (GDP) in the Middle East and Africa (MEA) region, with an estimated SAR 3.1 trillion (US $834 billion) in 2021G. Following an economic decline in 2020G by 4.1% (due to the COVID-19 pandemic coupled with a drop in crude oil prices), The Kingdom's real GDP experienced a recovery, posting growth of 3.2% in 2021G with an expected recovery of 4.8% in 2022G (supported by an expansionary monetary policy, recovering domestic and external demand, as well as structural reforms).

Following the similar growth trend, the total consumer expenditure on household appliances recorded an average annual growth rate of 6.8% in nominal terms over 2019G-2021G to reach SAR 16.7 billion (US $4.5 billion) by the end of 2021G, which was the second biggest in the MEA region. This economic and social background provides support for the Saudi appliances sector, which is also set to benefit from the implementation of the Saudi Vision 2030 and its thirteen implementation programs through significant infrastructure investment; schemes to develop the Saudi real estate industry, and active measures in place to increase privatization in the economy. For instance, in terms of infrastructure investment, the government has pledged to allocate SAR 1.6 trillion (US $426 billion) by 2030G to improve the country's transport and telecommunications sectors, which is expected to support the expansion of non-oil sectors and create around 1.6 million jobs by 2030G.

The International Monetary Fund (IMF) forecasts a gradual recovery for the Saudi economy (with real GDP expected to grow by 4.8% in 2022G, following the recovery of 3.2% in 2021G after a 4.1% contraction in 2020G), as a base scenario assuming the deployment of COVID-19 vaccination programs, considerable policy support across economies at a global level, and the lower restrictions as a result of an ongoing fallout of the pandemic. In addition, the improvement in The Kingdom's macroeconomic conditions, coupled with continued investment on non-oil sectors as part of Saudi Vision 2030 and its related implementation programmes, are expected to keep supporting the demand for Non-grocery retail categories in The Kingdom. Accordingly, consumer expenditure on household appliances over the forecast period 2022G-2026G is expected to grow by a CAGR of 2.0% in value terms.

Table No. (3.1): Key Macro-Economic Indicators in The Kingdom, 2019G, 2020G, 2021G, 2022G, and 2026G

Indicator	Unit	2019G	2020G	2021G	2022G	2026G	CAGR 2019G-2021G	CAGR 2021G-2026G
GDP	SAR billion	3,014	2,638	3,126	3,373	4,172	1.8%	5.9%
Inflation Rate	%	(2.09)	3.4	3.0	2.0	2.0	n/a	n/a
Government Revenue	SAR billion	926.6	778.8	918.9	984.0	1,221.2	(0.4%)	5.9%
Government Revenue - Oil Revenue	SAR billion	602.7	414.1	514.2	567.2	671.9	(7.6%)	5.5%
Government Revenue - Tax Revenue	SAR billion	177.8	189.9	282.2	283.6	388.8	26.0%	6.6%
Government Revenue - Other Revenue	SAR billion	146.1	174.8	122.5	133.3	160.6	(8.5%)	5.6%
Government Expenditure	SAR billion	1,072.8	1,081.4	1,003.3	1,093.4	1,221.2	(3.3%)	4.0%
Government Expenditure: OPEX	SAR billion	901.0	925.8	972.0	984.0	1,128.2	3.9%	3.0%
Government Expenditure: CAPEX	SAR billion	171.8	155.6	31.3	109.3	93.0	(57.3%)	24.3%
Government Deficit	SAR billion	(146.2)	(302.6)	-84.4	-109.3	0	(24.0%)	(100.0%)
Government Deficit	% of total GDP	(4.5)	(11.3)	-3.5	-1.9	0	n/a	n/a
Government Debt	SAR billion	687.1	857.2	940.6	1,038.7	1,284.6	17.0%	6.4%
Government Debt	% of total GDP	22.8	32.5	30.0	30.4	30.4	14.7%	0.3%
Disposable Income per Capita	SAR	34,071	34,327	40,388	42,437	50,469	8.9%	4.6%
Total Consumer Expenditure	SAR billion	1,203	1,176	1,392	1,481	1,842	7.6%	5.8%
Consumer Expenditure on household Appliances	SAR billion	14.6	14.6	16.7	17.7	19.2	6.8%	2.8%
Consumer Price Index	2010=100	120.9	122.5	126.2	128.7	139.3	2.2%	2.0%

Source: The market consultant estimates from United Nations, World Bank, International Monetary Fund (IMF), General Authority for Statistics (GASTAT), SAMA and OPEC.

3.5 Demographic Overview

The Kingdom´s total population reached 33.2 million by 2021G, representing a total population 1.5 times larger than the rest of the GCC countries combined. The country's demographic profile is predominantly young, with almost half of the total Saudi population aged 29 and less in 2021G. As a result, according to the UN, the Kingdom is enjoying a demographic dividend providing a window of opportunity to support the growth of the country's economy.

As of 2021G, a total of 57.8% of Saudi population were males, while country's average household size stood at 5.5 people in the same year, higher than both the global and MEA averages of 3.5 and 4.7, respectively. Overall, a total of 65% of Saudi households have four or more members, which supports consumer spending on family-related categories of goods and services, including household appliances.

One of the main policies of the Saudi Vision 2030 relates to encouraging female employment in the domestic economy. This policy aims to increase female participation in the labour force from 22% in 2017G to 30% in 2030G. However, as of Q4 2021G, the Kingdom achieved a female labour force participation rate of 34.9%. As a result, the Kingdom recorded the fastest growth rate of women joining the labour force amongst all G20 countries.

Overall, the country's demographic outlook paints a positive picture for the development of the Saudi Non-grocery retail sector, including the segments of small appliances and kitchenware over the forecast period 2022G-2026G. An expanding and young population, a large average household size, rising income levels, and changing attitudes towards spending amongst Saudi females are expected to back the growth of spending on Non-grocery retail categories in general, and small appliances in particular.

Table No. (3.2): Key Socioeconomic Indicators in The Kingdom, 2019G, 2020G, 2021G, 2022G, and 2026G

Indicator	Unit	2019G	2020G	2021G	2022G	2026G	CAGR 2019G-2021G	CAGR 2021G-2026G
Population	'000	34,218	32,861	33,159	33,591	35,176	(1.6%)	1.2%
Population Aged 0-14	'000	8,336	8,008	8,045	8,111	8,218	(1.8%)	0.4%
Population Aged 15-64	'000	24,448	23,619	23,810	24,365	25,148	(1.3%)	1.1%
Population Aged 65+	'000	1,218	1,234	1,305	1,388	1,808	3.5%	6.7%
Number of Households	'000	6,126	6,067	6,126	5,924	6,219	0.0%	0.3%
Average Household Size	Number	5.6	5.5	5.5	5.5	5.5	(0.9%)	0.0%
Unemployment Rate	%	5.6	6.8	6.3	6.0	5.5	6.1%	2.7%
Unemployment Rate (Saudi nationals)	%	12.7	12.6	12.5	12.4	12.1	(0.8%)	n/a

Source: The market consultant estimates from United Nations, World Bank, International Monetary Fund (IMF), General Authority for Statistics (GASTAT), SAMA and OPEC.

3.6 Analysis of the Non-Grocery Retail Environment in the Kingdom

3.6.1 High level overview of the global and Middle East non-grocery retail industry

The size of the global Non-grocery Retail sector was estimated at US$ 6.1 trillion in 2021G, equivalent to 31.7% of the global Retail sector in that year. Prior to the impact of the COVID-19 pandemic, the global Non-grocery Retail sector displayed long-term trends that included:

- Shift in the geographical share of the industry (with regions like Asia Pacific and the Middle East and Africa becoming increasingly important in terms of sector demand);
- Continued shift to e-commerce (based on rising connectivity rates, consumers' search for convenience and lower prices, and digital transformation including the development of online payment solutions like Apple Pay);
- Impact on the decreasing consumption of the middle class (which favoured demand for value products, particularly in developed markets);
- Retailers' pursuit of an omni-channel strategy (in order to cater to evolving consumer demand in terms of channels), and
- Continued rise of ethical consumption (backing demand for sustainable and ethical brands).

The impact of COVID-19 accentuated some of these trends including acceleration in the adoption of e-commerce, consumers' emphasis on value brands, and the implementation of omni-channel strategies by retailers. The pandemic also created new emerging trends like a focus on cost savings and operational efficiency, the emphasis on digital marketplaces, and the search for partnerships with stakeholders in the retail value chain which are expected to contribute shaping the global retail markets in the medium to long term.

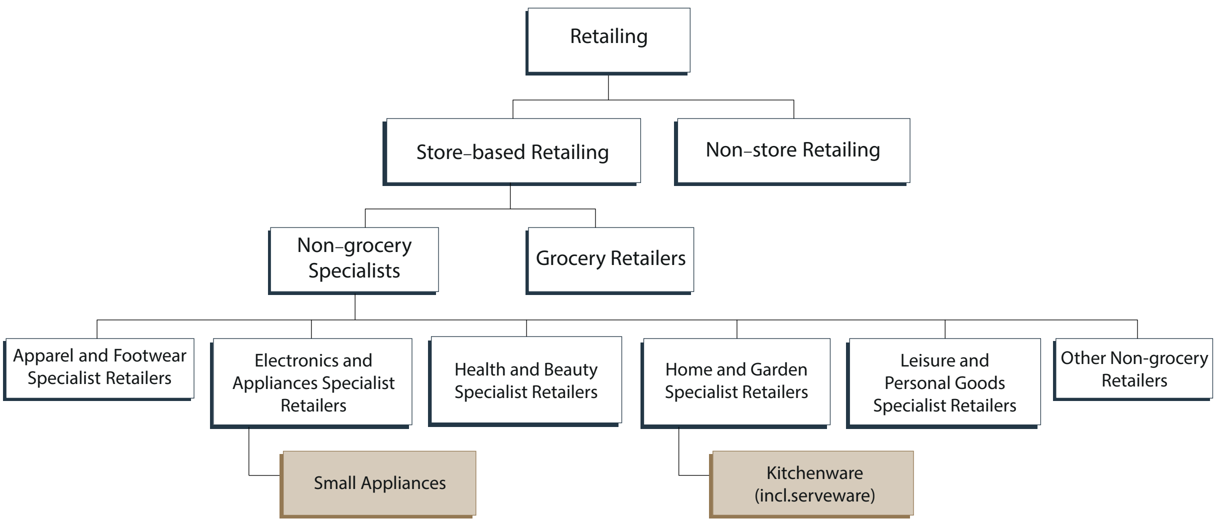
At a regional level, Non-grocery Retail in the Middle East and Africa was valued at US$413 billion in 2021 (SAR1,549), equivalent to 6.8% of the global Non-grocery Retail market in that year. Given the wide variation in market development across the region (e.g. featuring highly developed retail sectors like the GCC, but also incipient markets like Sub-Saharan Africa), global trends in the Non-grocery Retail industry tend to be reflected to different degrees in the region. In the case of the GCC, trends affecting dynamics in the sector after the impact of COVID-19 include:

- Greater emphasis by consumers on more affordable brands and products (as they trade down due to the effect of the pandemic on household incomes);
- Consumers' preference for staying closer to home (favouring, for instance, online channels and convenience stores as retail distribution channels);
- Explosive growth in e-commerce (supported by the GCC's high connectivity rates); and
- Retailers' increasing reliance on data-driven decisions to better serve consumers (e.g. by using information gathered through online purchases).

Specific trends for The Kingdom, which accounted for 48.2% of total GCC Non-grocery retail spending in 2021G, will be discussed in the next section of this report.

For the purposes of this report, the global, regional and national retail markets are structured as depicted in Chart 1 below, which highlights the segments where AlSaif Gallery has presence within the Kingdom's market:

Figure No. (2): Segments of the Non-grocery Retail sector where AlSaif Gallery has presence



Note: Highlighted segments represent those where AlSaif Gallery has presence as of 2021G, in the context of the Retail industry in general and Non-grocery Retail specifically

3.7 Market drivers and trends in the Non-grocery Retail sector in The Kingdom

The total size of the Non-grocery Retail sector in The Kingdom reached SAR 183 Billion (US$ 48.8 billion) in 2021G, down from SAR 214 Billion (US$ 57.0 Billion) in 2019G. After a long-term period of positive growth since early 2000s, the Saudi Non-grocery Retail market decreased over 2019G-2021G due to a slowdown in consumer spending driven by factors like consolidation measures approved by the Saudi government; the introduction and subsequent hike in VAT, and the impact of COVID-19 on the overall economy in the Kingdom.

Nevertheless, beyond the short-term impact of COVID-19, the Saudi Non-grocery Retail sector continues to show favourable underlying fundamentals that had been the drivers of the market's long-term expansion since the early 2000s, and are expected to be increasingly reflected in market performance as the economic impact of COVID-19 pandemic fades. These include:

- A strong social element where shopping, which is used as an opportunity to socialize and enjoy leisure time;
- Increasing urbanisation rates (with the share of urban population in the country growing from 61.4% in 1977 to 84.3% in 2021G);
- Faster growth of consumer demand, specifically for products in segments like apparel and footwear, beauty and personal care, and homewares and appliances, driven by growing participation of women in the labour force; and
- Strong investment in the retail sector as part of Saudi Vision 2030 and accompanying programmes (with development of the retail industry as one of the pillars of the second phase of country's National Transformation Plan from 2021G-2025G).

Over the forecasted period 2021G-2026G, the Saudi Non-grocery Retail sector is expected to grow at an average annual rate of 8.6% to reach SAR 276 billion (US$ 73.7 billion) by 2026G. The expansion of the country's Non-grocery Retail industry will reflect the gradual normalisation of economic activity both at domestic level (which will positively impact consumer confidence, per household income levels, and retail footfall) and international level (which will lead to increased inbound and outbound travelling to and from the country.

In addition to these core factors, dynamics in the Non-grocery Retail industry in The Kingdom over 2021G-2026G will also be driven by emerging trends resulting from the impact of COVID-19, including:

- The accelerated growth of e-commerce which will prompt industry players to emphasise on omni-channel strategies.
- Households' medium-term focus on value goods and services
- Changes in consumer behaviour favouring a dual choice of e-commerce channels for best prices and physical stores for experience and customer service.

Table No. (3.3): Total Retail in The Kingdom, Value, 2019G, 2020G, 2021G, 2022G and 2026G

Indicator	Unit	2019G	2020G	2021G	2022G	2026G	CAGR 2019G-2021G	CAGR 2021G-2026G
Total Retail	SAR Mn	374,726	327,033	347,197	376,520	489,330	(3.7%)	7.1%
Total Grocery Retail	SAR Mn	137,105	135,673	135,830	141,356	165,403	(0.5%)	4.0%
Modern Grocery Retail	SAR Mn	56,501	62,233	61,253	63,670	75,947	4.1%	4.4%
Traditional Grocery Retail	SAR Mn	80,604	73,441	74,576	77,686	89,456	(3.8%)	3.7%
Total Non-Grocery Retail	SAR Mn	214,069	164,432	183,089	202,938	276,523	(7.5%)	8.6%
Apparel and Footwear Specialists	SAR Mn	46,303	32,472	37,098	41,258	55,020	(10.5%)	8.2%
Electronics and Appliance Specialists	SAR Mn	21,010	19,279	20,256	21,550	28,180	(1.8%)	6.8%
Health and Beauty Specialists	SAR Mn	37,975	34,485	34,574	37,138	47,720	(4.6%)	6.7%
Home and Garden Specialists	SAR Mn	26,536	20,864	22,317	24,096	31,131	(8.3%)	6.9%
Leisure and Personal Goods Specialists	SAR Mn	62,568	42,030	50,824	58,476	86,245	(9.9%)	11.2%
Other non-grocery Specialists	SAR Mn	19,677	15,303	18,020	20,421	28,227	(4.3%)	9.4%
Mixed Retailers	SAR Mn	8,632	6,585	7,255	8,037	10,432	(8.3%)	7.5%

Source: The market consultant estimates from Passport Retail (2022G edition)

3.8 Overview of the Appliances market in the Kingdom

The total market for Consumer Appliances (both large and small) in The Kingdom was valued at about SAR6.5 billion (US$1.7 billion) in 2021G, after rising at a CAGR of 4.7% in value terms between 2019G and 2021G. Despite challenges to the Saudi economy in general and to the Non-grocery Retail sector in particular, due to the impact of COVID-19 pandemic, the country's Consumer Appliances market displayed healthy growth during the period 2019G-2021G. This was driven by factors including,

- Staying at home, the increasing popularity of remote work options and the high demand for entertainment products (eg, TVs, cookers, monitors, entertainment systems, etc.) following the outbreak of the COVID-19 pandemic
- Increasing preference for multi-functional and energy-saving appliances (partly due to rising energy prices in the Saudi economy); and
- Growing demand for appliances perceived to contribute to healthier lifestyles, like air purifiers and air fryers in line with the growing trend towards health and wellness observed amongst Saudi consumers.

In 2021G, total sales of Small Appliances represented 30.5% of the total market for Consumer Appliances in The Kingdom, with the remaining 69.5% coming from sales of Large Appliances. The share of Small Appliances out of total Consumer Appliances in the Saudi market increased from 30.2% in 2019G, due to the popularity of products in segments like air treatment products, small cooking appliances, and personal care appliances.

In addition to the socioeconomic growth drivers supporting activity in The Kingdom's overall Non-grocery Retail industry (including the country's rising population, increasing number of households, and growing disposable income levels), the expansion of the Saudi Consumer Appliances market will be backed by continued demand for energy-efficient appliances; those with a positioning of health and wellness; and customised major appliances.

Table No. (3.4): Appliances -Total Retail, Value, 2019G, 2020G, 2021G, 2022G and 2026G – KSA

Indicator	Unit	2019G	2020G	2021G	2022G	2026G	CAGR 2019G-2021G	CAGR 2021G-2026G
Total Small appliances	SAR Mn	1,784	1,956	1,972	2,009	2,208	5.1%	2.3%
Total large appliances	SAR Mn	4,112	4,366	4,495	4,580	5,100	4.0%	2.6%
Total Appliances	SAR Mn	5,896	6,322	6,467	6,589	7,308	4.7%	2.5%

Source: The market consultant estimates from primary and secondary research

3.9 Analysis of the Small Appliances Market in the Kingdom

3.9.1 Market outlook for the Small Appliances market in The Kingdom

The total Small Appliances segment in The Kingdom was estimated at around SAR 2.0 billion (US$ 525 million) in 2021G after rising at an average annual rate of 5.1% during the period 2019G-2021G. The expansion of the country's Small Appliances segment was driven by factors including higher demand for products to stay and cook at home after the COVID-19 outbreak (like small cooking appliances, personal care appliances, and food preparation appliances); increasing female participation in the labour force (which is backing demand for products offering time savings and convenience); and growing hygiene and health concerns amongst Saudi households (which is supporting sales in segments like air treatment products). In particular, the COVID-19 pandemic boosted demand for small appliances for healthy cooking, air fryers and appliances with lower cooking oil consumption, as well as compact appliances that make a smart use of home space. As a result, growth of the Small Appliances segment over 2019G-2021G outpaced that of the broader Consumer Appliances (including large appliances) segment (which recorded a CAGR of 4.7% over the same period) and ranked amongst the best-performing segments of the whole Saudi Non-grocery Retail sector over this timeframe.

In addition to the boost in activity to the segment generated by the outbreak of the COVID-19 pandemic, the Small Appliances segment also presents healthy fundamentals that are expected to keep supporting growth of the segment over the medium to long term. These factors include a sustained increase in the country's number of households (set to rise at a CAGR of 0.3% over 2021G-2026G); growing levels of per capita disposable income (projected to increase at a CAGR of 4.6% over the same period); and government support to the expansion of the Saudi real estate sector (which is leading to higher demand for Small Appliances to equip the new housing units entering the market). These factors are underpinned by the continued evolution of Saudi consumers' preferences for small appliance products, where younger generations are looking for stylish and aesthetic designs while keeping the functionalities tailored to the traditional preferences of the Saudi culture.

The total market for Small Appliances in the country is anticipated to rise at an average annual rate of 2.3% in value terms over the period 2021G-2026G, to reach SAR2.2 billion (US$589 million) by 2026G. Factors like the expected improvement in The Kingdom's economic performance; the rising trend in female participation in the labour force; and continued investment into the country's real estate sector are expected to be the main drivers of this expansion.

After an interim spike in some of the categories in 2020G owing to the pandemic, four categories led by personal care appliances, heating appliances, irons and vacuum cleaners reported muted traction over the historic period (aggregated CAGR of 2.1%) with minimal growth forecast, estimated at a cumulative CAGR of 2.2% for all four categories over the forecast period, 2021G-2026G.

On the contrary, focus categories comprising of food preparation appliances, hot beverages, fryers, oven categories and air treatment products expected driving growth in the small appliances category contributes to 65% of the overall small appliances category as of 2021G.

Market dynamics over the forecasted period will also be influenced by global/regional trends specific to the Small Appliances segment, which include growing demand for health-driven innovation (which is supporting rising popularity of products like slow juicers, air fryers, and air purifiers); increasing predominance of small appliances making use of connectivity/robotics (as part of the 'Internet of Things' infrastructure that has a role in "smart homes"); and consumers' shifting to small appliance purchases (as they continue to rebuild their finances).

Table No. (3.5): Small Appliances in The Kingdom, 2019G, 2020G, 2021G, 2022G and 2026G

Indicator	Unit	2019G	2020G	2021G	2022G	2026G	CAGR 2019G-2021G	CAGR 2021G-2026G
Small Appliances Overall – Value, RSP	SAR Mn	1,783.8	1,956.2	1,971.7	2,008.8	2,208.1	5.1%	2.3%

Source: The market consultant estimates from primary and secondary research

Table No. (3.6): Fastest growing Small Appliances categories in The Kingdom, 2019G, 2020G, 2021G, 2022G and 2026G

Indicator (Value, RSP)	Unit	2019G	2020G	2021G	2022G	2026G	CAGR 2019G-2021G	CAGR 2021G-2026G
Food preparation appliances*	SAR Mn	412.9	468.3	491.7	512.3	553.3	9.1%	2.4%
Fryers* (including air and deep fryers)	SAR Mn	276.2	298.3	295.0	295.3	318.4	3.3%	1.5%
Oven categories* (including microwaves)	SAR Mn	140.0	154.0	150.0	151.7	175.7	3.5%	3.2%
Hot Beverages* (Including coffee makers)	SAR Mn	228.9	257.5	266.5	270.5	292.8	7.9%	1.9%
Air Treatment Products* (Excluding air conditioners)	SAR Mn	69.1	78.6	73.8	78.3	93.2	3.4%	4.8%
Others (Vacuum Cleaners, Irons, Heating Appliances)	SAR Mn	656.7	699.6	694.5	700.7	774.7	2.8%	2.2%

Source: The market consultant estimates from primary and secondary research

Note: *Identified 5 categories are analysed as focus small appliance categories in Section 3.9.2 "**Competitive landscape and company's operations in the Kingdom**" below given their strong growth cumulatively in the forecast period (2021G-2026G)

3.9.2 Competitive landscape and Company's operations in The Kingdom

The Saudi Small Appliance market is more concentrated than the broader Electronics and Appliance market, as shown by the relative levels of the Herfindahl-Hirschman Index (a common measure of market concentration which is used to determine market competitiveness) for both markets as of 2021G (about 1,757 for Small Appliances, compared to 486 for Electronics and Appliances).

United Electronics Co (with its brand Extra) also dominates the country's Focus Small Appliance landscape (commanding a 27.8% market share in 2021G), capitalizing on its wide product range within the Electronics and Appliance category in order to generate footfall and sales for small appliances, within the overall strategy discussed in the last section of this report. This is followed by the AlSaif Gallery (27.1% market share in 2021G), with its significant growth in Focus Small Appliances segment in the review period (2019G-2021G) and the company's strong brand Edison, across most of the fast growing categories such as Food Preparation Appliances, fryers, oven categories and hot beverages. This is followed by Saudi Company for Hardware (Saco), with a 16% market share in 2021G, on the back of a strategic direction focused on continued expansion, broadening of its product portfolio, and emphasis on e-commerce. These were followed by United Yousef M Naghi Co Ltd (and its brand Eddy) with a 9% market share, and Hamad Al-Manea Trade Co. (and its brand Almaea) with 6% in the same year. Other smaller chains like XCite, Sheta and Saif, Blackbox and hypermarkets together contributed to the remaining 15% of the small appliances market in The Kingdom. In terms of number of outlets, AlSaif Gallery is the leader with 56 outlets as of 2021G, followed by Extra and Saco, with 47 and 34 outlets, respectively in the same year.

As opposed to broader Non-grocery Retail sector, which experienced widespread store closures and a halt/delay in most firms' expansion plans over the historical period 2019G-2021G, the Small Appliances sector in The Kingdom continued to witness the expansion of physical outlets from leading players, reflecting healthy growth in the segment over this period. For instance, AlSaif Gallery opened 13 new outlets between 2020G and 2021G, while Extra added five new stores over the same period, and Saco opened four new outlets in 2020G (while no information have been received on any new store openings in 2021G). Nevertheless, most major players in the Small Appliance market took measures to increase inventory, logistics and operational efficiency, as well as expand their e-commerce capabilities (either through proprietary websites or online marketplaces), not only as a way to address the impact of the COVID-19 pandemic on the segment, but also in order to lay the foundation for stronger expansion as growth of the Saudi economy gradually increases over the medium to long term.

The competitive environment for Saudi Small Appliances is also influenced by the expansion of channels that are non-traditional to the segment (like grocery retailers or e-commerce), although to a lesser extent than that observed within the broader Electronics and Appliances market. As of 2021G, the Grocery Retailers (principally hypermarket chains like BinDawood, Panda and Carrefour) accounted for 8% of total sales of focus small appliances segment in the country in value terms. The share of small appliance sales through this channel has been gradually increasing due to hypermarkets' growing offering of product lines at competitive prices. Despite the rising share small appliances sold online in the Saudi market, the e-commerce channel represented only 2% of total sales of small appliances in the country in 2021G, although the importance of this channel is set to continue growing over the medium to long term, while representing 7.4% of the company's total sales.

Against this backdrop, AlSaif Gallery was able to take advantage of the favourable market dynamics shaping activity in the Small Appliance segment, based on its growth-driven strategy that led the company to increase its total number of outlets and total floorspace by 78% and 86%, respectively during the period 2019G-2021G. At the same time, AlSaif Gallery continued to emphasize differentiation as a main competitive advantage against the rest of players, through its offering of modern focus small appliances that are innovative and customized to the local Saudi usage and culture. With strong control over the product development process, AlSaif Gallery ensures a shorter innovation cycle (resulting in faster adjustment to market demand and trends) and higher margins (through the elimination of middlemen in the product value chain). At the same time, this provides AlSaif Gallery with an advantage in terms of its relationship with its suppliers (which is closer and more integrated compared to a simple retailer-wholesaler relationship), while also supporting the firm's marketing efforts (by providing consumers with a differentiated experienced catering to their lifestyles).

This was facilitated by AlSaif Gallery's ownership of its own portfolio of brands, which totalled 27 brand names as of 2021G, including Edison, a household name in the Saudi Small Appliance market. Through constant connect with the market, AlSaif Gallery began with customizing electric pressure cookers to cater to the local Saudi cuisine, attracting large number of customers and led to a significant growth in the Company's revenue.

The competitive landscape in the Saudi Small Appliances market (focused categories) over the forecasted period 2021G-2026G is set to continue evolving, as players adjust to the new post-COVID realities of the market. As the Saudi economy continues to recover and households gradually rebuild their finances, leading players in the segment are expected to focus on more affordable brands, the offering of discounts and mega sales, and the promotion of online sales. At the same time, competition from other channels is expected to intensify as Modern Grocery Retailers continue to broaden their small appliance portfolio, and pure players continue to expand into the segment (in line with global and regional trends). In this context, differentiation will be a critical factor in order to stand out amidst increased competition in the Saudi Small Appliance market, favouring players able to provide a value proposition that, while taking into account temporary household income limitations, provides consumers with more benefits (both tangible and intangible) for their money.

Table No. (3.7): Competitive Position of Leading Players in the Saudi Small Appliances Market, 2021G

Retailer	Number of outlets	Own Brands	Market Share (RSP)	Rank in Category
eXtra	47	Class Pro	27.8%	1
Al Saif Gallery	56	Edison, iCafe	27.1%	2
SACO	34	Homix	15.5%	3
Eddy	28	-	9.4%	4
Al Manea	19	-	5.6%	5
Others (Including XCite, Sheta and Saif, hypermarkets and other smaller retail chains)	-	-	14.5%	

Source: The market consultant estimates from Passport (2022G edition), primary and secondary research

3.10 Analysis of the Kitchenware (Incl. Serveware) Market in the Kingdom

3.10.1 Market drivers and trends for Kitchenware (inc. serve ware)

The total market size for the Saudi Kitchenware including serve ware market (hereinafter cumulatively referred to as Kitchenware market) reached SAR 1.1 billion (US$293 million) in 2021G, up from SAR987.1 million (US$263.2 million) in 2019G. This represents a CAGR of 5.5% in value terms between 2019G and 2021G, which ranks amongst the highest for any segment within the Saudi Non-grocery Retail sector). The robust performance of the segment over this period was on the back of the following factors:

- Increasing trend towards staying and cooking at home caused by the outbreak of the COVID-19 pandemic;
- Kitchenware purchasing patterns specific to Saudi households with short replacement cycles (e.g. families in The Kingdom usually renew their kitchenware every year, to be used in family gatherings typically hosting large numbers of people) and strong seasonal demand especially around Ramadan, Eid and the "back to school" period; and
- Active promotional activities including price discounts, store events, and offers to replace old kitchenware sets with new ones In addition to these factors, economic, demographic and market drivers have also been supporting the expansion of the country's Kitchenware market over the long run. These include:
- Long-term increase in The Kingdom's total number of urban households (which have recorded a CAGR of 1.9% between 2010G and 2021G):
- Expansion of real estate activity in the country (which is backing sales of homewares to equip the new units entering the market); and
- Growing per household consumer expenditure on glassware, tableware and Kitchenware (at a CAGR of 3.7% between 2010G and 2021G).

These factors are earmarked within evolving preferences of Saudi consumers regarding homewares, where younger generations seek personalization of products following modern and contemporary styles (due to the influence of the Internet and social media), yet still adjusted to Saudi usage and traditions.

Backed by the gradual reopening of the economy and the expected steady improvement in consumer confidence and disposable income levels, the Saudi Kitchenware segment is anticipated to expand at a CAGR of 4.4% in value terms over the forecasted period 2021G-2026G, to reach SAR1.37 billion (US$365 million) by 2026G. Besides the aforementioned trends that will drive the segment's growth during the forecasted period, new factors coming into play during the post-pandemic period will contribute to shape the dynamics of the Kitchenware segment over the medium term. These include,

- Greater focus on quality particularly for products designed to be in longer contact with edibles, like Food Containers,
- The intensification of the health and wellness trend will be reflected on growing demand for products made of materials that are "green", biodegradable and healthy,
- Continuous product development and launches by the leading players in the Saudi Kitchenware segment,
- In Dinnerware, the trend is towards the search for more colourful and unique texture and designs, compared to plain basic products,
- For Beverageware (including flasks), the most important trends include the move towards natural materials, BPA free (especially for children), and connected products (e.g. water bottles connected to apps that measure hydration levels),
- Cutlery will continue to see a drive towards quality products (e.g. Japanese cutlery) driven by rising incomes of the Saudi population,
- The expected accentuation of the move towards health and wellness will also impact the Cookware category through higher demand for products like non-toxic, non-stick cookware (e.g. porcelain), or BPA-free products, as well as those that are eco-friendly and recyclable. In addition, Cookware will continue to experience the emergence of new brands, designers and original equipment manufacturers (OEMs), supported by social media influencers acting as trend setters,
- For food containers, growth will be driven by new innovations such as those that are collapsible, having multiple compartments, or allowing food to be heated.
- For Kitchenware, growth will be driven by rising demand for gadgets and smart items, where the market is anticipated to become increasingly competitive due to higher activity from retailers like hypermarkets and department stores.

Despite the increasing share of online sales expected in the Kitchenware category over the post-COVID period, consumers will still value the ability to feel and see their products before purchase, especially in the case of retailers with a strong brand, and those offering the possibility to refund and/or return their products, Increasingly, Saudi families will continue searching and preferring products that are suitable for modern lifestyles, such as multifunctional cooking supplies.

Table No. (3.8): Kitchenware (inc. serve ware) in The Kingdom, 2019G, 2020G, 2021G, 2022G and 2026G

Indicator	Unit	2019G	2020G	2021G	2022G	2026G	CAGR 2019G-2021G	CAGR 2021G-2026G
Kitchenware (inc. serve ware) – Value, RSP	SAR Mn	987.1	1,040.3	1,100.0	1,146.8	1,367.2	5.5%	4.4%

Source: The market consultant estimates from primary and secondary research

Table No. (3.9): Kitchenware (serve ware) sub-categories in The Kingdom, 2019G, 2020G, 2021G, 2022G and 2026G

Indicator (Value, RSP)	Unit	2019G	2020G	2021G	2022G	2026G	CAGR 2019G-2021G	CAGR 2021G-2026G
Food Storage	SAR Mn	166.0	174.4	187.0	195.0	233.0	6.1%	4.5%
Cookware (Ovenware and stove top cookware)	SAR Mn	216.7	240.5	253.0	266.2	327.8	8.1%	5.3%
Kitchenware	SAR Mn.	120.0	125.8	132.0	138.3	167.5	4.9%	4.9%
Cutlery	SAR Mn.	155.4	158.5	165.0	167.8	181.2	3.0%	1.9%
Dinnerware	SAR Mn.	190.2	195.0	209.0	217.4	256.5	4.8%	4.2%
Beverageware	SAR Mn.	138.9	146.1	154.0	162.2	201.1	5.3%	5.5%

Source: The market consultant estimates from primary and secondary research

3.10.2 Competitive landscape and company's operations in the Kingdom

The market structure of the Saudi Kitchenware market is relatively concentrated, as indicated by the Herfindahl-Hirschman Index, which reached about 2,031 in 2021G (with values between 1,500 and 2,500 generally regarded as indicative of moderate market concentration). AlSaif Gallery is the market leader in this segment, with a 39% share in value terms in 2021G, on the back of its attractive value proposition based on differentiation and on management of its own brand portfolio. This was followed by Qasr Al Awani (commanding a 14% market share in 2021G); Saco (12%); Nice (11%) and IKEA (9%). In terms of number of outlets, AlSaif Gallery also ranks first (with 56 outlets as of 2021G), while Qasr Al Awani (47 outlets) and Saco (34 outlets) ranked second and third, respectively in the same year. All of the leading players in the country's Kitchenware segment also offer additional product lines within the appliances and/or home and garden sector as part of their product portfolios.

The relative size of the leading players provides them the economies of scale to successfully compete against smaller independent businesses also operating within the Kitchenware segment, which has led to a gradual consolidation of the industry. Similar to the situation in the Small Appliances segment, the Kitchenware segment is also witnessing a gradual rise of non-traditional channels like Modern Grocery Retailers (especially hypermarkets) which accounted for almost 5% of the Kitchenware segment in 2021G, as they expand their household goods product lines through aggressive promotions.

Ecommerce accounted for over 10% of the overall market in 2021G. Driven by lockdowns and increasing consumer confidence on purchases and transactions made online, several retailers such as AlSaif Gallery reported a strong uptake in online sales of kitchenware achieving a CAGR of 120% during the pandemic period, 2019G-2021G to report online sales for sector of SAR110 million in 2021G . It is expected that the adoption of e-commerce to increase as a mainstream channel with growing competition in the online retail market for Kitchenware (both from existing players expanding their e-commerce capabilities, and from pure players entering the market).

In this context, AlSaif Gallery is in a solid position to benefit from the competitive dynamics in the Kitchenware industry, based on its strategy of continued expansion, focus on differentiation, and ownership of its proprietary brand portfolio. The company's leadership in terms of both market share and number of outlets within the Saudi Kitchenware segment allows it to better face cost pressures and implement operational efficiency measures, while providing flexibility to its inventory management (which can be freely moved through its network of physical stores). AlSaif Gallery' s extensive physical network also allows to better meet preferences of Saudi consumers who favour physically inspecting their homeware products before purchasing (in order to check quality, weight, design, etc,), which reinforces the company's strategy of differentiation. This is complemented by AlSaif Gallery' s condition as brand owner (with 19 of the company's 26 brands corresponding to kitchenware product lines) and strong brand recognition in the Saudi Kitchenware market (for example, with brands like Rocky, Tornado and Robot Set) which allows the company to enjoy higher margins, build consumer loyalty, and exert greater control over its value chain.

The competitive landscape of the country's Kitchenware sector is anticipated to remain relatively concentrated over the forecasted period 2021G-2026G, as cost pressures and resulting price competitiveness continue to favour the leading players' position compared to smaller independents, which will continue to drive the trend towards industry consolidation. For example, due to their limited capacity to face price increases, independent retailers within the segment are forming chains of outlets (e.g. Al Hadiya in the country's Western region) to try to increase their economies of scale and bolster their competitiveness. At the same time, the strong performance, backed by consistent consumer behaviour, of the Saudi Kitchenware segment is continuing to attract new players with or without prior experience in this space, as exemplified by Saudi apparel retailers aiming to sell Kitchenware and by British DIY chain B&Q which entered the Saudi market in 2021G. The gradual expansion of channels to include Modern Grocery Retailers and E-commerce will also continue to affect the competitive dynamics of the segment. This evolving competitive environment is expected to favour players who differentiate their offerings (and therefore stand out amongst the different options with visibility amongst consumers) and to capitalize on their economies of scale (as a way to enhance efficiency and deal with cost pressures affecting the industry).

Table No. (3.10): Competitive Position of Leading Players in the Saudi Kitchenware (inc. serve ware) Market, 2021G

Retailer	Number of outlets	Market Share (RSP)	Rank in Category
AlSaif Gallery*	56	39%	1
Qasr Al Awani	47	14%	2
Saco	34	12%	3
Nice	10	11%	4
IKEA	4	9%	5
Others (Includes Modern Grocery retailers, Home & Garden stores like HomeBox & Home Center, hypermarkets, and ecommerce)	-	7.1%	-

Source: The market consultant estimates from primary and secondary research

Note: *Includes revenues from physical stores and e-commerce sales.

4. Overview of the Company and Nature of its Business

4.1 Overview of the Company

Al-Saif Stores for Development & Investment Company 'Alsaif Gallery' is a Saudi closed joint stock company incorporated pursuant to Ministry of Commerce Resolution No. 322/S dated 23/01/1436H (corresponding to 16/11/2014G) registered in Riyadh under Commercial Registration No. 1010111193 dated 18/12/1413H (corresponding to 09/06/1993G). The Company's registered address is Imam Saud Bin Abdulaziz Bin Muhammad Road, Al Taawun, P.O. Box 10447, Riyadh, 11626, Kingdom of Saudi Arabia.

On 18/12/1413H (corresponding to 09/06/1993G), the Company was incorporated as a sole proprietorship owned by Suleiman bin Muhammad Alsaif under Commercial Registration No. 1010111193 dated 18/12/1413H (corresponding to 09/06/1993G). On 23/01/1436H (corresponding to 16/11/2014G), the Company was converted from a sole proprietorship into a closed joint stock company named 'Alsaif Stores Development & Investment Holding Company (Saudi Closed Joint Stock Company)' pursuant to the Ministry of Commerce Resolution No. 322/S, with a fully-paid capital of two million Saudi Riyals (SAR 2,000,000), divided into two hundred thousand (200,000) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share. Since its inception, the Company's capital has been increased twice. The capital was first increased by virtue of the Extraordinary General Assembly resolution dated 20/02/1439H (corresponding to 09/11/2017G), from two million Saudi Riyals (SAR 2,000,000) to forty-two million Saudi Riyals (SAR 42,000,000) paid in full, divided into four million, two hundred thousand (4,200,000) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share. The increase of forty million Saudi Riyals (SAR 40,000,000) was covered in cash. The Company's capital was further increased pursuant to the Extraordinary General Assembly resolution dated 15/09/1443H (corresponding to 16/04/2022G), from forty-two million Saudi Riyals (SAR 42,000,000) to three hundred and fifty million Saudi Riyals (SAR 350,000,000) paid in full, divided into thirty-five million (35,000,000) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share. The increase of three hundred and eight million Saudi Riyals (SAR 308,000,000) was covered through the capitalization of retained earnings. For further details about the Company's history, see Section 4.1.2 "**Corporate History and Evolution of Capital**" of this Prospectus.

The current capital of the Company is three hundred and fifty million Saudi Riyals (SAR 350,000,000) divided into thirty-five million (35,000,000) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share.

The Company operates in the home appliances and Kitchenware retail sector, where it runs fifty-eight (58) Alsaif Gallery-branded stores spread over twenty-nine (29) cities in the Kingdom as of 31 March 2022G. It also has an online store targeting customers inside the Kingdom and in GCC countries. Through its stores, the Company aims to fulfill customer needs for home appliances and Kitchenware such as small home appliances, Kitchenware, Serveware and other home appliances. To support its stores and supply them with products and merchandise, the Company has two warehouses in Riyadh with a total area of more than 35,000 m^2.

The Company's activities are mainly concentrated in the retail sale of home appliances and Kitchenware. In accordance with the Company's Bylaws, the Company's activities include:

1. Wholesale and retail trade of Kitchenware and electrical appliances.
2. Wholesale and retail trade of home and office furniture, antiques, gifts, plastics, hardware and medical furniture.
3. Wholesale and retail trade and gilding of Kitchenware.
4. Wholesale and retail trade of toiletries, perfumes, cosmetics, women's accessories, belts, bags, other leather products, restaurant, hotel and hospital supplies, electronics, watches, heating flues, beauty tools and supplies, Home Accessories and hygienic kits.
5. Online retail sales.
6. Purchase and acquisition of properties and land to construct buildings or invest them by way of sale or lease for the Company's benefit.
7. Development, maintenance and management of land and properties for the Company's benefit.
8. Purchase, acquisition, investment by way of sale or lease, development, management, operation and maintenance of furnished apartments, hospitals, gardens, markets, restaurants, public parks, tourist complexes, health, recreational, tourist, industrial, residential, agricultural, sports and educational facilities, gas stations, rest areas, bakeries, stores, warehouses and automatic laundries.
9. Maintenance, cleaning, management and operation of cities, facilities, buildings, public and private establishments, markets, residential, commercial, industrial, recreational, medical, agricultural and

educational facilities, roads, dams, tunnels, bridges, water and sewage works, gas stations, airports, factories and power plants and petroleum, oil and gas pipelines and tanks.

10. Organization of permanent and temporary exhibitions.
11. General contracting (construction, repair, restoration, demolition) for buildings and general construction for road works, water and sewage works, irrigation and associated network works, electrical, mechanical, industrial and electronic works, marine works, dams, well drilling, desalination, pumping and purification of water and gas, telephone networks, hospitals, medical centers, gas and power plants, airports, factories and power plants.
12. Import and export services, marketing for third parties and commercial agencies and advertising services.
13. Architectural, civil, mechanical, electrical, agricultural and zoological contracting.
14. Marketing services for third parties and commercial agencies.
15. Basic metallurgical industry (iron, steel, non-ferrous metals).
16. Purchase and acquisition of properties and land, in addition to investing them by way of sale or lease for the Company's benefit.
17. Establishment and organization of celebrations and festivals.
18. Other mail activities.
19. Private courier company activities.
20. Online trade.
21. Other retail sale activities via mail order houses or via the internet.
22. General warehouses holding a variety of merchandise.
23. Operation of warehousing facilities for all types of merchandise.
24. Services for shipment and distribution of merchandise in general.
25. Other warehousing activities.

The Directors declare that, as at the date of this Prospectus, there is no intention to make any fundamental change in the nature of the Company's activity.

4.1.1 Shareholder Structure

The current capital of the Company is three hundred and fifty million Saudi Riyals (SAR 350,000,000) divided into thirty-five million (35,000,000) ordinary cash shares with a fully paid nominal value of ten Saudi Riyals (SAR 10) per share. The following table sets out the ownership structure of the Company pre-and post Offering:

Table No. (4.1): Ownership Structure of the Company Pre- and Post- Offering

#	Shareholder	Pre-Offering			Post-Offering		
		No. of Shares	Overall Nominal Value (SAR)	Percentage	No. of Shares	Overall Nominal Value (SAR)	Percentage
1.	Suleiman bin Muhammad bin Saleh Alsaif	32,375,000	323,750,000	92.5%	21,875,000	218,750,000	62.5%
2.	Heila bint Abdullah bin Saleh Alsaif	350,000	3,500,000	1%	350,000	3,500,000	1%
3.	Ahmed bin Suleiman bin Muhammad Alsaif	350,000	3,500,000	1%	350,000	3,500,000	1%
4.	Muhammad bin Suleiman bin Muhammad Alsaif	350,000	3,500,000	1%	350,000	3,500,000	1%
5.	Haitham bin Suleiman bin Muhammad Alsaif	350,000	3,500,000	1%	350,000	3,500,000	1%
6.	Muhannad bin Suleiman bin Muhammad Alsaif	350,000	3,500,000	1%	350,000	3,500,000	1%
7.	Asma bint Suleiman bin Muhammad Alsaif	175,000	1,750,000	0.5%	175,000	1,750,000	0.5%
8.	Maha bint Suleiman bin Muhammad Alsaif	175,000	1,750,000	0.5%	175,000	1,750,000	0.5%
9.	Manal bint Suleiman bin Muhammad Alsaif	175,000	1,750,000	0.5%	175,000	1,750,000	0.5%

#	Shareholder	Pre-Offering			Post-Offering		
		No. of Shares	Overall Nominal Value (SAR)	Percentage	No. of Shares	Overall Nominal Value (SAR)	Percentage
10.	Ibtihal bint Suleiman bin Muhammad Alsaif	175,000	1,750,000	0.5%	175,000	1,750,000	0.5%
11.	Alaa bint Suleiman bin Muhammad Alsaif	175,000	1,750,000	0.5%	175,000	1,750,000	0.5%
12.	Public	-	-	-	10,500,000	105,000,000	30%
Total		**35,000,000**	**350,000,000**	**100%**	**35,000,000**	**350,000,000**	**100%**

Source: The Company.

The following table sets out the names of the Company's direct and indirect Substantial Shareholders pre- and post-Offering:

Table No. (4.2): Direct and Indirect Substantial Shareholders of the Company Pre-and Post-Offering

#	Shareholder	Pre-Offering			Post-Offering		
		No. of Shares	Overall Nominal Value (SAR)	Percentage	No. of Shares	Overall Nominal Value (SAR)	Percentage
1.	Suleiman bin Muhammad bin Saleh Alsaif*	32,375,000	323,750,000	92.5%	21,875,000	218,750,000	62.5%
Total		**32,375,000**	**323,750,000**	**92.5%**	**21,875,000**	**218,750,000**	**62.5%**

* All shares held by Suleiman bin Muhammad bin Saleh Alsaif in the Company are direct shareholdings, and there are no indirect shareholdings.

Source: The Company.

4.1.2 Corporate History and Evolution of Capital

A. Incorporation (1993G)

On 18/12/1413H (corresponding to 09/06/1993G), the Company was incorporated as a sole proprietorship owned by Suleiman bin Muhammad Alsaif under Commercial Registration No. 1010111193 dated 18/12/1413H (corresponding to 09/06/1993G).

B. Conversion (2014G)

On 23/01/1436H (corresponding to 16/11/2014G), the Company was converted from a sole proprietorship into a closed joint stock company named 'Al-Saif Stores for Development & Investment Holding Company (Saudi Closed Joint Stock Company)', with a fully paid capital of two million Saudi Riyals (SAR 2,000,000), divided into two hundred thousand (200,000) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share. The following table sets out the Company's ownership structure upon conversion to a closed joint stock company:

Table No. (4.3): The Company's Ownership Structure upon Conversion into a Closed Joint Stock Company

#	Shareholder	No. of Shares	Nominal Value per Share (SAR)	Overall Nominal Value (SAR)	Shareholding (%)
1.	Suleiman bin Muhammad bin Saleh Alsaif	185,000	10	1,850,000	92.5%
2.	Heila bint Abdullah bin Saleh Alsaif	2,000	10	20,000	1%
3.	Ahmed bin Suleiman bin Muhammad Alsaif	2,000	10	20,000	1%
4.	Muhammad bin Suleiman bin Muhammad Alsaif	2,000	10	20,000	1%
5.	Haitham bin Suleiman bin Muhammad Alsaif	2,000	10	20,000	1%
6.	Muhannad bin Suleiman bin Muhammad Alsaif	2,000	10	20,000	1%
7.	Asma bint Suleiman bin Muhammad Alsaif	1,000	10	10,000	0.5%
8.	Maha bint Suleiman bin Muhammad Alsaif	1,000	10	10,000	0.5%
9.	Manal bint Suleiman bin Muhammad Alsaif	1,000	10	10,000	0.5%

#	Shareholder	No. of Shares	Nominal Value per Share (SAR)	Overall Nominal Value (SAR)	Shareholding (%)
10.	Ibtihal bint Suleiman bin Muhammad Alsaif	1,000	10	10,000	0.5%
11.	Alaa bint Suleiman bin Muhammad Alsaif	1,000	10	10,000	0.5%
Total		**200,000**	**-**	**2,000,000**	**100%**

Source: The Company.

C. Capital Increase (2017G)

On 20/02/1439H (corresponding to 09/11/2017G), the capital was increased from two million Saudi Riyals (SAR 2,000,000) to forty-two million Saudi Riyals (SAR 42,000,000) paid in full, divided into four million, two hundred thousand (4,200,000) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share. The increase of forty million Saudi Riyals (SAR 40,000,000) was covered in cash. The following table sets out the ownership structure of the Company following this capital increase:

Table No. (4.4): The Company's Ownership Structure as of 20/02/1439H (corresponding to 09/11/2017G)

#	Shareholder	No. of Shares	Nominal Value per Share (SAR)	Overall Nominal Value (SAR)	Shareholding (%)
1.	Suleiman bin Muhammad bin Saleh Alsaif	3,885,000	10	38,850,000	92.5%
2.	Heila bint Abdullah bin Saleh Alsaif	42,000	10	420,000	1.0%
3.	Ahmed bin Suleiman bin Muhammad Alsaif	42,000	10	420,000	1.0%
4.	Muhammad bin Suleiman bin Muhammad Alsaif	42,000	10	420,000	1.0%
5.	Haitham bin Suleiman bin Muhammad Alsaif	42,000	10	420,000	1.0%
6.	Muhannad bin Suleiman bin Muhammad Alsaif	42,000	10	420,000	1.0%
7.	Asma bint Suleiman bin Muhammad Alsaif	21,000	10	210,000	0.5%
8.	Maha bint Suleiman bin Muhammad Alsaif	21,000	10	210,000	0.5%
9.	Manal bint Suleiman bin Muhammad Alsaif	21,000	10	210,000	0.5%
10.	Ibtihal bint Suleiman bin Muhammad Alsaif	21,000	10	210,000	0.5%
11.	Alaa bint Suleiman bin Muhammad Alsaif	21,000	10	210,000	0.5%
Total		**4,200,000**	**10**	**42,000,000**	**100%**

Source: The Company.

D. Capital Increase (2022G)

On 15/09/1443H (corresponding to 16/04/2022G), the Company's capital was further increased from forty-two million Saudi Riyals (SAR 42,000,000) to three hundred and fifty million Saudi Riyals (SAR 350,000,000) paid in full, divided into thirty-five million (35,000,000) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share. The increase of three hundred and eight million Saudi Riyals (SAR 308,000,000) was covered through the capitalization of retained earnings. The following table sets out the ownership structure of the Company following this capital increase:

Table No. (4.5): The Company's Ownership Structure as of 15/09/1443H (corresponding to 16/04/2022G)

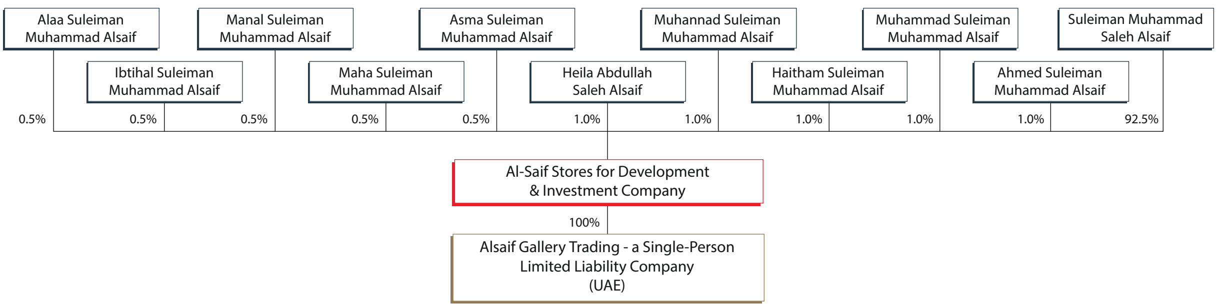
#	Shareholder	No. of Shares	Nominal Value per Share (SAR)	Overall Nominal Value (SAR)	Shareholding (%)
1.	Suleiman bin Muhammad bin Saleh Alsaif	32,375,000	10	323,750,000	92.5%
2.	Heila bint Abdullah bin Saleh Alsaif	350,000	10	3,500,000	1.0%
3.	Ahmed bin Suleiman bin Muhammad Alsaif	350,000	10	3,500,000	1.0%
4.	Muhammad bin Suleiman bin Muhammad Alsaif	350,000	10	3,500,000	1.0%
5.	Haitham bin Suleiman bin Muhammad Alsaif	350,000	10	3,500,000	1.0%
6.	Muhannad bin Suleiman bin Muhammad Alsaif	350,000	10	3,500,000	1.0%
7.	Asma bint Suleiman bin Muhammad Alsaif	175,000	10	1,750,000	0.5%
8.	Maha bint Suleiman bin Muhammad Alsaif	175,000	10	1,750,000	0.5%
9.	Manal bint Suleiman bin Muhammad Alsaif	175,000	10	1,750,000	0.5%
10.	Ibtihal bint Suleiman bin Muhammad Alsaif	175,000	10	1,750,000	0.5%
11.	Alaa bint Suleiman bin Muhammad Alsaif	175,000	10	1,750,000	0.5%
Total		**35,000,000**	**10**	**350,000,000**	**100%**

Source: The Company.

4.1.3 Ownership Structure of the Company

The following figure illustrates the Company's ownership structure:

Figure No. (3): Ownership Structure of the Company



Source: The Company.

4.1.4 Subsidiary

The Company has a sole subsidiary, Alsaif Gallery Trading, a single-person limited liability company. The Subsidiary was incorporated in Abu Dhabi, UAE, with a capital of ten thousand UAE dirhams (AED 10,000), divided into ten (10) shares with equal nominal value of one thousand UAE dirhams (AED 1,000) per share. It is a wholly owned subsidiary of the Company. As at the date of this Prospectus, work is underway to register the Subsidiary in the Abu Dhabi commercial registry. For the purpose of measuring the materiality of the Company's Subsidiary, the Company and the Financial Advisor have taken into account the impact of the Subsidiary on investment in the Company's Offer Shares and their price, including, but not limited to, whether they constitute 5% or more of the Company's total assets, liabilities, revenue, profits, or contingent liabilities of the Company. In consideration of the foregoing, the Subsidiary is not considered as material.

4.2 Company Vision and Prospects

4.2.1 Vision

The Company strives to be the leader and the first choice for customers to serve them and to provide the finest appliances and Kitchenware.

4.2.2 Mission

Providing the latest home appliances and Kitchenware and innovative products and services that enhance customers' quality of life.

4.2.3 Values

- Quality.
- Customer Satisfaction.
- Development.
- Honesty.
- Teamwork.

4.2.4 Areas of Strength and Competitive Advantages

A. Market Leadership and Distinctive Brands

The Company was established in 1993G and "Alsaif Gallery" brand was registered (in 2006G) to be the market leader in the home appliances and Kitchenware retail sector. Throughout twenty-nine (29) years of diligent work, the Company was able to build the largest network of stores in the home appliances and Kitchenware retail sector in the Kingdom, which amounted to fifty-eight (58) stores as of 31 March 2022G, covering most of the cities and governorates of the Kingdom. As of 2021G, the Company's market share amounted to 39.0% in the Kitchenware and Serveware sector (the highest market share as of 2021G) and 27.1% in the small home appliances sector (the second largest market share as of 2021G). The Company believes that its leading position in the market and the spread of the "Alsaif Gallery" brand are the result of several factors, the most important of which is the Company's continuous keenness to provide its customers with high quality products at reasonable prices and distinguished after-sales services such as a three (3) year warranty on its electrical products. In addition, the Company welcomes maintenance requests in all of its stores, which meet the requirements of customers and keep pace with the latest changes in their preferences, develop and provide products tailored to the needs of the Saudi market, especially products that are not provided by international manufacturers, such as the Edison electric cooker designed to prepare Saudi dishes such as kabsa, mandi and maqluba, Arabic breadmakers, maamoul and Arabic pastry makers, and machines for roasting, grinding and making Arabic coffee such as "I-Cafe" and others. Moreover, the Company runs effective marketing campaigns on social media and traditional advertising media (such as highway billboards).

It should be noted that the Company has developed many products and brands such as "Edison", which specializes in small home appliances such as electric cookers, electric bakers, coffee machines, electric fryers, mixers, food processors and other small home appliances; "Tornado", "Robust" and "Rocky" which specialize in Kitchenware, such as cookers; and "Everest", "Elegance", "Leema", "Rhine" "Timeless", "Royal", "Falcon", "Glory" and "Alsaif Gallery" which specialize in thermoses and other serveware. The Company also has more than one dealership for international brands such as "Markutec", "Helios", "Hascevher" and "Falez". The Company's own brands have won wide customer satisfaction and spread in the Kingdom and the Gulf countries, as the sales of products from the Company's brands accounted for 77%, 80%, 84% and 84% of the Company's total revenues as of 2019G, 2020G and 2021G and the three-month period ended 31 March 2022G, respectively (for further details, see Section 4.3.2(b) "**Company Products and Trademarks**" of this Prospectus).

B. Ability to Grow through Geographic Expansion and/or Product Diversification

The Company has a unique business model that enables it to grow by opening new stores or developing new products and selling them through its existing network of stores.

1. Growth through Geographic Expansion

The Company offers a wide range of products through a wide network of stores in the Kingdom's regions. The Company's revenues from stores amounted to SAR 636 million, SAR 748 million, SAR 758 million and SAR 227 million as of 2019G, 2020G, 2021G and the three-month period ended 31 March 2022G, respectively. These revenues represent a growth rate of 18%, 1%, and -7% for 2020G, 2021G and the three-month period ended 31 March 2022G, respectively. It is worth noting that as of 1 January 2019G, the number of the Company's stores amounted to thirty-two (32) stores. Eleven (11) stores were opened in 2019G, five (5) stores in 2020G, eight (8) stores in 2021G and two stores during the three-month period ended 31 March 2022G, bringing the total number of stores to fifty-eight (58) stores as of 31 March 2022G. The Company is also working to open six (6) new branches during 2022G. The contribution of stores opened in 2019G (eleven (11) stores) amounted to 17% of the total store revenues for the same year; the contribution of stores opened in 2020G (five (5) stores) amounted to 7% of the total store revenues for the same year; the contribution of stores opened in 2021G (eight (8) stores) amounted to 7% of the total store revenues for the same year; and the contribution of stores opened in the three-month period ended 31 March 2022G (two (2) stores) amounted to 1% of the total store revenues for the same year (for further details, see Section 6.7.3 "**Revenue by Region**" of this Prospectus). The Company intends to continue expanding its store network and serving new geographies (for further details, see Section 4.3.8 "**Future Projects**" of this Prospectus).

2. Growth through Product Diversification

The Company follows a growth strategy that includes adding new and diverse products as well as shaping, renovating and introducing fashion in serveware and hospitality utensils, in addition to targeting new categories of customers. As mentioned earlier, the Company innovates electrical products to keep pace with customer needs and provide them with all Kitchenware they require, such as developing the Edison electric pressure cooker to suit the preparation of Saudi dishes, in addition to the luqaimat maker. Sales of small home appliances witnessed a growth in revenues, whereby the Company's revenues from small home appliances amounted to SAR 191 million, SAR 335 million, SAR 364 million and SAR 119 million as of 2019G, 2020G, 2021G and the three-month period ended 31 March 2022G, respectively. For further details, see Section 6.7.2 "**Revenue by Product/Category**" and Section 6.8.2 "**Revenue by Product/Category**" of this Prospectus.

C. Experience in Anticipating Market Needs and Innovating or Providing Products to Meet Such Needs

The Company is able to use its vast experience in the Saudi market to be proactive in anticipating market needs and meeting them for its customers. The Company's awareness of market needs contributes to maintaining customer traffic levels at its physical stores and on its online store. The total number of customer requests for the Company's products (from all sales outlets) witnessed a continuous growth, reaching 2.3 million, 2.8 million, 3.0 million and 0.9 million requests for 2019G, 2020G, 2021G and the three-month period ended 31 March 2022G, respectively. In addition, the Company also strives to innovate new products based on its experience of market need. As part of the Company's endeavor to facilitate the experience of its customers in their household chores, the Company owns a brand called "Edison" that has gained great spread in the Saudi market due to the Company's excellence in innovating home appliances compatible with the Gulf kitchen, such as electric bakers, electric ovens, masabib makers, electric pressure cookers and luqaimat makers. The experience of innovative products serves as an indication to the Company of the importance of continuing innovation, as innovating new products that are well-received by customers offers a unique competitive advantage due to the fact that it creates market demand that was not previously anticipated (Demand Creation). In this regard, the Company intends to continue to use and develop its experience for the purpose of providing and innovating diverse products that meet the changing needs and desires of customers.

D. Reliance on a Direct Supply Chain that Drives Profitability Improvement

The product revenues of the Company's own brands represented 77%, 80%, 84% and 84% of the Company's total revenues as of 2019G, 2020G, 2021G and the three-month period ended 31 March 2022G, respectively. Due to the Company's reliance on selling its own products, its ability to control costs is relatively higher, as the Company contracts directly with manufacturers, and therefore the provision of these products does not require the incurrence of any additional costs, commissions or increases in supply prices that may be paid to wholesalers or commercial agents, as is the case for third-party products that the Company relies on wholesalers or commercial agents to provide. Hence, the Company has the ability to provide its customers with its own branded products at competitive prices and high quality, and achieve profitable margins at the same time due to direct contracting with manufacturers.

E. Ease of Reaching Customers through a Network of Stores Spread over a Wide Geographical Area and an Easy-to-Use Online Store

The Company has a high ability to reach customers through its extensive network of stores and its online store (through the mobile application and website). As of 31 December 2021G, the number of the Company's stores totaled fifty-eight (58) stores, covering five (5) regional areas throughout the Kingdom. The Company believes that its market leadership in terms of the number and spread of stores contributes to achieving growth by serving new customer bases, in addition to maintaining existing customers. In its quest to achieve the best outcomes from the expansion of its store network, the Company takes into account several factors when establishing a new store, including studying the volume of demand in the region, the presence of competitors, the purchasing power levels of potential customers, the availability of appropriate sites to establish the store, etc. Based on such factors, the Company decides whether or not to establish a store, and determines appropriate specifications for the store, including the area and an appropriate range of products (for further details, see Section 4.3.3(c) "**Strategy for Selecting and Designing Company Stores**" of this Prospectus).

In addition to its store network, the Company has increased its focus on developing electronic sales platforms (i.e., the mobile application and the website) in order to keep pace with changes in customer behavior patterns and their increased reliance on online shopping (for further details, see Section 4.3.4 "**Online Store**" of this Prospectus). The Company's development of electronic platforms has resulted in an increased demand from customers, as the Company's revenues from electronic platforms amounted to 1.4%, 4.6%, 7.2% and 9.5% of the Company's total revenues for 2019G, 2020G, 2021G and the three-month period ended 31 March 2022G, respectively. The Company is aiming for significant growth via the electronic platform to reach more than 10% of the Company's revenues in 2022G. Also, the Company intends to continue developing its electronic platform due to its belief in the importance of these platforms as major sales outlets in the future (for further details, see Section 4.2.5(c) "**Online Store Expansion**" and Section 6.7.4 "**Revenue by Branch**" of this Prospectus).

F. Excellent Relationships with Manufacturers and Suppliers

As part of the Company's endeavor to provide a variety of products to its customers, it works with a large base of suppliers and manufacturers, numbering six hundred and sixty (660) suppliers and manufacturers as of 2021G. Due to the Company's longevity and leadership in the Kingdom in terms of market share, it enjoys distinguished relationships with manufacturers and suppliers that enable it to negotiate prices, quantities and schedules to suit its objectives. The Company also has its own exclusive production lines with manufacturers and its own exclusive designs that are not available to any other importers. The Company's strategy in dealing with suppliers depends on short-term contracts with several suppliers/manufacturers to provide or manufacture the same group of products. Hence, the Company has greater flexibility to change manufacturers to meet its needs according to changing market trends and to quickly respond to these variables. Additionally, this offers the Company leverage in negotiations with these suppliers so that it can agree on reasonable prices and quantities (for further details, see Section 4.3.5 "**Overview of Suppliers**" of this Prospectus).

4.2.5 Strategy

A. Store Network Expansion in the Kingdom and Abroad

The Company is working to expand its network of stores in the Kingdom and abroad, as part of its continuous endeavor to serve the largest number of new and existing customers, by increasing the number of its fifty-eight (58) stores as of 31 March 2022G. Among the Company's objectives is to expand by opening small branches in small cities and governorates that fit the size and needs of the target city. The Company also plans to open stores in countries neighboring the Kingdom, such as the Gulf states and Egypt. In this regard, on 29/07/1443H (corresponding to 02/03/2022G), the Company's Board of Directors approved a resolution to expand the Company's business in the United Arab Emirates, Oman, Qatar, Kuwait, Bahrain and Egypt. As at the date of this Prospectus, the Company has not yet set a time plan for expansion projects in Oman, Qatar, Kuwait and Egypt. With regard to the United Arab Emirates, the Company is working, as at the date of this Prospectus, to establish its legal entity in the United Arab Emirates, and plans to open three (3) stores and one warehouse in the United Arab Emirates, whereby the first store is expected to open in Abu Dhabi during the last quarter of 2022G (for further details, see Section 4.3.8 "**Future Projects**" of this Prospectus).

B. Product Portfolio Diversification

The Company plans to enhance and develop its product portfolio to serve the needs and desires of its shoppers in terms of kitchenware and other appliances by adding kitchen-related products such as small ovens, refrigerators and dishwashers. The Company strives to make its stores a one-stop shop for all home items and appliances. Moreover, the Company currently provides some dry food products such as coffee and spices. The Company intends to expand by increasing the food products offered in order to improve the experience of its customers, including by offering some products that are compatible with store products. This will enhance the Company's strategy of diversifying products that revolve around the needs of customers to include items that cater to the customer segment and their needs. In addition, diversification reflects the Company's vision of continuing to develop products that help facilitate customer experience in carrying out their household chores. Since most of the Company's shoppers are women, the Company also seeks to provide products complementary to customer needs for electrical appliances related to personal care.

C. Online Store Expansion

The Company's online store is available through its website (Alsaifgallery.com) and smartphone applications on Android and iOS and aims to provide a flexible and seamless shopping experience. The online store provides a delivery service to all regions of the Kingdom and the GCC countries, where delivery takes between one and three (3) days inside Riyadh, between three (3) and five (5) days outside Riyadh, and between five (5) and ten (10) days for orders outside the Kingdom. The Company offers various electronic payment options through its online store, such as bank cards, Apple Pay, cash on delivery, or payment in installments (for further details, see Section 4.3.4 "**Online Store**" of this Prospectus). The Company's sales from the online store witnessed rapid growth, as the contribution of these sales to the total revenues increased from 1.4% in 2019G to 7.2% in 2021G, at a CAGR of 156%. The growth of online store sales depends on several factors, the most important of which is the Company's work in developing electronic platforms to facilitate customer experience in terms of use, browsing, payment and shipping. The Company intends to continue developing its store and electronic platforms to keep pace with the evolving aspirations of customers and to be a major outlet for sales. In addition, the Company plans to move to omni-channel sales, which will provide a smooth experience for customers, whether through shopping via the online store or the network of stores. The Company is working on exploiting its branches in the Kingdom along with its website to facilitate the customer experience and expedite delivery time and after-sales services.

4.3 Overview of the Company's Business

The Company operates in the home appliances and Kitchenware retail sector, where it operates fifty-eight (58) Alsaif Gallery-branded stores covering five (5) regional areas throughout the Kingdom as of 31 March 2022G. It also has an online store targeting customers inside the Kingdom and in GCC countries. Through its stores, the Company aims to fulfill customer needs for home appliances and Kitchenware such as small home appliances, Kitchenware, serveware and other home appliances. To support its stores and supply them with products and merchandise, the Company has two warehouses in Riyadh with a total area of more than 35,000 m^2. It should be noted that, except as disclosed in this section, there are no new significant products or activities.

4.3.1 Summary of Key Events

The following table provides a summarized timeline of key events since the Company's incorporation:

Table No. (4.6): Key Events

Date	Event
1993G	The Company was incorporated as a sole proprietorship owned by Suleiman bin Muhammad Alsaif
2006G	The first "Alsaif Gallery"-branded store was opened
2010G	The Company's stores increased to ten (10) branches
2014G	The Company was converted to a closed joint stock company
2015G	The Company's Edison-branded products were launched
2016G	The Company's online store was launched
2017G	The Company's capital was increased to forty-two million Saudi Riyals (SAR 42,000,000)
2020G	The Company's sales of Company-owned brand products exceeded 80% of the Company's total sales
2022G	The Company's capital was increased to three hundred and fifty million Saudi Riyals (SAR 350,000,000)
2022G	The stores operated by the Company increased to fifty-eight (58) stores in the Kingdom
2022G	The Subsidiary was incorporated in the UAE

Source: The Company.

4.3.2 Overview of the Company's Products

A. Key Product Categories

The key product categories offered by the Company through its stores include:

- **Small appliances**, such as electric pressure cookers, air fryers, mixers, bakers, juicers, blenders, choppers, food processors, sandwich and waffle makers, kettles, ovens and microwaves, roasters and grinders, vacuum cleaners, irons, heaters, mini dishwashers and air purifiers.
- **Kitchenware**, such as pots, pans, cake molds and oven pans, food keepers, spoons, knives and kitchen accessories.
- **Serveware**, such as thermoses, coffee pots, teapots, jugs, small serving dishes for dates, coffee cups, serving trays, serveware sets, cups, incense holders, dinnerware sets, food warmers and plates.
- **Home accessories**, such as home lampshades, antiques, table-mats, organizers, household cleaners and personal care products.

It is worth noting that the products offered by the Company through its stores include products related to international and local brands that the Company contracts with agents to provide, such as "Alsaif", "Alsaif-Elec", "Braun", "Kenwood", "Sack Design" and "Delonghi" (for further details, see Section 4.3.5 "**Overview of Suppliers**" of this Prospectus), and other Company products related to the Company's proprietary brands (for further details, see Section 4.3.2(b) "**Company Products and Trademarks**" of this Prospectus). Additionally, the Company provides after-sales services, maintenance and warranties for small appliances related to the Company's proprietary brands for a period of three (3) years.

The following table sets out details of the Company's revenues by key product category for the financial years ended 31 December 2019G, 2020G and 2021G and the three-month period ended 31 March 2022G:

Table No. (4.7): Company Revenues by Key Product Category for the Financial Years Ended 31 December 2019G, 2020G and 2021G and the Three-Month Period Ended 31 March 2022G

#	Product category	FY 2019G		FY 2020G		FY 2021G		Q1 2022G	
		Revenue (SAR)	% of total revenues	Revenue (SAR)	% of total revenues	Revenue (SAR)	% of total revenues	Revenue (SAR)	% of total revenues
1.	Small appliances	192,952,734	29%	335,389,126	42%	366,863,119	44%	118,961,037	47%
2.	Serveware	358,877,315	55%	348,488,402	44%	350,817,602	43%	95,371,361	37.7%
3.	Kitchenware	94,985,490	14%	99,482,672	12%	94,635,426	11%	35,154.080	13.9%
4.	Home accessories	8,404,861	1%	13,836,512	2%	12,972,547	2%	3,460,561	1.4%
Total		**655,220,399**	**100%**	**797,196,713**	**100%**	**825,288,694**	**100%**	**252,946,911**	**100%**

Source: The Company.

It is worth noting that the revenue of products related to the Company's non-proprietary brands represent 23%, 20%, 16% and 18% of the Company's total revenue in the financial years ended 31 December 2019G, 2020G and 2021G and the three-month period ended 31 March 2022G, respectively, while the revenue of products related to the Company's proprietary brands represent 77%, 80%, 84% and 82% of the Company's total revenue in the financial years ended 31 December 2019G, 2020G and 2021G and the three-month period ended 31 March 2022G, respectively. It should be noted that, except as disclosed in this section, there are no significant new products or activities.

B. Company Products and Trademarks

The Company offers, through its stores, a wide and comprehensive range of products related to the Company's proprietary trademarks, including:

- "Edison" for small appliances.
- "Tornado", "Rocky" and "Robust" for Kitchenware.
- "Royal", "Timeless", "Lema", "Alsaif Gallery", "Everest", "Falcon", "Rhine", "Elegance" and "Glory" for Serveware.

For further details on the Company's proprietary trademarks, see Section 12.7.1 "**Trademarks**" of this Prospectus.

In particular, the Company has reduced its dependence on external suppliers for products and small appliances related to international and local non-proprietary brands. The percentage of revenues from these products decreased from 23% of the Company's total revenues in the financial year ended 31 December 2019G to 18% of the Company's total revenues in the financial year ended 31 March 2022G. This decrease was offset by an increase in the revenues of products related to the Company's proprietary brands from 77% of the Company's total revenues in the financial year ended 31 December 2019G to 82% of the Company's total revenues in the financial year ended 31 March 2022G.

The Company designs its own branded products, innovates product ideas and deals with a number of international manufacturers with whom it communicates to carry out the manufacturing process. The Company contracts with these manufacturers to produce the Company's products related to its proprietary brands exclusively, such that manufacturers may not produce or sell those products without the Company's approval, before supplying the products to the Company, which it sells through its physical stores and on its online store. It should be noted that, except as disclosed in this section, there are no significant new products or activities.

C. The Company's Actual Business

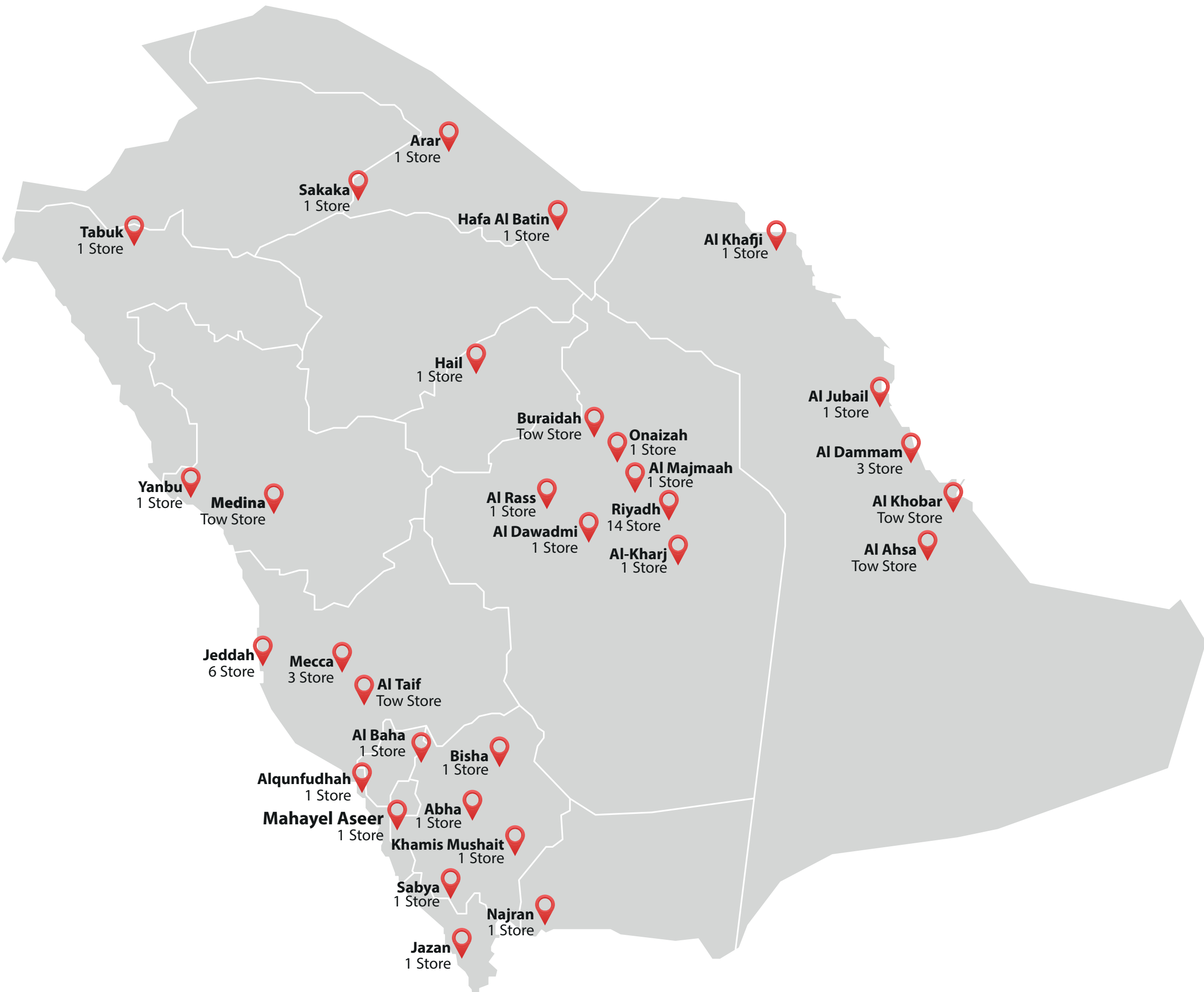
The Company's actual business includes working in the home appliances and Kitchenware retail sector, where it runs fifty-eight (58) Alsaif Gallery-branded stores spread over twenty-nine (29) cities in the Kingdom as of 31 March 2022G. It also has an online store targeting customers inside the Kingdom and in GCC countries. Through its stores, the Company aims to fulfill customer needs for home appliances and Kitchenware such as small home appliances, Kitchenware, Serveware and other home appliances. To support its stores and supply them with products and merchandise, the Company has two warehouses in Riyadh with a total area of more than 35,000 m^2. It should be noted that, except as disclosed in this section, there are no significant new products or activities.

4.3.3 Company Stores

A. Overview of the Company's Stores

As of 31 March 2022G, the Company runs fifty-eight (58) Alsaif Gallery-branded stores covering five (5) regional areas throughout the Kingdom, with a total area of more than 103,000 m². The Company's stores target family consumers of different social classes. The following figure sets out the sites of the Company's stores as of 31 March 2022G:

Figure No. (4): Company Stores



Source: The Company.

The following table sets out details of the Company's store revenues (excluding the online store) by region for the financial years ended 31 December 2019G, 2020G and 2021G and the three-month period ended 31 March 2022G:

Table No. (4.8): Company's Store Revenues (Excluding the Online Store) by Region for the Financial Years Ended 31 December 2019G, 2020G and 2021G and the Three-Month Period Ended 31 March 2022G

#	Region	FY 2019G		FY 2020G		FY 2021G		Q1 2022G	
		No. of stores	% of total stores revenue*	No. of stores	% of total stores revenue*	No. of stores	% of total stores revenue*	No. of stores	% of total stores revenue*
1.	Central	16	36.32%	18	36.49%	21	35.21%	21	36.21%
2.	Western	11	27.88%	13	28.52%	14	29.94%	15	25.9%
3.	Eastern	7	17.63%	8	16.41%	10	16.61%	10	17.24%
4.	Southern	7	12.37%	7	12.27%	7	11.97%	8	13.8%
5.	Northern	3	5.79%	3	6.32%	4	6.27%	4	6.9%
Total		**44**	**100%**	**49**	**100%**	**56**	**100%**	**58**	**100%**

* These percentages do not include the online store revenue.

Source: The Company.

B. Store Sites

As of 31 March 2022G, the Company operates fifty-eight (58) Alsaif Gallery-branded stores covering five (5) regional areas throughout the Kingdom, with a total area of more than 103,000 m². Most of the store areas range from approximately 1,000 m² to 3,000 m². Some of the stores are located on Company-owned land, land leased by the Company or buildings leased by the Company (for further details on the Company's owned and leased real estate, see Section 12.6 "**Real Estate**" of this Prospectus). The following table sets out the key information of the Company's stores as of 31 March 2022G:

Table No. (4.9): Key Information of the Company's Stores as of 31 December 2021G

#	Store	City	Store ownership status	Opening year	Sales area (sqm)
1.	Dammam Branch (1) - Al Shati	Dammam	Leased	July 2011G	1,692
2.	Buraidah Branch (1)	Buraidah	Leased	May 2012G	2,000
3.	Al Ahsa Branch (1)	Al Ahsa	Leased	November 2012G	1,018
4.	Hail Branch	Hail	Leased	February 2013G	1,990
5.	Hafar Al Batin Branch	Hafar Al Batin	Leased	July 2013G	800
6.	Najran Branch	Najran	Leased	December 2013G	600
7.	Sakakah Branch	Sakakah	Leased	March 2014G	950
8.	Khamis Mushait Branch	Khamis Mushait	Leased	May 2014G	2,840
9.	Mecca Branch (1) - Al Hindawiyah	Mecca	Leased	June 2014G	280
10.	Jazan Branch	Jazan	Leased	June 2014G	1,320
11.	Bisha Branch	Bisha	Leased	November 2014G	1,200
12.	Tabuk Branch	Tabuk	Company-owned	January 2015G	3,000
13.	Jeddah Branch (1) - Al Rabwah	Jeddah	Leased	January 2015G	1,500
14.	Al Kharj Branch	Al-Kharj	Company-owned	April 2015G	2,000
15.	Medina Branch (1)	Medina	Leased	May 2015G	2,300
16.	Taif Branch (1)	Taif	Leased	May 2015G	1,420
17.	Riyadh Branch (1) - Exit 9	Riyadh	Leased	November 2015G	3,150
18.	Abha Branch	Abha	Leased	December 2015G	2,610
19.	Riyadh Branch (2) - Al Yarmouk	Riyadh	Leased	November 2016G	1,680
20.	Riyadh Branch (3) - Al Suwaidi Branch	Riyadh	Leased	November 2016G	2,429

#	Store	City	Store ownership status	Opening year	Sales area (sqm)
21.	Yanbu Branch	Yanbu	Leased	February 2017G	1,087
22.	Al Khafji Branch	Al Khafji	Leased	May 2017G	1,500
23.	Dammam Branch (2) - Al Faisaliah	Dammam	Leased	May 2017G	1,500
24.	Ar Rass Branch	Ar Rass	Leased	October 2017G	1,400
25.	Riyadh Branch (3) - Exit 12	Riyadh	Leased	November 2017G	3,280
26.	Riyadh Branch (4) - Exit 4 Al Ghadeer	Riyadh	Leased	January 2018G	1,326
27.	Al Jubail Branch	Al Jubail	Leased	April 2018G	1,113
28.	Jeddah Branch (2) - Al Samer	Jeddah	Leased	April 2018G	1,248
29.	Jeddah Branch (3) - Al Hamdaniya	Jeddah	Leased	August 2018G	1,000
30.	Riyadh Branch (5) - Al Badiah	Riyadh	Leased	August 2018G	800
31.	Riyadh Branch (6) - Exit 21 Al Mansorah	Riyadh	Leased	September 2018G	1,825
32.	Riyadh Branch (7) – Al Sahafah	Riyadh	Leased	September 2018G	2,323
33.	Onaizah Branch	Onaizah	Leased	January 2019G	600
34.	Mecca Branch (2) - Al Awali	Mecca	Leased	February 2019G	2,637
35.	Riyadh Branch (8) - Al Nahda	Riyadh	Leased	February 2019G	2,608
36.	Jeddah Branch (4) - Al Faiha, Airport	Jeddah	Leased	March 2019G	2,000
37.	Al Baha Branch	Al Baha	Leased	March 2019G	1,700
38.	Dawadmi Branch	Dawadmi	Leased	July 2019G	800
39.	Muhayil Aseer Branch	Mahayel Aseer	Leased	September 2019G	1,150
40.	Riyadh Branch (9) - Al Shifa	Riyadh	Leased	September 2019G	1,568
41.	Jeddah Branch (3) - Al Fawaz	Jeddah	Leased	October 2019G	1,800
42.	Medina Branch (2) - Al Aziziyah	Medina	Leased	October 2019G	1,727
43.	Riyadh Branch (10) - Al Naseem	Riyadh	Leased	November 2019G	1,728
44.	Khobar Branch (1) - Al Olaya	Khobar	Leased	February 2020G	2,750
45.	Riyadh Branch (11) - Wadi Laban	Riyadh	Leased	March 2020G	1,035
46.	Mecca Branch (3) - Al sharai	Mecca	Leased	March 2020G	2,580
47.	Buraidah Branch (2)	Buraidah	Leased	May 2020G	2,098
48.	Jeddah Branch (4) - Al Shati Square	Jeddah	Leased	December 2020G	3,474
49.	Taif Branch (2) - Al Baiah	Taif	Leased	January 2021G	3,059
50.	Riyadh Branch (12) - Exit 15, Al Fayhaa	Riyadh	Leased	March 2021G	2,000
51.	Al Ahsa Branch (2) - Al Salam	Al Ahsa	Leased	March 2021G	2,300
52.	Khobar Branch (2) - Al Rakah	Khobar	Leased	March 2021G	1,300
53.	Al Majmaah Branch	Al Majmaah	Leased	March 2021G	1,380
54.	Dammam Branch (3) - Al Jawhara	Dammam	Leased	April 2021G	2,275
55.	Riyadh Branch (13) - Exit 10	Riyadh	Leased	June 2021G	2,160
56.	Arar Branch	Arar	Leased	December 2021G	1,300
57.	Al Qunfudhah Branch	Al Qunfudhah	Leased	February 2022G	2,485
58.	Sabya Branch	Sabya	Leased	March 2022G	1,500

Source: The Company.

C. Strategy for Selecting and Designing Company Stores

In general, the Company selects the sites of its stores based on the availability of space and takes into account a number of criteria in selecting the site, including:

- Population density in cities and potential population growth based on housing and other projects.
- Proximity of the site to any of the Company's Existing Branches to manage cannibalization factors.
- Purchasing power in each region of the Kingdom based on reports and open data provided by the Saudi Central Bank (SAMA).
- Characteristics of the site and its compatibility with the store design specification approved by the Company.
- Ease of customer access to the store location.
- Proximity of the store to competitors and their performance.

After selecting the site, the Company develops an interior design and layout for the store based on a unified design model which the Company has adopted to provide a convenient shopping experience for its customers. The Company has taken into account international practices in designing its stores, taking into account operational aspects to achieve high efficiency in operating stores and providing convenience to customers, something which distinguishes it from other competitors. The main features of the Company's design model include:

- Unifying the product sections in the branches for customer convenience and quick access to the desired product.
- Providing wide aisles to facilitate the movement of customers and ease of access for the sales team.
- Adopting an attractive design that allows all the existing products inside the branch and the products displayed therein to be viewed from the outside and entices customers to enter.
- Adopting a unified policy for the design and presentation of items through two main sections, namely, the serveware section and the kitchenware section. Twelve (12) subsections emanate from them, including the following:
  - Section for all types of thermoses.
  - Section for all types of serving trays.
  - Section for all types of small serving dishes for dates and incense holders.
  - Section for Arabic and Western coffee cups.
  - Section for all types of tea sets and juice cups.
  - Section for sweets and hospitality utensils.
  - Section for dinnerware and tableware.
  - Section for pots and their accessories.
  - Section for all types of oven pans.
  - Section for all types of food storage containers.
  - Section for all types of spice boxes.
  - Section for all categories of small appliances.

D. Store Management

The Company has worked to develop a mechanism for its stores to ensure that they operate in line with the best practices followed in the retail sector. Store management is distributed according to the spread of store branches in the regions, whereby there is a manager for each of the central, eastern, western, northern and southern regions. In addition, the stores are managed by individual store supervisors, who are concerned with the readiness and operational matters of the store, the safety of the products and their readiness to reach customers, ensuring the availability of products and controlling the movement of inventory. All the organizational structure of the stores falls under the follow-up of the sales manager, who in turn supervises all operations, as shown in the following diagram:

Figure No. (5): Organizational Structure of the Company's Stores

Sales and Operations Manager → Region Manager → Store Supervisor → Sales Team

Source: The Company.

In addition, the Company carries out periodic maintenance of its stores under the supervision of the store supervisor to ensure compliance with all municipal laws and regulations and conducts a periodic review of the store's security and safety including fire protection systems and the like, ensures the cleanliness of the store and periodic maintenance for devices and equipment.

4.3.4 Online Store

The Company launched its online store in 2016G in order to meet the requirements and needs of customers. The Company developed its online store internally and has a full team dedicated to working on its design, development and monitoring. The online store provides all the Company's products of various brands, in addition to products exclusive to the online store. The Company's online store is available through its website and via smartphone applications on Android and iOS to provide a flexible and seamless shopping experience. The online store provides a delivery service to all regions of the Kingdom and the GCC countries, where delivery takes between one and three (3) days inside Riyadh, between three (3) and five (5) days outside Riyadh, and between five (5) and ten (10) days for orders from outside the Kingdom. The Company offers various electronic payment options through its online store, such as bank cards, Apple Pay, cash on delivery, or payment in installments through Tamara or Tabby.

The Company fulfills customer requests via its online store from its main warehouses located in Riyadh or from one of its central branches in other regions of the Kingdom which feature a high rate of requests from the online store, such as the warehouse of the Company's Jeddah store branch, which is used to meet the demands of the online store in the western region. The Company contracts with external delivery companies to deliver orders received through the online store. It also carries out some deliveries itself, which account for no more than 20% of total delivery requests in major cities. Also, the Company is in the process of linking its online store and physical stores to provide comprehensive service channels to customers, whether through its network of stores or the online store. For example, customers may order through the online store and receive their order from the nearest store, as well as return goods ordered online to the nearest store.

The Company's online store has witnessed growing demand from customers during the past two years, driven by an increase in demand in light of the COVID-19 pandemic. The Company's online store revenues amounted to SAR 9.6 million, SAR 38.1 million, SAR 62.1 million and SAR 24 million for the financial years ended 31 December 2019G, 2020G and 2021G, and the three-month period ended 31 March 2022G, respectively, which constitute 1.5%, 4.7%, 7.4% and 9.5% of the Company's total revenue for the same periods, respectively. The Company is working to increase its sales through the online store by offering certain exclusive promotions on it.

4.3.5 Overview of Suppliers

The Company aims to provide diverse and comprehensive products at competitive prices to its customers through a number of local suppliers who have commercial agencies for a number of brands, including the following:

- Al-Saif Trading Agencies Co., the commercial agent for the "Alsaif-Elec" brand.
- Bin-Shihon Group, the commercial agent for the "Zojirushi" brand.
- Ahmed Abdulwahed Company, the commercial agent for the "Braun", "Kenwood" and "Delonghi" brands.
- Alesayi Group, the commercial agent for the "Moulinex" and "Tefal" brands.
- Al-Safa Company, the commercial agent for the "Neoflam" brand.

The Company also contracts with international manufacturers to supply products related to the Company's proprietary brands such as the "Edison" brand for small home appliances; the "Tornado", "Rocky" and "Robust" brands for Kitchenware; "Royal", "Timeless", "Lema", "Alsaif Gallery", "Everest", "Falcon" and "Rhine", "Elegance" and "Glory" brands for Serveware.

For further details, see Section 4.3.2(b) "**Company Products and Trademarks**" of this Prospectus. Although the supply agreements entered into with these manufacturers are not long-term agreements (for further details on supply agreements, see Section 12.4.1 "**Supply Agreements**" of this Prospectus), this constitutes part of the Company's strategy, as it gives the Company greater flexibility to change manufacturers to meet its needs according to changing trends in the market and to respond quickly to changes. It also gives the Company negotiating power with such suppliers so that the Company can negotiate with them the prices and quantities it needs.

The five (5) largest suppliers of the Company represent 38%, 34%, 26% and 32% of the total volume of the Company's purchases in the financial years ended 31 December 2019G, 2020G and 2021G and the three-month period ended 31 March 2022G, respectively, and 34%, 31%, 25% and 28% of the Company's total revenues for the same period, respectively.

4.3.6 Overview of the Company's Warehouses and Distribution Network

A. Warehouses

The Company has two central warehouses in Riyadh to support its stores and to supply them with products and goods with a surface area of more than 35,000 m^2, which serve all the Company's stores, including the online store. The Company also uses a warehouse belonging to its Jeddah store branch to meet the demands of the online store in the western region.

B. Distribution Network

The Company has an internal distribution system designed to meet the Company's needs, relying on a mixture of external logistics companies and an internal Company fleet consisting of eight (8) large vehicles that the Company uses to deliver its products from central warehouses to stores. In addition, the Company contracts with external delivery companies to deliver orders through the online store, as well as carrying out some deliveries itself, which account for no more than 20% of all delivery requests in major cities.

4.3.7 Sales and Marketing

A. Pricing Strategy

The Company has developed a pricing strategy through which it aims to price products in a competitive manner, taking into consideration the position of the brands provided by the Company and the features of the products it offers, and taking into account the market and competitor prices.

B. Marketing Campaigns and Promotions

The Company carries out a number of marketing campaigns and promotions with the aim of increasing sales and awareness among customers and consumers of the Company's brand, including marketing campaigns and seasonal promotions during Ramadan, at end of the year, during the summer and on the National Day, in addition to marketing campaigns and promotions for new products to promote them to customers, among other promotions. In addition, the Company invests in e-marketing, which has contributed to the Company's spread and reach to consumers in various parts of the Kingdom and the GCC countries by strengthening its presence on social media platforms such as Instagram and Snapchat. In addition, the Company cooperates with certain social media influencers exclusively to market the Company's products, including specialized social media influencers (such as chefs) and others. In addition to e-marketing, the Company uses conventional advertising methods such as street advertising.

C. "Testahel" Loyalty Program

In 2016G, the Company launched its own "Testahel" loyalty program, which was designed to encourage customers to buy from the Company's stores and maintain strong relationships with customers. The program includes more than 2.8 million subscribed customers as of the date of this Prospectus. The loyalty program approved by the Company includes awarding points to subscribers for their purchases, which they can redeem to purchase products from the Company's stores. The program is also concerned with gaining customer loyalty by providing periodic product surveys and improving the level of service, which helps the Company understand and meet customer needs.

D. Customer Service

The Company focuses largely on customer service and following up on customer needs, inquiries and complaints. The Company provides a customer service contact number which is available during business hours on weekdays, in addition to communication through other channels such as e-mail, WhatsApp and the Company's social media pages. On the other hand, the Company provides its customers with after-sales services to help customers with follow-up and amendment of orders. In addition, the Company applies a flexible exchange and return policy within fourteen (14) or seven (7) days, respectively, of the date of purchase.

To provide a better customer experience and with a firm belief in the quality of the products, the Company is very keen on after-sales services. For example, the Company offers a three (3) year warranty on small home appliances for the Company-owned "Edison" brand that are registered with the customer's phone number when the product is purchased. The Company also has a maintenance department to serve its customers in all branches and stores to maintain Company-brand products, aiming to complete maintenance work within fourteen (14) days from the date of receiving the maintenance request or replacing it with a new product.

In addition, the Company conducts customer satisfaction surveys to obtain their input on the products and after-sales service that include evaluation of the service, prices and the extent of customer satisfaction with the product. The Company reviews the customer satisfaction surveys on a weekly basis, which enables the Company to study customer inputs and understand market needs.

4.3.8 Future Projects

As of the date of this Prospectus the Board of Directors declair that, the Company does not have any existing commercial acctivities outside the Kingdom and no material part of its assets exist outside the Kingdom, exept for what is disclosed under this section. However, on 29/071443H (corresponding to 02/03/2022G), the Company's Board of Directors approved a resolution to expand the Company's business in the UAE, Oman, Qatar, Kuwait, Bahrain and Egypt. As at the date of this Prospectus, the Company has not yet set a time plan for expansion projects in Oman, Qatar, Kuwait, Bahrain and Egypt. With regard to the UAE, as of the date of this Prospectus, the Company is working to establish its legal entity in the UAE (for further details, see Section 12.2.3 "**Subsidiary**" of this Prospectus) and plans to open three (3) stores and one warehouse in the UAE. The first store is expected to be opened in Abu Dhabi during the last quarter of 2022G, as the Company has leased the site and is working on its preparation as of the date of this Prospectus. The Company has not specified the sites or the expected opening dates of the other two stores and the warehouse in the UAE as of the date of this Prospectus. The Company expects, by opening stores and a warehouse in the UAE, to support its operations and enhance its sales on the online store by using the warehouse as a distribution point to serve the Company's customers in all GCC countries.

4.3.9 Research and Development Policy

In light of the high competition among companies in the home appliances and Kitchenware retail sector, the Company is focused on research and development with the aim of innovating and developing new products and reviewing and refining designs and technologies available in response to competitive factors, market trends and continuous changes in the desires and needs of customers. The Company, through its in-house team and in cooperation with international manufacturers, develops its own products for the Company's brands.

4.4 Business Continuity

The Directors declare that there has been no interruption in the Company's business that could have or has had a significant impact on its financial position during the last 12 months.

4.5 Employees

4.5.1 The Company

The following table shows a breakdown of the Company's employees by main activity and Saudization percentage:

Table No. (4.10): Employees of the Company as of 31 December 2019G, 2020G, 2021G and the Three-Month Period Ended 31 March 2022G

#	Department	FY 2019G			FY 2020G			FY 2021G			Q1 2022G		
		Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total
1.	Executive Management	3	4	7	4	2	6	5	1	6	5	3	8
2.	Marketing and Business Development Department	2	13	15	15	37	52	20	43	63	12	51	63
3.	Real Estate Department	2	2	4	2	2	4	2	2	4	1	2	3
4.	Finance Department	2	10	12	3	8	11	4	10	14	4	11	15
5.	Support Services Department	2	4	6	4	2	6	3	2	5	5	8	13
6.	Supply Chain Management	0	77	77	10	84	94	18	90	108	1	103	104
7.	Sales and Operations Department	369	416	785	417	455	872	316	471	787	306	464	770
Total		**380**	**526**	**906**	**455**	**590**	**1,045**	**368**	**619**	**987**	**334**	**642**	**976**

Source: The Company.

4.5.2 Saudization and Nitaqat Program Requirements

The following table sets out the Company's compliance with the Saudization requirements based on its classification under the Nitaqat program as of 20/09/1443H (corresponding to 20/04/2022G):

Table No. (4.11): Classification of the Company under the Nitaqat Program as of 20/09/1443H (corresponding to 20/04/2022G):

Activity type	Saudization percentage	Range
Classification of Activity 1	33.01%	High Green
Classification of Activity 2	25.43%	High Green

Source: The Company.

4.6 Social Responsibility

The Company attaches great importance to social responsibility in its business. It is aware of the impact of its business operations on its employees, Shareholders, the community and the environment, placing them at the heart of its values. In this regard, the Company has adopted its Social Responsibility Policy approved by the Board resolution dated 22/03/1443H (corresponding to 26/10/2021G), which it abides by when creating social work plans and initiatives and offering awareness programs to the community to promote social responsibility in order to ensure balance between its own objectives and the objectives that the community wishes to achieve. For instance, in line with the Company's interest in providing the best for its community and facilitating people's lives, the Company, in collaboration with the National Committee for the Welfare of Prisoners, Released and Their Families (Tarahum), launched a community initiative in May 2022G titled "Awani Al Khair", which lasted until the beginning of June 2022G. The initiative was aimed at encouraging and motivating families and all community members to contribute by donating home appliances and Kitchenware that they no longer need to prisoners' families who are in need of them. In return, donors receive a special discount of up to 30% when purchasing one of the Company's products of the same category as those donated. The Company received donations from families and individuals across its branches and stores spread over all the regions of the Kingdom. This step was taken as part of the Company's desire to assist the underprivileged families in need of prisoners in all regions of the Kingdom. Through the "Awani Al Khair" initiative, the Company contributed to supporting and helping the public fulfill their social responsibility in assisting the underprivileged families in need of the most indigent prisoners and helping them acquire their basic home utensil and appliance needs in all the regions of the Kingdom.

5. Organizational Structure of the Company

5.1 Ownership Structure of the Company

The following table sets out the direct ownership structure of the Company pre- and post-Offering:

Table No. (5.1): Ownership Structure of the Company Pre-and Post-Offering

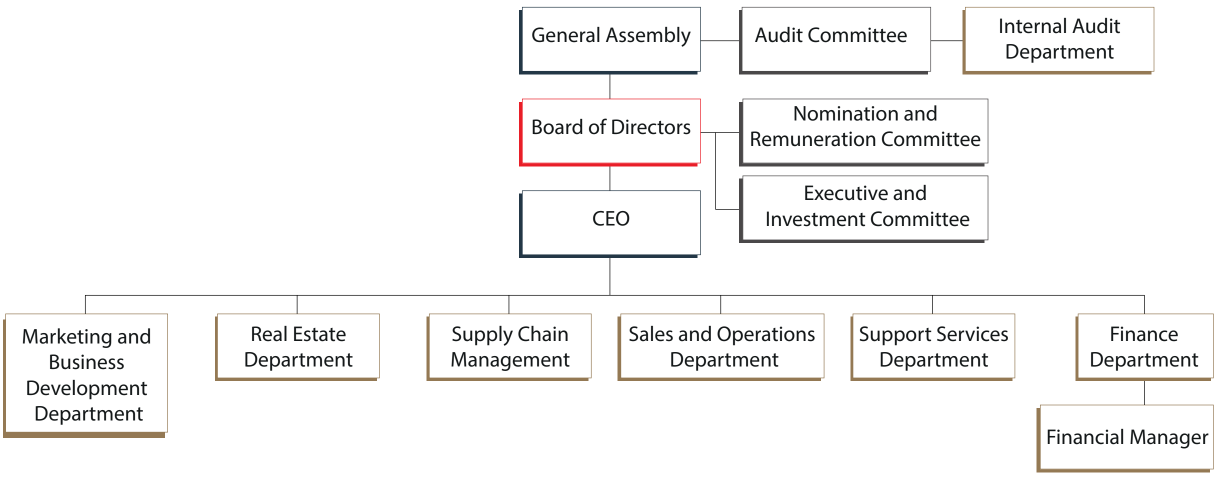
#	Shareholder	Pre-Offering			Post-Offering		
		No. of Shares	Overall Nominal Value (SAR)	Percentage	No. of Shares	Overall Nominal Value (SAR)	Percentage
1.	Suleiman bin Muhammad bin Saleh Alsaif	32,375,000	323,750,000	92.5%	21,875,000	218,750,000	62.5%
2.	Heila bint Abdullah bin Saleh Alsaif	350,000	3,500,000	1.0%	350,000	3,500,000	1.0%
3.	Ahmed bin Suleiman bin Muhammad Alsaif	350,000	3,500,000	1.0%	350,000	3,500,000	1.0%
4.	Muhammad bin Suleiman bin Muhammad Alsaif	350,000	3,500,000	1.0%	350,000	3,500,000	1.0%
5.	Haitham bin Suleiman bin Muhammad Alsaif	350,000	3,500,000	1.0%	350,000	3,500,000	1.0%
6.	Muhannad bin Suleiman bin Muhammad Alsaif	350,000	3,500,000	1.0%	350,000	3,500,000	1.0%
7.	Asma bint Suleiman bin Muhammad Alsaif	175,000	1,750,000	0.5%	175,000	1,750,000	0.5%
8.	Maha bint Suleiman bin Muhammad Alsaif	175,000	1,750,000	0.5%	175,000	1,750,000	0.5%
9.	Manal bint Suleiman bin Muhammad Alsaif	175,000	1,750,000	0.5%	175,000	1,750,000	0.5%
10.	Ibtihal bint Suleiman bin Muhammad Alsaif	175,000	1,750,000	0.5%	175,000	1,750,000	0.5%
11.	Alaa bint Suleiman bin Muhammad Alsaif	175,000	1,750,000	0.5%	175,000	1,750,000	0.5%
12.	Public	-	-	-	10,500,000	105,000,000	30%
Total		**35,000,000**	**350,000,000**	**100%**	**35,000,000**	**350,000,000**	**100%**

Source: The Company.

5.2 Management Structure

The Shareholders of the Company delegate responsibility to the Board of Directors for the overall direction, supervision and control of the Company. The Board of Directors delegates responsibility for overall day-to-day management of the Company to the Company's Senior Management and, in particular, the Chief Executive Officer. The following figure illustrates the management structure of the Company, including the Board, supervisory Committees and the functions of Executive Management members:

Figure No. (6): Management Structure of the Company



Source: The Company.

5.3 Members of the Board of Directors and the Secretary

5.3.1 Formation of the Board of Directors

The Company is managed by a Board of Directors consisting of eight (8) directors appointed by the Shareholders' Ordinary General Assembly through cumulative voting, provided the number of independent Directors is at least two or one third of the Directors, whichever is greater. The duties and responsibilities of the Board of Directors are determined by the Company's Bylaws and the Company's Internal Governance Manual. The directorship term for the Directors, including the Chairman, is a maximum of three (3) years per session. Directors may be re-nominated more than once. The current three-year session of the Board of Directors commenced on 26/02/1444H (corresponding to 22/09/2022G).

The following table sets out the Directors as of the date of this Prospectus:

Table No. (5.2): The Company's Board of Directors

No.	Name	Position	Nationality	Membership Status	Direct Ownership (%)		Indirect Ownership (%)**		Date of Appointment*
					Pre-Offering	Post-Offering	Pre-Offering	Post-Offering	
1.	Suleiman bin Muhammad bin Saleh Alsaif	Chairman	Saudi	Non-executive/ Non-independent	92.50%	62.5%	N/A	N/A	26/03/1444H (corresponding to 22/10/2022G)
2.	Ahmed bin Suleiman bin Muhammad Alsaif	Vice Chairman	Saudi	Non-executive/ Non-independent	1%	1%	N/A	N/A	26/03/1444H (corresponding to 22/10/2022G)
3.	Muhammad bin Suleiman bin Muhammad Alsaif	Director & CEO	Saudi	Executive/non-independent	1%	1%	N/A	N/A	26/03/1444H (corresponding to 22/10/2022G)

No.	Name	Position	Nationality	Membership Status	Direct Ownership (%)		Indirect Ownership (%)**		Date of Appointment*
					Pre-Offering	Post-Offering	Pre-Offering	Post-Offering	
4.	Haitham bin Suleiman bin Muhammad Alsaif	Director and Marketing and Business Development Manager	Saudi	Executive/non-independent	1%	1%	N/A	N/A	26/03/1444H (corresponding to 22/10/2022G)
5.	Muhannad bin Suleiman bin Muhammad Alsaif	Director	Saudi	Non-executive/ Non-independent	1%	1%	N/A	N/A	26/03/1444H (corresponding to 22/10/2022G)
6.	Ahmed bin Saleh bin Muhammad Al-Sultan	Director	Saudi	Non-executive/ Independent	N/A	N/A	N/A	N/A	26/03/1444H (corresponding to 22/10/2022G)
7.	Muhammad bin Saud bin Abdulaziz Al-Zamil	Director	Saudi	Non-executive/ Independent	N/A	N/A	N/A	N/A	26/03/1444H (corresponding to 22/10/2022G)
8.	Abdulmajeed bin Suleiman bin Muhammad Al-Dakhil	Director	Saudi	Non-executive/ Independent	N/A	N/A	N/A	N/A	26/03/1444H (corresponding to 22/10/2022G)

* The dates listed in this table are the dates of appointment of the Directors to the current session of the Board. The biographies of the Directors state the dates on which the Directors were appointed to the Board or to any other position (for further details, see Section 5.3.7 "**Summary Biographies of the Directors and the Secretary**" of this Prospectus).

Source: The Company.

The Secretary of the Board of Directors is Mr. Faisal bin Saif bin Muaid Al-Sultan, who was appointed to this position pursuant to a resolution by the Board of Directors dated on 28/03/1444H (corresponding to 24/10/2022G) as of 26/02/1444H (corresponding to 22/09/2022G) (for a summary of his biography, see Section 5.3.7 "**Summary Biographies of the Directors and the Secretary**" of this Prospectus). It should be noted that Mr. Faisal bin Saif bin Muaid Al-Sultan, the Secretary, does not hold any shares in the Company as at the date of this Prospectus.

5.3.2 Board Responsibilities

The Board represents all Shareholders and shall carry out its duties of care and loyalty in managing the Company's affairs and undertake all actions to protect the general interests of the Company and develop and maximize its value. The Board may, within the scope of its competencies, delegate the performance of a specific function or functions to one or more of its Directors or Committees or a third-party. The Board is responsible for the Company's business even if it delegates some of its powers to committees, individuals or other third parties. In any case, the Board may not issue a general or open-ended delegation. In all cases, no person shall have the sole and absolute power to make decisions in the Company. Directors shall be jointly responsible for damages to the Company, Shareholders or third parties arising from their maladministration of the affairs of the Company or their violation of the provisions of the Companies Law or the Company's Bylaws. Any stipulation contrary to this provision shall be considered null and void. Liability shall be assumed by all Directors if the wrongful act arises from a resolution adopted by unanimous vote. With respect to resolutions adopted by majority vote, dissenting Directors shall not be liable if they have expressly recorded their objection in the meeting minutes. Absence from the meeting at which such resolution is adopted shall not constitute cause for relief from liability, unless it is established that the absent Director was not aware of the resolution or was unable to object after becoming aware of it.

Without prejudice to the powers conferred on the General Assembly in accordance with the Companies Law, its Implementing Regulations and the Company's Bylaws, the Board shall be vested with the broadest powers to manage the business of the Company so as to achieve its objectives. The functions and responsibilities of the Board include the following:

1. Board functions and duties stipulated in the Companies Law and the Company's Bylaws.
2. Establishing the plans, policies, strategies and main objectives of the Company; supervising their implementation and reviewing them periodically; and ensuring the availability of the human and financial resources required to fulfill them, including:
   a. Setting a comprehensive strategy for the Company, key business plans and risk management policies and mechanisms, as well as reviewing and directing the same.
   b. Determining the most appropriate capital structure for the Company, its strategies and financial objectives, and approving estimated budgets.

   c. Overseeing the main capital expenditure of the Company and the acquisition and disposal of assets.
   d. Setting performance indicators and monitoring the implementation thereof and of the overall performance of the Company.
   e. Reviewing and approving the organizational and human resource structures of the Company on a periodic basis.

3. Setting rules and procedures for internal control and generally overseeing them, including:
   a. Developing a written policy to remedy actual and potential conflict of interest scenarios for each of the Directors, the Executive Management and the Shareholders. This includes misuse of the Company's assets and facilities and mismanagement resulting from transactions with Related Parties.
   b. Ensuring the integrity of the financial and accounting systems, including systems relating to the preparation of financial reports.
   c. Ensuring the implementation of appropriate control procedures for risk assessment and management by generally forecasting the risks that the Company may encounter and creating an environment with awareness of risk management culture at the Company level and disclosing such risks transparently to the Stakeholders and parties related to the Company.
   d. Reviewing the effectiveness of the Company's internal control procedures on an annual basis.
4. Setting forth specific and defined policies, standards and procedures for Board membership and implementing the same following approval by the General Assembly.
5. Developing a written policy that regulates the relationship with stakeholders pursuant to the provisions of these Regulations.
6. Setting policies and procedures to ensure the Company's compliance with laws and regulations and the Company's obligation to disclose material information to Shareholders and stakeholders, as well as ensuring the compliance of Executive Management with such policies and procedures.
7. Supervising the management of the Company's finances, its cash flows and its financial and credit relationships with third parties.
8. Providing recommendations to the Extraordinary General Assembly as to what it deems appropriate regarding the following:
   a. Increasing or decreasing the capital of the Company.
   b. Dissolving the Company before the end of its term as specified in its Bylaws or deciding the continuity of the Company.
9. Providing recommendations to the Ordinary General Assembly as to what it deems appropriate regarding:
   a. Using the consensual reserve of the Company, if such has been formed by the Extraordinary General Assembly and has not been allocated for a specific purpose.
   b. Forming additional financial allocations or reserves for the Company.
   c. The method of distributing the net profits of the Company.
10. Preparing the Company's annual financial statements in preparation for presentation to the General Assembly.
11. Preparing and approving the report of the Board.
12. Ensuring the accuracy and integrity of data and information to be disclosed.
13. Developing effective communication channels allowing Shareholders to continuously and periodically review the various aspects of the Company's businesses as well as any material developments.
14. Forming specialized committees of the Board pursuant to resolutions that shall specify the term, powers and responsibilities of such committees as well as the manner used by the Board to monitor such committees. Such resolutions shall also specify the names of the members and their duties, rights and obligations and shall evaluate the performance and activities of these committees and their members.
15. Specifying the types of remuneration granted to the Company's employees, including fixed remuneration, remuneration linked to performance and remuneration in the form of shares without prejudice to the Regulatory Rules and Procedures issued pursuant to the Companies Law related to Listed Joint Stock Companies.
16. Setting the values and standards that govern work at the Company.

5.3.3 Chairman

Without prejudice to the competencies of the Board, the Board Chairman shall be responsible for leading the Board and supervising its operations and the effective performance of its duties. The competencies and duties of the Board Chairman shall include the following in particular:

1. The functions and duties of the Chairman stipulated in the Companies Law and the Company's Bylaws.
2. Ensuring that Directors receive full, clear, correct and accurate information in a timely manner.
3. Ensuring that fundamental issues are presented in due course and effectively discussed by the Board.
4. Encouraging the Directors to effectively perform their duties in order to achieve the interests of the Company.
5. Ensuring the existence of effective communication channels with Shareholders and conveying their opinions to the Board.
6. Encouraging constructive relationships and effective participation between the Board and Executive Management on the one hand, and the executive, non-executive and independent Directors on the other hand, and creating a culture that encourages constructive criticism.
7. Preparing agendas for Board meetings, taking into consideration any matters raised by Directors or the external auditor and consulting with the Directors and the Chief Executive Officer when preparing the Board's agenda.
8. Convening periodic meetings with the non-executive Directors without the presence of any executive officers of the Company.
9. Notifying the Ordinary General Assembly when it convenes of business and contracts in which any Director has a direct or indirect interest. The notification shall include the information provided by a Director to the Board pursuant to Article 12, Paragraph 15 of these Regulations, and shall be accompanied by a special report from the Company's Auditor.

5.3.4 Vice Chairman

The Vice Chairman shall assume the duties of the Chairman in case of the latter's absence.

5.3.5 Board Secretary

The competencies and duties of the Board Secretary shall include:

a. Documenting Board meetings and preparing minutes therefor, which shall include the discussions and deliberations carried out during such meetings, as well as the place, date and times on which such meetings commenced and concluded; and recording the decisions of the Board and voting results and retaining them in a special and organized register including the names of the attendees and any reservations they expressed (if any). Such minutes shall be signed by all of the attending Directors.
b. Retaining the reports submitted to the Board and the reports prepared by it.
c. Providing the Directors with the Board agenda, business worksheets, documents, information and any additional documents or information requested by any of the Directors in relation to the topics of the meeting agenda.
d. Ensuring that the Directors comply with the procedures approved by the Board.
e. Informing Directors of meeting dates sufficiently before the date specified therefor.
f. Presenting the draft meeting minutes to the Directors for their views before signing them.
g. Ensuring that Directors have complete and prompt access to the Board's meeting minutes and information and documents related to the Company.
h. Coordination among the Directors.
i. Regulating the disclosure register of the Board and Executive Management.
j. Providing assistance and advice to the Directors.
k. Any other functions delegated to him by the Board.

5.3.6 Employment and Service Contracts with the Directors

As of the date of this Prospectus, no service or employment contracts have been entered into between the Company and the Directors in their capacity as Directors, except for employment and service contracts entered into with each of the Directors Muhammad bin Suleiman bin Saleh Alsaif and Haitham bin Suleiman bin Saleh Alsaif, both in their capacity as members of the Company's Executive Management (for further details on the employment and service contracts of the Directors who also are serve as members of the Executive Management, see Section 5.5.3 "**Employment Contracts with the CEO, CFO and Other Members of the Executive Management**" of this Prospectus).

5.3.7 Summary Biographies of the Directors and the Secretary

The following are summary biographies of the Directors and the Secretary:

Table No. (5.3): Summary Biography of Suleiman bin Muhammad bin Saleh Alsaif

Name	Suleiman bin Muhammad bin Saleh Alsaif
Age	74 years
Nationality	Saudi
Position	Chairman of the Board of Directors
Date of Joining the Board	12/09/1435H (corresponding to 09/07/2014G)
Academic Qualifications	Certificate in Sharia Sciences, Riyadh Scientific Institute, KSA, 1974G.
Current Positions	• Vice Chairman, Al-Saif Trading Agencies Co., a Saudi closed joint stock company operating in the wholesale of home appliances, from 2014G to date. • Chairman, Nawat Real Estate Investment Company, a Saudi closed joint stock company operating in real estate development, from 2007G to date. • Chairman of the Company's Board of Directors, from 2006G to date.
Significant Past Professional Experience	• Member, Saudi-Bosnian Economic Council, a Saudi-Bosnian economic council operating in the development and enhancement of economic relations, from 2018G to 2021G. • General Manager, Al-Saif Trading Agencies Co., a Saudi closed joint stock company operating in the wholesale of home appliances, from 1982G to 2011G. • Experience in commercial import from East Asia, France, Germany, Italy and Europe and general trade, since 1975G.

Source: The Company.

Table No. (5.4): Summary Biography of Ahmed bin Suleiman bin Muhammad Alsaif

Name	Ahmed bin Suleiman bin Muhammad Alsaif
Age	41 years
Nationality	Saudi
Position	Vice Chairman of the Board of Directors
Date of Joining the Board	12/09/1435H (corresponding to 09/07/2014G)
Academic Qualifications	BBA, King Saud University, KSA, 2004G.
Current Positions	• Member of the Company's Nomination and Remuneration Committee, from 2022G to date. • Vice Chairman of the Company, from 2022G to date. • Partner & Chief Executive Officer, Al-Saif Coffee Trading Co., a Saudi limited liability company trading in coffee, from 2018G to date. • Co-founder & Chief Executive Officer, Nawat Real Estate Investment Company, a Saudi closed joint stock company operating in real estate investment, from 2017G to date. • Member of the Board of Directors of the Company, from 2014G to date.
Significant Past Professional Experience	• Deputy CEO, Al-Saif Trading Agencies Co., a Saudi closed joint stock company operating in the wholesale of home appliances, from 2009G to 2017G. • Member, Small and Medium Enterprises Committee (SMEC) of the Chamber of Commerce and Industry, a Saudi non-profit Government entity operating in the development, promotion and sponsorship of the business sector, protection of trade interests and improvement of the economy, from 2008G to 2012G.

Source: The Company.

Table No. (5.5): Summary Biography of Muhammad bin Suleiman bin Muhammad Alsaif

Name	Muhammad bin Suleiman bin Muhammad Alsaif
Age	37 years
Nationality	Saudi
Position	Director & CEO
Date of Joining the Board	12/09/1435H (corresponding to 09/07/2014G)
Academic Qualifications	• Master's degree in Finance, University of Tampa, Florida, USA, 2011G. • Bachelor's degree in Financial Management, King Saud University, KSA, 2006G.
Current Positions	• Member of the Company's Executive and Investment Committee, from 2022G to date. • CEO of the Company, from 2012G to date. • Co-founder, Nawat Real Estate Investment Company, a Saudi closed joint stock company operating in real estate investment, from 2017G to date.
Significant Past Professional Experience	• Trainee, Capital Market Authority, a Saudi Government body operating in the regulation and development of Stock Exchange and the issuance of regulations, rules and instructions necessary to implement the provisions of the Capital Market Law, from 2008G to 2011G. • Financial Analyst, FALCOM Financial Services, a Saudi closed joint stock company operating in investment banking, private equity, asset management, brokerage and financial research, from 2006G to 2007G.

Source: The Company.

Table No. (5.6): Summary Biography of Haitham bin Suleiman bin Muhammad Alsaif

Name	Haitham bin Suleiman bin Muhammad Alsaif
Age	35 years
Nationality	Saudi
Position	Director and Marketing and Business Development Manager
Date of Joining the Board	12/09/1435H (corresponding to 09/07/2014G)
Academic Qualifications	• Master's degree in Sharia Politics, Higher Judicial Institute, KSA, 2012G. • Bachelor's degree in Sharia, Imam Mohammad Ibn Saud Islamic University, KSA, 2008G.
Current Positions	• Marketing and Business Development Manager of the Company, from 2021G to date. • Co-founder, Bagel Trading Company, a Saudi limited liability company operating in the wholesale of cosmetics, soaps and pharmaceutical products, in addition to acting as sales agents for medicines and cosmetics, from 2020G to date. • Co-founder, Nassila Trading Company (Clara), a Saudi limited liability company operating in the wholesale of cosmetics, in addition to acting as sales agent for cosmetics and home electronic and electrical appliances, from 2019G to date. • Co-founder & Director, Rashouf Trading Company, a Saudi closed joint stock company operating in honey retail, from 2019G to date. • Co-founder, Today's Medical Intelligence Co. (Wixsana), a Saudi limited liability company operating in the retail of medical devices, equipment and supplies, from 2019G to date. • Co-founder, Nawat Real Estate Investment Company, a Saudi closed joint stock company operating in real estate investment, from 2017G to date. • Member of the Board of Directors of the Company, from 2014G to date.
Significant Past Professional Experience	Marketing Manager of the Company, from 2014G to 2021G.

Source: The Company.

Table No. (5.7): Summary Biography of Muhannad bin Suleiman bin Muhammad Alsaif

Name	Muhannad bin Suleiman bin Muhammad Alsaif
Age	29 years
Nationality	Saudi
Position	Director
Date of Joining the Board	12/09/1435H (corresponding to 09/07/2014G)
Academic Qualifications	• Bachelor's degree in Sharia Law, Imam Mohammad Ibn Saud Islamic University, KSA, 2012G. • Business Administration Course Certificate, Indiana University, USA, 2012G.
Current Positions	• Member of the Company's Audit Committee, from 2021G to date. • Co-founder & General Manager, ESNAD, a Saudi limited liability company operating in transportation and storage, from 2019G to date. • Deputy Chief Executive Officer, Nawat Real Estate Investment Company, a Saudi closed joint stock company operating in real estate investment, from 2017G to date. • Member of the Board of Directors of the Company, from 2014G to date.
Significant Past Professional Experience	Development Manager of the Company, from 2014G to 2017G.

Source: The Company.

Table No. (5.8): Summary Biography of Muhammad bin Saud bin Abdulaziz Al-Zamil

Name	Muhammad bin Saud bin Abdulaziz Al-Zamil
Age	37 years
Nationality	Saudi
Position	Director
Date of Joining the Board	12/09/1435H (corresponding to 09/07/2014G)
Academic Qualifications	• CSCA, Institute of Management Accountants (IMA), USA, 2021G. • CMA, Institute of Management Accountants (IMA), USA, 2020G. • PMP, Project Management Institute (PMI), USA, 2017G. • Venture Capital Executive, University of California, Berkeley, USA, 2016G. • MAP, INSEAD, France, 2015G. • Master's degree in Manufacturing Systems Engineering and Management, University of Warwick, UK, 2011G. • Bachelor's degree in Chemical Engineering, King Saud University, KSA, 2009G.
Current Positions	• Head of the Company's Executive and Investment Committee, from 2022G to date. • Member of the Board of Directors of the Company, from 2021G to date. • Member of the Company's Audit Committee, from 2021G to date. • Manager, Saudi Transport & Investment Co. (Mubarrad), a limited liability company operating in land transport and logistics services, from 2021G to date. • Manager, Abeen Medical Company, a limited liability company operating in the sale of medical devices, equipment and supplies, from 2021G to date. • Manager, Batic Real Estate Company, a Saudi limited liability company operating in real estate activities, from 2021G to date. • Manager, Response Indicators for Communications and Information Technology Company, a limited liability company operating in public safety, from 2021G to date. • Manager, AMNCO Facilities Management Company, a limited liability company operating in the management of public facilities, from 2021G to date. • Manager, Jusoor Al Taawun Medical Company, a limited liability company operating in health care, from 2021G to date. • Board Member & Managing Director, Batic Investments & Logistics Company, a Saudi listed joint stock company operating in investment, security escorts and transportation, from 2020G to date. • Chief Executive Officer, Gazelle Investment Company, a Saudi limited liability company operating in investment, from 2019G to date. • Director, Arabian Security & Safety Services Company (AMNCO), a Saudi limited liability company operating in civil security, from 2019G to date. • Director, Smart Cities Solutions Company, a Saudi limited liability company operating in smart parking, from 2019G to date.
Significant Past Professional Experience	• Senior Advisor & Assistant General Manager, Credit and Project Studies Office, Saudi Industrial Development Fund, a Saudi Government entity operating in industry support and development, from 2015G to 2017G. • Member of the Investment Committee representing the Saudi Industrial Development Fund with the Saudi Authority for Industrial Cities and Technology Zones (MODON), a Saudi Government body operating in the development and management of industrial cities and technology zones, from 2016G to 2017G.

Source: The Company.

Table No. (5.9): Summary Biography of Ahmed bin Saleh bin Muhammad Al-Sultan

Name	Ahmed bin Saleh bin Muhammad Al-Sultan
Age	36 years
Nationality	Saudi
Position	Director
Date of Joining the Board	23/05/1443H (corresponding to 27/12/2021G)
Academic Qualifications	• MBA, Brunel University, UK, 2010G. • Bachelor's degree in Finance, Qassim University, KSA, 2006G.
Current Positions	• Member of the Company's Executive Committee, from 2022G to date. • Member of the board of directors of Fawaz Abdulaziz Al Hokair & Partners Company, a listed Saudi joint stock company, operating in the wholesale and retail of fashion and clothing, from 2020G to date. • Member of the Board of Directors of the Company, from 2021G to date. • Chief Executive Officer, Thob Al Aseel Company, a Saudi joint stock company operating in luxury consumer goods, from 2018G to date.
Significant Past Professional Experience	• Deputy Chief Executive Officer, NESK Group of Trading Projects, a Saudi limited liability company operating in international fashion, from 2012G to 2018G. • Operations Manager, NESK Group of Trading Projects, a Saudi limited liability company operating in international fashion, from 2010G to 2012G.

Source: The Company.

Table No. (5.10): Summary Biography of Abdulmajeed bin Suleiman bin Muhammad Al-Dakhil

Name	Abdulmajeed bin Suleiman bin Muhammad Al-Dakhil
Age	36 years
Nationality	Saudi
Position	Director
Date of Joining the Board	23/05/1443H (corresponding to 27/12/2021G)
Academic Qualifications	Bachelor's degree in Accounting Sciences, Southern Utah University, USA, 2012G.
Current Positions	• Head of the Company's Nomination and Remuneration Committee, from August 2022G to date. • Member of the Board of Directors of the Company, from 2021G to date. • Head of the Company's Audit Committee, from 2021G to date. • Owner, DPA, 2020G to date. • Managing Director & Co-founder, Valuhub, a Saudi professional limited liability company operating in corporate and asset valuation, from 2020G to date.
Significant Past Professional Experience	• Member of the Company's Nomination and Remuneration Committee, from March 2022G to August 2022G. • Partner, PKF Al Bassam & Co., a Saudi professional limited liability company operating in legal accounting, from 2018G to 2020G. • Financial Advisor, Ernst & Young & Co Public Accountants, a Saudi professional limited liability company operating in auditing, from 2014G to 2018G. • Financial Accountant, Saudi Aramco Jubail Refinery Company (SASREF), a Saudi limited liability company operating in refining crude oil and converting it into petroleum products, from 2013G to 2014G.

Source: The Company.

Table No. (5.11): Summary Biography of Faisal bin Saif bin Muaid Al-Sultan

Name	Faisal bin Saif bin Muaid Al-Sultan
Age	28 years
Nationality	Saudi
Position	Secretary of the Board of Directors
Date of Joining the Board	24/07/1443H (corresponding to 02/03/2022G)
Academic Qualifications	• Bachelor's degree in Law, King Saud University, KSA, 2019G. • Intensive English Diploma, University of Central Florida, USA, 2016G.
Current Positions	• Secretary of the Company's Board of Directors, from 2022G to date. • Legal Affairs & Governance Officer of the Company, from 2021G to date.
Significant Past Professional Experience	• Legal Advisor, Geepas Middle East KSA, a Saudi limited liability company operating in electrical appliances and accessories, from 2019G to 2021G. • Governance and Investor Relations Officer, Kawader Development Company, a Saudi limited liability company operating in training, from 2018G to 2019G.

Source: The Company.

5.4 Board Committees

A number of committees emanate from the Company's Board of Directors and are formed based on the Company's needs, circumstances and conditions to enable it to perform its tasks effectively in addition to fulfilling the relevant legal requirements. These committees include the Audit Committee, which was established pursuant to an Extraordinary General Assemby Resolution, the Nomination and Remuneration Committee and the Executive and Investment Committee, which were established pursuant to Board of Director's resolution.

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

5.4.1 Audit Committee

A. Formation of the Audit Committee

The Audit Committee consists of three (3) members appointed pursuant to an Ordinary General Assembly resolution dated 26/03/1444H (corresponding to 22/10/2022G) as of 26/02/1444H (corresponding to 22/09/2022G) The Company prepared and approved the Audit Committee Charter pursuant to an Ordinary General Assembly resolution dated 23/05/1443H (corresponding to 27/12/2021G). The following table includes the names of the members of Audit Committee:

Table No. (5.12): Members of the Audit Committee

#	Name	Position	Status
1.	Abdulmajeed bin Suleiman bin Muhammad Al-Dakhil	Head	Independent/Non-executive
2.	Muhannad bin Suleiman bin Muhammad Alsaif	Member	Non-independent/Non-executive
3.	Muhammad bin Saud bin Abdulaziz Al-Zamil	Member	Independent/Non-executive

Source: The Company.

B. Responsibilities of Audit Committee

The duties and responsibilities of Audit Committee include:

Without prejudice to the duties and responsibilities stipulated in the Companies Law, the Company's Bylaws and the Corporate Governance Regulations, the Audit Committee shall perform all duties and responsibilities that enable it to achieve its objectives, including:

a. **Financial reporting:**

1. Analyzing the Company's interim and annual financial statements and associated announcements before presenting them to the Board, and providing its opinion and recommendations thereon to ensure their integrity, fairness and transparency, in addition to their preparation in accordance with the accounting standards endorsed in the Kingdom, the Companies Law and the Company's Bylaws, as well as the instructions issued by the supervisory authorities.

2. Providing its technical opinion, at the request of the Board, regarding whether the Board's report and the Company's financial statements are fair, balanced, understandable, and contain information that allows Shareholders and investors to assess the Company's financial position, performance, business model and strategy.
3. Analyzing any important or non-familiar issues contained in the financial reports.
4. Accurately investigating any issues raised by the Company's Chief Financial Officer, any person assuming his/her duties, the Company's compliance officer, or internal or external auditor.
5. Examining the accounting estimates in respect of significant matters contained in the financial reports.
6. Examining the accounting policies followed by the Company and providing its opinion and recommendations to the Board thereon.

b. **Control and internal audit:**

1. Examining and reviewing the Company's internal and financial control systems and risk management system, and making recommendations regarding the proposed amendments to improve them and increase their efficiency.
2. Considering the effectiveness of the Company's assessment of the material risks to which it may be exposed and the actions the Company has taken to monitor and manage these risks.
3. Examining, approving and annually updating the comprehensive internal audit plan that should include reviewing—at least on an annual basis—the main activities and processes, including risk management and compliance activities.
4. Analyzing the internal audit reports and following up on the implementation of the corrective measures in respect of the remarks made in such reports.
5. Monitoring and overseeing the performance and activities of the internal auditor and Internal Audit Department of the Company to ensure the availability of the necessary resources and their effectiveness in performing the assigned activities and duties.
6. Providing recommendations to the Board on the appointment of a director for the internal audit unit or department, or the internal auditor and suggesting his/her remuneration.

c. **Auditor:**

1. Providing recommendations to the Board regarding nominating the auditor, dismissing it, determining its remuneration and assessing its performance after verifying its independence and reviewing the scope of its work and the terms of its contract.
2. Verifying the independence of the auditor and its objectivity and the fairness and effectiveness of the audit activities, taking into account the relevant rules and standards.
3. Reviewing the plan of the Company's auditor and its activities, and ensuring that it does not provide any technical or administrative works that are beyond its scope of work, as well as providing its opinion thereon.
4. Responding to queries of the Company's auditor.
5. Reviewing the auditor's reports and its comments on the financial statements, and following up on the procedures taken in connection therewith.

d. **Ensuring compliance:**

1. Reviewing the findings of the supervisory authorities' reports and ensuring that the Company has taken the necessary actions in connection therewith.
2. Ensuring the Company's compliance with the relevant laws, regulations, policies and instructions.
3. Reviewing the contracts and proposed transactions with Related Parties, and providing its recommendations to the Board in connection therewith.
4. Reporting to the Board any issues in connection with what it deems necessary to take action on, and providing recommendations as to the steps that should be taken.

e. **Arrangements for providing remarks:**

1. The Audit Committee shall develop arrangements that enable the Company's employees to confidentially provide their remarks in respect of any inaccuracies in the financial or other reports. The Audit Committee shall ensure that such arrangements have been put into action through an adequate independent investigation in respect of the error or inaccuracy, and shall adopt appropriate follow-up procedures.
2. Proposing to the Board to develop policies or procedures to be followed by stakeholders when submitting complaints or reporting any violations.

C. Summary Biographies of the Audit Committee Members

The following are summary biographies of the Audit Committee's members:

Table No. (5.13): Summary Biography of Abdulmajeed bin Suleiman bin Muhammad Al-Dakhil

Name	Abdulmajeed bin Suleiman bin Muhammad Al-Dakhil
Position	Head of the Audit Committee
Date of Joining the Audit Committee	23/05/1443H (corresponding to 27/12/2021G)
Biography	See Section 5.3.7 "**Summary Biographies of the Directors and the Secretary**" of this Prospectus.

Source: The Company.

Table No. (5.14): Summary Biography of Muhannad bin Suleiman bin Muhammad Alsaif

Name	Muhannad bin Suleiman bin Muhammad Alsaif
Position	Member of the Audit Committee
Date of Joining the Audit Committee	23/05/1443H (corresponding to 27/12/2021G)
Biography	See Section 5.3.7 "**Summary Biographies of the Directors and the Secretary**" of this Prospectus.

Source: The Company.

Table No. (5.15): Summary Biography of Muhammad bin Saud bin Abdulaziz Al-Zamil

Name	Muhammad bin Saud bin Abdulaziz Al-Zamil
Position	Member of the Audit Committee
Date of Joining the Audit Committee	23/05/1443H (corresponding to 27/12/2021G)
Biography	See Section 5.3.7 "**Summary Biographies of the Directors and the Secretary**" of this Prospectus.

Source: The Company.

5.4.2 Nomination and Remuneration Committee

A. Formation of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of three (3) members appointed pursuant to a Board resolution dated 28/03/1444H (corresponding to 24/10/2022G) as of the date of 26/02/1444H (corresponding to 22/09/2022G). The following table includes the names of the members of the Nomination and Remuneration Committee:

Table No. (5.16): Members of the Nomination and Remuneration Committee

#	Name	Position	Status
1.	Abdulmajeed bin Suleiman bin Muhammad Al-Dakhil	Head	Independent/Non-executive
2.	Muhammad bin Suleiman bin Abdulaziz Alghafees	Member	Member who is not a Director
3.	Ahmed bin Suleiman bin Muhammad Alsaif	Member	Non-independent/Non-executive

Source: The Company.

B. Responsibilities of Nomination and Remuneration Committee

Without prejudice to the duties and responsibilities stipulated in the Companies Law, the Company's Bylaws and the Corporate Governance Regulations, the Nomination and Remuneration Committee shall perform all duties and responsibilities that enable it to achieve its objectives, including:

a. **For nominations:**

1. Suggesting clear policies and standards for membership of the Board and the Executive Management.
2. Providing recommendations to the Board for the nomination or re-nomination of its members in accordance with the approved policies and standards, taking into account that nomination shall not include any person convicted of a crime involving moral turpitude or dishonesty.
3. Preparing a description of the capabilities and qualifications required for membership of the Board and Executive Management positions.
4. Determining the amount of time that a member shall allocate to Board activities.
5. Annually reviewing the skills and expertise required of the Directors and the Executive Management.
6. Reviewing the structure of the Board and the Executive Management and providing recommendations regarding changes that may be made to such structure.
7. Annually ensuring the independence of independent Directors and the absence of any conflicts of interest if a Director also acts as a director of another company.
8. Providing job descriptions for executive, non-executive and independent Directors and Senior Executive Management.
9. Setting procedures to be followed if the position of a Director or a Senior Executive becomes vacant.
10. Determining the strengths and weaknesses of the Board and recommending solutions to address weaknesses in line with the Company's interests.

b. **For remuneration:**

1. Preparing a clear policy for the remuneration of the Directors and members of the Board Committees and the Executive Management and presenting such policy to the Board in preparation for approval by the General Assembly, provided that such policy follows performance-related standards and disclosing and ensuring the implementation of such policy.
2. Clarification of the relation between the remuneration granted and the adopted remuneration policy, highlighting any material deviation from such policy.
3. Periodically reviewing the remuneration policy and assessing its effectiveness in achieving its objectives.
4. Providing recommendations to the Board in respect of the remuneration of the Directors, Board Committees members and Senior Executives, in accordance with the approved policy.

C. Summary Biographies of the Nomination and Remuneration Committee Members

The following are summary biographies of the Nomination and Remuneration Committee members:

Table No. (5.17): Summary Biography of Abdulmajeed bin Suleiman bin Muhammad Al-Dakhil

Name	Abdulmajeed bin Suleiman bin Muhammad Al-Dakhil
Position	Head of the Nomination and Remuneration Committee
Date of Joining the Nomination and Remuneration Committee	26/01/1444H (corresponding to 24/08/2022G)
Biography	See Section 5.3.7 "**Summary Biographies of the Directors and the Secretary**" of this Prospectus.

Source: The Company.

Table No. (5.18): Summary Biography of Muhammad bin Suleiman bin Abdulaziz Alghafees

Name	Muhammad bin Suleiman bin Abdulaziz Alghafees
Age	37 years
Nationality	Saudi
Position	Member of the Nomination and Remuneration Committee
Date of Joining the Nomination and Remuneration Committee	27/07/1443H (corresponding to 02/03/2022G)
Academic Qualifications	• Diploma in HR Management (Level 5), Chartered Institute of Personnel and Development (CIPD), UK, 2019G. • Master's degree in Applied Linguistics, Indiana State University, USA, 2011G. • Bachelor's degree in English Language and Literature, Imam Muhammad bin Saud University, KSA, 2006G.
Current Positions	• Member of the Company's Nomination and Remuneration Committee, from August 2022G to date. • Member of the Nomination and Remuneration Committee, Elfaleh Sports House, a Saudi joint stock company operating in sports equipment and supplies, from 2020G to date. • Chief Human Resources Officer, Kafaat Business Solutions, a Saudi limited liability company operating in business solutions and consultancy for human resources and development, from 2017G to date.
Significant Past Professional Experience	• Head of the Company's Nomination and Remuneration Committee, from March 2022G to August 2022G. • Head of Training Department, Education and Training Evaluation Commission (ETEC), a Saudi Government body operating in training and education evaluation in the Kingdom and improvement of the quality of training and education outputs, from 2014G to 2017G. • Project Manager, Human Resources Fund, a Saudi Government fund supporting Saudization, reducing unemployment rates, improving work environments and developing legislative regulations for the labor market, from 2013G to 2014G. • Member of the Training Team, Institute of Public Administration, a Saudi Government institute operating in training, management consultancy and research, from 2007G to 2013G. • Human Resources Development Supervisor, Almarai, a Saudi listed joint stock company operating in food processing, from 2006G to 2007G.

Source: The Company.

Table No. (5.19): Summary Biography of Ahmed bin Suleiman bin Muhammad Alsaif

Name	Ahmed bin Suleiman bin Muhammad Alsaif
Position	Member of the Nomination and Remuneration Committee
Date of Joining the Nomination and Remuneration Committee	27/07/1443H (corresponding to 02/03/2022G)
Biography	See Section 5.3.7 "**Summary Biographies of the Directors and the Secretary**" of this Prospectus.

Source: The Company.

5.4.3 Executive and Investment Committee

A. Formation of the Executive and Investment Committee

The Executive and Investment Committee consists of three (3) members appointed pursuant to a Board resolution dated 28/03/1444H (corresponding to 24/10/2022G) as of 26/02/1444H (corresponding to 22/09/2022G). The following table includes the names of the members of the Executive and Investment Committee:

Table No. (5.20): Members of the Executive Committee

#	Name	Position	Status
1.	Muhammad bin Saud bin Abdulaziz Al-Zamil	Head	Independent/Non-executive
2.	Muhammad bin Suleiman bin Muhammad Alsaif	Member	Non-Independent/Executive
3.	Ahmed bin Saleh bin Muhammad Al-Sultan	Member	Independent/Non-executive

Source: The Company.

B. Responsibilities of Executive and Investment Committee

Executive Responsibilities:

The Executive and Investment Committee shall assist the Board in performing the duties and responsibilities entrusted thereto by studying topics before they are presented to the Board and making the necessary recommendations, or making decisions if the Board delegates it to do so. The Executive and Investment Committee's duties and responsibilities include:

1. Overseeing the development of the Company's strategic plan, assessing the proposals and initiatives submitted by the Executive Management regarding the vision, mission and strategic objectives of the Company, and making the appropriate recommendations.
2. Ensuring the implementation of the Company's strategy and its effectiveness in achieving the desired goals.
3. Examining and reviewing the estimated annual (capital and operating) budget and making appropriate recommendations.
4. Overseeing the implementation of the estimated budget, periodically monitoring the actual performance, analyzing the causes for deviations, if any, and proposing appropriate solutions.
5. Considering strategic and significant topics and projects and regularly monitoring their implementation.
6. Regularly reviewing and monitoring the Company's performance against the performance indicators approved by the Board and reporting any relevant issues of importance.
7. Supervising the management of the Company's finances, its cash flows and financing plans, as well as its financial and credit relationships with third parties.
8. Reviewing and developing the Company's internal policies and proposing appropriate amendments.
9. Reviewing the social responsibility policy, programs and means proposed by the Executive Management to communicate the Company's social work initiatives.
10. Any other duties delegated by the Board to the Executive and Investment Committee, or assigned thereunder in the list of financial and administrative powers.

Investment Responsibilities:

The Executive and Investment Committee shall assist the Board in performing the duties and responsibilities entrusted to it with regard to investment by examining topics before presenting them to the Board and making the necessary recommendations, or making decisions if the Board delegates it to do so. The Executive and Investment Committee's duties include:

1. Overseeing development of the Company's investment strategy and policy by the Executive Management, setting plans and objectives in line with the nature of the Company's business and activities, and identifying and periodically reviewing the acceptable investment risk thresholds to ensure their suitability to changes in the market.
2. Periodically monitoring the Company's investment activities, setting the necessary procedures for assessing the Company's investment performance through appropriate performance indicators related to the extent to which the Company's investment objectives and plans are achieved, the quality of management of relevant risks, identifying the strengths and weaknesses and providing the Board with appropriate recommendations and solutions.
3. Examining and assessing investment opportunities, whether through establishing companies, participating with others in their establishment, holding shares and stakes in other existing companies or acquiring or merging with them, engaging in all kinds of investments, whether real estate investments or investments in deposits, sukuk, bonds, shares, funds, etc., or disposing of them, and making appropriate recommendations.
4. Periodically monitoring the business of the Company's subsidiaries, or companies in which the Company is a shareholder, including:
    a. Establishing policies and mechanisms for the nomination of Company representatives to the boards of directors of such companies, proposing the nomination of representatives and submitting them to the Board.
    b. Monitoring and analyzing the financial and operational performance of such companies in light of their financial results, periodically meeting with the Company's representatives in the boards of directors of such companies, holding discussions with them and assessing potential opportunities and risks.
    c. In collaboration with the Executive Management, considering the topics listed on the agenda of the assemblies of such companies well in advance of their meetings, and determining the appropriate decisions and what needs to be presented to the Board for approval.

5. Any other duties delegated by the Board to the Executive and Investment Committee, or assigned thereunder in the list of financial and administrative powers.

C. Summary Biographies of Executive and Investment Committee Members

The following are summary biographies of the Executive Committee members:

Table No. (5.21): Summary Biography of Muhammad bin Saud bin Abdulaziz Al-Zamil

Name	Muhammad bin Saud bin Abdulaziz Al-Zamil
Title	Head of the Executive and Investment Committee
Date of Joining the Executive and the Investment Committee	27/07/1443H (corresponding to 02/03/2022G)
Biography	See Section 5.3.7 "**Summary Biographies of the Directors and the Secretary**" of this Prospectus.

Source: The Company.

Table No. (5.22): Summary Biography of Muhammad bin Suleiman bin Muhammad Alsaif

Name	Muhammad bin Suleiman bin Muhammad Alsaif
Title	Member of the Executive and Investment Committee
Date of Joining the Executive and the Investment Committee	27/07/1443H (corresponding to 02/03/2022G)
Biography	See Section 5.3.7 "**Summary Biographies of the Directors and the Secretary**" of this Prospectus.

Source: The Company.

Table No. (5.23): Summary Biography of Ahmed bin Saleh bin Muhammad Al-Sultan

Name	Ahmed bin Saleh bin Muhammad Al-Sultan
Title	Member of the Executive and Investment Committee
Date of Joining the Executive and the Investment Committee	27/07/1443H (corresponding to 02/03/2022G)
Biography	See Section 5.3.7 "**Summary Biographies of the Directors and the Secretary**" of this Prospectus.

Source: The Company.

5.5 Executive Management

The Company's Executive Management consists of a team with the necessary experience and skills to manage the Company under the supervision of the Board of Directors. The CEO is responsible for conducting the day-to-day operations of the Company as per the directions and policies of the Board, in order to ensure that the Company's objectives set by the Board are fulfilled.

5.5.1 Executive Management Departments

A. Finance Department

The Finance Department is one of the Company's most important strategic departments. It is responsible for all the Company's funds and their flow, whether inbound or outbound, and for finding the best ways to realize profits by managing and monitoring the Company's business operations from a financial standpoint to ensure that expenditure aligns with the Company's objectives. The department plays a significant role in strategic transactions that support the Company's sustainable growth. The most important roles played by the Finance Department include:

- Setting financial plans for the Company's projects, ensuring the Company's economic stability and reviewing the budget.
- Monitoring the market and the Company's competitors and comparing the Company's revenues with other companies.

- Optimally planning capital structure to maintain a proper balance between equity capital and debt.
- Performing capital analysis for the Company and examining balances, debts and invoices to avoid future cash flow issues.
- Regularly securing financial resources for the Company that are sufficient to help it achieve success and secure funds internally and from third parties at the lowest possible cost.
- Collecting and using funds in an effective and profitable manner at the lowest cost, and organizing the liquidity of the Company.
- Ensuring that the Company's Shareholders get an appropriate return on investment, in accordance with market prices, Shareholder expectations and the ability to generate profit.
- Working with the Auditor to achieve the highest standards of corporate governance.
- Building strong relations with the Zakat, Tax and Customs Authority (ZATCA), complying with its standards, and ensuring that the Company is able to properly meet the requirements of ZATCA.

B. Support Services Department

The Support Services Department is responsible for the Human Resources & Administration and IT Departments. The Human Resources & Administration Department aims to provide internal services, ensure improved quality of the internal work environment, attract, develop and retain the best talent within the Company, take care of employees and provide human resources services and operations for employees, including wages, government relations, medical insurance services and other services. The IT Department also aims to provide the computer infrastructure and applications necessary for managing the Company's business. The IT Department supports showroom and warehousing activities, given the availability of the system is indispensable in offering high quality service to customers. Along with providing the support required to prevent any disruptions to the Company's workflow, this Department also seeks to ensure non-disruption of the exhibition systems as well as ongoing improvement of the systems facilitate work.

C. Sales and Operations Department

The Sales and Operations Department primarily develops and implements standard operating procedures to promote business efficiency. It plans the opening and closing of showrooms, security and safety measures and customer billing procedures. These measures and procedures outline the best practices to be adopted in the showroom network. The regional administration seeks to improve the capabilities of the showroom operation team by providing them with the necessary training to carry out sales operations and become familiar with the specifications of each product. Additionally, it has a qualified work team that helps customers and responds to all their inquiries. It also provides customer service, allowing customers to return products within seven (7) days from the date of purchase or exchange them within fourteen (14) days.

D. Supply Chain Department

The Company's Supply Chain Department is in charge of managing supply chain operations, beginning with planning the reception of products, coordinating with suppliers, planning the quantities to be sent to the branches and organizing all logistical operations related to the preparation of the products up to delivery to the branches. The functions of the Supply Chain Department also include planning and recurring purchase of some items in accordance with well-defined work mechanisms as well as requirements of Government agencies. The three divisions of Supply Chain Management are the Logistics Operations Division, the Inventory Management Division and the Procurement Division.

- The Logistics Operations Division is in charge of coordinating and implementing the stages of handling products from the time they are received from suppliers until they are prepared and transported to the Company's warehouses. This is done in order to guarantee that the products arrive within the specified time frame and their quality is maintained through work processes that ensure the quality of the products at all stages.
- The Inventory Management Division is responsible for planning and managing the movement of merchandise in the supply chain for showrooms, liaising with various stakeholders, including internal departments and sales outlets, in addition to monitoring the flow of merchandise as well as the availability of products in showrooms to ensure that customer requirements are met.
- The Procurement Division is responsible for liaising with domestic and foreign suppliers and ensuring adequate stock of various types of merchandise through maintaining a regular and constant flow of merchandise from suppliers to warehouses and Alsaif Gallery showrooms.

E. Real Estate Department

In collaboration with the Sales and Operations Department, the Company's Real Estate Department conducts an analytical study of the market in terms of the geographical distribution of the population and the current presence of Alsaif Gallery exhibitions across the regions. This Department then presents study findings in terms of the sites where new showrooms are needed and the required area to the CEO, who in turn issues the order to start searching for showrooms in those sites. The Real Estate Department looks for and negotiates new sites for showrooms, focusing primarily on finding prime locations for showrooms that meet the needs of the Company at the best prices.

F. Marketing and Business Development Department

The Marketing and Business Development Department includes three (3) sub-divisions, namely the Marketing Division, which manages all marketing campaigns directed at the Company's customers and coordinates with marketing companies and influencers on social media platforms; the Online Store Division, which supervises the operations of the online store, through which all the Company's products are provided, in line with the Company's objectives to expand in e-commerce, in addition to ensuring customers receive their orders within twenty-four (24) hours in the cities of Riyadh, Jeddah, and Dammam, and within a maximum of three (3) days in the remaining cities of the Kingdom; and the Research and Development Division, which develops the Company's outputs, designs and products to meet the highest customer satisfaction standards.

G. Internal Audit Department

The duty of the Company's Internal Audit Department is to enhance and protect the Company's values by providing objective and independent advisory services to the Company's owner and Shareholders based on all risk factors and future outlook. The Internal Audit Department aims to help improve the Company's business by ensuring that control and governance procedures in the Company work efficiently and effectively and assisting the Board of Directors, the Audit Committee and Executive Management to carry out their work with high efficiency, by following a systematic method in performing such work.

The responsibilities of the Internal Audit Department include, but are not limited to, the following duties:

- Audit of operational processes: to ascertain whether the Company's main operations are running efficiently and effectively, identify any deficiencies, if any, and recommend the appropriate methods and procedures to remedy them.
- Audit of information systems operations and ensuring that they adopt the highest security standards, as well as ensuring the reliability and efficiency of such systems, identifying deficiencies in them, if any, and proposing the appropriate methods and procedures for remedy.
- Compliance: ensuring that the Company's departments abide by Government laws and regulations, as well as the Company's approved internal policies and regulations.
- Consulting activities and other duties: providing the Company's Management with the necessary advice, such as reviewing policies and procedures and conducting various investigations.

5.5.2 Members of the Executive Management

The following table sets out the details of the members of the Company's Executive Management:

Table No. (5.24): Executive Management of the Company

#	Name	Position	Nationality	Date of Appointment	No. of Shares held pre-Offering	No. of Shares held post-Offering
1.	Muhammad bin Suleiman bin Muhammad Alsaif	Director & CEO	Saudi	07/02/1433H (corresponding to 01/01/2012G)	1%	1%
2.	Abdulelah bin Mulhem bin Muhammad Al-Mofeez	CFO	Saudi	24/01/1443H (corresponding to 01/09/2021G)	N/A	N/A
3.	Muataz Ali Muhammad Al-Ashqar	Financial Manager	Jordanian	26/04/1443H (corresponding to 01/12/2021G)	N/A	N/A
4.	Muhammad bin Abdullah bin Suleiman Al-Maili	Support Services Manager	Saudi	26/04/1443H (corresponding to 14/08/2022G)	N/A	N/A
5.	Muhammad Ahmed Muhammad Al-Nawaji	Sales and Operations Manager	Egyptian	16/05/1443H (corresponding to 15/06/2022G)	N/A	N/A

#	Name	Position	Nationality	Date of Appointment	No. of Shares held pre-Offering	No. of Shares held post-Offering
6.	Ahmed Shaaban Ahmed Abdullah	Supply Chain Manager	Egyptian	22/03/1426H (corresponding to 01/05/2005G)	N/A	N/A
7.	Khalid bin Rashid bin Hamad Al-Dara	Real Estate Manager	Saudi	07/12/1432H (corresponding to 13/11/2011G)	N/A	N/A
8.	Haitham bin Suleiman bin Saleh Alsaif	Director and Marketing and Business Development Manager	Saudi	07/02/1433H (corresponding to 01/01/2012G)	1%	1%
9.	Hussein Muhammad Muhammad Nadar	Internal Audit Manager	Egyptian	16/05/1443H (corresponding to 01/02/2022G)	N/A	N/A

Source: The Company.

5.5.3 Employment Contracts with the CEO, CFO and Other Members of the Executive Management

The following table sets out a summary of the employment and service contracts between the Company and the CEO, CFO and other members of the Executive Management in their capacity as executives of the Company:

Table No. (5.25): Summary of Employment and Service Contracts with the CEO, CFO and Other Members of the Executive Management

Name	Position	Contract Date	Contract Term
Muhammad bin Suleiman bin Muhammad Alsaif	CEO	07/02/1433H (corresponding to 01/01/2012G)	Indefinite
Abdulelah bin Mulhem bin Muhammad Al-Mofeez	CFO	24/01/1443H (corresponding to 01/09/2021G)	One year, automatically renewable
Haitham bin Suleiman bin Saleh Alsaif	Marketing and Business Development Manager	07/02/1433H (corresponding to 01/01/2012G)	Indefinite

Source: The Company.

5.5.4 Summary Biographies of the Executive Management Members

The following are summary biographies of the Executive Management members:

Table No. (5.26): Summary Biography of Muhammad bin Suleiman bin Muhammad Alsaif

Name	Muhammad bin Suleiman bin Muhammad Alsaif
Position	Director & CEO
Date of Appointment	07/02/1433H (corresponding to 01/01/2012G)
Biography	See Section 5.3.7 "**Summary Biographies of the Directors and the Secretary**" of this Prospectus.

Source: The Company

Table No. (5.27): Summary Biography of Abdulelah bin Mulhem bin Muhammad Al-Mofeez

Name	Abdulelah bin Mulhem bin Muhammad Al-Mofeez
Age	35 years
Nationality	Saudi
Position	CFO
Date of Appointment	24/01/1443H (corresponding to 01/09/2021G)
Academic Qualifications	• CFA, CFA Institute, 2019G. • Master's degree in Business Adminstration, Indiana State University, USA, 2013G. • Bachelor's degree in Financial Management, Indiana State University, USA, 2011G.
Current Positions	• Director, Jazan Energy and Development Co. (JAZADCO), a Saudi listed joint stock company operating in the aquaculture, agricultural, industrial and real estate sectors, from 2022G to date. • Member of the Executive and Investment Committee, Jazan Energy and Development Co. (JAZADCO), a Saudi listed joint stock company operating in the aquaculture, agricultural, industrial and real estate sectors, from 2022G to date. • Director, Aqtab International for Trading, a closed joint stock company operating in sports and health centers, from 2022G to date. • Head of the Audit Committee, Aqtab International for Trading, a closed joint stock company operating in sports and health centers, from 2022G to date. • Director, Tabuk Fisheries Co., a closed joint stock company operating in fish farming, from 2022G to date. • Director, Rakha for Agricultural Investment & Development, a closed joint stock company operating in fish farming, from 2022G to date. • Director, Al Reef Sugar Refinery Co., a closed joint stock company operating in sugar production and refining, from 2022G to date. • CFO of the Company, from 2021G to date. • Director, Mango Jazan Company, a limited liability company operating in the marketing of agricultural products, from 2020G to date. • Director, Fish Day, a limited liability company operating in fish trade, from 2020G to date.
Significant Past Professional Experience	• Chief Financial Officer, Jazan Energy and Development Co. (JAZADCO), a Saudi listed joint stock company operating in aquaculture, agricultural, industrial and real estate sectors, from 2019G to 2021G. • Investment Advisor, Elm, a Saudi listed joint stock company operating in ready-made and customized digital solutions in many fields, from 2018G to 2019G. • Credit Advisor, Saudi Industrial Development Fund, a Saudi government financial institution that seeks to the Kingdom's achieve industrial development objectives, policies and programs aimed at supporting the private sector in various industrial fields, in addition to financing, supporting and developing the industrial sector, from 2013G to 2018G.

Source: The Company.

Table No. (5.28): Summary Biography of Muataz Ali Muhammad Al-Ashqar

Name	Muataz Ali Muhammad Al-Ashqar
Age	43 years
Nationality	Jordanian
Position	Financial Manager
Date of Appointment	26/04/1443H (corresponding to 01/12/2021G)
Academic Qualifications	Bachelor's degree in Accounting, University of Applied Sciences, Hashemite Kingdom of Jordan, 2001G.
Current Positions	Financial Manager of the Company, from 2021G to date.
Significant Past Professional Experience	• Financial Manager, Tri Spectrum, a limited liability company specialized in electrical products for buildings, from 2018G to 2021G. • Financial Manager, AlMazraa Dairy, a limited liability company operating in the dairy and cheese industry, from 2013G to 2019G. • Financial Manager, Abu Qafrah Holding Co., a limited liability company holding exploration, contracting, concrete and other building materials companies, from 2016G to 2018G. • Financial Manager, Pepsi, a limited liability company, from 2014G to 2016G. • Head of Accounting Department, National Integrated Industries Complex (NIIC), an industrial limited liability company that produces air conditioners, washing machines, refrigerators and the necessary packaging materials, from 2009G to 2012G. • Chief Accountant, BASF, a limited liability company operating in construction chemicals, from 2001G to 2008G.

Source: The Company.

Table No. (5.29): Summary Biography of Muhammad bin Abdullah bin Suleiman Al-Maili

Name	Muhammad bin Abdullah bin Suleiman Al-Maili
Age	45 years
Nationality	Saudi
Position	Support Services Manager
Date of Appointment	26/04/1443H (corresponding to 14/08/2022G)
Academic Qualifications	Bachelor's degree in English Language, King Faisal University, KSA, 2018G.
Current Positions	Support Services Manager of the Company, from 2022G to date.
Significant Past Professional Experience	• Head of Employment, Onboarding and Financial Support Department (Hadaf), Al Rajhi Banking and Investment Corporation (Al Rajhi Bank), a Saudi listed joint stock company operating in the field of national commercial banks, credit card financing, small and medium enterprise financing and financial leases, from 2021G to 2022G. • Head of Talent Acquisition Department, Arabian Agricultural Services Company (ARASCO), a Saudi closed joint stock company operating in the poultry feed industry and the wholesale of fertilizers and pesticides, from 2020G to 2021G. • Head of Employment Department - Agricultural and Industrial Segment, Al Safi Danone, a mixed limited liability company operating in dairy and its derivatives, from 2013G to 2020G. • General Manager of Recruitment, Rajhi Invest, a Saudi limited liability company operating in real estate investment, from 2012G to 2013G. • HR Business Partner in the Central Region, PepsiCo International, a mixed limited liability company operating in processed food products, from 2011G to 2012G. • Supervisor of Recruitment, Other HR Operations and Achievement of Saudization Percentages, Almarai, a Saudi listed joint stock company operating in dairy and its derivatives, from 2004G to 2011G.

Source: The Company.

Table No. (5.30): Summary Biography of Muhammad Ahmed Muhammad Al-Nawaji

Name	Muhammad Ahmed Muhammad Al-Nawaji
Age	39 years
Nationality	Egyptian
Position	Sales and Operations Manager
Date of Appointment	16/05/1443H (corresponding to 15/06/2022G)
Academic Qualifications	• Bachelor's degree in Accounting, Sadat University, Egypt, 2015G. • Bachelor's degree in Law, Tanta University, Egypt, 2004G.
Current Positions	Sales and Operations Manager of the Company, from 2021G to date.
Significant Past Professional Experience	• Regional Manager of the Company, from 2016G to 2021G. • Regional Manager, Arab Company for Services and Trading (Dina Farms), an Egyptian closed joint stock company operating in the food industry, from 2008G to 2016G. • Branch Manager, Sprite Egypt, an Egypt-based foreign investment limited liability company operating in retail sales, from 2005G to 2007G.

Source: The Company.

Table No. (5.31): Summary Biography of Ahmed Shaaban Ahmed Abdullah

Name	Ahmed Shaaban Ahmed Abdullah
Age	50 years
Nationality	Egyptian
Position	Supply Chain Manager
Date of Appointment	22/03/1426H (corresponding to 01/05/2005G)
Academic Qualifications	Bachelor's degree in Arts, Menoufia University, Egypt, 1994G.
Current Positions	Supply Chain Manager of the Company, from 2020G to date.
Significant Past Professional Experience	• Head of the Procurement and Warehouse Department of the Company, from 2005G to 2020G. • Chief Executive Officer, East Space Telecom and Technology Center, a Saudi sole proprietorship operating in the ICT industry, from 2003G to 2005G. • Administrative Supervisor, Egyptian Media Production City Company, an Egyptian listed joint stock company operating in media, film, television and artistic production, from 2001G to 2002G. • Head of the Examinations Department, Management and Administration Authority, an Egyptian government body operating in government management and administration, from 1994G to 2001G.

Source: The Company.

Table No. (5.32): Summary Biography of Khalid bin Rashid bin Hamad Al-Dara

Name	Khalid bin Rashid bin Hamad Al-Dara
Age	51 years
Nationality	Saudi
Position	Real Estate Manager
Date of Appointment	07/12/1432H (corresponding to 13/11/2011G)
Academic Qualifications	Diploma in Media, Imam Mohammad Ibn Saud Islamic University, KSA, 1992G.
Current Positions	Real Estate Manager of the Company, from 2011G to date.
Significant Past Professional Experience	• Head of the Commercial Sales Department, Obeikan Real Estate, a Saudi limited liability company operating in construction and real estate, from 2009G to 2011G. • Regional Manager of the Central Region, Al Ghunaim Stationery Ltd. Co., a Saudi limited liability company operating in printers, photocopiers, sales, maintenance and libraries, from 1997G to 2009G. • Certification Officer for Trade, Exports and Industrial Companies, Chamber of Commerce and Industry, a Saudi Government non-profit entity operating in the development, promotion and sponsorship of the business sector, from 1994G to 1997G. • Treasurer, Banque Saudi Fransi, a Saudi listed joint stock company operating in banking services, from 1992G to 1994G.

Source: The Company.

Table No. (5.33): Summary Biography of Haitham bin Suleiman bin Saleh Alsaif

Name	Haitham bin Suleiman bin Saleh Alsaif
Position	Director and Marketing and Business Development Manager
Date of Appointment	07/02/1433H (corresponding to 01/01/2012G)
Biography	See Section 5.3.7 "**Summary Biographies of the Directors and the Secretary**" of this Prospectus.

Source: The Company.

Table No. (5.34): Summary Biography of Hussein Muhammad Muhammad Nadar

Name	Hussein Muhammad Muhammad Nadar
Age	43 years
Nationality	Egyptian
Title	Internal Audit Manager
Date of Appointment	16/05/1443H (corresponding to 01/02/2022G)
Academic Qualifications	Bachelor's degree in Accounting, English Division, Helwan University, Egypt, 2002G.
Current Positions	Internal Audit Manager of the Company, from 2022G to date.
Most Prominent Past Professional Experience	• Audit Manager, Khabeer CPA, a Saudi limited liability company operating in accounting, auditing and financial and administrative consultancy services, from 2020G to 2021G. • Audit Manager, Al Khalaf Chartered Accountants & Auditors Office, a Saudi licensed office operating in accounting and legal auditing, from 2016G to 2020G. • Lead Auditor, Dr. Mohamed Al-Amri & Co., a Saudi limited liability company operating in accounting and legal auditing, from 2011G to 2016G.

Source: The Company.

5.6 Cases of Bankruptcy and Insolvency Involving the Directors and Executive Management

As at the date of this Prospectus, the Directors declare that there are no bankruptcy cases involving the Directors, Executive Management or the Board Secretary. The Directors also declare that there have been no cases of insolvency in the previous five years involving any company in which any of the Directors, Executive Management or the Secretary was hired in an administrative or supervisory position.

5.7 Direct and Indirect Interests of the Board of Directors and Executive Management

Except as disclosed in Section 5.3 "**Members of the Board of Directors and the Secretary**", Section 5.5.2 "**Members of the Executive Management**", and Section 12.5 "**Material Agreements with Related Parties**" of this Prospectus, the members of the Board of Directors declare that none of the Directors, Executive Management, or the Secretary, or any of their Relatives has a direct or indirect interest in the Shares or debt instruments of the Company or any interest in any other matter which would affect the business of the Company.

Except as disclosed in Section 12.5 "**Material Agreements with Related Parties**" of this Prospectus, the members of the Board of Directors declare that none of the Directors, Executive Management, or the Secretary has any interest in any contract or arrangement in effect or to be entered into as of the date of this Prospectus in relation to the Company's business.

It should be noted that the Director, Suleiman bin Muhammad bin Saleh Alsaif, has a competing business with the Company in one of its line of activities through his ownership stake in Al-Saif Trading Agencies Co., which competes with the Company in a business activity, whereby it wholesale home products and appliances, which is considered a competing business by the Company. On 15/09/1443H (corresponding to 16/04/2022G), the General Assembly of the Company approved engagement of the Director, Suleiman bin Muhammad bin Saleh Alsaif, in such competing business.

The following table sets out the direct and indirect ownership percentages of the Directors and members of the Executive Management in the Company pre-and post-Offering. Except as disclosed below, the members of the Board of Directors acknowledge that, as at the date of this Prospectus, none of Directors or members of the Executive Management directly or indirectly hold any Shares in the Company.

Table No. (5.35): Direct and Indirect Ownership Percentages of the Directors and Executive Management Members in the Company Pre-and Post-Offering

#	Name	Position	Direct Ownership (%)		Indirect Ownership (%)	
			Pre-Offering	Post-Offering	Pre-Offering	Post-Offering
1.	Suleiman bin Muhammad bin Saleh Alsaif	Chairman	92.50%	62.5%	N/A	N/A
2.	Ahmed bin Suleiman bin Muhammad Alsaif	Vice Chairman	1%	1%	N/A	N/A

#	Name	Position	Direct Ownership (%)		Indirect Ownership (%)	
			Pre-Offering	Post-Offering	Pre-Offering	Post-Offering
3.	Muhammad bin Suleiman bin Muhammad Alsaif	Director & CEO	1%	1%	N/A	N/A
4.	Haitham bin Muhammad Saleh Alsaif	Director	1%	1%	N/A	N/A
5.	Muhannad bin Suleiman bin Muhammad Alsaif	Director	1%	1%	N/A	N/A

Source: The Company.

The following table sets out the details of the agreements and transactions with Related Parties in which the Directors and members of the Executive Management have an interest (for further details on these agreements, see Section 12.5 "**Material Agreements with Related Parties**" of this Prospectus). As of 15/09/1443H (corresponding to 16/04/2022G), the Company has obtained the approval of the General Assembly regarding the transactions and agreements in force with Related Parties in which the Directors have a direct or indirect interest.

Table No. (5.36): Details of the Agreements and Transactions with Related Parties in which the Directors and Executive Management Members have an Interest

#	Agreement/Transaction	Transaction Value as of 31 December 2021G (SAR)	Directors and Executive Management Members with an Interest	Type of Interest	Rationale for Interest
1.	Supply Agreement with Al-Saif Trading Agencies Co.	73,353,956	Suleiman bin Muhammad bin Saleh Alsaif	Indirect	Partner and director of Al-Saif Trading Agencies Co.
			Muhammad bin Suleiman bin Muhammad Alsaif, Ahmed bin Suleiman bin Muhammad Alsaif, Haitham bin Suleiman bin Muhammad Alsaif, and Muhannad bin Suleiman bin Muhammad Alsaif		Relatives of Suleiman bin Muhammad bin Saleh Alsaif, a partner and director of Al-Saif Trading Agencies Co.
2.	Supply Agreement with Al-Saif Coffee Trading Co.	3,585,978	Ahmed bin Suleiman bin Muhammad Alsaif	Indirect	Partner and Chief Executive Officer of Al-Saif Coffee Trading Co.
			Suleiman bin Muhammad bin Saleh Alsaif, Ahmed bin Suleiman bin Muhammad Alsaif, Haitham bin Suleiman bin Muhammad Alsaif, and Muhannad bin Suleiman bin Muhammad Alsaif		Relatives of Ahmed bin Suleiman bin Muhammad Alsaif, a partner and Chief Executive Officer of Al-Saif Coffee Trading Co.
3.	Suleiman bin Muhammad bin Saleh Alsaif lease agreements, in which Nawat Real Estate Investment Company acts as a real estate broker	9,671,442.60	Suleiman bin Muhammad bin Saleh Alsaif	Direct	Direct transaction, besides Suleiman bin Muhammad bin Saleh Alsaif being a partner and director of Nawat Real Estate Investment Company
4.			Muhammad bin Suleiman bin Muhammad Alsaif, Ahmed bin Suleiman bin Muhammad Alsaif, Haitham bin Suleiman bin Muhammad Alsaif, and Muhannad bin Suleiman bin Muhammad Alsaif	Indirect	Relatives of Suleiman bin Muhammad bin Saleh Alsaif, who is the property owner and a partner and director of Nawat Real Estate Investment Company

Source: The Company.

5.8 Remuneration of Directors and Executive Management

The following table details the remuneration and benefits in-kind granted by the Company over the last three (3) financial years to the Directors and the five (5) Executive Management members (including the CEO and CFO) who received the highest remuneration and compensation from the Company:

Table No. (5.37): Remuneration of Directors and Executive Management during the Financial Years Ended 31 December 2019G, 2020G and 2021G and the Three-Month Period Ended 31 March 2022G

SAR	FY 2019G	FY 2020G	FY 2021G	Q1 2022G
Board of Directors	N/A	N/A	N/A	N/A
Members of the Executive Management, including the CEO and the CFO	24,227,848	24,911,254	3,493,245	730,716

Source: The Company.

5.9 Corporate Governance

The Company adopted its Internal Governance Manual by virtue of the Board resolutions dated 22/03/1443H (corresponding to 26/10/2021G) and 14/09/1443H (corresponding to 15/04/2022G) in accordance with Article 94 of the Corporate Governance Regulations. The following are the governance regulations that the Company has adopted:

- Audit Committee Charter, Nomination and Remuneration Committee Charter and the Policy, Criteria and Procedures for Membership of the Board of Directors adopted by the General Assembly resolution dated 23/05/1443H (corresponding to 27/12/2021G), based on the proposal of the Board;
- The Remuneration and Compensation Policy adopted by the General Assembly resolution dated 15/09/1443H (corresponding to 16/04/2022G), based on the proposal of the Board; and
- Dividend Distribution Policy, Conflict of Interest Policy, Stakeholder Relations Policy, Compliance and Disclosure Policy, Board of Directors' Charter, Executive and Investment Committee Charter, Investment Policy, Professional Conduct Policy, Social Responsibility Policy, Training Policy, Evaluation Policy, Document Retention Policy and Shareholders' Rights Regulations adopted by the Board resolution dated 22/03/1443H (corresponding to 26/10/2021G).

The Company's Internal Corporate Governance Manual and relevant policies include provisions relating to:

- Shareholders' rights.
- The Board of Directors.
- The Company's Committees.
- Conflicts of interest.
- Stakeholders.
- Internal control.
- The Company's Auditor.
- Professional and ethical standards.
- Disclosure and transparency.
- Application of governance rules.
- Document retention.

The Company shall comply with the mandatory governance requirements applicable to joint stock public companies listed on the Exchange, except for certain provisions that are only applicable to listed companies, given that the Company's Shares have not been listed yet on the Exchange, as follows:

- Paragraph A of Article 8 which provides that, upon calling for the General Assembly, the Company shall announce information pertaining to the nominees for Board membership on the website of the Exchange.
- Paragraph C of Article 8 related to restricting voting in the General Assembly to the Board nominees whose information has been announced as per Paragraph A of Article 8.
- Paragraph D of Article 13 related to the publication of the invitation to the General Assembly on the websites of the Exchange and the Company.
- Paragraph C of Article 14 related to the availability of information on the items of the General Assembly through the websites of the Exchange and the Company.

- Paragraph E of Article 15 related to disclosing to the public, the CMA and the Exchange, the results of the General Assembly meeting through the websites of the Exchange and the Company.
- Paragraph D of Article 17 which provides that the Company shall notify CMA of the Directors' names, description of their memberships and any changes that may affect their membership.
- Paragraph B of Article 19 which provides that, upon the termination of the membership of a Director, the Company shall promptly notify the CMA and the Exchange and shall specify the reasons for such termination.
- Article 68 which provides that the Company shall publish the nomination announcement on the websites of the Company and the Exchange to invite persons wishing to be nominated for membership of the Board.
- Article 89, Article 90, Paragraph B of Article 91, Article 92 and Article 93, related to disclosure policies and procedures.

5.10 Conflicts of Interest

Neither the Company's Bylaws nor any of the internal regulations and policies grants any powers enabling a Director to vote on a contract or offer in which he has a material direct or indirect interest. This is in accordance with Article 71 of the Companies Law, which stipulates that a Director may not have any direct or indirect interest in the transactions and contracts of the Company except with the permission of the General Assembly.

Under the said Article, a Director shall inform the Board of any personal interests he has in the transactions and contracts which are made for the Company's account. The Chairman shall disclose to the General Assembly, when it is convened, the transactions and contracts in which any of the Directors has a personal interest, provided that such disclosure is accompanied by a special report from the Auditor. Such disclosure shall be recorded in the Board's meeting minutes. The interested Director may not participate in voting on the resolution to be adopted in this respect. Based on the above, the Directors declare the following:

- They will comply with Articles 71 and 72 of the Companies Laws and Articles 44 and 46 of the Corporate Governance Regulations.
- They will not vote at General Assembly meetings that relate to any Related Party contracts in which the Directors have an indirect interest.

They will not compete with the Company's business, and all Related Party transactions in the future will be conducted on an arm's length basis in accordance with Article 72 of the Companies Law.

5.11 Employee Shares

The Company does not have any employee stock ownership plans in place prior to submission of the application for registration and offer of securities subject to this Prospectus. Except as disclosed in Section 5.5.2 "**Members of the Executive Management**" of this Prospectus, none of the Company's employees holds Shares in the Company and there are no other arrangements that involve employees in the Company's capital (for further details on the Company's employees and compliance with Saudization requirements, see Section 4.5 "**Employees**" of this Prospectus).

6. Management's discussion and analysis of financial position and results of operations

6.1 Introduction

This section presents an analytical review of Al-Saif Stores For Development And Investment Company's (the "Company", "Al-Saif Gallery") operational performance and financial position for the years ended 31 December 2019G, 2020G and 2021G, in addition to the interim period for the three-month periods ended 31 March 2021G and 31 March 2022G based on the audited financial statements for the years ended 31 December 2019G, 2020G and 2021G and the reviewed financial statements for the three-month period ended 31 March 2022G, which were prepared by the Company's management and audited in accordance with the International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia for the years ended 31 December 2019G, 2020G and 2021G, by the independent auditors KPMG Professional Services, and reviewed in accordance with the International Standard on Review Engagements "2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity" that are endorsed in the Kingdom of Saudi Arabia for the three-month period ended 31 March 2022G by Ibrahim Ahmed Al-Bassam and Company (member firm of PKF international).

The Company has applied the International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants (previously known as the Saudi Organization for Certified Public Accountants)("SOCPA") for the preparation of the financial statements for the years ended 31 December 2019G, 2020G and 2021G.

The Company has applied IAS 34 Interim Financial Reporting that is endorsed in the Kingdom of Saudi Arabia for the preparation of the reviewed financial statements for the three-month period ended 31 March 2022G.

Neither KPMG Professional Services, Ibrahim Ahmed Al-Bassam and Company (member firm of PKF international) nor any of its subsidiaries have any stake or interest of any kind in the Company, and written consent has been given regarding the disclosure of their names, logos, and statements attributed to each of them in this prospectus, being the auditors of the Company for the aforementioned periods.

All financial information in this section has been presented in Saudi Riyals unless otherwise stated. The amounts and percentages have been rounded to the nearest integer, and therefore if summed, the numbers may differ to those which are stated in the tables or to the Company's financial statements.

6.2 Director's Declaration For Financial Information

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

1. The financial information contained in this section has been extracted without any material amendments from the audited financial statements for the years ended 31 December 2019G, 2020G and 2021G and the accompanying notes, which have been prepared by the Company in accordance with the International Financial Reporting Standards ("IFRS") as endorsed in Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants (previously known as the Saudi Organization for Certified Public Accountants) ("SOCPA") and the reviewed financial statements for the three-months ended 31 March 2022G and the accompanying notes, which were prepared by the Company in accordance with IAS 34 Interim Financial Reporting that is endorsed in the Kingdom of Saudi Arabia.
2. The Board of Directors declares that the Company and its Subsidiary have working capital sufficient for a period of at least 12 months from the date of this Prospectus.
3. The Board of Directors declares that there have been no material adverse changes to the Company and its Subsidiary financial or business position in the three financial years directly preceding the date of the application for the registration and offer of securities subject to this Prospectus, in addition to the end of period covered in the Auditor's report until the date of issuing this Prospectus. The Board of Directors declare that all material facts related to the Company and its Subsidiary and their financial performance have been disclosed in this prospectus, and that there are no other information, documents, or facts, the omission of which would make any statement herein misleading.
4. The Board of Directors declares that there is no intention to introduce any material changes to the nature of the Company and its Subsidiary activity.

5. The Board of Directors confirms that operations have not discontinued in a way that could affect or has affected the Company and its Subsidiary financial position materially during the past twelve months.
6. The Board of Directors declares that there are no reservations in the Auditor's report on the issuer's financial statements for any of the three (3) financial years immediately preceding the date of filing the application for registration and offering of securities subject to this prospectus.
7. The Board of Directors declares that there have been no structural changes in the Issuer during the three financial years immediately preceding the date of filing the application for the registration and offer of securities that are the subject of this Prospectus.
8. The Board of Directors declares that there have been no material amendments to the Issuer's accounting policies for any of the three (3) financial years immediately preceding the date of filing the application for registration and offering of securities subject to this prospectus.
9. The Board of Directors declares that there have been no material amendments to the audited financial statements for any of the three (3) financial years immediately preceding the date of filing the application for registration and offering of securities subject to this prospectus.
10. The Board of Directors declares that the Company or its Subsidiary do not have any properties, including contractual financial securities or other assets, which may be subject to fluctuations in value or may be difficult to estimate, which may materially affect the assessment of the financial position.
11. The Board of Directors declares that no commissions, discounts, brokerage fees or non-cash compensation have been granted by the Company or its Subsidiary to any of the members of the Board of Directors, senior executives, or those offering or offering securities or experts during the three financial years directly preceding the date the application for admission and offering of the securities subject to this Prospectus was submitted.
12. The Board of Directors declares that the Company and its Subsidiary have not issued any debt instruments, nor secured or unsecured term loans, nor existing or approved but unissued, nor do the Company and its Subsidiary have any other outstanding borrowings or indebtedness including bank overdrafts, liabilities under acceptance, acceptance credits or hire purchase commitments), and acknowledges that there are no guarantee obligations (including those covered by personal guarantees and not covered by personal guarantees or secured by a mortgage or not secured by a mortgage) or obligations pending approval, acceptance credit or lease purchase commitments, except as disclosed in Section 12.4.4 "**Financing Agreements**" and Section 2 "**Risk Factors**" and Section 2.1.18 "**Risks Related to Financing and Credit Facilities**" and this Section 6 "**Management's discussion and analysis of financial position and results of operations**" and Section 6.7.16 and 6.8.15 "**Current liabilities**" and Section 6.7.15 and 6.8.14 "**Non-current liabilities**" of this Prospectus.
13. The Board of Directors, to the best of their knowledge, declare that the properties of the Company and its Subsidiary are not subject to any mortgages, rights or encumbrances as at the date of this Prospectus, except as disclosed in Section 12.4.4 "**Financing Agreements**" and Section 6"**Management's discussion and analysis of financial position and results of operations**" of this Prospectus and Section 6.7.16 and 6.8.15 "**Current liabilities**" and Section 6.7.15 and 6.8.14 "**Non-current liabilities**" of this Prospectus.
14. The Board of Directors declares that the Company and its Subsidiary share capital are not under option.
15. The Board of Directors declares that the Company and its Subsidiary have no contingent liabilities, guarantees, or any significant fixed assets to be purchased or leased other than as disclosed in Section 12.4.4 "**Financing Agreements**" and Section 6 "**Management's discussion and analysis of financial position and results of operations**" of this Prospectus and Section 6.7.18 and 6.8.17 "**Contingencies and commitments**".
16. Except for the capital increase dated 15/ 09/1443H (corresponding to 16/04/2022G), as disclosed in Section 4.1.2 "**Corporate History and Evolution of Capital**" of this Prospectus,. the Board of Directors declares that there has been no material amendments in the Company and its Subsidiary's share capital for any of the three (3) financial years immediately preceding the date of filing the application for registration and offering of securities subject to this prospectus.
17. The Board of directors declare that the Company and its Subsidiary have no information on any governmental, economic, financial, monetary or political policies, or any other factors, that have affected or could have a material impact (directly or indirectly) on the Company and its Subsidiary operations, except as disclosed in Section 2 "**Risk Factors**" and Section 6.4 "**Key Factors Affecting the Company's Performance and Operations**" of this prospectus.
18. The Company and its Subsidiary revenues and operations are affected by seasonal factors, based on the change in consumption and demand between seasons. The Company's management seeks to reduce the seasonal impact by managing the inventory to match the demand during the year. All seasonal factors affecting the Company and its Subsidiary performance and operations section have been disclosed in Section 6.4 "**Key Factors Affecting the Company's Performance and Operations**" of this prospectus.

6.3 Overview of the Company

Al-Saif Stores Development and Investment Company was established as a Saudi Closed Joint-Stock Company ("The Company") in accordance with the Companies Law in the Kingdom of Saudi Arabia under Commercial Registration no. 1010111193 issued in Riyadh on 18 Dhu al-Hijjah 1413H corresponding to 9 June 1993G. The Company was converted from a sole proprietorship company to a closed joint stock company on 23 Muharram 1436H corresponding to 16 November 2014G as per the approval of the Ministry of Commerce and Industry No. 322/S.

The Company is engaged in the sale and import of Kitchenware, wholesale and retail trade in Kitchenware, electrical appliances, and cleaning supplies.

Based on the approval of the Company's Extraordinary General Assembly held on 9 November 2017G, corresponding to 20 Safar 1439H, it was approved to amend the Company's Bylaws to conform to the system of the Ministry of Commerce. Accordingly, the name of the Company was modified from Al-Saif Stores Development and Investment Holding Company to become Al-Saif Stores Development and Investment Company, and the Company's capital was also approved to increase by SAR 40 million, whereby it reached SAR42 million post increase.

As at 31 December, 2021G and 31 March, 2022G, the Company's share capital amounted to forty-two million (42,000,000) Saudi riyals divided into four million two hundred thousand (4,200,000) ordinary shares, with a nominal value of ten (10) Saudi riyals per share. As of 15/09/1443H (corresponding to 16/04/2022G), the Company's capital increased from forty-two million (42,000,000) Saudi Riyals to three hundred and fifty million (350,000,000) Saudi Riyals paid in full and divided into thirty-five million (35,000,000) ordinary shares with a nominal value of ten (10) Saudi Riyals per share, whereby, the increase of three hundred and eight million (308,000,000) Saudi Riyals was met by capitalizing the retained earnings. As at the date of this prospectus, the major shareholders of Al-Said Stores for Development and Investment Company are Suleiman Mohammed Al-Saif (ownership percentage of 92.5%), in addition to 10 shareholders (ownership percentage of 7.5%).

The Company has 58 branches in 5 regions in the Kingdom of Saudi Arabia as at 31 March 2022G, whereby 24 new branches were opened between 2019G and 2021G, and two branches in the three-month period ending 31 March 2022G. The branches of the Company are disclosed in Section 4.3.3 "**Company Stores**" of this prospectus.

6.4 Key Factors Affecting the Company's Performance and Operations

The below presents the key factors that have affected or are expected to affect the Company's business, financial condition and results of operations. These factors are based on the information currently available to the Company and may not represent all the factors that could have an impact on the Company's business. Please refer also to Section 2 "**Risk Factors**" of this Prospectus.

6.4.1 Macroeconomic factors

The Company's performance, results of operations and growth prospects are affected by the general economic conditions in the Kingdom of Saudi Arabia due to the presence of the Company's operations, properties and customer base in the Kingdom of Saudi Arabia, in addition to the global economic conditions that in turn affect the Kingdom of Saudi Arabia's economy. The Kingdom of Saudi Arabia's economy is highly dependent on oil revenues, which plays an important role in the Kingdom of Saudi Arabia's economic plan and gross domestic product (GDP). Any drop in oil prices will lead to an economic slowdown and/or a slowdown in government spending plans, which will affect all sectors of the Kingdom of Saudi Arabia's economy. Any economic slowdown in the Kingdom of Saudi Arabia or in the oil and gas sector may negatively affect the Company, as it may affect the customer's behavior and spending, which may in turn affect the demand for the Company's products negatively. The Company's business is also affected by rapid and sometimes unexpected changes in consumer's behavior, changes in tastes, and seasonal fluctuations in demand for the Company's products, which are caused by various factors outside the Company's control such as, levels of disposable income, tax levels and cost of living (such as water and electricity consumption), the ability of consumers to borrow, interest rates, unemployment rates, general confidence in the economy, changes in the purchase methods, and new trends in the retail activity. For more information about the risks of economic factors and consumer spending ratios, please refer to Section 2.2.2 "**Risks Related to the Home Appliances and Kitchenware Retail Sector and Consumer Spending Level**" and Section 2.2.6 "**Risks Related to the Economy of the Kingdom and the Global Economy**" from this prospectus.

6.4.2 Factors relating to the ability to open new stores

The Company's performance and operations are linked to its ability to increase the number of its stores. The Company may not be able to open new stores for various reasons, including for example, its inability to locate suitable locations for new stores or its inability to rent properties for the new stores on suitable terms or in proportion to the Company's objectives. In addition, each new store takes some time from its opening date to reach profitable operating levels due to inefficiencies usually associated with new stores, such as lack of market awareness, competition, and the need to recruit and train new employees. For more information about the risks of opening new stores, please refer to Section 2.1.8 "**Risks Related to Identification of Suitable Sites for New Stores**" and Section 2.1.27 "**Risks Related to the Company's Failure to Implement its Strategy Successfully, on Time, or at all**" from this prospectus.

6.4.3 Seasonal Factors

The Company's business is affected by seasonal changes in the home appliances and Kitchenware retail sector. For example, the retail sale of home appliances and Kitchenware witnesses a rise during occasions such as the blessed month of Ramadan (the preparation for which begins from the month of Sha'ban every year) and the end of the Gregorian year. These seasonal changes in sales can make it difficult for a company to plan its business and limit its ability to accurately forecast its future revenue and income streams. For more information on the risks of seasonal factors, please refer to Section 2.2.15 "**Risks Related to Seasonal Changes**" of this Prospectus.

6.4.4 Factors relating to competition

The Company operates in a highly competitive environment where the retail sector is one of the most competitive sectors in the Kingdom of Saudi Arabia, especially in terms of product quality, price and after-sales services, whereby the Company may not be able to continue to compete effectively with other competitors in the market in relation to supermarkets, specialized retailers, discount stores and other current or future competitors. The Company's current and future performance depends on its ability to acquire, maintain and increase market share while maintaining profitability. This depends on the company's ability to maintain its advantage in product offerings of new home appliances and Kitchenware as well as the high quality, competitive prices of products and services, the reputation and quality of brands and products offered, the quality of customer service and after-sales services, and the ability to understand and respond to customer requests in a timely manner among many other things. Please refer to Section 2.2.1 "**Risks Related to Competition**" of this Prospectus.

6.4.5 Factors relating to supply chain

The Company's business is highly dependent on the stability of supply chains in terms of logistics services for product transportation, delivery, and warehousing solutions. Therefore, any interruption or disruption in the international or local supply chains for any reason such as natural disasters, accidents, epidemics, wars, high oil prices or other reasons will lead to delay or impede the Company's operations or to increase operational costs, which affects the Company's profitability. For more information on the risks associated with supply chains, please refer to Section 2.1.1 "**Risks Related to Reliance on External Suppliers and Service Providers**", Section 2.1.2 "**Risks related to the Continued Operation of the Business**" and Section 2.2.12 "**Risks Related to the Outbreak of COVID-19 or any other Infectious Disease**" of this prospectus.

6.5 Basis of preparations

Statement of compliance

The accompanying financial statements have been prepared in accordance the International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants ("**SOCPA**").

Basis of measurement

The financial statements have been prepared under the historical cost basis, except for certain financial instruments which are valued at FVTPL and provision for end-of-service using the projected credit unit method, using accrual basis of accounting and the going concern concept as explained in the accounting policies set out below at the end of reporting period as endorsed in the Kingdom of Saudi Arabia.

Further, certain significant accounting polices related to the initiation of the Company's registration procedures in the Saudi Stock Exchange (Tadawul), which represent earnings per share and segment reporting, have been added.

Functional and presentation currency

These financial statements have been presented in Saudi Riyals (SAR) which is the Company's functional and presentation currency. All financial information presented in SAR has been rounded to the nearest thousand (SAR), unless otherwise mentioned.

6.6 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in the financial statements:

Going concern

The Company's management has assessed the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, Management is not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. Accordingly, these financial statements have been prepared on a going concern basis.

Fair value measurements

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

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

The fair value of an asset or a liability is measured using the assumption that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use, or by selling it to another market participant that would use in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy. This is disclosed as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

At each reporting date, the Company analyzes the changes in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, the Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Company also compares the change in the fair value for each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above. Fair value disclosures for financial instruments that are measured at fair value or where fair values are disclosed are discussed in Note (29).

Property and equipment

Property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of an asset.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property and equipment. All other expenditures are recognized in profit or loss when incurred.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each item of property and equipment. The estimated useful lives of the assets that will be depreciated as follows:

Table No. (6.1): The estimated useful- life of the assets that are depreciated

Property and equipment	Estimated useful life
Building	3-7%
Leasehold improvements	5-10% / or contract term, whichever is shorter / or contract term, whichever is shorter
Vehicles	25%
Furniture, fixtures, and office equipment	10%
Decorations	5-20%
Computer equipment	20%

Source: Audited financial statements for the financial year ending on 31 December 2021G

Depreciation methods, useful lives and residual values are at each reporting period and are adjusted whenever appropriate as changes in accounting estimiate in the year where the change take place and the following years.

Projects in progress

Projects in progress are recognized at cost. This cost includes all direct expenses and other costs attributable to brining the assets to working condition for their intended use. Projects in progress are transferred to property and equipment when completed and ready for their intended use.

Impairment of non-financial assets

At each reporting date, the company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, asset's recoverable amount is estimated.

For impairment testing, assets are combined together into the smallest group of assets that generates cash inflows from continuing use, namely CGU, that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or cash-generating unit ("**CGU**") is the greater of its value in use or its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash generating unit. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

IFRS 16- Leases

IFRS 16 "Leases" supersedes the following standards and interpretations:

- International Accounting Standard ("IAS") 17 "Leases".
- IFRIC 4 "Determining whether an arrangement includes a lease".
- SIC - 15 "Operating Leases - Incentives".
- SIC - 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The Standard determines the principles for the recognition, measurement, presentation and disclosure of leases, and requires lessees to recognize leases in accordance with a consolidated accounting framework in the statement of financial position.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether the contract conveys the right to control the use of an identified asset.

As a lessee

At the commencement date, the Company shall assess whether a contract is, or contains,, a lease. A contract is, or contains, a lease, if the contract conveys the right to control the use of an identified asset for a period in exchange for specific consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company shall assess whether, throughout the period of use, the customer has both of the following:

a. The right to obtain substantially all of the economic benefits from the use of the identified asset, and
b. The right to direct the use of the identified asset.

The Company shall recognize right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use) and a lease liability at the commencement date. The right-of-use asset is initially measured at cost less accumulated depreciation and impairment and is settled for any remeasurement of a lease liability. The cost of right-of-use asset includes the initial amount of a lease liability adjusted by lease payments made on or before the commencement date, and any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, less any lease incentives received. The estimated useful life for right-of-use asset based on the lease term.

At the commencement date, a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. The Company shall discount the lease payments using the interest rate implicit in the lease if that rate can be readily determined. If that rate cannot be easily determined, the Company should use the incremental borrowing rate.

After the commencement date, a lessee shall measure the lease liability by:

a. Increasing the carrying amount to reflect the interest rate on the lease liability;
b. Reducing the carrying amount to reflect the lease payments; and
c. a. Remeasure the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments that areremeasured when there is a change in future lease payments arising from a change in the index or rate or if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. Any remeasurement is settled in the lease liability against the carrying amount of right-of-use asset or charged to the statement of profit or loss if the carrying amount of the related asset is Zero.

Short-term lease contracts

The Company has elected not to recognize the right-of-use lease assets and liabilities for short-term leases for which their terms are 12 months or less or leases of low-value assets. The Company recognizes lease payments associated with those leases as expenses on a straight-line basis over the lease term.

Extension options

In the case of leases that provide extension options, the Company assesses whether if it is reasonably certain, at commencement date, that the extension options will be exercised. The Company reassesses whether it is reasonably certain to exercise the options if there was a significant event or major change in the circumstances that fall under its control.

As a lessor

When the company is a lessor, it determines at the commencement of the lease whether each lease is a finance lease or operating lease.

To classify each lease, the Company performs an overall assessment whether lease transfers convey substantially all the risks and rewards incidental to ownership of an underlying asset. If this is the case, then the lease is a finance lease and if not, then it is an operating lease. As part of this assessment, the company considers specific indicators such as whether the lease term is for a major part of the economic life of the underlying asset.

The initial measurement in case of finance leases: The lessor shall use the interest rate implicit in the lease to measure the net investment in the lease.

At the commencement date, the lease payments included in the measurement of the net investment in the lease comprise the following payments for the right to use the underlying asset during the lease term that are not received at the commencement date:

a. Fixed payments;
b. Variable lease payments that depend on an index or rate;
c. Any residual value guarantees provided to the lessor by the lessee, a party related to the lessee, or a third party unrelated to the lessor that is financial capable of discharging the obligations under the guarantee; and
d. The exercise price of a purchase option if the lessee is reasonably certain to exercise that option.

Upon subsequent measurement, a lessor shall recognize the finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

The initial measurement in the case of operating leases: The lessor shall recognize the lease payments from the operating leases as income on either a straight-line basis or another systematic basis. The lessor shall apply another systematic basis if that basis is more representative of the pattern in which benefit from the use of the underlying asset diminished.

Upon subsequent measurement, a lessor shall apply IAS 36 to determine whether an underlying asset subject to the operating lease is impaired and to account for any impairment loss identified.

When the company is an intermediate lessor, It calculates its interest in the head lease and sublease separately. Classification of the sublease is assessed by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset. If the head lease is a short-term lease, the Company applies exemption, the sublease shall be classified as an operating lease.

If the arrangement includes lease and non-lease components, the Company must allocate the consideration in the contract by applying IFRS 15 to allocate the consideration in the contract.

Below amendments to accounting standards and interpretations that became applicable for annual reporting periods commencing on or after January 1, 2021. Management has assessed that the amendments have no significant impact on the company's financial statements.

1. Amendments to IFRS 16 - "Covid-19 related rent concessions".
2. Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - "Interest Rate Benchmark Reforms".
3. Amendments to IAS 37 "Onerous Contract".
4. Amendments to IAS 16 - "Property and Equipment: Proceeds Before Intended Use".
5. Amendments to IFRS 3 "Reference to the Conceptual Framework".
6. Amendments to IAS 1 "Classification of Liabilities as Current and Non-Current".
7. Amendments to IFRS 17 "Insurance Contracts".
8. Amendments to IAS 1 and IFRS Practice Statement 2 "Disclosure of accounting policy".
9. Amendments to IAS 8 "Definition of Accounting Estimates".
10. Amendments to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction".

Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is determined using the first-in, first-out ("FIFO") method. Cost includes expenditure incurred in acquiring the inventories, goods and other costs incurred in bringing them to their existing location and condition.

Net realizable value comprises selling price in the ordinary course of business, less costs related to completing the sale. Provision is made, where necessary, for obsolete, slow-moving and defective stocks.

Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, cash at banks in current accounts, and other short-term highly liquid investments with original maturities of three months or less (if any) which are available to the Company without any restrictions.

Financial instruments

Classification and measurement of financial assets and financial liabilities

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income ("FVOCI") – debt investment; fair value through other comprehensive income - equity investment; or fair value through profit or loss ("FVTPL").

A financial asset is measured at amortized cost if it meets both of the following conditions and is not classified at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other Comprehensive Income ("OCI"). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or fair value through other comprehensive income as described above are measured at FVTPL. This includes all derivative financial assets.

On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at fFVOCI as FVTPL. If doing so, it eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless they are trade receivables without a significant financing component that is initially measured at the transaction price) are initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets.

Table No. (6.2): Accounting policies applied to the subsequent measurement of financial assets

Financial assets at fair value through profit or loss	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. Amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss
Debt investments at fair value through other comprehensive income.	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss
Equity investments at fair value through other comprehensive income	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Source: Audited financial statements for the financial year ending on 31 December 2021G

The financial assets at amortized cost consist of trade receivables and cash and cash equivalents.

Loss allowances are measured on the bases of ECLs over lifetime of a financial instrument: these are ECLs that result from all possible default events over the expected life of the financial instrument.

The Company measures loss provisions at an amount equal to lifetime ECLs.

In determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportive information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and an informed credit assessment, including forward-looking information.

Measuring expected credit losses

Expected Credit Losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).Expected credit losses are discounted at the effective interest rate of the financial asset. For accounts receivable, the Company applies the simplified method for estimating expected credit losses.

Impairmed Financial Assets

The Company assesses at each reporting date whether financial assets carried at amortized cost and debt investments at fair value through other comprehensive income are impaired. A financial asset is impaired when one or more events that have a detrimental effect on the estimated future cash flows of that financial asset have occurred.

Presentation or Impairment

Loss allowances for financial assets are deducted from the gross carrying amount of the assets.

Impairment losses related to trade receivables, if any, are presented in the statement of profit or loss under a separate item.

Financial Liabilities:

Financial liabilities are classified as measured at amortized cost or fair value through profit or loss. A financial liability is classified as at fair value through profit or loss, if they are classified as held-for-trading, they are a derivative or they are designated as such on initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Derecognition

Financial assets

A financial asset (or part of a group of similar financial assets) is primarily derecognised (i.e., excluded from the Company's condensed interim statement of financial position) in the following cases:

- The rights to receive cash flows from the asset have been expired;
- The Company has transferred its rights to receive cash flows from the asset or assumed an obligation to pay the received cash flows in full without delay to a third party under a "pass" arrangement; and (a) transferred substantially all of the risks and rewards of the asset, or (b) transferred control over the asset and the Company has neither transferred nor retained substantially the risks and rewards of the financial asset.

Hedge accounting

The hedge accounting requirements of IFRS 9 do not apply to the Company because it does not have hedging contracts. The application of IFRS 9 as on January 1, 2020G, did not result in any material impact on the company's financial statements.

Offsetting

Financial assets and liabilities are offset, and the net amount is reported in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Provision for Employee's Benefits

The Company offers defined benefits plans to employees in accordance with Saudi Labor Law as specified in the conditions stipulated in the laws of the Kingdom of Saudi Arabia. The cost of providing benefits under the defined benefit plans is determined using the projected unit credit method.

Remeasurements, consisting of actuarial gains and losses, are recognized in the statement of financial position with a corresponding credit to retained earnings through other comprehensive income, in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods, and costs and expenses relating to defined benefit plans are recognized in profit or loss.

Reportable Segments

An operating segment is a part of the Company's business activities from which revenue can be recognized and expenses are incurred and includes income and expenses relating to transactions with any of the other components of the Company. All operational results of the operating segments are reviewed by the Company's operating decision makers to make decisions about the resources to be allocated to the segment and to assess its performance, which have separate financial information.

Earnings per share

The Company presents the basic and diluted earnings per share information for its ordinary shares. Earnings per share from operating profit and net profit is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Company by the weighted average outstanding number of shares during the period. Diluted earnings per share are determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average of the number of ordinary shares outstanding adjusted the owned shares held for the effect of all the dilutive potential ordinary shares comprise of convertible notes and share options granted to employees, if any.

Contingent assets and liabilities

A contingent liability is disclosed when the existence of the obligation is confirmed only by future events or when the amount of the obligation cannot be measured with reasonable reliability. Contingent assets are not recognized but disclosed when an inflow of economic benefits is probable.

Borrowings

Borrowings are recognized at the proceeds received less transaction costs incurred net of interests and upfront fee and presented netting of the principle amount of the loan, and such interest and commission are amortized over the life of the loan using the effective interest rate method. Borrowing costs directly attributable to the construction of a qualifying asset are capitalized up to stage when substantially all activities necessary to prepare the qualifying asset for its intended use are complete, otherwise, such costs are charged to the statement of profit or loss.

Provision

A provision is recognized if, as a result of a past event, the Company has a present (legal or constructive) obligation that can be estimated reliably, and it is probable that an out flow of economic benefits will be required to settle the obligation.

Trade payables and accruals

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

Unearned revenue

Revenues received and related to the next period is recorded as a liability (advance revenue) which are recognized in the statement of profit or loss as revenue when matured.

Zakat provision

The Company is subject to zakat in accordance with the regulations of the Zakat, Tax and Customs Authority ("**ZATCA**"). Accrued Zakat is recognized and charged to the profit or loss for the current year. Additional Zakat liabilities, if any, related to prior years' assessments are calculated by the Company in the period in which the final assessments are finalized.

Sales

The Company recognizes revenue under IFRS 15 using the five-step model below:

Table No. (6.3): Model steps used to recognize revenue under IFRS 15

Step 1: Identify the contact with the customer	A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for each contract that must be met.
Step 2: Identify the performance obligation	A performance obligation is a promise in a contract with a customer to transfer goods or service to the customer.
Step 3: Determine the transaction price	The transaction price is the amount of consideration that the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
Step 4: Allocate the transaction price	Fo a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation with an amount that specifies the amount of the consideration that the Company expects to receive in return for satisfying each of the performance obligations.
Step 5: Recognize revenue	The Company recognizes revenue when (or as) it satisfies a performance obligation by transferring the goods or services promised to the customer under the contract.

Source: Audited financial statements for the financial year ending 31 December 2021G.

Identify the contact with the customer

The Company carefully evaluates the terms and conditions of contracts with its customers because revenue is recognised only when the performance obligations in the contracts with customers are satisfied. A change in the scope or price (or both) of a contract is considered a contract modification and the Company determines whether this creates a new contract or whether it will be accounted for as part of the existing contract.

Identify the performance obligation

Once the Company has identified a contract with a customer, it evaluates the contractual terms and customary business practices to identify all the promised within the contract and determine which of those promised services (or bundles of promised services)will be treated as separate performance obligations.

Identify the transaction price

The Company determines the transaction price as amount which it expects to be entitled. It includes an estimate of any variable consideration, the effect of a significant financing component (i.e., the time value of money), the fair value of any non-cash consideration and the effect of any consideration paid or owed to a customer (if any).

The variable consideration is limited to the amount by which it is highly probable that a significant reversal will not occur when the uncertainty uncertainties related to the variability are resolved.

Allocate the transaction price

Once the performance obligations have been identified and the transaction price has been determined,, the transaction price is allocated to the performance obligations, generally in proportion to their standalone selling prices (i.e., on a relative stand-alone selling price basis). In determining standalone selling prices, the Company is required to use observable information, if any. If stand-alone selling prices are not directly observable, the Company makes estimates based on reasonably available information.

Recognize revenue

Revenue is recognized only when the Company satisfies a performance obligation by transferring control to the customer. It is possible to shift control over time or at a point in time. Where a performance obligation is satisfied overtime, the Company identifies the progress under the contract based on input or output method, which best measure the performance completed to date. The method slected is consistently applied to similar performance obligations and in similar circumstances.

The Company believes that it satisfies the performance obligations in its contracts with customers at a point in time, and hence it recognizes revenue as and when it fulfills its obligations under the contracts with customers.

The Company is engaged in the sale and import of home appliances and the wholesale and retail trade in household utensils through its various outlets located in different regions of the Kingdom of Saudi Arabia. Revenue from the sale of goods is recognized when the company sells the product to a customer.

Other income is recognized when entitled, in profit or loss.

Cost of revenue

The cost of revenue incurred during the year comprises the costs of purchasing goods that are ready for sale, wages and salaries of galleries staff, depreciation of property and equipment, warehouse and galleries rental expenses, packing and packaging expenses, and good shipping and unloading expenses.

Expenses

Selling and distribution expenses are those expenses arising from the efforts underlying the selling and distribution functions. All other expenses, except for cost of sales and finance costs, are classified as general and administrative expenses. An allocation of common expenses between cost of sales, selling and distribution expenses, and general and administrative expenses, when required, are made on a consistent basis.

Foreign currency transactions

Transactions denominated in foreign currencies are translated to Saudi Riyals at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies, are translated to Saudi Riyals at the foreign exchange rate ruling at that date. Gains or losses arising on exchanges are recognized in profit or loss currently.

Dividends

Dividends are recorded in the period in which they are approved by the shareholders.

Classification of Assets and Liabilities into Current and Non-Current

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is classified as current if:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- It is held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is considered current if:

- It is expected to be settled during the normal operating cycle;
- It is held primarily for trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

6.7 Results of operations

6.7.1 Statement of comprehensive income

Table No. (6.4): Statement of comprehensive income for the financial year ended 31 December 2019G, 2020G, 2021G.

SAR in 000s	2019G (Audited)	2020G (Audited)	2021G (Audited)	Var. 2019G-2020G	Var. 2020G-2021G	CAGR 2019G-2021G
Revenue	655,220	797,197	825,289	21.7%	3.5%	12.2%
Cost of revenue	(379,314)	(472,990)	(549,761)	24.7%	16.2%	20.4%
Gross profit	**275,906**	**324,207**	**275,528**	**17.5%**	**(15.0%)**	**(0.1%)**
Selling and distribution expenses	(33,138)	(43,273)	(58,128)	30.6%	34.3%	32.4%
General and administrative expenses	(39,871)	(46,860)	(24,015)	17.5%	(48.8%)	(22.4%)
Finance cost	(6,495)	(8,295)	(7,076)	27.7%	(14.7%)	4.4%
Depreciation on right-of-use assets	(10,728)	(15,162)	(18,877)	41.3%	24.5%	32.6%
Operating profit	**185,674**	**210,617**	**167,432**	**13.4%**	**(20.5%)**	**(5.0%)**
Loss on disposal of property and equipment	(844)	(725)	(0.3)	(14.1%)	(100.0%)	(98.0%)
Other income	4,813	6,487	19,715	34.8%	203.9%	102.4%
Gains on sale of financial assets carried at fair value through profit or loss	2,578	2,628	4,289	1.9%	63.2%	29.0%
Gain on revaluation of financial assets carried at fair value through profit or loss	578	782	-	35.3%	(100.0%)	0.0%
Net profit before Zakat	**192,800**	**219,789**	**191,436**	**14.0%**	**(12.9%)**	**(0.4%)**
Zakat	(5,374)	(5,597)	(6,551)	4.2%	17.0%	10.4%
Net profit of the year	187,426	214,191	184,884	14.3%	(13.7%)	(0.7%)
Other comprehensive income						
Items that will not be reclassified subsequently to profit or loss						
Actuarial loss on re-measurement of employees' benefits liabilities	(111)	(1,293)	(1,583)	1064.9%	22.5%	277.0%
Total items that will not be reclassified subsequently to profit or loss	**(111)**	**(1,293)**	**(1,583)**	**1064.9%**	**22.5%**	**277.0%**
Total comprehensive income for the year	**187,314**	**212,899**	**183,301**	**13.7%**	**(13.9%)**	**(1.1%)**

Source: Audited financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

Table No. (6.5): Key performance indicators for the financial years ended 31 December 2019G, 2020G, 2021G

Indicators	2019G (Management information)	2020G (Management information)	2021G (Management information)	Var. 2019G-2020G	Var. 2020G-2021G	CAGR 2019G-2021G
As a percentage of revenue						
Gross profit	42.1%	40.7%	33.4%	(1.4)	(7.3)	(8.7)
Selling and distribution expenses	5.1%	5.4%	7.0%	0.4	1.6	2.0
General and administrative expenses	6.1%	5.9%	2.9%	(0.2)	(3.0)	(3.2)
Operating profit	28.3%	26.4%	20.3%	(1.9)	(6.1)	(8.0)
Net profit before zakat	29.4%	27.6%	23.2%	(1.9)	(4.4)	(6.2)
Net profit of the year	28.6%	26.9%	22.4%	(1.7)	(4.5)	(6.2)
Key performance indicators						
Number of stores (including the closed branch during 2020G)	44	49	56	5	7	12
Number of invoices (in thousand)	2,325	2,775	3,015	19.4%	8.6%	13.9%
Average revenue per invoice-SAR	282	287	274	1.9%	(4.7%)	(1.4%)
Total area of branches (in square meters)	71,499	83,436	99,210	16.7%	18.9%	17.8%
Average revenue per branch (in square meters)-SAR	8,901	8,977	7,639	0.9%	(14.9%)	(7.4%)

Source: Management information

Revenue

Revenue is mainly generated from the sale of cookware such as pots, frying pans, spoons and cooking accessories and the sale of Serveware such as thermos, cups, serving trays, hospitality sets, and dining sets in addition to small household appliances such as electric pressure cookers, air fryers, coffee machines, microwave ovens, mini ovens, kettles, among others. The Company currently generates its revenue through operating 56 retail stores across different regions in the Kingdom of Saudi Arabia as at 31 December 2021G, in addition to the online store/platform and wholesale.

Revenue increased by 21.7% from SAR655.2 million in 2019G to SAR797.2 million in 2020G driven mainly by the increase in quantities sold from 8.8 million items in 2019G to 9.4 million items in 2020G as a result of an increase in demand for Kitchenware and appliances in light of the COVID-19 pandemic, in addition to introducing new products during the year and opening of five new stores.

Revenue further increased by 3.5% to reach SAR825.3 million in 2021G stemming mainly from the increase in online sales by 63.1% from SAR35.9 million in 2020G to SAR58.7 million in 2021G coupled with the increase in revenue by SAR56.6 million from 8 new stores which opened during 2021G.This was offset by the decrease in revenue from existing branches from SAR539.3 million in 2020G to SAR487.6 million in 2021G.

It's worth mentioning that the Company's strategy is to capture the maximum of market share by maintaining their competitive prices and hence the increase in the Company's revenue during the period from 2019G to 2021G was not driven by the increase in the prices. It is also worth mentioning that the Company succeeded in increasing its revenue during the period, despite the overall decrease in revenue in the retail sector (in the Kingdom of Saudi Arabia).

Cost of revenue

Cost of revenue comprise of cost of purchases from local and foreign vendors, salaries and wages for the employees who occupy operational positions in the branches and online store, rental costs, depreciation expenses and other expenses. The cost of revenue increased by 24.7% from SAR379.3 million in 2019G to SAR473.0 million in 2020G mainly due to the increase in purchases (net) from SAR304.6 million in 2019G to SAR385.9 million in 2020G driven by the increase in demand for Kitchenware and appliances during the COVID-19 pandemic, in addition to (1) increase in salaries and wages expenses from SAR18.8 million to SAR24.7 million in line with the increase in the number of employees from 710 to 766 employees, (2) an increase in depreciation expenses by SAR 21.1 million in line with the increase in number of stores from 44 stores in 2019G to 49 stores in 2020G.

The cost of revenue continued to increase by 16.2% to reach SAR549.8 million 2021G, mainly due to the increase in international shipping/transportation costs from SAR8.4 million 2020G to SAR37.1 million in 2021G, due to the impact of COVID-19 pandemic on supply chains (such as shipping), resulting from the decrease in number of shipping routes from China. Moreover, upon the increase in international transportation costs during this period, the Company did not transfer the additional costs to the consumer, rather incurred them, in order to maintain the market share as well as being able to incur additional costs.

This was coupled by (1) the increase in salaries and wages by SAR 7.4 million, in addition to (2) the increase in other branches' employee costs by SAR 9.9 million as a result of recruiting additional number of employees, in light of COVID-19 measures, which was subsequently addressed in 2022G by conducting a workforce restructuring in order to reduce these costs.

Gross profit

Gross profit increased by 17.5% from SAR275.9 million in 2019G to SAR324.2 million in 2020G. This is due to the increase in quantities sold driven by the increase in demand for Kitchenware and appliances during the COVID-19 pandemic. Moreover, the gross profit decreased from 42.1% in 2019G to 40.7% in 2020G, mainly driven by higher purchase prices from local and foreign vendors, more specifically in the prices of small appliances.

Gross profit decreased by 15.0% to reach SAR275.5 million in 2021G, mainly driven by the increase in the cost of purchases, due to the overall increase in shipping costs from foreign suppliers during COVID-19, where shipping cost has increased from SAR8.4 million (represents 2.8% of total purchases) in 2020G to SAR37.1 million (represents 9.2% of total purchases) in 2021G. Moreover, the profit margin decreased from 40.7% in 2020G to reach 33.4% in 2021G, mainly due to increase in shipping costs across the period, whereby management decided not the reflect the increase in shipping costs in their selling price as a strategy to maintain market share in addition to its belief that it is able to withstand declines in profitability.

Selling and distribution expenses

Selling and distribution expenses consist mainly of advertising expenses, electricity and water expenses, bank charges, government fees, in addition to other expenses. Selling and distribution expenses increased by 30.6% from SAR33.1 million in 2019G to SAR43.3 million in 2020G, as a result of the increase in advertising expenses from SAR18.0 million to SAR26.8 million mainly driven by the firm's strategy to focus on advertising their products during COVID-19 pandemic.

Selling and distribution expenses continued to increase by 34.3% to reach SAR58.1 million in 2021G, mainly due to (1) the increase in advertising expenses to reach SAR36.1 million driven by the additional advertising due to the overall decrease in demand stemming from the impact of COVID-19 pandemic on the overall economy and the retail sector, in addition to (2) an increase in bank charges by SAR2.1 million, and (3) other expenses by SAR2.4 million.

General and administrative expenses

General and administrative expenses consist mainly of wages and salaries expenses for administrative employees in the finance department and other administrative divisions, telephone and communications expenses, legal fees expenses, in addition to other administrative expenses. General and administrative expenses increased by 17.5% from SAR 39.9 million in 2019G to SAR 46.9 million in 2020G, as a result of the increase in wages and salaries expenses from SAR36.4 million to SAR41.4 million, mainly driven by the increase in employee headcount by 9 coupled with the increase in the bonuses entitled to the employees during this period, in addition to the increase in other general and administrative expenses by SAR1.5 million during the period.

General and administrative expenses decreased by 48.8% to reach SAR24.0 million in 2021G, mainly due to the decrease in wages and salaries to reach SAR16.4 million, mainly stemming from the decrease in employee bonuses during the same period, offset by an increase in other expenses amounting to SAR413 thousand.

Finance costs

Finance costs mainly include interest on short-term loans, finance cost related to the lease liabilities in addition to the end of service cost.

Finance costs increase by 27.7% from SAR6.5 million in 2019G to SAR8.3 million in 2020G driven mainly by the increase in lease liabilities finance cost, in-line with the increase in number of stores during this period.

Finance costs decreased by 14.7% to reach SAR7.1 million in 2021G, stemming mainly from the decrease in finance expenses in relation to the interest on letter of credits. This was offset by an increase in lease liabilities finance costs, following the opening of 7 new branches during the same period.

Depreciation on right-of-use assets

Depreciation on right-of-use assets increased by 41.3% from SAR10.7 million in 2019G to SAR15.2 million in 2020G, and subsequently increased by 24.5% to reach SAR18.9 million in 2021G, mainly due to the increase the number of stores during this period, thus, additions to the right of use of the assets.

Losses on disposal of property and equipment

Losses from disposal of property and equipment amounted to SAR844 thousand in 2019G, as a result of the closure of one of the warehouses during this period. Losses from disposal of property and equipment decreased to SAR725 thousand in 2020G, as a result of closing the Khobar branch store during this period, followed by a decrease to SAR339 in 2021G.

Other income

Other income mainly consists of (1) rent income of commercial showrooms for the buildings owned by the Company or fully leased by the Company, in addition to (2) income in relation to cash on delivery fees to delivery fees related to online store sales, amounting to SAR29 per order (inclusive of tax) in addition to SAR25 shipping fees, (3) and advertising revenues, among other miscellaneous income. Other income increased by 34.8% from SAR4.8 million in 2019G to SAR6.5 million in 2020G and mainly due to (1) the increase in rental income of SAR627 thousand, whereby the Company leases out commercial showrooms (of the buildings owned by the company or fully leased by the company), in addition to (2) income from delivery fees related to the online store sales, which amounted to SAR1.1 million in 2020G.

Other income increased by 203.9% to reach SAR19.7 million in 2021G, mainly due to (1) the increase in income from delivery fees resulting from the increase in online delivery revenue by SAR2.6 million in line with the increase in online sales during the same period, in addition to (2) SAR10.7 million of advertising revenue from Alsaif Commercial Agencies.

Gains on sale of financial assets carried at fair value through profit or loss

Gains on sale of financial assets carried at fair value through profit or loss increased from SAR2.6 million in 2019G and 2020G to SAR4.3 million in 2021G, driven by the sale of shares in Al Rajhi Fund during the same period.

Gains on revaluation of financial assets carried at fair value through profit or loss

Gains on revaluation of financial assets at fair value through profit or loss increased from SAR578 thousand in 2019G to SAR782 thousand in 2020G due to the increase in the share price of Al Rajhi Fund by 10%. Furthermore, Gains on revaluation of financial assets at fair value through profit or loss decreased to nil in 2021G as a result of selling the Company's shares in the Al Rajhi Fund towards the end of 2021G.

Zakat

Zakat expense increased by 4.2% from SAR5.4 million in 2019G to SAR5.6 million in 2020G, and subsequently increased by 17.0% to reach SAR6.6 million in 2021G in line with the increase in the profit for the year during this period.

Net profit for the year

Net profit for the year increased by 14.3% from SAR187.4 million in 2019G to SAR214.2 million in 2020G, mainly due to an increase in: (1) operating profit in line with the increase in gross profit by 17.5% from SAR275.9 million in 2019G to SAR324.2 million in 2020G, as a result of the increase in the quantities sold from 8.8 million to 9.4 million products during 2019G and 2020G, respectively, driven by the high demand for Kitchenware and appliances during the curfew, in light of COVID-19 pandemic, (2) the increase in other income from SAR4.8 million to SAR6.5 million, mainly due to the increase in rental income by SAR627 thousand, as the Company leased out commercial showrooms (for the buildings owned by the company or fully leased by the Company). This was offset by the increase in selling and distribution expenses from SAR33.1 million to SAR43.3 million resulting from the increase in advertising expenses namely due to the increase in the number of advertising and marketing campaigns during the COVID-19 pandemic, in addition to the increase in general and administrative expenses in line with the increase in bonuses paid to the employees and the increase in the number of employees headcounts during the same period, which led to a decrease in the profit margin for the year from 28.6% in 2019G to 26.9% in 2020G.

The profit for the year decreased by 13.7% to reach SAR184.9 million in 2021G. This is mainly due to the decrease in the operating profit stemming from (1) the decrease in the gross profit on the back of the increase in the cost of revenue, mainly driven by the increase in the cost of purchases, due to the overall increase in shipping costs from foreign suppliers during COVID-19, where shipping cost has increased from SAR8.4 million (represents 2.8% of total purchases) in 2020G to SAR37.1 million (represents 9.2% of total purchases) in 2021G, in addition to (2) the increase in selling and distribution expenses from SAR43.3 million to SAR58.1 million stemming from the increase in advertising expenses as a result of decrease in the demand of some products during the same period. This was offset by a decrease in general and administrative expenses from SAR46.9 million to SAR24.0 million stemming from the decrease in salaries and wages driven by the decrease in the bonuses paid to employee during the same period.

6.7.2 Revenue by Product/Category

Table No. (6.6): Revenue by product/category for the financial years ended 31 December 2019G, 2020G, 2021G.

SAR in 000s	2019G (Management information)	2020G (Management information)	2021G (Management information)	Var. 2019G-2020G	Var. 2020G-2021G	CAGR 2019G-2021G
Small appliances	191,486	334,667	364,608	74.8%	8.9%	38.0%
Serveware	354,724	341,329	344,171	(3.8%)	0.8%	(1.5%)
Kitchenware	101,448	110,740	105,895	9.2%	(4.4%)	2.2%
Home accessories	7,562	10,461	10,615	38.3%	1.5%	18.5%
Total	**655,220**	**797,197**	**825,289**	**21.7%**	**3.5%**	**12.2%**

SAR in 000s	2019G (Management information)	2020G (Management information)	2021G (Management information)	Var. 2019G-2020G	Var. 2020G-2021G	CAGR 2019G-2021G
As a percentage of revenue						
Small appliances	29.2%	42.0%	44.2%	12.8	2.2	15.0
Serveware	54.1%	42.8%	41.7%	(11.3)	(1.1)	(12.4)
Kitchenware	15.5%	13.9%	12.8%	(1.6)	(1.1)	(2.7)
Home accessories	1.2%	1.3%	1.3%	0.2	0.0	0.1

Source: Management information

Small appliances

The Company's revenues from small electrical appliances represent 44.2% of the total revenue in 2021G, which includes electric pressure cookers, air fryers, bakers, juicers, mixers, food processors, sandwich and waffle makers, kettles, ovens, microwaves, toasters, vacuum cleaners, irons, heaters, small dishwashers and air purifiers, amongst others. It is worth noting that the Edison brand, for small appliances, is exclusive to AlSaif Gallery, as AlSaif Gallery is the agent and owner of the Edison brand.

Revenues for small appliances increased by 74.8% from SAR191.5 million in 2019G to SAR334.7 million in 2020G, due to the increase in quantities sold from 801 thousand to 1.4 million pieces during the same period.

Revenues of small appliances increased by 8.9% to reach SAR364.6 million in 2021G. This is due to (1) the increase in quantities sold to reach 1.6 million pieces in 2021G, in-line with the increase in electronic product variety and the introduction of new products during this period, (2) which was offset by a decrease in the average selling price from SAR245.8 in 2020G to 221.3 in 2021G.

Serveware

The Company's revenue from serveware represented 41.7% of the total revenue in 2021G, whereby it comprised of tools that are used in serving food and drinks such as thermos, cups, serving trays, incense burners, dining sets, heaters and dishes, amongst others.

Serveware revenue decreased by 3.8% from SAR354.7 million in 2019G to SAR341.3 million in 2020G. This decrease is attributed to (1) the decrease in quantities sold from 6.6 million pieces to 6.4 million pieces during the same period, in addition to (2) a decrease in the average selling price from SAR53.4 in 2019G to SAR53.2 in 2020G.

Serveware revenue increased by 0.8% from SAR341.3 million in 2020G to SAR344.2 million in 2021G. This increase is attributed to (1) the increase in the average selling price from SAR53.2 per year in 2020G to SAR54.5 in 2021G, offset by (2) the decrease in the quantities sold from 6.4 million pieces to 6.3 million pieces during the same period.

Kitchenware

The Company's revenues from kitchenware represented 12.8% of the total revenue in 2021G, whereby it comprised of cooking essentials such as pots, cake pans, oven trays, food containers, spoons, knives and kitchen accessories ,amongst others.

Revenues for kitchenware increased by 9.2% from SAR101.4 million in 2019G to SAR110.7 million in 2020G. This increase is attributed to (1) the increase in quantities sold from 1.2 million pieces to 1.3 million pieces during the same period, in addition to (2) an increase in the average selling price from SAR82.2 in 2019G to SAR83.7 in 2020G.

Revenues for kitchenware decreased by 4.4% from SAR110.7 million in 2020G to SAR105.9 million in 2021G. This decrease is attributed to (1) the decrease in quantities sold from 1.3 million pieces to 1.2 million pieces during the same period, offset by (2) an increase in the average selling price from SAR83.7 in 2020G to SAR88.6 in 2021G.

Home accessories

The Company's revenues from home supplies represented 1.3% of the total revenue in 2021G, whereby it mainly comprised of home service accessories such as lampshades, antiques, tablecloths, household cleaners, amongst others.

Revenues for home accessories increased by 38.3% from SAR7.6 million in 2019G to SAR10.5 million in 2020G. This increase is attributed to (1) the increase in quantities sold from 150 thousand pieces to 269 thousand pieces during the same period, (2) which was offset by a decrease in the average selling price from SAR50.5 in 2019G to SAR38.8 in 2020G.

Revenues for home accessories increased by 1.5% from SAR10.5 million in 2020G to SAR10.6 million in 2021G. This increase is attributed to (1) the increase in the quantities sold from 269 thousand pieces to 273 thousand pieces during the same period, in addition to (2) an increase in the average selling price from SAR38.8 in 2020G to SAR38.9 in 2021G.

6.7.3 Revenue by Region

Table No. (6.7): Revenue by region for the financial years ended on 31 December 2019G, 2020G, 2021G.

SAR in 000s	2019G (Management information)	2020G (Management information)	2021G (Management information)	Var. 2019G-2020G	Var. 2020G-2021G	CAGR 2019G-2021G
Central region stores	231,191	273,295	266,860	18.2%	(2.4%)	7.4%
Western region stores	177,438	213,583	226,938	20.4%	6.3%	13.1%
Eastern region stores	112,237	122,881	125,878	9.5%	2.4%	5.9%
Southern region stores	78,729	91,881	90,697	16.7%	(1.3%)	7.3%
Northern region stores	36,844	47,343	47,519	28.5%	0.4%	13.6%
Others (e-stores sales and wholesale)	18,781	48,213	67,396	156.7%	39.8%	89.4%
Total	**655,220**	**797,197**	**825,289**	**21.7%**	**3.5%**	**12.2%**
Number of stores						
Central region stores	16	18	21	2	3	5
Western region stores	11	13	14	2	1	3
Eastern region stores	7	8	10	1	2	3
Southern region stores	7	7	7	-	-	-
Northern region stores	3	3	4	-	1	1

Source: Management information

Revenue from the Central region stores

The Company's revenues from its stores in the Central region increased by 18.2% from SAR231.2 million in 2019G to SAR 273.3 million in 2020G as a result of (1) the ramp up of five stores amounting to SAR19.0 million that were opened during 2019G, in addition to (2) opening two stores during 2020G, which also contributed to an increase in revenues by SAR17.0 million.

The Company's revenues from its stores in the Central region subsequently decreased by 2.4% to reach SAR266.9 million in 2021G, despite the opening of a new store in Al Faiha neighborhood in Riyadh, given the overall consumer shift to e-commerce.

The number of stores in the central region reached 21 stores in 2021G, whereby revenues represented 35.2% of the total store revenues in 2021G.

Revenue from the Western region stores

The Company's revenues from its stores in the Western Region increased by 20.4% from SAR177.4 million in 2019G to SAR213.6 million in 2020G, due to (1) the ramp-up of stores amounting to SAR20.8 million, which were opened during 2019G, in addition to (2) the opening two stores during 2020G, which also contributed to an increase in revenues by SAR14.5 million.

The revenues of the Western region continued to increase by 6.3% to reach SAR226.9 million in 2021G due to (1) the increase in the sales of the branches that were opened during 2020G in addition to (2) the opening of a new store during 2021G, which also contributed to the increase in revenues by an amount SAR17.0 million. It is worth noting that the stores that were opened during 2020G and 2021G were not yet fully ramped up given the current COVID-19 restrictions around the Mecca region.

The number of stores in the Western region reached 14 stores in 2021G, whereby revenues represented 29.9% of the total store revenues in 2021G.

Revenue from the Eastern region stores

The Company's revenues from its stores in the Eastern region increased by 9.5% from SAR112.2 million in 2019G to SAR122.9 million in 2020G, due to (1) the increase in revenue from 6 core portfolio branches, as a result of the increase in sales, which contributed to an increase in revenues by SAR6.8 million, in addition to (2) opening a new branch during 2020G, which also contributed to an increase in revenues by SAR20.0 million.

This was partially offset by the shut-down of the Khobar branch during the beginning of the second quarter of 2020G and its transfer to another location in Al-Khobar, which led to a decrease in revenues by SAR16.2 million. Revenue from stores in the Eastern region continued to increase by 2.4% to reach SAR125.9 million in 2021G driven by the ramp up of the new branch which opened during 2020G, which contributed to an increase in revenues by SAR2.7 million.

The number of stores in the Eastern region reached 10 stores in 2021G, whereby revenues represented 16.6% of the total store revenues in 2021G.

Revenue from the Southern region stores

The Company's revenues from the Southern region stores increased by 16.7% from SAR78.7 million in 2019G to SAR91.9 million in 2020G, due to the increase in revenues from 5 existing branches amounting to SAR5.9 million stemming from the overall increase in demand during the COVID-19 pandemic year.

The Company's revenues from the Southern region stores decreased by 1.3% to reach SAR90.7 million in 2021G as a result of a decrease in revenues from 2019G openings, amounting to SAR2.9 million, stemming from the saturation of stock by consumers during the COVID-19 pandemic year. This was partially offset by the increase in revenue from 5 other existing branches, amounting to SAR1.7 million.

The number of stores in the southern region amounted to 7 stores in 2021G, whereby revenues represented 12.0% of the total store revenues in 2021G.

Revenue from the Northern region stores

The Company's revenues from its stores in the Northern region increased by 28.5% from SAR36.8 million in 2019G to SAR47.3 million in 2020G, stemming mainly from the increase in revenue from 3 branches in-line with the overall increase in demand for Kitchenware during the COVID-19 pandemic.

The Company's revenues from the Northern region stores increased by 0.4% to reach SAR47.5 million in 2021G, due to the opening of a new store during 2021G, which contributed to an increase in revenues by SAR842 thousand.

The number of stores in the northern region reached 4 stores in 2021G, whereby revenues represented 6.3% of the total store revenues in 2021G.

Others

Other revenue comprised mainly of revenue from the online store, wholesale and online retailers. Other revenues increased by 156.7% from SAR18.8 million in 2019G to SAR48.2 million in 2020G and subsequently increased by 39.8% to reach SAR67.4 million in 2021G, mainly due to the increase in online store revenues amounting to SAR49.7 million between 2019G and 2021G, due to the high demand for the Company's products during the period of the COVID-19 pandemic, through the online store.

6.7.4 Revenue by Branch

Table No. (6.8): Revenue by branch for financial years ended 31 December 2019G, 2020G, 2021G.

SAR in 000s	2019G (Management information)	2020G (Management information)	2021G (Management information)	Var. 2019G-2020G	Var. 2020G-2021G	CAGR 2019G-2021G	Number of branches
Core portfolio	509,083	539,292	487,624	5.9%	(9.6%)	(2.1%)	32
2019G openings	105,370	152,409	139,530	44.6%	(8.5%)	15.1%	11
2020G openings	-	51,460	74,172	-	44.1%	-	5
2021G openings	-	-	56,567	-	-	-	8
Total branch revenue/ Total number of branches	**614,454**	**743,161**	**757,893**	**20.9%**	**2.0%**	**11.1%**	**56**
Online stores	8,941	35,971	58,663	302.3%	63.1%	156.1%	N/A
Wholesale	8,778	10,626	5,848	21.0%	(45.0%)	(18.4%)	N/A
Online retailers	910	1,616	2,770	77.6%	71.4%	74.5%	N/A
Others	152	-	115	(100.0%)	-	(13.0%)	N/A
Closed branch during 2020G	21,985	5,822	-	(73.5%)	(100.0%)	-	1
Total revenue/ total number of branches	**655,220**	**797,197**	**825,289**	**21.7%**	**3.5%**	**12.2%**	**57**

Source: Management information

Core portfolio

The core portfolio comprised of all stores with an opening date prior to 1 January 2019G which amounted to 32 stores.

The revenue of the core portfolio increased by 5.9% from SAR509.1 million in 2019G to SAR539.3 million in 2020G, the increase in demand for the Company's products during the COVID-19 lockdown.

The revenues of the core portfolio decreased by 9.6% to reach SAR487.6 million in 2021G, driven by the exceptional increase in demand during 2020G, whereby, the demand matured in 2021G.

2019G openings

11 new branches were opened during 2019G. The revenues of these branches increased by 44.6% from SAR105.4 million in 2019G to SAR152.4 million in 2020G, and this is due to (1) the ramp-up of these stores (which were opened in 2019G) in addition to (2) the increase in the overall demand for the Company's products in light of the COVID-19 pandemic.

The revenues of the new branches (which were opened in 2019G) decreased by 8.5% to reach SAR139.5 million in 2021G stemming from the general decrease in demand across the regions such as the Central region (revenue decreased by 7.7 million Saudi riyals), and the Southern region (Revenue decreased by SAR2.9 million) and the Western region (revenue decreased by SAR2.3 million) due to (1) the increase in demand during the COVID-19 pandemic in 2020G (2) and the exceptional rise in revenues during the month of June 2020G, one month prior to the VAT hike (from 5% to 15%).

2020G openings

5 new branches of the company were opened during 2020G. The revenues of these branches increased by 44.1% from SAR51.5 million in 2020G to SAR74.2 million in 2021G, as a result of the ramp up of these stores (which were opened in 2020G).

2021G openings

8 new branches were opened during 2021G, whereby the revenues of these new branches amounted to SAR56.6 million in 2021G.

Online store

Revenues from the online store increased by 302.3% from SAR8.9 million in 2019G to SAR36.0 million in 2020G and subsequently by 63.1% to reach SAR58.7 million in 2021G, due to (1) the ongoing growth of the online platform through the establishment of a new department to manage the online store, in addition to (2) the increase in the demand for the Company's products, during the COVID-19 pandemic period, through its online store.

The Company's revenues from its online store amounted to 1.4%, 4.5%, and 7.1% of the Company's total revenues in 2019G, 2020G and 2021G, respectively.

Wholesale

Wholesale revenues increased by 21.0% from SAR8.8 million in 2019G to SAR10.6 million in 2020G, attributable to the increase in demand for the Company's products during the COVID-19 pandemic.

Wholesale revenues decreased by 45.0% to reach SAR5.8 million in 2021G as a result of the exceptional increase in demand during 2020G in light of the COVID-19 pandemic.

Online retailers

The Company's revenues from online retailers comprised of revenue through e-commerce platforms such as Noon and Souq. The Company's revenues from online retailers increased by 77.6% from SAR910 thousand in 2019G to SAR1.6 million in 2020G, due to the overall high demand for the Company's products during the COVID-19 pandemic.

The Company's revenues from online retailers increased by 71.4% to reach SAR2.8 million in 2021G, driven by the overall consumer shift to e-commerce platforms which took place in FY20 and continued during the subsequent years, fueled by the COVID-19 impact.

Others

Other revenues relate to the revenues from foreign exhibitions (which are held in public exhibitions). Other revenues decreased from SAR152 thousand in 2019G to nil in 2020G in light of the restrictions imposed within the precautionary measures taken around the world to limit the spread of COVID-19 during 2020G, which includes imposing travel restrictions and canceling a number of foreign exhibitions during that period. Other revenues increased to SAR115 thousand in 2021G, due to the resumption of travel after lifting the restrictions imposed as part of the precautionary measures to limit the spread of COVID-19.

Closed branch during 2020G

The revenues of the closed branch relate to the Khobar store, which was closed during 2020G and relocated to another location in Khobar. The revenues of the closed branch decreased from SAR22.0 million in 2019G to SAR5.8 million in 2020G due to the closure of the store at the beginning of the second quarter of the 2020G, whereby the revenues recorded in 2020G pertained to a 4 months period.

6.7.5 Cost of Revenue

Table No. (6.9): Cost of revenue for the financial years ended 31 December 2019G, 2020G, 2021G.

SAR in 000s	2019G (Management information)	2020G (Management information)	2021G (Management information)	Var. 2019G-2020G	Var. 2020G-2021G	CAGR 2019G-2021G
Purchases of products from local and foreign vendors (manufacturers and distributors)	319,067	407,936	448,474	27.9%	9.9%	18.6%
Salaries and wages	18,808	24,684	32,045	31.2%	29.8%	30.5%
Rent expenses	21,671	23,553	23,337	8.7%	(0.9%)	3.8%
Other branches employees' costs	6,971	8,754	18,633	25.6%	112.8%	63.5%
Depreciation costs	8,739	10,814	12,412	23.7%	14.8%	19.2%
Shipping and unloading merchandise	2,990	5,300	8,191	77.3%	54.5%	65.5%
Commission expenses and bonuses	5,749	6,772	6,274	17.8%	(7.4%)	4.5%
Inventory adjustment differences	2,773	3,308	4,518	19.3%	36.6%	27.6%
Packaging expenses	2,361	2,403	2,654	1.8%	10.5%	6.0%
Marketing expenses	4,686	2,800	1,805	(40.3%)	(35.5%)	(37.9%)
Difference returns to suppliers	(60)	(119)	26	97.5%	(121.8%)	-
Discounts due to Covid-19	-	(1,213)	(328)	-	(73.0%)	-
Discounts	(14,440)	(22,001)	(7,117)	52.4%	(67.6%)	(29.7%)
Damaged inventory expenses adjustment	-	-	(1,163)	-	-	-
Total	**379,314**	**472,990**	**549,761**	**24.7%**	**16.2%**	**20.4%**
Key performance indicators						
Number of employees	710	766	931	56	165	221
As a percentage of revenue						
Purchases of products from local and foreign vendors (manufacturers and distributors)	48.7%	51.2%	54.3%	2.5	3.2	5.6
Salaries and wages	2.9%	3.1%	3.9%	0.2	0.8	1.0
Rent expenses	3.3%	3.0%	2.8%	(0.4)	(0.1)	(0.5)
Other branches employees' costs	1.1%	1.1%	2.3%	0.0	1.2	1.2
Depreciation costs	1.3%	1.4%	1.5%	0.0	0.1	0.2
Shipping and unloading merchandise	0.5%	0.7%	1.0%	0.2	0.3	0.5
Commission expenses and bonuses	0.9%	0.8%	0.8%	0.1	0.0	0.0
Inventory adjustment differences	0.4%	0.4%	0.5%	0.0	0.1	0.1
Packaging expenses	0.4%	0.3%	0.3%	(0.1)	0.0	(0.1)
Marketing expenses	0.7%	0.4%	0.2%	(0.3)	(0.2)	(0.5)
Difference returns to suppliers	0.0%	0.0%	(0.1%)	0.0	(0.1)	(0.1)
Discounts due to Covid-19	0.0%	(0.2%)	0.0%	(0.2)	0.2	0.0
Discounts	(2.2%)	(2.8%)	(0.9%)	(0.6)	1.9	1.3
Damaged inventory expenses adjustment	0.0%	0.0%	(0.1%)	0.0	(0.1)	(0.1)
Total	**57.9%**	**59.3%**	**66.6%**	**1.4**	**7.3**	**8.7**

Source: Management information

Purchases of products from local and foreign vendors (manufacturers and distributors)

Purchases include the cost of products purchased from local and foreign vendors (manufacturers and distributors). Purchases from local and foreign vendors increased by 27.9% from SAR319.1 million in 2019G to SAR407.9 million in 2020G, in line with the increase in the Company's sales during this period. Purchases continued to increase to reach SAR448.5 million in 2021G, due to the increase in the Company's sales during this period, coupled with the increase in international transportation costs due to the decrease in shipping routes to Saudi Arabia during COVID-19 pandemic.

Salaries and wages

Salaries and wages expenses mainly comprise of salaries, bonuses and other expenses associated with employees who hold operational positions in the branches and the online store. Salaries and wages expenses increased by 31.2% from SAR18.8 million in 2019G to SAR24.7 million in 2020G, due to the increase in employee headcount (by 56 employees) from 710 employees in 2019G to 766 employees in 2020G.

Salaries and wages expenses continued to increase by 29.8% to reach SAR32.0 million in 2021G, mainly due to (1) the increase in employee headcount driven by the addition of new divisions relating to the e-commerce, in addition to (2) recruiting additional number of employees, in light of COVID-19 measures, which was subsequently addressed in 2022G by conducting a workforce restructuring in order to reduce these costs.

Rent expenses

Rent expenses pertain to branches whereby the contracts are not subject to IFRS16 leases given the terms of the contract.

Rental expenses increased by 8.7% from SAR21.7 million in 2019G to SAR23.6 million in 2020G driven by the increase in rent expenses which did not have a full year impact in 2019G, which led to an increase in the expenses by SAR2.8 million compared to 2019G, in addition to the opening of two new branches during this period (contributed to an increase in expenses by SAR850 thousand). This was partially offset by a decrease of SAR841 thousand in Khobar branch rent, which was closed during the month of April 2020G. Rent expenses subsequently decreased by 0.9% to reach SAR23.3 million in 2021G as a result of the absence of significant changes to the lease contracts.

Other branches employees' costs

Other branches employees 'cost comprised of housing allowance, overtime, medical insurance, etc. Other branches employees' costs increased by 25.6% from SAR7.0 million in 2019G to SAR8.8 million in 2020G, due to the increase in employee headcount (by 56 employees) from 710 employees in the 2019Gto 766 employees in 2020G.

Other branches employees 'cost continued to increase by 112.8% to reach SAR18.6 million in 2021G driven by the additional number of employees, in light of COVID-19 measures, which was subsequently addressed in 2022G by conducting a workforce restructuring in order to reduce these costs.

Depreciation expenses

Depreciation expenses increased by 23.7% from SAR8.7 million in 2019G to SAR10.8 million in 2020G and subsequently increased by 14.8% to reach SAR12.4 million in 2021G, as a result of the additions to the property and equipment in line with the new branches that opened during this period.

Shipping and unloading merchandise

Shipping and unloading merchandises comprised of shipping merchandises related solely to local vendors in addition to expenses related to unloading merchandise from warehouses to branches. Shipping and unloading costs increased by 77.3% from SAR3.0 million in 2019G to SAR 5.3 million in 2020G, attributable to the increase in revenue and branches across the revenue period.

The expenses of shipping and unloading merchandises continued to increase by 54.5% to reach SAR8.2 million in 2021G, stemming from the increase in petrol and car rental prices in the Kingdom of Saudi Arabia, in addition to the increase in sales and number of branches during this period.

Commission expenses and bonuses

Commission expense and bonuses comprised mainly of bonuses and commissions entitled to employees' depending on their performance and evaluation throughout the year. Commission expenses and bonuses increased by 17.8% from SAR 5.7 million in 2019G to SAR 6.8 million in 2020G, in line with (1) the increase in overall sales coupled with (2) the increase in employee headcount, which led to an increase commission expenses and bonuses during this period.

Commission expense and bonuses decreased by 7.4% to reach SAR6.3 million in 2021G, due to the change in sales commission policy.

Inventory adjustment differences

Inventory adjustment differences comprised of inventory count discrepancies. Inventory adjustment differences increased by 19.3% from SAR2.8 million in 2019G to SAR3.3 million in 2020G and subsequently by 36.6% to reach SAR4.5 million in 2021G driven by additional adjustments in relation to inventory count discrepancies during this period.

Packaging expenses

Packaging expenses mainly comprised of packaging expenses in relation to online sales. Packaging expenses stabilized at SAR2.4 million in 2019G and 2020G, then increased by 10.5% to reach SAR2.7 million in 2021G due to the increase in online sales stemming from the COVID-19 lockdown.

Marketing expenses

Marketing expenses mainly consist of marketing salaries. Marketing expenses decreased by 40.3% from SAR4.7 million in 2019G to SAR2.8 million in 2020G, due to the partial reclassification from the "Marketing Expenses" account to the "Other branches employee's costs" account.

Marketing expenses continued to decline by 35.5% to reach SAR1.8 million in 2021G as a result of the partial reclassification of other expenses.

Difference returns to suppliers

The difference returns to suppliers mainly comprised of settlements and returns of defected products to suppliers. The differences increased by 97.5% from (-SAR60 thousand) in 2019G to (-SAR119 thousand) in 2020G, during the same period. The difference returns to suppliers decreased to reach SAR26 thousand in 2021G, driven by settlements between the Company and the supplier, regarding invalid merchandise.

Discounts due to Covid-19

Discounts due to Covid-19 pertains to additional rent discount provided to the Company as a result of COVID-19. The discounts obtained by the company amounted to (-SAR1.2 million) in 2020G as a result of COVID-19 pandemic. These discounts decreased by 73% from (-SAR1.2 million) in 2020G to (-SAR328 thousand) in 2021G given the gradual improvement in the overall economy post COVID-19.

Discounts

Discounts comprises of discounts received from local vendors. The discounts increased from (-SAR14.4 million) in 2019G to (-SAR22.0million) in 2020G, due to the increase in purchases from local vendors stemming from COVID 19 cross border restrictions.

The discounts decreased to reach (-SAR7.1 million) in 2021G driven by the decrease in purchase from local vendor given the gradual lifting of cross border restrictions which increased the purchases from foreign suppliers.

Damaged inventory expenses adjustment

Damaged inventory expense adjustment represented goods that were returned by customers during the warranty period due to a malfunction. They were used as spare parts and a provision was taken for them amounting to SAR1.2 million during 2021G.

6.7.6 Selling and distribution expenses

Table No. (6.10): Selling and distribution expenses ended 31 December 2019G, 2020G, 2021G.

SAR in 000s	2019G (Audited)	2020G (Audited)	2021G (Audited)	Var. 2019G-2020G	Var. 2020G-2021G	CAGR 2019G-2021G
Advertising	18,013	26,773	36,054	48.6%	34.7%	41.5%
Water and electricity	5,157	5,327	6,398	3.3%	20.1%	11.4%
Bank charges	2,083	1,612	3,679	(22.6%)	128.2%	32.9%
Subscription, governmental services and fines	1,329	2,725	2,714	105.0%	(0.4%)	42.9%
Travel and visa expenses	530	547	455	3.3%	(16.9%)	(7.3%)
Maintenance expenses	1,134	964	832	(15.0%)	(13.7%)	(14.3%)
Rent and employees expenses	737	748	1,005	1.4%	34.4%	16.7%
Others	4,153	4,576	6,994	10.2%	52.8%	29.8%
Total	**33,138**	**43,273**	**58,128**	**30.6%**	**34.3%**	**32.4%**
Key performance indicators						
As a percentage of revenue						
Advertising	2.7%	3.4%	4.4%	0.6	1.0	1.6
Water and electricity	0.8%	0.7%	0.8%	(0.1)	0.1	0.0
Bank charges	0.3%	0.2%	0.4%	(0.1)	0.2	0.1
Subscription, governmental services and fines	0.2%	0.3%	0.3%	0.1	0.0	0.1
Travel and visa expenses	0.1%	0.1%	0.1%	0.0	0.0	0.0
Maintenance expenses	0.2%	0.1%	0.1%	(0.1)	0.0	(0.1)
Rent and employees expenses	0.1%	0.1%	0.1%	0.0	0.0	0.0
Others	0.6%	0.6%	0.8%	(0.1)	0.3	0.2
Total	**5.1%**	**5.4%**	**7.0%**	**0.3**	**1.6**	**1.9**

Source: Audited financial statements for the financial years ended 31 December 2019G, 2020G and 2021G, and management information.

Advertising

Advertising expenses comprised of marketing/advertising expenses through billboards and others. Advertising expenses increased by 48.6% from SAR18.0 million in 2019G to SAR26.8 million in 2020G, mainly driven by the firm's strategy to focus of advertising their products during COVID-19.

Advertising expenses continued to rise by 34.7% to reach SAR36.1 million in 2021G, driven by the additional advertising, driven by the overall decrease in demand stemming from the impact of COVID-19 on the overall economy and the retail sector.

Water and electricity

Water and Electricity comprised of electricity and water expenses in relation to the branches. Water and Electricity expenses increased by 3.3% from SAR5.2 million in 2019G to SAR5.3 million in 2020G, due to the opening of five new branches offset by the decrease in the opening hours of the stores during COVID-19. Meanwhile, water and electricity expenses continued to increase by 20.1% to reach SAR6.4 million in 2021G as a result of opening 8 new branches during the same period.

Bank charges

Bank Charges comprised of bank transfer fees and point of sale fees. Bank charges decreased by 22.6% from SAR2.1 million in 2019G to SAR1.6 million in 2020G, due to the reduction of bank fees as a result of government support during the COVID-19 period.Bank charges increased by 128.2% to reach SAR3.7 million in 2021G as a result of the increase in the number of transfers and transactions during this period, in addition to the cessation of government support, which was for the year 2020G only.

Subscription, governmental services and fines

Subscription, governmental services and fines comprised mainly of commercial registration fees, chamber of commerce fees, amongst others. Subscription, governmental services and fines increased by 105.0% from SAR1.3 million in 2019G to SAR2.7 million in 2002G and 2021G, driven by the increase in governmental and subscription premiums.

Travel and visa expenses

Travel and visa expenses increased by 3.3% from SAR530 thousand in 2019G to SAR547 thousand in the 2020G, and then decreased by 16.9% to reach SAR455 thousand in 2021G, driven by the decrease in the foreign conferences and exhibitions due to COVID-19.

Maintenance expenses

Maintenance expenses comprised mainly maintenance in relation to cars and branches, amongst others. Maintenance expenses decreased by 15.0% from SAR1.1 million in 2019G to SAR964 thousand in 2020G driven by COVID-19 restrictions whereby less branches were fully operating during the COVID-19 period and hence required less maintenance. Maintenance expenses continued to decrease by 13.7% to reach SAR832 thousand in 2021G, as stores did not require additional maintenance during this period.

Rent and employees expenses

Rent and employees expenses comprised of housing rent for employees assigned to visit the branches. Rent and employees expenses increased by 1.4% from SAR737 thousand in 2019G to SAR748 thousand in 2020G and then by 34.4% to reach SAR1.0 million in 2021G driven by the opening of new branches which drove the additional rent expense for employees appointed in the new branches along with the lifting of transportation restrictions post COVID-19.

Others

Other expenses consist mainly of online store expenses, including information technology (IT) expenses, food expenses, fuel, stationery, cleaning and other expenses. Other expenses increased by 10.2% from SAR4.2 million in 2019G to SAR4.6 million in 2020G, stemming from IT expenses related to the Company's online store amounting to to SAR323.2 thousand in line with the increase in online store operations during this period.

Other expenses continued to increase by 52.8% to reach SAR7.0 million in 2021G as a result of (1) an increase in information technology expenses by SAR758.9 thousand, (2) collection fees related to the payments instalments portal of SAR426 thousand in addition to (3)) to the increase in car expenses amounting to SAR584.1 thousand, coupled with the increase in other expenses in line with the increase in number of branches during the year.

6.7.7 General and administrative expenses

Table No. (6.11): General and administrative expenses for the financial years ended 31 December 2019G, 2020G, 2021G.

SAR in 000s	2019G (Audited)	2020G (Audited)	2021G (Audited)	Var. 2019G-2020G	Var. 2020G-2021G	CAGR 2019G-2021G
Salaries and benefits	36,414	41,441	16,371	13.8%	(60.5%)	(32.9%)
Telephone and communication expenses	597	497	574	(16.8%)	15.5%	(2.0%)
Legal and professional fees	517	698	835	35.1%	19.6%	27.1%
Computer, office supplies and printing	536	623	614	16.3%	(1.6%)	7.0%
Rent	400	641	1,393	60.2%	117.5%	86.6%
Water and electricity	351	124	158	(64.6%)	27.0%	(32.9%)
Travel and accommodation	392	293	417	(25.4%)	42.3%	3.0%
Labor wages	-	127	692	N/A	444.9%	0.0%
Depreciation of property and equipment	-	239	370	N/A	54.8%	0.0%
Other	664	2,178	2,591	227.9%	19.0%	97.5%
Total	**39,871**	**46,860**	**24,015**	**17.5%**	**(48.8%)**	**(22.4%)**

SAR in 000s	2019G (Audited)	2020G (Audited)	2021G (Audited)	Var. 2019G-2020G	Var. 2020G-2021G	CAGR 2019G-2021G
Key performance indicators						
Number of employees	118	127	140	9	13	22
As a percentage of revenue						
Salaries and benefits	5.6%	5.2%	2.0%	(0.4)	(3.2)	(3.6)
Telephone and communication expenses	0.1%	0.1%	0.1%	0.0	0.0	0.0
Legal and professional fees	0.1%	0.1%	0.1%	0.0	0.0	0.0
Computer, office supplies and printing	0.1%	0.1%	0.1%	0.0	0.0	0.0
Rent	0.1%	0.1%	0.2%	0.0	0.1	0.1
Water and electricity	0.0%	0.0%	0.0%	0.0	0.0	(0.1)
Travel and accommodation	0.0%	0.0%	0.1%	0.0	0.1	0.0
Labor wages	0.0%	0.0%	0.1%	0.0	0.1	0.1
Depreciation of property and equipment	0.0%	0.0%	0.1%	0.0	0.0	0.1
Other	0.1%	0.3%	0.3%	0.2	0.0	0.2
Total	**6.1%**	**5.9%**	**2.9%**	**(0.2)**	**(3.0)**	**(3.2)**

Source: Audited financial statements for the financial years ended 31 December 2019G, 2020G and 2021G, and management information.

Salaries and benefits

Salaries and benefits comprised mainly of salaries, bonuses and other expenses associated with employees who operate employees in the finance department and other administrative divisions. Salaries and benefits increased by 13.8% from SAR36.4 million in 2019G to SAR41.4 million in 2020G, mainly driven by the increase in employee headcount coupled with the increase in the bonuses entitled to the employees during this period. While Salaries and benefits decreased by 60.5% to reach SAR16.4 million in 2021G mainly stemming from senior executives not obtaining the bonus which ranged historically between SAR22 million and SAR25 million.

Telephone and communication expenses

Telephone and communications expenses relate to the Company's head office. Telephone and communications expenses decreased by 16.8% from SAR597 thousand in 2019G to SAR497 thousand in 2020G, driven by the impact of COVID-19 on the working hours whereby the office working hours were reduced which led to a decrease in these expenses during this period.

Telephone and communications expenses increased by 15.5% to reach SAR574 thousand in 2021G driven by the gradual lifting of government lockdown, which led to an increase in the working hours of employees in offices, and thus these expenses increased during the same period.

Legal and professional fees

Legal and professional fees comprised mainly of professional and consulting fees in addition auditor fees, amongst others. Legal and professional fees increased by 35.1% from SAR517 thousand in 2019G to SAR698 thousand in 2020G, mainly driven by the increase in audit fees during this period.

Legal and professional fees increased by 19.6% to reach SAR835 thousand in 2021G. This is due to (1) payment of additional consultancy fees in relation to the governance structure, in addition to (2) the increased in the auditor's fees during this period.

Computer, office supplies and printing

Computer, office supplies and printing expenses pertained to the Company's head office. Computer, office supplies and printing increased by 16.3% from SAR536 thousand in 2019G to SAR623 thousand in 2020G, driven by the impact of COVID-19, whereby employees were provided with additional IT equipment in order to operate remotely. While computer, office supplies and printing expenses decreased to reach SAR614 thousand in 2021G, resulting from the lack of additional need of computer, office supplies and printing during this period.

Rent

Rent expenses comprised mainly of office rent (administrative departments). Rental expenses increased by 60.2% from SAR400 thousand in 2019G to SAR641 thousand in 2020G driven by increase in the rent premium during this period.

Rental expenses increased by 117.5% to reach SAR1.4 million in 2021G, driven by additional offices dedicated to the finance department and e-commerce.

Water and electricity

Water and electricity comprise of water and electricity expenses in relation to the head office. Water and electricity expenses decreased by 64.6% from SAR351 thousand in 2019G to SAR124 thousand in 2020G, due to employees working remotely during COVID-19 lockdown whereby the offices were not fully operational.

Water and electricity expenses increased by 27.0% to reach SAR158 thousand in 2021G as a result of the return of employees to work in the Company's office, due to the gradual lifting of government lockdown restrictions, which contributed to the increase in water and electricity expenses.

Travel and accommodation expenses

Travel and accommodation expenses related to travel and accommodation expenses, pertaining to the Company's employees, incurred upon visiting the branches. Travel and accommodation expenses decreased by 25.4% from SAR392 thousand in the 2019G to SAR293 thousand in 2020G, due to the decrease in the employee travel stemming from closure of airports during COVID-19.

Travel and accommodation expenses increased by 42.3% to reach SAR417 thousand in 2021G, driven by the gradual opening of the airport post COVID-19.

Labor wages

Related to temporary external labor. Labor wages increased by 444.9% to reach SAR692 thousand in 2021G, in-line with the increase in the number of stores during this period.

Depreciation of property and equipment

Depreciation of property and equipment increased by 54.8% to reach SAR370 thousand in 2021G, resulting from the increase in the depreciation expense of fixed assets in the head office by an amount of SAR130.9 thousand.

Others

Other expenses comprise of (1) warehouse related expenses, (2) governmental charges, (3) car and fuel expenses, (4) penalties and other expenses. Other expenses increased by 227.9% from SAR664 thousand in 2019G to SAR2.2 million in 2020G, due to the absence of warehouse expenses in 2019G.

Other expenses increased by 19.0% to reach SAR2.6 million in 2021G as a result of the increase in warehouse expenses related to the following: (1) car fuel expenses amounting to SAR 222.6 thousand, after lifting the closing restrictions during 2021G, and (2) penalties and fines amounting to SAR189.3 thousand.

6.7.8 Finance costs

Table No. (6.12): Finance costs for the financial years ended 31 December 2019G, 2020G, 2021G

SAR in 000s	2019G (Audited)	2020G (Audited)	2021G (Audited)	Var. 2019G-2020G	Var. 2020G-2021G	CAGR 2019G-2021G
Finance expenses	3,064	3,567	1,431	16.4%	(59.9%)	(31.7%)
Finance cost on lease liabilities	3,308	4,627	5.472	39.9%	18.3%	28.6%
Employee benefits service cost	123	101	173	(17.9%)	71.3%	18.6%
Total	**6,495**	**8,295**	**7,076**	**27.7%**	**(14.7%)**	**4.4%**

Source: Audited financial statements for the financial years ended 31 December 2020G and 2021G.

Finance expenses

The financing costs consist mainly of interests on short-term loans. The financing costs increased by 16.4% from SAR3.1 million in 2019G to SAR3.6 million in 2020G and then decreased by 59.9% to reach SAR1.4 million in 2021G, as a result of the direct settlement of the letter of credit instead of financing them in 2021G.

Finance cost on lease liabilities

Finance cost on lease liabilities pertain to the lease contracts subject to IFRS 16. Finance cost on lease liabilities increased by 39.9% from SAR3.3 million in 2019G to SAR4.6 million in 2020G, and subsequently by 18.3 % to reach SAR5.5 million in 2021G due to the increase in the number of stores during this period.

Employee benefit service cost

Employee benefit service cost amounted to SAR123 thousand in 2019G, SAR101 thousand in 2020G, and SAR173 thousand in 2021G, as the interest expense changed in line with the change in the discount rate and the assumptions used in the actuarial study to calculate the cost of employee benefits service cost.

6.7.9 Other income

Table No. (6.13): Other income for the financial years ended 31 December 2019G, 2020G, 2021G.

SAR in 000s	2019G (Audited)	2020G (Audited)	2021G (Audited)	Var. 2019G-2020G	Var. 2020G-2021G	CAGR 2019G-2021G
Real estate income	4,437	5,065	4,490	14.1%	(11.4%)	0.6%
Advertisement income	-	-	10,718	N/A	N/A	-
Others	376	1,422	4,507	278.2%	216.9%	246.2%
Total	**4,813**	**6,487**	**19,715**	**34.8%**	**203.9%**	**102.4%**

Source: Audited financial statements for the financial years ended 31 December 2020G and 2021G.

Real estate income

Real estate income related to the leased commercial showrooms owned by the company or fully leased by the company. Showroom rental income increased by 14.1% from SAR4.4 million in 2019G to SAR5.1 million in 2020G, due to the increase in the number of tenants during this period. While showroom rental income decreased by 11.4% to reach SAR4.5 million in 2021G, as five tenants did not renew their rent agreements. It is worth noting that rental income represents 0.5% of the total revenue for 2021G.

Advertisement income

Advertising income comprised of income relating to advertising and leasing of shelves from AlSaif Commercial Agencies, amounting to SAR10.7 million in 2021G.

Other

Other income mainly comprised of cash of delivery fee which is charged to the customer when the payment is made only upon the receipt of the items amounting to SAR29 per order (inclusive of tax) in addition to SAR25 shipping fees, scrap sales, and among other miscellaneous income. Other income increased by 278.2% from SAR376 thousand in 2019G to SAR1.4 million in the 2020G mainly due to the increase in delivery fee revenues related to the online store amounting to SAR1.1 million in line with the increase in sales during this period.

Other revenue increased by 216.9% to reach SAR 4.5 million in 2021G, mainly due to the increase in delivery fee income related to the online store amounting to SAR2.6 million in line with the increase in online sales during this period.

6.7.10 Net profit for the year

Table No. (6.14): Net profit for the financial years ended 31 December 2019G, 2020G, 2021G.

SAR in 000s	2019G (Audited)	2020G (Audited)	2021G (Audited)	Var. 2019G-2020G	Var. 2020G-2021G	CAGR 2019G-2021G
Net profit before Zakat	**192,800**	**219,789**	**191,436**	**14.0%**	**(12.9%)**	**(0.4%)**
Zakat	(5,374)	(5,597)	(6,551)	4.2%	17.0%	10.4%
Net profit of the year	**187,426**	**214,191**	**184,884**	**14.3%**	**(13.7%)**	**(0.7%)**
Other comprehensive income						
Items that will not be reclassified subsequently to profit or loss						
Actuarial loss on re-measurement of employees' benefits liabilities	(111)	(1,293)	(1,583)	1060.5%	22.5%	277.0%
Total comprehensive income for the year	**187,314**	**212,899**	**183,301**	**13.7%**	**(13.9%)**	**(1.1%)**
Net profit before Zakat	**29.4%**	**27.6%**	**23.2%**	**(1.9)**	**(4.4)**	**(6.2)**
Net profit of the year	**28.6%**	**26.9%**	**22.4%**	**(1.7)**	**(4.5)**	**(6.2)**

Source: Audited financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

Net profit

Net profit for the year increased by 14.3% from SAR187.4 million in 2019G to SAR214.2 million in 2020G, mainly due to an increase in: (1) operating profit in line with the increase in gross profit by 17.5% from SAR275.9 million in 2019G to SAR324.2 million in 2020G, as a result of the increase in the quantities sold from 8.8 million to 9.4 million products during 2019G and 2020G, respectively, driven by the high demand for Kitchenware and electrical appliances during the curfew, in light of COVID-19 pandemic, (2) the increase in other income from SAR4.8 million to SAR6.5 million, mainly due to the increase in rental income by SAR627 thousand, as the Company leased out commercial showrooms (for the buildings owned by the company or fully leased by the Company). This was offset by the increase in selling and distribution expenses from SAR33.1 million to SAR43.3 million resulting from the increase in advertising expenses namely due to the increase in the number of advertising and marketing campaigns during the COVID-19 pandemic, in addition to the increase in general and administrative expenses in line with the increase in bonuses paid to the employees and the increase in the number of employees headcounts during the same period, which led to a decrease in the profit margin for the year from 28.6% in 2019G to 26.9% in 2020G.

The profit for the year decreased by 13.7% to reach SAR184.9 million in 2021G. This is mainly due to the decrease in the operating profit stemming from (1) the decrease in the gross profit on the back of the increase in the cost of revenue, mainly driven by the increase in cost of purchases, as result of the overall increase in shipping costs during COVID-19, where shipping cost has increased from SAR8.4 million (represents 2.8% of total purchases) in 2020G to SAR37.1 million (represents 9.2% of total purchases) in 2021G. in addition to (2) the increase in selling and distribution expenses from SAR43.3 million to SAR58.1 million stemming from the increase in advertising expenses as a result of decrease in the demand of some products during the same period. This was offset by a decrease in general and administrative expenses from SAR46.9 million to SAR24.0 million stemming from the decrease in salaries and wages driven by the decrease in the bonuses paid to employee during the same period.

Other comprehensive income

Other comprehensive income relates to actuarial gains and losses arising from the re-measurement of employees' benefit liabilities as they are remeasured by independent actuaries. Other comprehensive income for the year increased by 13.7% from SAR187.3 million in 2019G to SAR212.9 million in 2020G in line with the increase in net profit, whereby it was offset by an increase in actuarial losses from SAR111 thousand to SAR1.3 million during the same period.

Other comprehensive income for the year decreased by 13.9% to reach SAR183.3 million in line with the decrease in net profit, in addition to the increase in actuarial losses to reach SAR1.6 million during the same period.

6.7.11 Statement of financial position

Table No. (6.15): Statement of financial position as at 31 December 2019G, 2020G and 2021G

SAR in 000s	As at 31 December 2019G (Audited)	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)
Assets			
Non-current assets			
Property and equipment	114,806	123,662	142,209
Right-of use-assets	90,467	99,269	121,442
Total non-current assets	**205,273**	**222,931**	**263,651**
Current assets			
Inventories	127,191	188,995	258, 253
Trade receivables	1,368	3,678	5,309
Prepayments and other receivables	24,898	45,146	37,087
Financial assets carried at fair value through profit or loss	10,579	14,912	-
Cash and cash equivalents	144,966	66,167	46,704
Total current assets	**309,001**	**318,898**	**347,354**
Total assets	**514,274**	**541,829**	**611,005**
Liabilities and shareholder's equity			
Shareholder's equity			
Share capital	42,000	42,000	42,000
Additional capital contribution	156	156	156
Statutory reserve	12,600	12,600	12,600
Retained earnings	275,183	293,081	326,382
Total shareholder's equity	**329,939**	**347,838**	**381,139**
Liabilities			
Non-current liabilities			
Long-term lease liabilities	77,319	85,594	107,107
Provision for employee benefits	2,836	5,010	7,513
Total non-current liabilities	**80,155**	**90,604**	**114,620**
Current liabilities			
Lease liabilities-current portion	9,629	12,234	14,775
Short term loans	69,981	48,136	52,627
Trade payables	8,678	16,035	21,240
Revenue received in advance	723	1,719	1,506
Accruals and other payables	7,895	20,092	19,092
Provision for Zakat	5,271	5,171	6,007
Dividends payable	2,004	-	-
Total current liabilities	**104,180**	**103,387**	**115,246**
Total liabilities	**184,335**	**193,991**	**229,866**
Total equity and liabilities	**514,274**	**541,829**	**611,005**

Source: Audited Financial Statements for the financial years ended as at 31 December 2019G, 2020G and 2021G

Table No. (6.16): Key Performance Indicators for the financial years ended as at 31 December, 2019G, 2020G and 2021G

Financial Indicators	As at 31 December 2019G (Management Information)	As at 31 December 2020G (Management Information)	As at 31 December 2021G (Management Information)
Return on assets %	36.4%	39.5%	30.26%
Return on equity %	56.8%	61.6%	48.5%
Days Sales Outstanding [1]	1	1	2
Days Inventory Outstanding [2]	152	150	185
Days Payable Outstanding [3]	10	12	15

Source: Management Information

[1] Calculated based on = (Average of Total Trade Receivables for the previous and current year/Revenue) x 365.

[2] Calculated based on = (Average Total Inventory for the previous and current year / Purchases (net)) x 365.

[3] Calculated based on = (Average Total Trade Payables for the previous and current year / Purchases (net)) x 365.

Non-current assets

Total non-current assets increased by SAR17.7 million from SAR205.3 million as at 31 December 2019G to SAR 222.9 million as at 31 December 2020G, mainly due to (1) an increase in the net book value of property and equipment by SAR 8.9 million as at 31 December 2020G as a result of the increase in additions to decorations and transfers from work in progress, following the increase in the number of branches over the same period, coupled with (2) an increase in the right-of-use of assets by SAR8.8 million as at 31 December 2020G, in line with the increase in the number of branches over the same period.

Total non-current assets increased to SAR263.7 million as at 31 December 2021G, mainly driven by the increase in right-of-use assets by SAR22.2 million as at 31 December 2021G in line with the increase in the number of the branches over the same period, coupled with an increase in property and equipment by SAR18.5 million as at 31 December 2021G as a result of (1) additions to decorations and transfers from work in progress, in line with the increase in the number of branches over the same period, and (2) additions to lands with a total amount of SAR13.0 million in 2021G.

Current assets

Total current assets increased with a total amount of SAR9.9 million from SAR309.0 million as at 31 December 2019G to SAR318.9 million as at 31 December 2020G as a result of (1) an increase in inventories from SAR127.2 million as at 31 December 2019G to SAR189.0 million as at 31 December 2020G, mainly driven by the increase in goods available for sale in line with the increase in market demand, (2) and an increase in prepayments and other receivables from SAR24.9 million as at December 31 2019G to SAR45.1 million as at 31 December 2020G, mainly due to the increase in prepayments related to the marketing campaigns prepared by the Company over the same period, coupled with an increase in rent advances from SAR11.5 million as at 31 December 2019G to SAR16.6 million as at 31 December 2020G, in addition to (3) an increase in financial assets carried at fair value through profit or loss from SAR10.6 million as at 31 December 2019G to SAR14.9 million as at 31 December 2020G. This is offset by (4) a decrease in cash and cash equivalents from SAR145.0 million as at 31 December 2019G to SAR66.2 million as at 31 December 2020G, attributable mainly to the distribution of dividends with a total amount of SAR197.0 million.

Total current assets increased to SAR347.3 million as at 31 December 2021G, mainly driven by the increase in inventories to SAR258.2 million as at 31 December 2021G, following management's decision to increase the inventory purchases in line with the increase in sales and considering (1) the increased risk of lockdown restrictions and increase in shipping costs amidst the COVID-19 pandemic (2) and to meet the market demand prior to Ramadan, hence avoid any inventory stock shortages over the same period.

Shareholder's equity

Total shareholder's equity increased by SAR17.9 million from SAR329.9 million as at 31 December 2019G to SAR347.8 million as at 31 December 2020G and then to SAR381.1 million as at 31 December 2021G in line with the increase in retained earnings over the same period.

Non-current liabilities

Total non-current liabilities increased by SAR10.4 million from SAR80.2 million as at 31 December 2019G to SAR90.6 million as at 31 December 2020G, following the increase in long-term lease liabilities from SAR77.3 million as at 31 December 2019G to SAR85.6 million as at 31 December 2020G in line with the increase in the Company's number of branches over the same period, this was coupled with an increase in provision for employee benefits from SAR2.8 million as at 31 December 2019G to SAR5.0 million as at 31 December 2020G as a result of the increase in service cost following the increase in the number of headcount over the same period.

Total non-current liabilities increased to SAR114.6 million as at 31 December 2021G, as a result of the increase in long-term lease liabilities to SAR107.1 million in line with the increase in the Company's number of branches over the same period, coupled with an increase in provision for employee benefits to SAR7.5 million, following the increase in service cost due to the increase in the number of headcount over the same period.

Current Liabilities

Total current liabilities decreased by SAR793 thousand from SAR104.2 million as at 31 December 2019G to SAR103.4 million as at 31 December 2020G, mainly due to the decrease in short-term loans as a result of the Company's settlements during the period, coupled with the settlement of dividends payable. This was partly offset by the increase in accruals and other payables from SAR7.9 million to SAR20.1 million as a result of the new VAT rate implemented in the Kingdom of Saudi Arabia which increased from 5% to 15%, coupled with an increase in trade payables from SAR8.7 million to SAR16.0 million following the increase in purchases from suppliers to meet the market demand over the same period.

Total current liabilities increased by SAR11.8 million to SAR115.2 million as at 31 December 2021G following the increase in trade payables to SAR21.2 million in line with the increase in purchases from local and foreign suppliers to meet the market demand, this was coupled with an increase in short-term loans obtained by the Company, as part of its normal operations, namely letters of credit in relation to the purchases from foreign suppliers.

6.7.12 Non-current assets

Table No. (6.17): Non-current assets as at 31 December 2019G, 2020G and 2021G

SAR in 000s	As at 31 December 2019G (Audited)	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)
Property and equipment, net	114,806	123,662	142,209
Right-of-use assets, net	90,467	99,269	121,442
Total non-current assets	**205,273**	**222,931**	**263,651**

Source: Audited financial statements for the financial years ended as at 31 December 2019G, 2020G and 2021G

Property and Equipment

Table No. (6.18): Net book value of property and equipment as at 31 December 2019G, 2020G and 2021G

SAR in 000s	As at 31 December 2019G (Audited)	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)
Decorations	41,945	47,706	54,975
Lands	23,554	23,554	36,521
Buildings	21,263	22,233	20,890
Leasehold improvements	16,226	15,966	17,946
Computer equipment	3,673	4,113	4,749
Furniture, fixtures & office equipment	1,751	1,920	2,114
Motor vehicles	1,395	2,335	1,606
Work in progress	4,998	5,834	3,408
Total	**114,806**	**123,662**	**142,209**

Source: Audited financial statements for the financial years ended as at 31 December 2019G, 2020G and 2021G

Table No. (6.19): Transfers from work in progress as at 31 December 2019G, 2020G and 2021G

SAR in 000s	As at 31 December 2019G (Audited)	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)
Decorations	10,766	6,179	9,164
Lands	-	-	-
Buildings	2,279	2,269	-
Leasehold improvements	2,548	1,361	3,401
Computer equipment	604	309	508
Furniture, fixtures & office equipment	249	148	149
Motor vehicles	178	-	-
Total	**16,624**	**10,266**	**13,222**

Source: Audited financial statements for the financial years ended as at 31 December 2019G, 2020G and 2021G

Table No. (6.20): Additions to property and equipment as at 31 December 2019G, 2020G and 2021G

SAR in 000s	As at 31 December 2019G (Audited)	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)
Decorations	4,832	5,862	5,218
Lands	-	-	12,966
Buildings	148	130	122
Leasehold improvements	762	756	904
Computer equipment	604	810	895
Furniture, fixtures & office equipment	181	308	377
Motor vehicles	1,062	1,676	109
Work in progress	17,239	11,102	10,796
Total	**24,828**	**20,644**	**31,388**

Source: Audited financial statements for the financial years ended as at 31 December 2019G, 2020G and 2021G

Table No. (6.21): Depreciation charges of property and equipment as at 31 December 2019G, 2020G and 2021G

SAR in 000s	As at 31 December 2019G (Audited)	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)
Decorations	4,546	5,923	7,114
Buildings	1,285	1,429	1,465
Leasehold improvements	1,824	2,011	2,326
Computer equipment	572	672	766
Furniture, fixtures & office equipment	238	283	331
Motor vehicles	481	735	779
Total	**8,946**	**11,053**	**12,782**

Source: Audited financial statements for the financial years ended as at 31 December 2019G, 2020G and 2021G

Decorations

The net book value of decorations increased from SAR41.9 million as at 31 December 2019G to SAR47.7 million as at 31 December 2020G, mainly driven by additions with a total amount of SAR5.9 million, coupled with transfers from work in progress with a total amount of SAR6.2 million, as a result of opening new branches over the same period, which was partially offset by depreciation charges of SAR5.9 million.

The net book value of decorations increased further to SAR55.0 million as at 31 December 2021G stemming from additions of SAR5.2 million and transfers from work in progress of SAR9.2 million, following the increase in the number of branches over the same period, which was partially offset by depreciation charges of SAR7.1 million over the same period.

Lands

Lands represents the net book value of lands owned by the Company in relation to its warehouses, lands remained stable at SAR23.6m as at 31 December 2019G and 31 December 2020G. Land net book value increased to SAR36.5m as at 31 December 2021G following management's decision to purchase new land areas instead of renting.

Buildings

The net book value of buildings comprised of 9 branches and one warehouse. The net book value increased from SAR21.3 million as at 31 December 2019G to SAR22.2 million as at 31 December 2020G, mainly driven by the transfer of one branch from work in progress.

Buildings' net book value then subsequently decreased to SAR20.9m as at 31 December 2021G, driven by depreciation charges over the period.

Leasehold improvements

The net book value of leasehold improvements decreased from SAR16.2 million as at 31 December 2019G to SAR16.0 million as at 31 December 2020G driven by annual depreciation charges.

The net book value of leasehold improvements increased to SAR17.9 million as at 31 December 2021G mainly due to the opening of 8 new stores over the same period.

Computer equipment

Computer equipment comprised of computers, networks & servers. The net book value of computer equipment increased from SAR3.7 million as at 31 December 2019G to SAR4.1 million as at 31 December 2020G and increased further to SAR4.7 million as at 31 December 2021G, mainly driven by the opening of new stores and increase in the number of employee headcount.

Furniture, fixtures & office equipment

Furniture, fixtures & office equipment comprised mainly of desks, tables and chairs. The net book value increased slightly from SAR1.8 million as at 31 December 2019G to SAR1.9 million as at 31 December 2020G, followed by an increase to SAR2.1 million as at 31 December 2021G, driven by the opening of new branches over the same period.

Motor vehicles

Motor vehicles net book value increased from SAR1.4 million as at 31 December 2019G to SAR2.3 million as at 31 December 2020G driven by additions of SAR1.7 million over the same period.

The net book value then subsequently decreased to SAR1.6 million as at 31 December 2021G, mainly driven by annual depreciation charges of SAR779 thousand.

Work in progress

Work in progress increased from SAR5.0 million as at 31 December 2019G to SAR5.8 million as at 31 December 2020G, driven by additions of SAR11.1 million, partly offset by transfers from work in progress with a total amount of SAR10.3 million.

The balance then decreased from SAR5.8 million at 31 December 2020G to SAR3.4 million as at 31 December 2021G driven by transfers with a total amount of SAR13.2 million, partly offset by additions of SAR10.8 million over the same period.

Right-of-use Assets

Table No. (6.22): Right-of-use assets as at 31 December 2019G, 2020G and 2021G

SAR in 000s	As at 31 December 2019G (Audited)	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)
Cost			
Balance as at 1 January	101,196	101,196	125,159
Additions	-	23,964	42,038
Disposals and write-offs	-	-	(2,880)
Balance as at 31 December	**101,196**	**125,159**	**164,317**
Accumulated Depreciation			
Balance as at 1 January	-	10,728	25,891
Charge for the year	10,728	15,162	18,877
Disposals	-	-	(1,892)
Balance as at 31 December	**10,728**	**25,891**	**42,875**
Net book value as at 31 December	**90,467**	**99,269**	**121,442**

Source: Audited financial statements for the financial years ended as at 31 December 2019G, 2020G and 2021G

The Company adopted IFRS16 "Leases" in accordance with the requirements of International Financial Reporting Standards effective 1 January 2019G, whereby lease contracts are recognized as right-of-use assets alongside its corresponding liabilities on the date when the leased assets become ready for use by the Company. Lease payments are allocated between lease liabilities and finance cost. The finance cost is recognized in the statement of comprehensive income over the lease term and the right-of-use assets are depreciated using the straight-line method over the useful life of the asset or end of the lease term, to the earlier of any of both methods.

6.7.13 Current Assets

Table No. (6.23): Current assets as at 31 December 2019G, 2020G and 2021G

SAR in 000s	As at 31 December 2019G (Audited)	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)
Inventories	127,191	188,995	258,253
Trade Receivables	1,368	3,678	5,309
Prepayments and other receivables	24,898	45,146	37,087
Financial assets carried at fair value through profit or loss	10,579	14,912	-
Cash and cash equivalents	144,966	66,167	46,704
Total current assets	309,001	318,898	347,354

Source: Audited financial statements for the financial years ended as at 31 December 2019G, 2020G and 2021G

Inventories

Table No. (6.24): Inventories as at 31 December 2019G, 2020G and 2021G

SAR in 000s	As at 31 December 2019G (Audited)	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)
Goods available for sale	128,313	168,366	257,520
Goods in transit	3,222	24,196	3,139
Provision for slow-moving inventory	(4,344)	(3,568)	(2,405)
Net inventory	**127,191**	**188,995**	**258,253**
Key performance indicators			
Days inventory outstanding (DIO)	152	150	185

Source: Audited financial statements for the financial years ended as at 31 December 2019G, 2020G and 2021G

Goods available for sale

Goods available for sale increased from SAR128.3 million as at 31 December 2019G to SAR168.4m as at 31 December 2020G following the increase in revenue and in order to meet the market demand. Goods available for sale then increased further to SAR257.5 million as at 31 December 2021G, following management's decision to increase the inventory purchases in line with the increase in sales and considering (1) the increased risk of lockdown restrictions and increase in shipping costs amidst the COVID-19 pandemic, and (2) to meet the market demand prior to Ramadan 2022G, hence avoid any inventory stock shortages.

Goods in transit

Goods in transit increased from SAR 3.2 million as at 31 December 2019G to SAR24.2 million as at 31 December 2020G, resulting from the delayed shipping amidst the COVID-19 lockdown restrictions. The balance of goods in transit then subsequently decreased to SAR3.1 million as at 31 December 2021G driven by the gradual lifting of COVID-19 shipping routes restrictions.

Provision for slow-moving inventory

Table No. (6.25): Provision for slow-moving inventory as at 31 December 2019G, 2020G and 2021G

SAR in 000s	As at 31 December 2019G (Audited)	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)
Opening balance	4,344	4,344	3,568
Provision for the year	-	-	1,240
Provision written off during the year	-	(776)	-
Provision written back during the year	-	-	(2,403)
Closing balance	**4,344**	**3,568**	**2,405**

Source: Audited financial statements for the financial years ended as at 31 December 2019G, 2020G and 2021G

Provision for slow-moving inventory decreased from SAR4.3 million as at 31 December 2019G to SAR3.6 million as at 31 December 2020G resulting from the write-off of SAR776 thousand during the same period. Provision for slow-moving inventory then decreased further to SAR2.4 million as at 31 December 2021G, as a result of the provision written back during the year of SAR2.4 million following the increase in inventory turnover over the same period, which was partly offset by additional provisions for the year of SAR1.2 million.

Trade Receivables

Table No. (6.26): Trade receivables as at 31 December 2019G, 2020G and 2021G

SAR in 000s	As at 31 December 2019G (Audited)	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)
Gross trade receivables	1,450	3,760	5,361
Impairment allowance for doubtful receivables	(82)	(82)	(52)
Total net trade receivables	**1,368**	**3,678**	**5,309**
Key performance indicators			
Days sales outstanding (DSO)	1	1	2

Source: Audited financial statements for the financial years ended as at 31 December 2019G, 2020G and 2021G

Trade receivable balances include outstanding receivables from third parties in relation to revenue in advance (in credit). The average collection terms of trade receivables with customers falls in the range of 39 days over the historical period, which is in compliance with the credit terms with the majority of the Company's clients. It is worth noting that trade receivable balances are not subject to any financing commission, and the average repayment term falls within the range of 30 days to 120 days on average. It is worth noting that the Company's policy does not require guarantees from customers, and accordingly trade receivables from customers are recorded without guarantees.

Trade receivables increased from SAR1.5 million as at 31 December 2019G to SAR3.8 million as at 31 December 2020G in line with the increase in wholesale revenue from SAR8.8 million in 2019G to SAR10.6 million in 2020G, as most trade receivables are in relation to wholesale products sold to customers. The balance then increased further to SAR5.4 million as at 31 December 2021G mainly driven by the accumulation balances of customer balances from prior years.

Table No. (6.27): Movement in impairment allowance for doubtful receivables for the financial years ended as at 31 December 2019G, 2020G and 2021G

SAR in 000s	As at 31 December 2019G (Audited)	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)
Opening balance	82	82	82
Write-off of impairment allowance for doubtful receivables	-	-	(30)
Closing balance	**82**	**82**	**52**

Source: Audited financial statements for the financial years ended as at 31 December 2019G, 2020G and 2021G

The Company uses the simplified approach for estimating the expected credit losses. Impairment allowance for doubtful receivables remained stable at SAR82 thousand as at 31 December 2019G and 31 December 2020G, and then decreased to SAR52 thousand as at 31 December 2021G mainly driven the write-off of total balances of SAR30 thousand.

Prepayments and other receivables

Table No. (6.28): Prepayments and other receivables as at 31 December 2019G, 2020G and 2021G

SAR in 000s	As at 31 December 2019G (Audited)	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)
Advances rent	11,481	16,608	14,971
Advances to suppliers	881	3,941	3,145
Prepayments	8,345	19,987	10,377
Advances to employees	1,326	869	2,945
Margin on letters of credit and guarantee	1,471	2,808	1,545
Others	1,394	933	4,105
Total	**24,898**	**45,146**	**37,087**

Source: Audited financial statements for the financial years ended as at 31 December 2019G, 2020G and 2021G

Advances rent

Advances rent comprised mainly of advances paid to landlords in relation to the leased stores. Advances rent increased from SAR11.5 million as at 31 December 2019G to SAR16.6 million as at 31 December 2020G, mainly driven by leasing new stores over the same period. Advances rent decreased to SAR15.0 million as at 31 December 2021G, driven by rent discounts granted by the landlords over the same period.

Advances to suppliers

Advances to suppliers comprised of advances to suppliers for electronic and non-electronic equipment. Advances to suppliers balance increased from SAR881 thousand as at 31 December 2019G to SAR3.9 million as at 31 December 2020G stemming from COVID-19 lockdown measures, whereby, the products were not received by year-end. Advances to suppliers balance slightly decreased to SAR 3.1 million as at 31 December 2021G.

Prepayments

Prepayments relate to prepaid maintenance, marketing, and cleaning fees. Prepayments balance increased from SAR8.3 million as at 31 December 2019G to SAR20.0 million as at 31 December 2020G, due to the marketing campaigns prepared by the Company over the same period.

Prepayments balance decreased to SAR10.4 million as at 31 December 2021G, following the release of some prepayments in relation to the marketing campaigns.

Advances to employees

Advances to employees decreased from SAR1.3 million as at 31 December 2019G to SAR869 thousand as at 31 December 2020G, mainly driven by COVID-19 pandemic. Advances to employees decreased further to SAR530 thousand as at 31 December 2021G, following the new policy adopted by the Company which reduced the advances to employees. Advances to employees then subsequently increased to SAR2.9 million as at 31 December 2021G due to the increase in advances to employees amidst COVID-19 pandemic.

Margin on letters of credit and guarantee

Margin on letters of credit and guarantee represents margin entitled exclusively to Al Rajhi bank and SABB Bank. Margin on letters of credit and guarantee increased from SAR1.5 million as at 31 December 2019G to SAR2.8 million as at 31 December 2020G, stemming from the increase in the volume of letters of credits (from Al Rajhi Bank and SABB Bank) from 71 letters of credits in 2019G to 95 letters of credits in 2020G, in line with the increase in purchases from foreign and local suppliers during the year.

The margin on letters of credit and guarantee decreased to SAR1.5 million as at 31 December 2021G, driven by the direct settlement of letters of credits instead of financing them.

Others

Other prepayments comprised of various prepaid amounts such as rent security deposits, customs prepayments, deferred finance costs, and other miscellaneous prepayments. Other prepayments decreased from SAR1.4 million at 31 December 2019G to SAR933 thousand as at 31 December 2020G, stemming from the receipt of security deposits over the same period.

Other prepayments increased to SAR4.1 million as at 31 December 2021G, driven by (1) SAR805 thousand prepaid as penalty to customs however is expected to be recovered, (2) deferred finance costs in relation to letters of credit from Al Rajhi bank and SABB Bank, (3) additional security deposits for new rents of SAR336 thousand, and (4) security deposit in relation to residential apartments for employees of SAR324 thousand.

Financial assets carried at fair value through profit or loss (FVTPL)

Financial assets carried at fair value through profit or loss relate to investments in funds. The balance of financial assets carried at fair value through profit or loss increased from SAR10.6 million as at 31 December 2019G to SAR14.9 million as at 31 December 2020G, due to the increase in investment in funds over the same period.

Financial assets carried at fair value through profit or loss decreased to nil as at 31 December 2021G, stemming from the sale of investment in funds.

Cash and cash equivalents

Table No. (6.29): Cash and cash equivalents as at 31 December 2019G, 2020G and 2021G

SAR in 000s	As at 31 December 2019G (Audited)	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)
Cash at banks - current accounts	144,966	66,167	32,037
Cash in investment funds	-	-	12,892
Cash on hand	-	-	1,775
Total	**144,966**	**66,167**	**46,704**

Source: Audited financial statements for the financial years ended as at 31 December 2019G, 2020G and 2021G

Cash at banks - current accounts

Cash at banks – current accounts decreased from SAR145.0 million as at 31 December 2019G to SAR66.2 million as at 31 December 2020G mainly driven by the distribution of dividends with a total amount of SAR197.0 million in 2020G. This was partly offset by an increase in net profit before zakat with a total amount of SAR26.8 million over the same period.

Cash at banks decreased to SAR32.0 million as at 31 December 2021G, driven by the distribution of dividends with a total amount of SAR150.0 million in 2021G, and purchase of property and equipment with a total amount of SAR31.4 million over the same period.

Cash in investment funds

Cash in investment funds amounted to SAR12.9 million as at 31 December 2021G.

Cash on hand

Cash on hand amounted to SAR1.8 million as at 31 December 2021G.

6.7.14 Shareholder's equity

Table No. (6.30): Shareholder's equity as at 31 December 2019G, 2020G and 2021G

SAR in 000s	As at 31 December 2019G (Audited)	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)
Share capital	42,000	42,000	42,000
Additional capital contribution	156	156	156
Statutory reserve	12,600	12,600	12,600
Retained earnings	275,183	293,081	326,382
Total shareholder's equity	**329,939**	**347,838**	**381,139**

Source: Audited financial statements for the financial years ended as at 31 December 2019G, 2020G and 2021G

Share capital

The Company's share capital amounted to SAR42.0 million as at 31 December 2019G, 2020G and 2021G, and consisted of 4.2 million shares, with a nominal value of SAR10 per share. On 16th of April 2022G, the Company's share capital increased from SAR42.0 million to SAR350.0 million through a transfer of SAR308.0 million from retained earnings, and accordingly the Company's paid-in capital consisted of 35.0 million shares at a nominal value of SAR10 per share.

Additional capital contribution

Additional capital contribution amounted to SAR156 thousand as at 31 December 2019G, 2020G and 2021G, as it relates to additional contribution to the Company's capital, which was paid prior to 31 December 2019G.

Statutory reserve

Statutory reserve was created in accordance with Saudi Arabian Regulations for Companies and the Company's Bylaws, the Company must transfer 10% of its net income in each year, until the reserve reaches 30% of the share capital. Statutory reserve reached 30% of the Company's share capital, and accordingly the statutory reserve remained stable at SAR12.6 million as at 31 December 2019G, 2020G and 2021G.

Retained earnings

Retained earnings increased from SAR275.2 million as at 31 December 2019G to SAR293.1 million as at 31 December 2020G and then to SAR326.4 million as at 31 December 2021G following the Company's profits over the historical years.

6.7.15 Non-current liabilities

Table No. (6.31): Non-current liabilities as at 31 December 2019G, 2020G and 2021G

SAR in 000s	As at 31 December 2019G (Audited)	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)
Long-term lease liabilities	77,319	85,594	107,107
Provision for employee benefits	2,836	5,010	7,513
Total non-current liabilities	**80,155**	**90,604**	**114,620**

Source: Audited financial statements for the financial years ended as at 31 December 2019G, 2020G and 2021G

Long-term lease liabilities

The minimum requirement from the future lease payments meets the present value of the lease payments as follows:

Table No. (6.32): Lease liabilities as at 31 December 2019G, 2020G and 2021G

SAR in 000s	As at 31 December 2019G (Audited)	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)
Lease liabilities			
Opening balance	96,525	86,948	97,828
Additions throughout the year	-	23,964	42,038
Disposals	-	-	(988)
Interest expense	3,309	4,627	5,472
COVID-19 adjustment	-	(1,213)	-
Payment during the year	(12,886)	(16,497)	(22,467)
Total lease liabilities	**86,948**	**97,828**	**121,882**

Source: Audited financial statements for the financial years ended as at 31 December 2019G, 2020G and 2021G

At 31 December, lease liabilities are presented in the statement of financial position as follows:

Table No. (6.33): lease liabilities as presented in the statement of financial position as at 31 December 2019G, 2020G and 2021G

SAR in 000s	As at 31 December 2019G (Audited)	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)
Current portion	9,629	12,234	14,775
Non-current portion	77,319	85,594	107,107
Total lease liabilities	**86,948**	**97,828**	**121,882**

Source: Audited financial statements for the financial years ended as at 31 December 2019G, 2020G and 2021G

The Company adopted IFRS16 "Leases" in accordance with the requirements of International Financial Reporting Standards effective 1 January 2019G, whereby lease contracts are recognized as right-of-use assets alongside its corresponding liabilities on the date when the leased assets become ready for use by the Company. Lease payments are allocated between lease liabilities and finance cost. The finance cost is recognized in the statement of comprehensive income over the lease term and the right-of-use assets are depreciated using the straight-line method over the useful life of the asset or end of the lease term, to the earlier of any of both methods.

Total lease liabilities amounted to SAR86.9 million as at 31 December 2019G, and then increased to SAR97.8 million as at 31 December 2020G and to SAR121.9 million as at 31 December 2021G, in line with the increase in the number of branches over the historical period.

Table No. (6.34): Movement in provision for employee benefits as at 31 December 2019G, 2020G and 2021G

SAR in 000s	As at 31 December 2019G (Audited)	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)
Opening balance	1,877	2,836	5,010
Current service cost	918	952	1,156
Net interest on the net defined benefit	122	100	173
Payments	**(192)**	**(171)**	**(409)**
Actuarial losses (other comprehensive income)	111	1,293	1,583
Closing balance	**2,836**	**5,010**	**7,513**

Source: Audited financial statements for the financial years ended as at 31 December 2019G, 2020G and 2021G

Table No. (6.35): Key actuarial assumptions for the financial years ended as at 31 December 2019G, 2020G and 2021G

%	As at 31 December 2019G (Audited)	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)
Discount rate	2.7%	2.9%	2.8%
Salary increase rate	2.5%	2.5%	1.0%

Source: Audited financial statements for the financial years ended as at 31 December 2019G, 2020G and 2021G

The company records provision for employee benefits in accordance with the Labour Law in the Kingdom of Saudi Arabia. The defined benefit plan cost is calculated using the projected unit credit method. The actuarial re-measurement profits and losses are recognized in the balance sheet and the remaining share of the re-measurement is included in the retained earnings through other comprehensive income in the period in which it occurred. The re-measurement is not subsequently classified as profit or loss, and all the costs related to employee benefits are classified as profit or loss.

Provision for employee benefits increased from SAR2.8 million as at 31 December 2019G to SAR5.0 million as at 31 December 2020G due to the actuarial losses from the re-measurement of employee benefit obligations of SAR1.3 million, coupled with current service cost of SAR952 thousand over the same period.

Provision for employee benefits then increased further to SAR7.5 million as at 31 December 2021G, as a result of the current service cost of SAR1.2 million, and actuarial losses of SAR1.6 million over the same period.

6.7.16 Current liabilities

Table No. (6.36): Current liabilities as at 31 December 2019G, 2020G and 2021G

SAR in 000s	As at 31 December 2019G (Audited)	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)
Lease liabilities-current portion	9,629	12,234	14,775
Short term loans	69,981	48,136	52,627
Trade payables	8,678	16,035	21,240
Revenue received in advance	723	1,719	1,506
Accruals and other payables	7,895	20,092	19,092
Provision for zakat	5,271	5,171	6,007

SAR in 000s	As at 31 December 2019G (Audited)	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)
Dividends payable	2,004	-	-
Total current liabilities	**104,180**	**103,387**	**115,246**
Key performance indicators			
Days payable outstanding	10	12	15

Source: Audited financial statements for the financial years ended as at 31 December 2019G, 2020G and 2021G

Lease liabilities – current portion

As at 31 December, lease liabilities are presented in the statement of financial position as follows:

Table No. (6.37): lease liabilities as presented in the statement of financial position as at 31 December 2019G, 2020G and 2021G

SAR in 000s	As at 31 December 2019G (Audited)	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)
Current portion	9,629	12,234	14,775
Non-current portion	77,319	85,594	107,107
Total lease liabilities	**86,948**	**97,828**	**121,882**

Source: Audited financial statements for the financial years ended as at 31 December 2019G, 2020G and 2021G

Loans

Table No. (6.38): Short term loans as at 31 December 2019G, 2020G and 2021G

SAR in 000s	As at 31 December 2019G (Audited)	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)
Short term loans - Current portion	69,981	48,136	52,627
Long term loans – Non-current portion	-	-	-
Total	**69,981**	**48,136**	**52,627**

Source: Audited financial statements for the financial years ended as at 31 December 2019G, 2020G and 2021G

Table No. (6.39): Short term loans by bank as at 31 December 2021G

SAR in 000s	Balance of short-term loans as at 31 December 2021G	Interest rate	Loan maturity date	Loan maturity date
Al Rajhi Bank	36,338	Fluctuates between 2.72% and 2.74%	Fluctuates between April 2022G, May 2022G and June 2022G.	• Promissory note worth one hundred and fifty-one million one hundred and twenty thousand (151,920,000) Saudi riyals. Guarantees of responsibility, performance and commitment are provided by Sulaiman bin Mohammed Al-Saif, Mohammed bin Sulaiman Al-Saif and Haitham bin Sulaiman Al-Saif. • Promissory note worth one hundred and twelve million, nine hundred and seventy-seven thousand seven hundred and seventy-eight (112,977,778) Saudi riyals. • Guarantees of responsibility, performance and commitment are provided by Sulaiman bin Mohammed Al-Saif, Mohammed bin Sulaiman Al-Saif and Haitham bin Sulaiman Al-Saif.
SABB	16,175	Fluctuates between 2.71% and 2.77%	Fluctuates between April 2022G, May 2022G and June 2022G.	• Promissory note worth sixty million and four hundred (60,400,000) Saudi riyals by the Company and signed by each of Suleiman bin Muhammad bin Saleh Alsaif and Muhammad bin Suleiman bin Muhammed Alsaif as reserve guarantors.
SABB-credit cards	114	0.0%	January 2022G	
Total	**52,627**			

Source: Management Information

Short-term Murabaha loans were obtained from local banks at SIBOR rate + interest rate agreed in return to purchases agreements and Murabaha contracts. Total short-term loans decreased from SAR70.0 million as at 31 December 2019G to SAR48.1 million as at 31 December 2020G, stemming from the settlement of loans over the same period. Total short-term loans then subsequently increased to SAR52.6 million as at 31 December 2021G, due to the additional loans obtained by the Company to finance its operations. Such loans are classified as short-term as their repayment schedule falls within the range of 6 months (For further details, please refer to Section 12.4.4 "**Financing Agreements**").

Trade payables

Trade payables consist of payables to local and foreign suppliers. Trade payables balance increased from SAR8.7 million as at 31 December 2019G to SAR16.0 million as at 31 December 2020G and then to SAR21.2 million as at 31 December 2021G in line with the increase in purchases from suppliers over the historical years to meet the market demand.

Revenue received in advance

Revenue received in advance related to the leasing out of commercial showrooms of the buildings owned or fully leased by the Company. Revenue received in advance increased from SAR723 thousand as at 31 December 2019G to SAR1.7 million as at 31 December 2020G, in line with the increase in the number of tenants over the same period. Revenue received in advance then decreased to SAR1.5 million as at 31 December 2021G, driven by the decrease in the number of tenants over the same period.

Accruals and other payables

Table No. (6.40): Accruals and other payables as at 31 December 2019G, 2020G and 2021G

SAR in 000s	As at 31 December 2019G (Audited)	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)
VAT payable	2,259	11,089	11,558
Allowance for vacation	1,433	2,897	2,816
Accrued commissions-employees	2,650	3,045	1,181
Allowance for tickets	572	1,045	1,156
Finance cost accrued	-	481	704
Rent payable	314	314	588
Accrued expenses	628	710	275
Other credit balances	39	509	814
Total	**7,895**	**20,092**	**19,092**

Source: Audited financial statements for the financial years ended as at 31 December 2019G, 2020G and 2021G

VAT payable

VAT payable relates to the VAT payable to the Zakat, Tax and Customs Authority. VAT payable increased from SAR2.3 million as at 31 December 2019G to SAR11.1 million as at 31 December 2020G, mainly due to the increase in the VAT rate from 5% to 15% in the Kingdom of Saudi Arabia over the same period. VAT payable then increased to SAR11.6 million as at 31 December 2021G, mainly due to the increase in the Company's sales, namely during Ramadan and at year-end.

Allowance for vacation

Allowance for vacation comprised of the vacation entitled to the employees. Allowance for vacation increased from SAR1.4 million as at 31 December 2019G to SAR2.9 million as at 31 December 2020G, and then decreased to SAR2.8 million as at 31 December 2021G, mainly due to updating the calculation method during this period.

Accrued commissions-employees

Accrued commissions to employees related mainly to the commissions provided to the employees upon attaining the sales target, especially in Ramadan and at year-end. Accrued commissions to employees increased from SAR2.7 million as at 31 December 2019G to SAR3.0 million as at 31 December 2020G, mainly due to the ability of employees to the yearly sales target coupled with good results in the yearly performance feedback during 2020G. Accrued commissions to employees decreased to SAR1.2 million as at 31 December 2021G.

Allowance for tickets

Allowance for tickets comprised of the tickets entitled to the employees excluding the executives or any member of the Board of Directors. Allowance for tickets increased from SAR572 thousand as at 31 December 2019G to SAR1.0 million as at 31 December 2020G, and then to SAR1.2 million as at 31 December 2021G, mainly due to updating the calculation method during this period.

Finance cost accrued

Finance cost accrued relates to letters of credits. Finance cost accrued balance increased from SAR481 thousand as at 31 December 2020G to SAR704 thousand as at 31 December 2021G, driven by the increase in the business operations and purchases from foreign and local suppliers for the Company over the same period.

Rent payable

Rent payable related to rent payable in relation to the leased branches. Rent payable increased from SAR314 thousand as at 31 December 2019G and 2020G to SAR588 thousand as at 31 December 2021G, due to the enhancement of the online store whereby they required additional space to operate.

Accrued expenses

Accrued expense comprised of accrued social security insurance, accrued salaries for employees, accrued phone, electricity, and maintenance expenses, and accrued marketing and advertising expenses. Accrued expense increased from SAR628 thousand as at 31 December 2019G to SAR710 thousand as at 31 December 2020G as a result of the increase in accruals related to social security, salaries, maintenance and electricity. Accrued expense decreased to SAR275 thousand as at 31 December 2021G, mainly due to settlements made by the Company in relation to social security insurance.

Other credit balances

Other credit balances mainly relate to expenses for employee training programs, gifts to customers, and checks payable, in addition to other expenses. Other credit balances increased from SAR39 thousand as at 31 December 2019G to SAR509 thousand as at 31 December 2020G, mainly due to the increase in loyalty program accruals in relation to "Testahel" program that was launched during 2020G. Other credit balances increased further to SAR814 thousand as at 31 December 2021G, driven by accrued payment vouchers with a total amount of SAR300 thousand.

Provision for zakat

Table No. (6.41): Provision for zakat as at 31 December 2019G, 2020G and 2021G

SAR in 000s	As at 31 December 2019G (Audited)	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)
Opening balance	3,641	5,271	5,171
Zakat charge for the year	5,374	5,597	6,551
Paid during the year	(3,745)	(5,697)	(5,715)
Closing balance	**5,271**	**5,171**	**6,007**

Source: Audited financial statements for the financial years ended as at 31 December 2019G, 2020G and 2021G

The Company submitted its zakat returns to the Zakat, Tax and Customs Authority for all the years up until 31 December 2020G, and obtained a zakat certificate. The latest zakat assessment was made by the Zakat, Tax and Customs Authority in 2018G.

Dividends payable

Dividends payable comprised of dividend distributed to the Company's shareholders, and amounted to SAR2.0 million as at 31 December 2019G, and then decreased to nil as at 31 December 2020G, as a result of the Company's settlement of the entire dividends payable over the same period.

6.7.17 Transactions and balances with related parties

Due from related parties

Related parties are the shareholders of the Company and the companies owned by the shareholders (associate companies). The terms of the transactions with related parties are approved by the Company's management. Major transactions and balances with related parties are presented in the below table:

Table No. (6.42): Transactions and balances with related parties as at 31 December 2019G, 2020G and 2021G

SAR in 000s	Relationship	Nature of transaction	Transaction volume			Balance		
			2019G	2020G	2021G	As at 31 December 2019G (Audited)	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)
Nawat Real Estate Investment Company (formerly Suleiman Al-Saif Real Estate Office)	Sister company	Rent expense	5,030	10,161	9,671	-	-	-
Al-Saif Commercial Agencies Company	Sister company	Supply of products	71,290	92,748	73,354	-	-	-
		Advertisement and marketing revenue	-	-	10,718	-	-	-
Suleiman Muhammad Al-Saif & Partner Trading & Contracting	Sister company	Purchases	1,136	-	-	-	-	-
Al-Saif Coffee Trading Company	Sister company	Sales	-	1,016	3,586	-	-	-
Al-Saif Coffee Trading Company	Sister company	Supply of products	1,162	-	-	-	-	-

Source: Audited financial statements for the financial years ended as at 31 December 2019G, 2020G and 2021G

6.7.18 Contingencies and commitments

The Company has commitments for letters of credit issued from local banks for purchases of products from foreign suppliers, which amounted to SAR53.4 million as at 31 December 2021G (SAR78,647,493 million as at 31 December 2020G, and SAR48,870,542 as at 31 December 2019G). For further details, please refer to Section 12.4.4"**Financing Agreements**".

Commitments for letters of credit relate to letters of credit obtained from Al Rajhi Bank and SABB Bank. Commitments for letters of credit increased from SAR48.9 million as at 31 December 2019G to SAR78.6 million as at 31 December 2020G, stemming from the increase in the volume of letters of credits (from Al Rajhi Bank and SABB Bank) from 71 letters of credits in 2019G to 95 letters of credits in 2020G, in line with the increase in purchases from foreign and local suppliers during the year.

Commitments for letters of credit decreased to SAR53.4 million as at 31 December 2021G, as a result of the direct settlement of the letters of credit instead of financing them in 2021G.

6.7.19 Statement of Cash Flows

Table No. (6.43): Statement of cash flows for the financial years ended 31 December 2019G, 2020G and 2021G.

SAR in 000s	As at 31 December 2019G (Audited)	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)
Net profit before zakat	192,800	219,789	191,436
Cash flows from operating activities			
Adjustments to reconcile the net profit before zakat to the net cash flows from operating activities:			
Depreciation on property plant and equipment	8,946	11,053	12,782
Depreciation on right-of-use assets	10,728	15,162	18,877
Gain on revaluation of financial assets carried at fair value through profit or loss	(578)	(782)	-
Gain on sale of financial assets carried at fair value through profit or loss	-	2,628	(4,289)
Provision for employees' post-employment benefits	918	952	1,156
Rental discount due to COVID-19 pandemic	-	(1,213)	
Loss on disposal of property, and equipment	844	725	-
Finance cost	6,495	8,295	7,076
Damaged goods expense	-	-	1,240
Slow moving inventory provision	-	-	(2,403)
Inventory provision write-off	-	(776)	-
Total adjustments	**220,153**	**250,577**	**225,875**
Changes in operating assets and liabilities			
Trade receivables, net	(417)	(2,310)	(1,631)
Inventories	10,968	(61,028)	(68,096)
Prepayments and other receivables	(5,990)	(20,630)	8,058
Trade payables	(8,138)	7,358	5,204
Revenue received in advance	(57)	1,378	(213)
Accruals and other payables	1,341	11,715	(1,704)
Employees benefits paid	(192)	(171)	(409)
Zakat paid	(3,745)	(5,697)	(5,715)
Net cash generated from operating activities	**213,922**	**181,191**	**161,369**
Cash flow from investing activities			
Proceeds from disposal of fixed assets	-	10	59
Purchase of property, equipment and work in progress	(24,828)	(20,644)	(31,388)
Investments in financial assets carried at FVTPL	(362,700)	(458,493)	(537,454)
Proceeds from the sale of financial assets carried at FVTPL	352,700	457,569	556,656
Net cash used in investing activities	(34,828)	(21,558)	(12,128)
Cash flows from financing activities			
Dividends paid	(62,120)	(197,004)	(150,000)
Finance costs paid	(3,064)	(3,086)	(727)
Payments of short-term loans	(144,515)	(246,173)	(137,954)

SAR in 000s	As at 31 December 2019G (Audited)	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)
Payments of lease liabilities	(12,886)	(16,497)	(22,467)
Proceeds from short-term loans	141,469	224,328	142,445
Net cash generated from financing activities	**(81,117)**	**(238,432)**	**(168,704)**
Net change in cash and cash equivalents	97,977	(78,799)	(19,462)
Cash and cash equivalents at beginning of period	**46,989**	**144,966**	**66,167**
Cash and cash equivalents at end of period	**144,966**	**66,167**	**46,704**
Non-cash transactions:			
Transfers from work in progress to property and equipment	16,624	10,266	13,222
Right of use assets against lease obligations	90,467	23,964	42,038

Source: Audited financial statements for the financial years ended as at 31 December 2019G, 2020G and 2021G

Net cash generated from operating activities

Net cash generated from operating activities decreased from SAR213.9 million in 2019G to SAR183.8 million in 2020G, due to the increase in inventory resulting from the increase in purchases from foreign and local suppliers to meet customer demand, in addition to the increase in prepayments and other receivables following the increase in prepayments for marketing and advertising carried out by the Company during the same period.

Net cash generated from operating activities decreased to SAR161.4 million in 2021G, mainly due to the increase in inventory due to the increase in purchases from foreign and local supplies to meet customer demand during the same period.

Net cash used in investing activities

Net cash used in investing activities decreased from SAR34.8 million in 2019G to SAR24.2 million in 2020G, in line with the decrease in purchases of property and equipment by SAR4.2 million, and the increase in investments in financial assets carried at fair value through profit or loss by SAR95.8 million over the same period. This was partially offset by an increase in proceeds from the sale of financial assets at fair value through profit or loss with a total amount of SAR102.2 million over the same period.

Net cash used in investing activities decreased to SAR12.1 million in 2021G, due to the increase in proceeds from the sale of financial assets carried at fair value through profit or loss, with a total amount of SAR99.1 million over the same period. This was partly offset by an increase in purchases of property and equipment with a total amount of SAR10.7 million and an increase in investments in financial assets carried at fair value through profit or loss by SAR79.0 million over the same period.

Net cash generated from financing activities

Net cash generated from financing activities increased from SAR81.1 million in 2019G to SAR238.4 million in 2020G, due to dividends paid to shareholders with a total amount of SAR197.0 million, in addition to payments of short-term loans with a total amount of SAR246.2 million. This was partly offset by proceeds from short-term loans with a total amount of SAR224.3 million over the same period.

Net cash generated from financing activities decreased to (-SAR168.7 million) in 2021G, following the decrease in dividends paid to shareholders, whereby SAR150.0 million were distributed in 2021G as compared to SAR197.0 million in 2020G, in addition to a decrease in proceeds from short-term loans over the same period, following the decrease in short-term loans obtained from banks from SAR224.3 million in 2020G to SAR142.5 million in 2021G.

6.8 Results of operations for the three-month period ended 31 March 2021G and 2022G

6.8.1 Statement of comprehensive income

Table No. (6.44): Statement of comprehensive income for the three-month period ended 31 March 2021G and 2022G

SAR in 000s	Three-month period ending 31 March 2021G (Reviewed)	Three-month period ending 31 March 2022G (Reviewed)	Var. 2021G-2022G
Revenue	272,805	252,947	(7.3%)
Cost of revenue	(170,375)	(167,534)	(1.7%)
Gross profit	**102,430**	**85,413**	**(16.6%)**
Selling and distribution expenses	(17,249)	(14,692)	(14.8%)
General and administrative expenses	(5,981)	(8,179)	36.7%
Finance costs	(2,376)	(2,201)	(7.4%)
Depreciation of right-of-use assets	(4,179)	(4,433)	6.1%
Operating profit	**72,646**	**55,909**	**(23.0%)**
Other income	2,311	2,165	(6.3%)
Gain on sale of financial assets carried at fair value through profit or loss	54	-	(100.0%)
Gain on revaluation of financial assets carried at fair value through profit or loss	578	2,518	335.6%
Net profit before zakat	**75,589**	**60,592**	**(19.8%)**
Zakat	(1,736)	(1,500)	(13.6%)
Net profit for the period	**73,853**	**59,092**	**(20.0%)**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Actuarial loss on re-measurement of employees' benefit liabilities	-	-	N/A
Total items that will not be reclassified subsequently to profit or loss	**-**	**-**	**N/A**
Total comprehensive income for the year	**73,853**	**59,092**	**(20.0%)**

Source: The reviewed financial statements for the three-month period ended 31 March 2022G.

Table No. (6.45): Key Performance Indicators for the three-month period ended 31 March 2021G and 2022G.

Key Performance Indicators	Three-month period ending 31 March 2021G (Management information)	Three-month period ending 31 March 2022G (Management information)	Var. 2021G-2022G
As a percentage of revenue			
Gross profit	37.5%	33.8%	(3.7)
Selling and distribution expenses	6.3%	5.8%	(0.5)
General and administrative expenses	2.2%	3.2%	1.0
Operating profit	26.6%	22.1%	(4.5)
Net profit before zakat	27.7%	24.0%	(3.7)
Net profit for the period	27.1%	23.4%	(3.7)
Key performance indicators			
Number of stores (including the closed branch during 2020G)	53	58	5
Number of invoices (in thousand)	936	881	(5.9%)
Average revenue per invoice-SAR	291	287	(1.5%)
Total area of branches (in square meters)	93,475	103,195	10.4%
Average revenue per branch (in square meters)-SAR	2,723	2,195	(19.4%)

Source: management information

Revenue

Revenue decreased by 7.3% from SAR272.8 million over the three-month period ending 31 March 2021G to SAR252.9 million over the three-month period ending 31 March 2022G, mainly due to the decrease in quantities sold from 3.1 million items over the three months period ending 31 March, 2021G to 2.8 million items over the three-month period ending 31 March, 2022G, due to the decrease in demand from customers for kitchen products and appliances and Serveware over the three-month period ending 31 March 2022G as compared to the three-month period ending 31 March 2021G, due to the relatively higher purchasing power of consumers in the market over the three-month period ending 31 March 2021G, coupled with the easing of COVID-19 restrictions and lifting the lockdowns by the Saudi authorities over the same period.

This accordingly resulted in a decrease in revenue generated from the core portfolio that were opened in 2019G and 2020G by SAR46.2 million, which was partially offset by (1) the increase in revenues generated from 2021G openings from SAR8.6 million over the three-month period ending 31 March 2021G to SAR24.7 million over the three-month period ending 31 March 2022G, as a result of the ramp up and full-period impact of the new stores opened throughout 2021G, coupled with (2) an increase in online sales (online store and online retailers) by 54.8% from SAR16.2 million over the three-month period ending 31 March 2021G to SAR25.1 million over the three-month period ending 31 March 2022G, following the Company's expansion of e-commerce over the three-month period ending 31 March 2022G, upon the collaboration with several logistics companies, and (3) and the increase in revenue generated from two new stores that were opened over the three-month period ending 31 March 2022G (+SAR2.1 million).

Cost of revenue

Cost of revenue decreased by 1.7% from SAR170.4 million over the three-month period ending 31 March 2021G to SAR167.5 million over the three-month period ending 31 March 2022G, in line with the decrease in revenue over the same period, in addition to (1) a decrease in salaries and wages (- SAR1.9 million) following the decrease in the number of headcount (-160 employees) as a result of hiring contractual employees instead of full-time employees during the peak times, including Ramadan season and festivals, and (2) a decrease in inventory adjustment differences (- SAR3.2 million) mainly driven by inventory count discrepancies over the three-month period ending 31 March 2022G, after which the Company started implementing a new system to address these matters.

This decrease was partly offset by (1) an increase in international shipping/transportation costs from SAR11.0 million over the three-month period ending 31 March 2021G to SAR15.3 million over the three-month period ending 31 March 2022G, in light of COVID-19 measures on supply chains (such as shipping), which resulted in a decrease in the number of shipping routes from China that led to an increase in international shipping costs over the same period. Accordingly, the Company incurred additional shipping costs and did not pass them to consumers, rather incurred them, in order to maintain and increase its market share, (2) The increase in rent expenses by SAR1.8 million due to the addition of one new operating lease agreement, with a one-year lease period.

Gross profit

Gross profit decreased by 16.6% from SAR102.4 million over the three-month period ending 31 March 2021G to SAR85.4 million over the three-month period ending 31 March 2022G, mainly driven by the decrease in revenue by 7.3% from SAR272.8 million over the three-month period ending 31 March 2021G to SAR252.9 million over the three-month period ending 31 March 2022G, coupled with an increase in cost of revenue due to the increase in cost of purchases, considering the increased shipping costs from foreign vendors amidst COVID-19 pandemic, as the Company incurred additional shipping costs and did not pass them to consumers, rather incurred them, in order to maintain and increase its market share as well as being able to incur additional costs. This accordingly resulted in a decrease in gross profit from 37.5% over the three-month period ending 31 March 2021G to 33.8% over the three-month period ending 31 March 2022G.

Selling and distribution expenses

Selling and distribution expenses decreased by 14.8% from SAR17.2 million over the three-month period ending 31 March 2021G to SAR14.7 million over the three-month period ending 31 March 2022G, mainly due to the decrease in advertising expenses from SAR11.5 million over the three-month period ending 31 March 2021G to SAR9.7 million over the three-month period ending March 31 2022G.

General and administrative expenses

General and administrative expenses increased by 36.7% from SAR6.0 million over the three-month period ending 31 March 2021G to SAR8.2 million over the three-month period ending 31 March 2022G, mainly driven by the increase in salaries and related benefits from SAR4.2 million over the three-month period ending 31 March 2021G to SAR5.4 million over the three-month period ending 31 March 2022G in line with the increase in the number of headcount from 132 to 164 over the same period, coupled with an increase in rent expense (+SAR944 thousand) as a result of leasing a bigger warehouse by the Company at a relatively higher cost.

Finance costs

Financing costs decreased by 7.4% from SAR2.4 million over the three-month period ending 31 March 2021G to SAR2.2 million over the three-month period ending 31 March 2022G, stemming from the decrease in interest on the letters of credits (-SAR436 thousand). This was partly offset by the increase in lease liabilities finance cost driven by the increase in the number of stores from 53 over the three-month period ending 31 March 2021G to 58 stores over the three-month period ending 31 March 2022G.

Depreciation on right-of use assets

Depreciation of right-of-use increased by 6.1% from SAR4.2 million over the three-month period ending 31 March 2021G to SAR4.4 million over the three-month period ending 31 March 2022G, stemming from the increase in the number of stores from 53 over the three-month period ending 31 March 2022G to 58 stores over the three-month period ending 31 March 2022G.

Other income

Other income decreased by 6.3% from SAR2.3 million over the three-month period ending 31 March 2021G to SAR2.2 million over the three-month period ending 31 March 2022G, stemming from the decrease in leasing-out commercial showrooms by the Company in relation to buildings owned or fully leased by the Company, due to the decrease in the number of tenants during this period.

Gains from sale of financial assets carried at fair value through profit or loss

Gains from sale of financial assets carried at fair value through profit or loss decreased by 100.0% from SAR54 thousand over the three-month period ending 31 March 2021G to nil over the three-month period ending 31 March 2022G.

Gain on revaluation of financial assets carried at fair value through profit or loss

Gain on revaluation of financial assets carried at fair value through profit or loss increased from SAR578 thousand over the three-month period ending 31 March 2021G to SAR2.5 million over the three-month period ending 31 March 2022G, due to the increase in the amount invested by the Company in financial assets at fair value through profit or loss, and in the number of funds over the same period.

Zakat

Zakat expense decreased by 13.6% from SAR1.7 million over the three-month period ending 31 March 2021G to SAR1.5 million over the three-month period ending 31 March 2022G in line with the decrease in net profit before zakat over the same period.

Net profit for the period

Net profit for the period decreased by 20.0% from SAR73.9 million over the three-month period ending 31 March 2021G to SAR59.1 million over the three-month period ending 31 March 2022G, mainly driven by (1) the increase in shipping costs from SAR11.0 million over the three-month period ending 31 March 2021G to SAR15.3 million over the three-month period ending 31 March 2022G, due to the impact of COVID-19 pandemic on supply chains (such as shipping), resulting in the decrease in number of shipping routes from China, and (2) the decrease in revenue over the same period mainly due to the decrease in quantities sold from 3.1 million items over the three months period ending 31 March, 2021G to 2.8 million items over the three-month period ending 31 March, 2022G, due to the decrease in demand from customers for kitchen products and appliances and Serveware over the three-month period ending 31 March 2022G as compared to the three-month period ending 31 March 2021G, due to the relatively higher purchasing power of consumers in the market over the three-month period ending 31 March 2021G, coupled with the easing of COVID-19 restrictions and lifting the lockdowns by the Saudi authorities over the same period.

6.8.2 Revenue by Product/Category

Table No. (6.46): Revenue by product/category over the three-month period ended 31 March 2021G and 2022G.

SAR in 000s	Three-month period ending 31 March 2021G (Management information)	Three-month period ending 31 March 2022G (Management information)	Var. 2021G-2022G
Small appliances	129,887	118,953	(8.4%)
Serveware	105,225	95,371	(9.4%)
Kitchenware	33,809	35,154	4%
Home accessories	3,884	3,469	(10.7%)
Total	**272,805**	**252,947**	**(7.3%)**
As a percentage of revenue			
Small appliances	47.6%	47.0%	(0.6)
Serveware	38.6%	37.7%	(0.9)
Kitchenware	12.4%	13.9%	1.5
Home accessories	1.4%	1.4%	0.0

Source: Management information

Small appliances

Revenues of small appliances decreased by 8.4% from SAR129.9 million over the three-month period ending 31 March 2021G to SAR119.0 million over the three-month period ending 31 March 2022G, driven by the decrease in quantities sold from SAR546 thousand pieces over the three-month period ending 31 March 2021G to SAR527 thousand pieces over the three-month period ending 31 March 2022G, following the decrease in demand over the same period, coupled with a decrease in the average selling price from SAR237.9 over the three-month period ending 31 March 2021G to SAR225.7 over the three month period ending 31 March 2022G.

Serveware

Revenue from servware decreased by 9.4% from SAR105.2 million over the three-month period ending 31 March 2021G to SAR95.4 million over the three-month period ending 31 March 2022G, due to the decrease in the quantities sold from 2.0 million pieces over the three-month period ending 31 March 2021G to 1.8 million pieces over the three-month period ending 31 March 2022G, due to the decrease in demand over the same period, partly offset by an increase in the average selling price from SAR53.3 over the three-month period ending 31 March 2021G to SAR54.1 over the three-month period ending 31 March 2022G.

Kitchenware

Revenue from kitchenware products increased by 4.0% from SAR33.8 million over the three-month period ending 31 March 2021G to SAR35.2 million over the three-month period ending 31 March 2022G, due to the increase in the average selling price from SAR77.3 over the three-month period ending 31 March 2021G to SAR87.6 over the three-month period ending 31 March 2022G, as a result of the introduction of new products at relatively higher prices, this was partly offset by a decrease in the quantities sold from 437 thousand pieces over the three-month period ending 31 March 2021G to 401 thousand pieces over the three-month period ending 31 March 2022G.

Home accessories

Revenue from home accessories decreased by 10.7% from SAR3.9 million over the three-month period ending 31 March 2021G to SAR3.5 million over the three-month period ending 31 March 2022G, due to the decrease in the quantities sold from 97 thousand pieces over the three-month period ending 31 March 2021G to 94 thousand pieces over the three-month period ending 31 March 2022G, following the decrease in demand over the same period, this was coupled with a decrease in the average selling price from SAR40.2 over the three-month period ending 31 March 2021G to SAR37.0 over the three month period ending 31 March 2022G.

6.8.3 Revenue by region

Table No. (6.47): Revenue by region over the three-month period ended 31 March 2021G and 2022G.

SAR in 000s	Three-month period ending 31 March 2021G (Management information)	Three-month period ending 31 March 2022G (Management information)	Var. 2021G-2022G
Central region stores	88,625	77,173	(12.9%)
Western region stores	81,322	65,298	(19.7%)
Eastern region stores	40,773	41,184	1.0%
Southern region stores	28,228	26,984	(4.4%)
Northern region stores	15,567	15,925	2.3%
Others (e-stores sales and wholesale)	18,291	26,384	44.2%
Total	**272,805**	**252,947**	**(7.3%)**
Number of stores			
Central region stores	20	21	1
Western region stores	14	15	1
Eastern region stores	9	10	1
Southern region stores	7	8	1
Northern region stores	3	4	1

Source: Management information

Revenue from Central region stores

The Company's revenue from Central region stores decreased by 12.9% from SAR88.6 million over the three-month period ending 31 March 2021G to SAR77.2 million over the three-month period ending 31 March 2022G, despite the opening of 3 new stores in Riyadh over the three-month period ending 31 March 2021G, mainly due to the decrease in the quantities sold, following the decrease in demand for Kitchenware and appliances and Serveware over the three-month period ending 31 March 2022G.

Revenue from Western region stores

The Company's revenue from Western Region stores decreased by 19.7% from SAR81.3 million over the three-month period ending 31 March 2021G to SAR65.3 million over the three-month period ending 31 March 2022G, despite the opening of a new store in Al-Qunfudah over the three-month period ending 31 March 2021G, following the decrease in demand for Kitchenware and appliances and Serveware over the three-month period ending 31 March 2022G.

Revenue from Eastern region stores

The Company's revenues from Eastern region stores increased by 1.0% from SAR40.8 million over the three-month period ending 31 March 2021G to SAR 41.2 million over the three-month period ending 31 March 2022G, stemming mainly from the ramp-up of operations for the 3 new stores that were opened during 2021G. This was partially offset by a decrease in demand for Kitchenware and appliances and Serveware over the three-month period ending 31 March 2022G.

Revenue from Southern region stores

The Company's revenue from Southern region stores decreased by 4.4% from SAR28.2 million over the three-month period ending 31 March 2021G to SAR27.0 million over the three-month period ending 31 March 2022G, despite the opening of a new store in Sabya over the three-month period ended 31 March 2021G, mainly due to the decrease in the quantities sold following the decrease in demand for Kitchenware, appliances and Serveware over the three-month period ending 31 March 2022G.

Revenue from Northern region stores

The Company's revenue from Northern region stores increased by 2.3% from SAR15.6 million over the three-month period ending 31 March 2021G to SAR15.9 million over the three-month period ending 31 March 2022G stemming mainly from the ramp-up of operations of the new store which was opened in 2021G in A'rar city. This was partially offset by a decrease in demand for Kitchenware and appliances and Serveware over the three-month period ending 31 March 2022G.

Others

Other income increased by 44.2% from SAR18.3 million over the three-month period ending 31 March 2021G to SAR 26.4 million over the three-month period ending 31 March 2022G, mainly due to the increase in online sales (online store and online retailers) from SAR16.2 million to SAR25.1 million over the same period, as a result of the Company's expansion in e-commerce upon the collaboration with several logistics companies.

6.8.4 Revenue by branch

Table No. (6.48): Revenue by branch for the three-month period ended 31 March 2021G and 2022G

SAR in 000s	Three-month period ending 31 March 2021G (Management information)	Three-month period ending 31 March 2022G (Management information)	Var. 2021G-2022G
Core portfolio	170,240	139,524	(18.0%)
2019G openings	48,772	38,224	(21.6%)
2020G openings	26,899	21,992	(18.2%)
2021G openings	8,603	24,710	187.2%
New branches opened over the three-month period ending 31 March 2022G	-	2,114	N/A
Total revenue from branches	**254,514**	**226,563**	**(11.0%)**
Online stores	15,689	24,045	53.3%
Wholesale	2,107	1,326	(37.1%)
Online retailers	495	1,013	104.6%
Total revenue	**272,805**	**252,947**	**(7.3%)**

Source: Management information

Core portfolio

Revenue from the core portfolio decreased by 18.0% from SAR170.2 million over the three-month period ending 31 March 2021G to SAR139.5 million over the three-month period ending 31 March 2022G, due to the relatively lower demand for Kitchenware and appliances and Serveware over the three-month period ending 31 March 2022G as compared to the three-month period ending 31 March 2021G, as a result of the higher purchasing power from consumers in the market over the three-month period ended 31 March 2021G, coupled with the easing of COVID-19 restrictions and lifting the lockdowns by the Saudi authorities over the same period.

2019G openings

Revenue from 2019G openings decreased by 21.6% from SAR48.8 million over the three-month period ending 31 March 2021G to SAR38.2 million over the three-month period ending 31 March 2022G, due to the same reasons as previously mentioned for the decrease in revenue from core portfolio.

2020G openings

The revenue from 2020G openings decreased by 18.2% from SAR26.9 million over the three-month period ending 31 March 2021G to SAR22.0 million over the three-month period ending 31 March 2022G, due to the same reasons as previously mentioned for the decrease in revenue from core portfolio.

2021G openings

Revenue from 2021G openings increased by 187.2% from SAR8.6 million over the three-month period ending 31 March 2021G to SAR24.7 million over the three-month period ending 31 March 2022G, as a result of the ramp-up and full-year impact of the new stores opened in 2021G.

New branches opened over the three-month period ending 31 March 2022G

Two new branches were opened for the Company during the three-month period ending 31 March 2022G (Qunfudah in February 2022G and Sabya in March 2022G). Revenue generated from these new branches amounted to SAR2.1 million over this period.

Online stores

Revenue from the online store increased by 53.3% from SAR15.7 million over the three-month period ending 31 March 2021G to SAR24.0 million over the three-month period ending 31 March 2022G, following the Company's expansion of e-commerce, in line with the ongoing growth of the online platform given the overall consumer shift to e-commerce.

Wholesale

Wholesale revenue decreased by 37.1% from SAR2.1 million over the three-month period ending 31 March 2021G to SAR1.3 million over the three-month period ending 31 March 2022G, due to the decrease in the quantities sold over the three-month period ending 31 March 2022G due to the lower market demand.

Online retailers

The Company's revenue generated from online retailers increased by 104.6% from SAR495 thousand over the three-month period ending 31 March 2021G to SAR1.0 million over the three-month period ending 31 March 2022G, driven by the overall consumer shift to e-commerce platforms which took place in 2020G and continued during the subsequent periods fuelled by the COVID-19 impact.

6.8.5 Cost of revenue

Table No. (6.49): Cost of revenue for the three-month period ended 31 March 2021G and 2022G.

SAR in 000s	Three-month period ending 31 March 2021G (Management information)	Three-month period ending 31 March 2022G (Management information)	Var. 2021G-2022G
Purchases of products from foreign manufacturers and local agencies	141,053	141,049	0.0%
Salaries and wages	8,480	6,562	(22.6%)
Rent expenses	5,764	7,595	31.8%
Other branches employees' costs	4,741	3,850	(18.8%)
Depreciation costs	2,905	3,356	15.5%
Shipping and unloading merchandise	2,246	2,074	(7.7%)
Commission expenses and bonuses	1,039	1,618	55.7%
Inventory adjustment differences	2,846	573	(79.9%)
Packaging expenses	858	621	(27.6%)
Marketing expenses	462	766	65.8%
Difference returns to suppliers	20	-	(100.0%)
Discounts	(39)	(530)	1,259.0%
Total	**170,375**	**167,534**	**(1.7%)**
Key performance indicators			
Number of employees	981	821	(160)
As a percentage of revenue			
Purchases	51.7%	55.8%	4.1
Salaries and wages	3.1%	2.6%	(0.5)
Rent expenses	2.1%	3.0%	0.9
Other branches employees' costs	1.7%	1.5%	(0.2)
Depreciation costs	1.1%	1.3%	0.2
Shipping and unloading merchandises	0.8%	0.8%	0.0
Commission expenses and bonuses	0.4%	0.6%	0.2
Inventory adjustment differences	1.0%	0.2%	(0.8)
Packaging expenses	0.3%	0.2%	(0.1)
Marketing expenses	0.2%	0.3%	0.1
Difference returns to suppliers	0.0%	0.0%	0.0
Discounts	0.0%	(0.2%)	(0.2)
Total	**62.5%**	**66.2%**	**3.7**

Source: Management information

Purchases of products from foreign manufacturers and local agencies

Purchases of products from foreign manufacturers and local agencies remained relatively stable at SAR141.0 million over the three-month period ending 31 March 2021G and 31 March 2022G, despite the decrease in revenue over the same period by 7.3% (-SAR20.0 million), as a result of the increase in international shipping costs resulting from the decrease in shipping routes from China to the Kingdom of Saudi Arabia, coupled with an increase in purchases from suppliers, following (1) the increased risk of lockdown restrictions and increase in shipping costs amidst the COVID-19 pandemic and (2) to meet the market demand prior to Ramadan 2022G, hence avoid any inventory stock shortages in relation to the purchases from foreign suppliers.

Salaries and wages

Salaries and wages expenses decreased by 22.6% from SAR8.5 million over the three-month period ending 31 March 2021G to SAR6.6 million over the three-month period ending 31 March 2022G, due to the decrease in the number of headcount (-160 employees) as a result of hiring contractual employees instead of full-time employees during the peak times, including Ramadan season and festivals.

Rent expenses

Rent expenses increased by 31.8% from SAR5.8 million over the three-month period ending 31 March 2021G to SAR7.6 million over the three-month period ending 31 March 2022G, following the addition of one new operating lease agreement, with a one-year lease period, in connection with King Abdullah Branch in Riyadh, as well as replacing finance lease agreements (under IFRS 16), in connection with Qassim Branch and Al Sahafa Branch, with operating lease agreements for a one-year lease period instead.

Other branches employees' costs

Other branches employees' costs decreased by 18.8% from SAR4.7 million over the three-month period ending 31 March 2021G to SAR3.9 million over the three-month period ending 31 March 2022G, due to the decrease in the number of headcount (-160 employees) as a result of hiring contractual employees instead of full-time employees during the peak times, including Ramadan season and festivals.

Depreciation costs

Depreciation costs increased by 15.5% from SAR2.9 million over the three-month period ending 31 March 2021G to SAR3.4 million over the three-month period ending 31 March 2022G, as a result of additions to property and equipment in line with the increase in the number of newly opened branches over the same period.

Shipping and unloading merchandises

Shipping and unloading merchandises decreased by 7.6% from SAR2.2 million over the three-month period ending 31 March 2021G to SAR2.1 million over the three-month period ending 31 March 2022G, in line with the decrease in revenue over the same period.

Commission expenses and bonuses

Sales commission expenses increased by 55.8% from SAR1.0 million over the three-month period ending 31 March 2021G to SAR1.6 million over the three-month period ending 31 March 2022G, given that additional commission and bonuses relating to the three-month period ending 31 March 2021G were recorded in the month of April 2021G.

Inventory adjustment differences

Inventory settlement differences decreased by 79.9% from SAR2.8 million over the three-month period ending 31 March 2021G to SAR573 thousand over the three-month period ending 31 March 2022G, in line with the decrease in adjustments in relation to inventory count discrepancies over the three-month period ending 31 March 2022G, as the Company started implementing a new system to address these matters.

Packaging expenses

Packaging expenses decreased by 27.6% from SAR858 thousand over the three-month period ending 31 March 2021G to SAR621 thousand over the three-month period ending 31 March 2022G, in line with the decrease in revenue over the same period.

Marketing expenses

Marketing expenses increased by 65.8% from SAR462 thousand over the three-month period ending 31 March 2021G to SAR766 thousand over the three-month period ending 31 March 2022G, as a result of Management's investment in marketing initiatives to induce sales, mainly before Ramadan season in 2022G.

Difference returns to suppliers

The difference returns to suppliers decreased from SAR20 thousand over the three-month period ending 31 March 2021G to nil over the three-month period ending 31 March 2022G.

Discounts

The discounts increased from SAR 39 thousand over the three-month period ending 31 March 2021G to SAR530 thousand over the three-month period ending 31 March 2022G, stemming from additional discounts obtained from suppliers due to early settlement of payments by the Company.

6.8.6 Selling and distribution expenses

Table No. (6.50): Selling and distribution expenses for the three-month period ended 31 March 2021G and 2022G.

SAR in 000s	Three-month period ending 31 March 2021G (Management information)	Three-month period ending 31 March 2022G (Management information)	Var. 2021G-2022G
Advertising	11,465	9,669	(15.7%)
Water and electricity	1,196	1,163	(2.8%)
Bank charges	1,172	1,092	(6.8%)
Subscription, governmental services and fines	740	505	(31.8%)
Travel and visa expenses	107	163	52.3%
Maintenance expenses	217	179	(17.5%)
Rent and employees expenses	248	283	14.1%
Others	2,104	1,639	(22.1%)
Total	**17,249**	**14,692**	**(14.8%)**
Key performance indicators			
As a percentage of revenue			
Advertising	4.2%	3.8%	(0.4)
Water and electricity	0.4%	0.5%	0.1
Bank charges	0.4%	0.4%	-
Subscription, governmental services and fines	0.3%	0.2%	(0.1)
Travel and visa expenses	0.0%	0.1%	0.1
Maintenance expenses	0.1%	0.1%	-
Rent and employees expenses	0.1%	0.1%	-
Others	0.8%	0.6%	(0.2)
Total	**6.3%**	**5.8%**	**(0.5)**

Source: Management information

Advertising

Advertising expenses decreased by 15.7% from SAR11.5 million over the three-month period ending 31 March 2021G to SAR9.7 million over the three-month period ending 31 March 2022G, mainly due to the decrease in influencers expenses (in social media) as a result of dealing with new influencers at relatively lower fees.

Water and electricity

Water and electricity expenses remained relatively stable at SAR1.2 million over the three-month period ending 31 March 2021G and 31 March 2022G, despite the opening of two new branches over the three-month period ending 31 March 2022G, as management is optimizing its electricity and water expenses by adjusting the working hours in the office to reduce consumption.

Bank charges

Bank charges decreased slightly from SAR1.2 million over the three-month period ending 31 March 2021G to SAR 1.1 million over the three-month period ending 31 March 2022G.

Subscription, governmental services and fines

Subscription, governmental services and fines decreased by 31.8% from SAR740 thousand over the three-month period ending 31 March 2021G to SAR505 thousand over the three-month period ending 31 March 2022G, attributable to the opening of only two branches over the three-month period ending in 31 March 2022G, as compared to the opening of five new branches over the three-month period ending 31 March 2021G, which accordingly resulted in a decrease in government expenses and subscription fees.

Travel and visa expenses

Travel and visa expenses increased by 52.3% from SAR107 thousand over the three-month period ending 31 March 2021G to SAR163 thousand over the three-month period ending 31 March 2022G, due to lifting of COVID-19 travel restrictions.

Maintenance expenses

Maintenance expenses decreased by 17.5% from SAR217 thousand over the three-month period ending 31 March 2021G to SAR179 thousand over the three-month period ending 31 March 2022G, as stores did not require additional maintenance during this period.

Rent and employees expenses

Rent and employees expenses increased by 14.1% from SAR248 thousand over the three-month period ending 31 March 2021G to SAR283 thousand over the three-month period ending 31 March 2022G, driven by the opening of two new branches during this period.

Others

Other expenses decreased by 22.1% from SAR2.1 million over the three-month period ending 31 March 2021G to SAR1.6 million over the three-month period ending 31 March 2022G, attributable to the Company seeking to reduce unnecessary costs.

6.8.7 General and administrative expenses

Table No. (6.51): General and administrative expenses for the three-month period ended 31 March 2021G and 2022G.

SAR in 000s	Three-month period ending 31 March 2021G (Management information)	Three-month period ending 31 March 2022G (Management information)	Var. 2021G-2022G
Salaries and benefits	4,152	5,378	29.5%
Telephone and communication expenses	185	100	(45.9%)
Legal and professional fees	25	76	204.0%
Computer, office supplies and printing	184	164	(10.9%)
Rent	264	1,207	357.2%
Water and electricity	24	27	12.5%
Travel and accommodation expenses	276	133	(51.8%)
Labor wages	-	221	N/A
Depreciation of property and equipment	94	123	30.9%
Other	778	750	(3.6%)
Total	**5,981**	**8,179**	**36.7%**

SAR in 000s	Three-month period ending 31 March 2021G (Management information)	Three-month period ending 31 March 2022G (Management information)	Var. 2021G-2022G
Key performance indicators			
Number of employees	132	164	32
As a percentage of revenue			
Salaries and benefits	1.5%	2.1%	0.6
Telephone and communication expenses	0.1%	0.0%	(0.1)
Legal and professional fees	0.0%	0.0%	0.0
Computer, office supplies and printing	0.1%	0.1%	0.0
Rent	0.1%	0.5%	0.4
Water and electricity	0.0%	0.0%	0.0
Travel and accommodation	0.1%	0.1%	0.0
Labor wages	0.0%	0.1%	0.1
Depreciation of property and equipment	0.0%	0.0%	0.0
Other	0.3%	0.3%	0.0
Total	**2.2%**	**3.2%**	**1.0**

Source: Management information

Salaries and benefits

Salaries and benefits increased by 29.5% from SAR4.2 million over the three-month period ending 31 March 2021G to SAR5.4 million over the three-month period ending 31 March 2022G, following the increase in commission expenses and bonuses by SAR894 thousand over the same period.

Telephone and communication expenses

Telephone, communications expenses decreased by 45.9% from SAR185 thousand over the three-month period ending 31 March 2021G to SAR100 thousand over the three-month period ending 31 March 2022G, in line with the decrease in operations and revenue over the same period.

Legal and professional fees

Legal and professional fees increased by 204.0% from SAR25 thousand over the three-month period ending 31 March 2021G to SAR76 thousand over the three-month period ending 31 March 2022G, mainly driven by (1) additional consulting fees in relation to the governance structure, coupled with (2) an increase in the auditors' fees during this period.

Computer, office supplies and printing

Computer, office supplies and printing decreased by 10.9% from SAR184 thousand over the three-month period ending 31 March 2021G to SAR164 thousand over the three-month period ending 31 March 2022G, resulting from the lack of additional need of computer, office supplier and printing during this period.

Rent

Rental increased by 357.2% from SAR264 thousand over the three-month period ending 31 March 2021G to SAR1.2 million over the three-month period ending 31 March 2022G, as a result of leasing a bigger warehouse by the Company at a relatively higher cost, coupled with additional offices dedicated to the head-office.

Water and electricity

Water and electricity costs increased by 12.5% from SAR24 thousand over the three-month period ending 31 March 2021G to SAR27 thousand over the three-month period ending 31 March 2022G, as the Company returned to office normal working hours post COVID-19, which contributed to the increase in water and electricity related costs.

Travel and accommodation

Travel and accommodation decreased by 51.8% from SAR276 thousand over the three-month period ending 31 March 2021G to SAR133 thousand over the three-month period ending 31 March 2022G, due to the decrease in employees' travel.

Labor wages

Related to temporary external labor. Labor wages amounted to SAR221 thousand over the three-month period ending 31 March 2022G.

Depreciation of property and equipment

Depreciation of property and equipment increased by 30.9% from SAR94 thousand over the three-month period ending 31 March 2021G to SAR123 thousand over the three-month period ending 31 March 2022G, as a result of the increase in the depreciation expense of fixed assets in the head office.

Other

Other expenses decreased by 3.6% from SAR778 thousand over the three-month period ending 31 March 2021G to SAR750 thousand over the three-month period ending 31 March 2022G, due to the decrease in hospitality charges.

Finance costs

Table No. (6.52): Finance costs for the three-months period ended 31 March 2021G and 2022G.

SAR in 000s	Three-month period ending 31 March 2021G (Reviewed)	Three-month period ending 31 March 2022G (Reviewed)	Var. 2021G-2022G
Finance costs	1,218	782	(35.8%)
Finance cost on lease liabilities	1,158	1,419	22.5%
Total	**2,376**	**2,201**	**(7.4%)**

Source: The reviewed financial statements for the three-month period ended 31 March 2022G.

Finance costs

Finance costs decreased by 35.8% from SAR1.2 million over the three-month period ending 31 March 2021G to SAR782 thousand over the three-month period ending 31 March 2022G as a result of the direct settlement of the letters of credit instead of financing them.

Finance cost on lease liabilities

Finance cost on lease liabilities increased by 22.5% from SAR1.2 million over the three-month period ending 31 March 2021G to SAR1.4 million over the three-month period ending 31 March 2022G, due to the increase in the number of branches from 53 branches over the three-month period ending in 31 March 2021G to 58 branches over the three-month period ending 31 March 2022G.

6.8.8 Other income

Table No. (6.53): Other income for the three-month period ended 31 March 2021G and 2022G.

SAR in 000s	Three-month period ending 31 March 2021G (Management information)	Three-month period ending 31 March 2022G (Management information)	Var. 2021G-2022G
Real estate income	1,272	1,077	(15.3%)
Others	1,039	1,088	4.7%
Total	**2,311**	**2,165**	**(6.3%)**

Source: Management information

Real estate income

Real estate income decreased by 15.3% from SAR1.3 million over the three-month period ending 31 March 2021G to SAR1.1 million over the three-month period ending 31 March 2022G as a result of the decrease in the leased are of the commercial showrooms for the buildings owned or fully leased by the Company.

Others

Other income increased by 4.7% from SAR1.0 million over the three-month period ending 31 March 2021G to SAR1.1 million over the three-month period ending 31 March 2022G, in line with the increase in online store revenue over the same period, mainly driven by the increase in delivery fees associated to the online store.

6.8.9 Net profit for the period

Table No. (6.54): Net profit for the three-month period ended 31 March 2021G and 2022G.

SAR in 000s	Three-month period ending 31 March 2021G (Reviewed)	Three-month period ending 31 March 2022G (Reviewed)	Var. 2021G-2022G
Net profit before zakat	75,589	60,592	(19.8%)
Zakat	(1,736)	(1,500)	(13.6%)
Profit of the period	73,853	59,092	(20.0%)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Actuarial loss on re-measurement of employees' benefit liabilities	-	-	N/A
Total comprehensive income for the period	**73,853**	**59,092**	**(20.0%)**

Source: The reviewed financial statements for the three-month period ended 31 March 2022G.

Net profit of the period

Net profit for the period decreased by 20.0% from SAR73.9 million over the three-month period ending 31 March 2021G to SAR59.1 million over the three-month period ending 31 March 2022G, mainly driven by (1) the increase in cost of purchases following the increase in shipping costs from foreign vendors amidst COVID-19 pandemic, over the three-month period ending 31 March 2022G, coupled with (2) the decrease in revenue over the same period mainly due to the decrease in quantities sold from 3.1 million items over the three months period ending 31 March, 2021G to 2.8 million items over the three-month period ending 31 March, 2022G, due to the decrease in demand from customers for Kitchenware and appliances and Serveware over the three-month period ending 31 March 2022G as compared to the three-month period ending 31 March 2021G, due to the relatively higher purchasing power of consumers in the market over the three-month period ending 31 March 2021G, coupled with the easing of COVID-19 restrictions and lifting the lockdowns by the Saudi authorities over the same period.

6.8.10 Statement of finanial position

Table No. (6.55): Statement of financial position as at 31 December 2021G and as at 31 March 2022G

SAR in 000s	As at 31 December 2021G (Audited)	As at 31 March 2022G (Reviewed)
Assets		
Non-Current Assets		
Property and Equipment	142,209	147,761
Right- of use assets	121,442	122,218
Total Non-Current Assets	**263,651**	**269,980**
Current Assets		
Inventories	258,253	273,490
Trade receivables	5,309	9,149
Prepayments and other receivables	37,087	34,679
Due from related parties	-	362
Financial Assets carried at FVTPL	-	144,483
Cash and cash equivalents	46,704	71,387
Total Current Assets	**347,354**	**533,550**
Total Assets	**611,005**	**803,530**
Equity and Liabilities		
Equity		
Share capital	42,000	42,000
Additional capital contribution	156	156
Statuary reserve	12,600	12,600
Retained earnings	326,382	385,474
Total equity	**381,139**	**440,231**
Liabilities		
Non-Current Liabilities		
Long-term lease liability	107,107	107,684
End of service benefits	7,513	7,742
Total Non-Current Liabilities	**114,620**	**115,426**
Current Liabilities		
Lease liabilities – current portion	14,775	14,775
Short term loans	52,627	153,728
Trade payables	21,240	39,000
Revenue received in advance	1,506	-
Accruals and other payables	19,092	29,375
Due to related parties	-	3,488
Provision for zakat	6,007	7,507
Total Current Labilities	**115,246**	**247,873**
Total Liabilities	**229,866**	**363,299**
Total Equity and Liabilities	**611,005**	**803,530**

Source: The audited financial statements for the financial year ending 31 December 2021G and the reviewed financial statements for the three-month period ending 31 March 2022G.

Table No. (6.56): Key performance indicators for the financial period ended 31 December 2021G and 31 March 2022G

Financial indicators	As at 31 December 2021G (Management Information)	As at 31 March 2022G (Management Information)
Return on assets %	30.3%	29.4%
Return on equity %	48.5%	53.7%
Days sales outstanding	2	3
Days inventory outstanding	185	172
Days payable outstanding	15	19

Source: Management information

Non-current assets

Total non-current assets increased with a total amount of SAR6.3 million from SAR263.7 million as at 31 December 2021G to SAR270.0 million as at 31 March 2022G, mainly driven by (1) an increase in the net book value of property and equipment by SAR5.6 million over the three-month period ended 31 March 2022G, driven by additions stemming mainly from decorations related to the warehouse and two new branches, and the additions of motor vehicles, as Management's strategy shifted towards purchasing new vehicles instead of leasing cars, coupled with (2) an increase in the right of use of assets by SAR776 thousand over the three-month period ended 31 March 2022G, following the opening of new stores over the same period.

Current assets

Total current assets increased by SAR186.2 million from SAR347.4 million as at 31 December 2021G to SAR533.6 million as at 31 March 2022G, as a result of (1) the increase in financial assets carried at fair value through profit or loss, from nil as at 31 December 2021G to SAR144.5 million as at 31 March 2022G as a result of the new investments in equity securities during the period, (2) an increase in cash and cash equivalents from SAR46.7 million as at 31 December 2021G to SAR71.4 million as at 31 March 2022G, mainly driven by cash received from operating activities with a total amount of SAR81.4 million as a result of profits during the period, coupled with cash received from financing activities with a total amount of SAR94.3 million as a result of the proceeds from short-term loans during the period, partially offset by cash used in investing activities with a total amount of (SAR151.0 million) mainly stemming from the purchases of financial assets at fair value through profit or loss made during the period, and (3) an increase in inventories from SAR258.3 million as at 31 December 2021G to SAR273.5 million as at 31 March 2022G, as a result of the Company's decision to increase the inventory purchases, considering the increased risk of lockdown restrictions and increase in shipping costs amidst the COVID-19 pandemic, and to meet the market demand prior to Ramadan 2022G, hence avoid any inventory stock shortages over the same period.

Equity

Total equity increased with a total amount of SAR59.1 million from SAR381.1 million as at 31 December 2021G to SAR440.2 million as at 31 March 2022G following the increase in the Company's retained earnings over the same period.

Non-current liabilities

Total non-current liabilities increased slightly from SAR114.6 million as at 31 December 2021G to SAR115.4 million as at 31 March 2022G, following the increase in long-term lease liabilities from SAR107.1 million as at 31 December 2021G to SAR107.7 million as at 31 March 2022G, following the opening of new stores over the same period, this was coupled with an increase in provision for employees' benefits from SAR7.5 million as at 31 December 2021G to SAR7.7 million as at 31 March 2022G following the increase in service costs and the number of headcount over the same period.

Current liabilities

Total current liabilities increased with a total amount of SAR132.6 million from SAR115.2 million as at 31 December 2021G to SAR247.9 million as at 31 March 2022G, due to (1) the increase in the short-term loans from SAR52.6 million as at 31 December 2021G to SAR153.7 million as at 31 March 2022G, stemming from the additional loans obtained by the Company to finance its operations over the same period, (2) the increase in trade payables from SAR21.2 million as at 31 December 2021G to SAR39.0 million as at 31 March 2022G, in line with the increase in purchases from foreign suppliers over the same period to meet the market demand prior to the peak season in Ramadan 2022G, coupled with an increase in payables to celebrities for marketing purposes, and (3) an increase in accruals and other payables from SAR19.1 million as at 31 December 2021G to SAR29.4 million as at 31 March 2022G driven mainly by the significant increase in VAT payable (+SAR7.4 million) as a result of the higher sales generated in the month of March 2022G, as compared to December 2021G.

6.8.11 Non-Current assets

Table No. (6.57): Non-Current assets as at 31 December 2021G and 31 March 2022G

SAR in 000s	As at 31 December 2021G (Audited)	As at 31 March 2022G (Reviewed)
Property and Equipment	142,209	147,761
Right- of use assets	121,442	122,218
Total Non-Current Assets	**263,651**	**269,980**

Source: The audited financial statements for the financial year ending 31 December 2021G and the reviewed financial statements for the three-month period ending 31 March 2022G

Property and equipment

Table No. (6.58): The net book value of property and equipment as at 31 December 2021G and as at March 31 2022G.

SAR in 000s	As at 31 December 2021G (Audited)	As at 31 March 2022G (Management Information)
Decorations	54,975	58,192
Lands	36,521	36,521
Buildings	20,890	20,573
Leasehold improvement	17,946	18,660
Computer equipment	4,749	5,046
Furniture, fixture & office equipment	2,114	2,108
Motor vehicles	1,606	2,759
Work in progress	3,408	3,902
Total	**142,209**	**147,761**

Source: The audited financial statements for the financial year ending 31 December 2021G and management information for the three-month period ending 31 March 2022G

Table No. (6.59): Transfers from work in progress as at 31 December 2021G and as at 31 March 2022G.

SAR in 000s	As at 31 December 2021G (Audited)	As at 31 March 2022G (Management Information)
Decorations	9,164	874
Lands	-	-
Buildings	-	-
Leasehold improvement	3,401	1,298
Computer equipment	508	158
Furniture, fixture & office equipment	149	16
Motor vehicles	-	-
Total	**13,222**	**2,346**

Source: The audited financial statements for the financial year ending 31 December 2021G and management information for the three-month period ending 31 March 2022G

Table No. (6.60): Additions to property and equipment as at 31 December 2021G and as at 31 March 2022G.

SAR in 000s	As at 31 December 2021G (Audited)	As at 31 March 2022G (Management Information)
Decorations	5,218	4,267
Lands	12,966	-
Buildings	122	50
Leasehold improvement	904	71
Computer equipment	895	360
Furniture, fixture & office equipment	377	68
Motor vehicles	109	1,375
Work in progress	10,796	2,840
Total	**31,388**	**9,031**

Source: The audited financial statements for the financial year ending 31 December 2021G and management information for the three-month period ending 31 March 2022G.

Table No. (6.61): Depreciation of property and equipment as at 31December 2021G and as at 31 March 2022G.

SAR in 000s	As at 31 December 2021G (Audited)	As at 31 March 2022G (Management Information)
Decorations	7,114	1,923
Buildings	1,465	367
Leasehold improvement	2,326	654
Computer equipment	766	221
Furniture, fixture & office equipment	331	90
Motor vehicles	779	223
Total	**12,782**	**3,479**

Source: The audited financial statements for the financial year ending 31 December 2021G and management information for the three-month period ending 31 March 2022G

Decorations

The net book value of decorations increased from SAR55.0 million as at 31 December 2021G to SAR58.2 million as at 31 March 2022G, mainly due to additions to the main warehouse (+ SAR2.2 million), the opening of two new branches in Al Qunfudah (+ SAR1.2 million) and Sabya (+SAR1.0 million), and transfers from work in progress with a total amount of SAR874 thousand over the same period. This was partially offset by depreciation charges of SAR1.9 million over the same period.

Lands

The net book value of lands owned by the Company remained stable at SAR36.5 million as at 31 December 2021G and 31 March 2022G.

Buildings

The net book value of buildings decreased from SAR20.9 million as at 31 December 2021G to SAR20.6 million as at 31 March 2022G, driven by depreciation charges over the same period.

Leasehold improvements

The net book value of leasehold improvements increased from SAR17.9 million as at 31 December 2021G to SAR18.7 million as at 31 March 2022G, mainly driven by the leasehold improvements additions in relation to the two new stores with a total amount of SAR1.3 million, partially offset by depreciation charges of SAR654 thousand over the same period.

Computer equipment

The net book value of computer equipment increased from SAR4.7 million as at 31 December 2021G to SAR 5.0 million as at 31 March 2022G, mainly driven by the opening of two new stores over the same period.

Furniture, fixtures & office equipment

The net book value of furniture, fixtures and office equipment remained relatively stable at SAR2.1 million as at 31 December 2021G and 31 March 2022G.

Motor vehicles

The net book value of motor vehicles increased from SAR1.6 million as at 31 December 2021G to SAR2.8 million as at 31 March 2022G, due to additions of SAR1.4 million, as a result of the shift in Management's strategy towards purchasing new vehicles instead of leasing cars.

Work in progress

Work in progress increased from SAR3.4 million as at 31 December 2021G to SAR3.9 million as at 31 March 2022G, mainly due to additions to work in progress with a total amount of SAR2.8 million. This was partially offset by transfers from work in progress with a total amount of SAR2.3 million.

Right-of-use assets

Table No. (6.62): Right-of-use assets as at 31 December 2021G and as at 31 March 2022G.

SAR in 000s	As at 31 December 2021G (Audited)	As at 31 March 2022G (Management Information)
Cost		
At 1 January	125,159	164,317
Additions	42,038	5,209
Disposals and write-offs	(2880)	-
Balance as at 31 December / 31 March	164,317	169,526
Accumulated Depreciation		
At 1 January	25,891	42,875
Additions	18,887	4,433
Disposals and write-offs	(1,892)	-
Balance as at 31 December / 31 March	**42,875**	**47,308**
Net book value as at 31 December / 31 March	**121,442**	**122,218**

Source: The audited financial statements for the financial year ending 31 December 2021G and management information for the three-month period ending 31 March 2022G.

Right of use assets increased from SAR121.4 million as at 31 December 2021G to SAR122.2 million as at 31 March 2022G in line with the increase in the number of stores owned by the Company over the same period, partially offset by depreciation charges amounting to SAR4.4 million over the same period.

6.8.12 Current assets

Table No. (6.63): Current asset as at 31 December 2021G and as at 31 March 2022G

SAR in 000s	As at 31 December 2021G (Audited)	As at 31 March 2022G (Reviewed)
Inventories	258,253	273,490
Trade receivables	5,309	9,149
Prepayments and other receivables	37,087	34,679
Due from related parties	-	362
Financial Assets carried at fair value through profit or loss	-	144,483
Cash and cash equivalent	46,704	71,387
Total Non-Current Asset	**347,354**	**533,550**

Source: The audited financial statements for the financial year ending 31 December 2021G and the reviewed financial statements for the three-month period ending 31 March 2022G.

Inventories

Table No. (6.64): Inventories as at 31 December 2021G and as at 31 March 2022G

SAR in 000s	As of 31 December 2021G (Audited)	As of 31 March 2022G (Management Information)
Goods available for sale	257,520	273,150
Goods in transit	3,139	2,746
Provision for slow-moving inventory	(2,405)	(2,405)
Total inventories	**258,253**	**273,490**
Key Performance Indicators		
Days inventory outstanding (DIO)	185	172

Source: The audited financial statements for the financial year ending 31 December 2021G and management information for the three-month period ending 31 March 2022G.

Goods available for sale

Goods available for sale increased from SAR257.5 million as at 31 December 2021G to SAR273.2 million over the three-month period ended 31 March 2022G following Management's decision to increase the inventory purchases considering (1) the increase in shipping costs amidst the COVID-19 pandemic and (2) to meet the market demand prior to Ramadan 2022G, hence avoid any inventory stock shortages over the same period.

Goods in transit

Goods in transit decreased from SAR3.1 million as at 31 December 2021G to SAR2.7 million over the three-month period ended 31 March 2022G mainly driven by the gradual lifting of COVID-19 shipping routes restrictions.

Provision for slow-moving inventory

Table No. (6.65): provision for slow-moving inventory as at 31 December 2021G and as at 31 March 2022G.

SAR in 000s	As at 31 December 2021G (Audited)	As at 31 March 2022G (Management Information)
Opening balance	3,568	2,405
Provision for the year	1,240	-
Provision written off during the year/period	-	-
Provision written back during the year/period	(2,403)	-
Closing balance	2,405	2,405

Source: The audited financial statements for the financial year ending 31 December 2021G and management information for the three-month period ending 31 March 2022G.

Provision for slow-moving inventory remained stable at SAR2.4 million as at 31 December 2021G and 31 March 2022G, as no additional provisions were recorded by Management over the three-month period ending 31 March 2022G.

Trade receivables

Table No. (6.66): Trade receivables as at 31 December 2021G and as at 31 March 2022G.

SAR in 000s	As at 31 December 2021G (Audited)	As at 31 March 2022G (Reviewed)
Gross trade receivables	5,361	9,201
Impairment allowance for doubtful receivables	(52)	(52)
Total trade receivables	**5,309**	**9,149**
Key Performance Indicators		
Days sales outstanding (DSO)	2	3

Source: The audited financial statements for the financial year ending 31 December 2021G and the reviewed financial statements for the three-month period ending 31 March 2022G.

Trade receivables increased from SAR5.4 million as at 31 December 2021G to SAR9.2 million as at 31 March 2022G, following the increase in revenue generated from online stores and online retailers, mainly driven by the overall consumer shift to e-commerce platforms.

Table No. (6.67): Movement in impairment allowance for doubtful receivables for the financial year ending 31 December 2021G and the three-month period ended 31 March 2022G.

SAR in 000s	As of 31 December 2021G (Audited)	As of 31 March 2022G (Reviewed)
Balance at the beginning of the year	82	52
Allowance for doubtful debt	(30)	-
Balance at the end of the year/period	**52**	**52**

Source: The audited financial statements for the financial year ending 31 December 2021G and the reviewed financial statements for the three-month period ending 31 March 2022G.

Impairment allowance for doubtful receivables remained stable at SAR52 thousand as at 31 December 2021G and 31 March 2022G, as Management did not record any additional provisions over the three-month period ended 31 March 2022G.

Prepayments and other receivables

Table No. (6.68): Prepayments and other receivables as at 31 December 2021G and 31 March 2022G.

SAR in 000s	As of 31 December 2021G (Audited)	As of 31 March 2022G (Management Information)
Advances rent	14,971	11,849
Prepayments	3,145	5,881
Advances to suppliers	10,377	8,977
Advances to employees	2,945	3,058
Margin on letters of credit and guarantee	1,545	1,100
Others	4,105	3,814
Total	**37,087**	**34,679**

Source: The audited financial statements for the financial year ending 31 December 2021G and management information for the three-month period ending 31 March 2022G.

Advances rent

Advances rent decreased from SAR15.0 million as at 31 December 2021G to SAR11.8 million as at 31 March 2022G, driven by rent discounts granted by the landlords over the same period.

Advances to suppliers

Advances to suppliers increased from SAR3.1 million as at 31 December 2021G to SAR5.9 million as at 31 March 2022G, mainly driven by an increase in advances to suppliers in relation to the two new branches that opened over the three-month period ended 31 March 2022G, coupled with advances paid for marketing purposes prior to Ramadan 2022G.

Prepayments

Prepayments decreased from SAR10.4 million as at 31 December 2021G to SAR9.0 million as at 31 March 2022G, mainly driven by a decrease in prepaid shipping costs.

Advance to employees

Advances to employees increased from SAR2.9 million as at 31 December 2021G to SAR3.1 million as at 31 March 2022G due to the increase in advances to employees.

Margin on letters of credit and guarantee

Margin on letters of credit and guarantee decreased from SAR1.5 million as at 31 December 2021G to SAR1.1 million as at 31 March 2022G, driven by the direct settlement of the Letters of Credit instead of financing them, over the three-month period ending 31 March 2022G.

Others

Other prepayments decreased from SAR4.1 million as at 31 December 2021G to SAR3.8 million as at 31 March 2022G, following the decrease in prepaid balances due from renters with a total amount of (- SAR998 thousand) in line with the decrease in rent income (- SAR195 thousand) stemming from the decrease in leasing-out commercial showrooms by the Company, this was partly offset by an increase in prepaid deferred interest with a total amount of SAR767 thousand stemming from the additional loans obtained by the Company to finance the operations, namely letters of credit in relation to the purchases from foreign suppliers over the same period.

Financial assets classified at fair value through profit or loss

Financial assets at fair value through profit or loss increased from nil as at 31 December 2021G to SAR144.5 million as at 31 March 2022G, as a result of the new investments in equity securities over the same period.

Cash and cash equivalents

Table No. (6.69): cash and cash equivalents as at 31 December 2021G and as at 31 March 2022G

SAR in 000s	As of 31 December 2021G (Audited)	As of 31 March 2022G (Management Information)
Cash at banks-current accounts	32,037	69,530
Cash in investment funds	12,892	-
Cash on hand	1,775	1,857
Total	46,704	71,387

Source: The audited financial statements for the financial year ending 31 December 2021G and management information for the three-month period ending 31 March 2022G.

Cash at banks-current accounts

Cash at banks-current accounts increased from SAR32.0 million as at 31 December 2021G to SAR69.5 million as at 31 March 2022G, mainly driven by cash received from operating activities with a total amount of SAR81.4 million as a result of profits during the period, coupled with cash received from financing activities with a total amount of SAR94.3 million as result of proceeds from short-term loans during the period, partially offset by cash used in investing activities with a total amount of (SAR151.0 million) mainly stemming from the purchases of financial assets at fair value through profit or loss over the period.

Cash in investment funds

Cash in investment funds decreased from SAR12.9 million as at 31 December 2021G to nil as at 31 March 2022G.

Cash on hand

The cash on hand slightly increased from SAR1.8 million as at 31 December 2021G to SAR1.9 million as at 31 March 2022G.

6.8.13 Shareholder's Equity

Table No. (6.70): Shareholder's equity as at 31 December 2021G and as at 31 March 2022G

SAR in 000s	As at 31 December 2021G (Audited)	As at 31 March 2022G (Reviewed)
Share capital	42,000	42,000
Additional paid in capital	156	156
Statuary reserve	12,600	12,600
Retained earnings	326,382	385,474
Total equity	**381,139**	**440,231**

Source: The audited financial statements for the financial year ending 31 December 2021G and the reviewed financial statements for the three-month period ending 31 March 2022G.

Share capital

The Company's share capital remained stable at SAR42.0 million as at 31 December 2021G and 31 March 2022G and consisted of 4.2 million shares, with a nominal value of SAR10 per share. On 16th of April 2022G, the Company's share capital increased from SAR42.0 million to SAR350.0 million through a transfer of SAR308.0 million from retained earnings, and accordingly the Company's paid-in capital consisted of 35.0 million shares at a nominal value of SAR10 per share.

Additional capital contribution

Additional paid contribution amounted to SAR156 thousand as at 31 December 2021G and 31 March 2022G, and represents the additional contribution in the capital of the Company which was paid prior to 31 December 2021G.

Statuary reserve

Statutory reserve was created in accordance with Saudi Arabian Regulations for Companies and the Company's Bylaws, the Company must transfer 10% of its net income in each year, until the reserve reaches 30% of the share capital. Statutory reserve reached 30% of the Company's share capital, and accordingly the statutory reserve remained stable at SAR12.6 million as at 31 December 2021G and 31 March 2022G.

Retained earnings

Retained earnings increased from SAR326.4 million as at 31 December 2021G to SAR385.5 million as at 31 March 2022G, following the Company's profits over the same period.

6.8.14 Non-current liabilities

Table No. (6.71): Non-current liabilities as at 31 December 2021G and as at 31 March 2022G

SAR in 000s	As at 31 December 2021G (Audited)	As at 31 March 2022G (Reviewed)
Long-term lease liability	107,107	107,684
End of service benefits	7,513	7,742
Total non-current liabilities	**114,620**	**115,426**

Source: The audited financial statements for the financial year ending 31 December 2021G and the reviewed financial statements for the three-month period ending 31 March 2022G.

Long-term lease liabilities

The minimum requirement from the future lease payments meets the present value of the lease payments as follows:

Table No. (6.72): Lease liabilities as at 31 December 2021G and as at 31 March 2022G

SAR in 000s	As at 31 December 2021G (Audited)	As at 31 March 2022G (Management Information)
Lease Liabilities		
At 1 January	97,828	121,882
Additions	42,038	4,809
Disposal	(988)	-
Interest expense	5,472	1,419
Payments during the year/period	(22,467)	(5,650)
Total	**121,882**	**122,460**

Source: The audited financial statements for the financial year ending 31 December 2021G and management information for the three-month period ending 31 March 2022G.

Lease liabilities are presented in the statement of financial position as follows:

Table No. (6.73): Lease liabilities presented in the statement of financial position as at 31 December 2021G and as at 31 March 2022G.

SAR in 000s	As at 31 December 2021G (Audited)	As at 31 March 2022G (Reviewed)
Current portion	14,775	14,775
Non-current portion	107,107	107,684
Total	**121,882**	**122,459**

Source: The audited financial statements for the financial year ending 31 December 2021G and the reviewed financial statements for the three-month period ending 31 March 2022G.

Lease liabilities increased from SAR121.9 million as at 31 December 2021G to SAR122.5 million as at 31 March 2022G, in line with the increase in the number of stores over the same period.

Table No. (6.74): Movement in provision for employee benefits as at 31 December 2021G and as at 31 March 2022G

SAR in 000s	As at 31 December 2021G (Audited)	As of 31 March 2022G (Management Information)
Balance at the beginning of the year	5,010	7,513
Payments	(409)	(99)
Net interest on the net defined benefit	173	-
Current service cost	1,156	328
Actuarial losses (other comprehensive)	1,583	-
Balance at the end of the year/period	**7,513**	**7,742**

Source: The audited financial statements for the financial year ending 31 December 2021G and management information for the three-month period ending 31 March 2022G.

Table No. (6.75): Key actuarial assumptions for the financial year ending as at 31 December 2021G and the three-month period ending as at 31 March 2022G

%	As at 31 December 2021G (Audited)	As at 31 March 2022G (Management Information)
Discount rate	2.8%	2.8%
Salary increases rate	1.0%	1.0%

Source: The audited financial statements for the financial year ending 31 December 2021G and management information for the three-month period ending 31 March 2022G.

Provision for employee benefits increased from SAR7.5 million as at 31 December 2021G to SAR7.7 million as at 31 March 2022G as a result of current service costs (+SAR 328 thousand), partially offset by payments made during the period with a total amount of SAR 99 thousand.

6.8.15 Current liabilities

Table No. (6.76): Current liabilities as at 31 December 2021G and as at 31 March 2022G

SAR in 000s	As at 31 December 2021G (Audited)	As at 31 March 2022G (Reviewed)
Lease liabilities – current portion	14,775	14,775
Short term loans	52,627	153,728
Trade payables	21,240	39,000
Revenue received in advance	1,506	-
Accruals and other payables	19,092	29,375
Due to related parties	-	3,488
Provision for zakat	6,007	7,507
Total non-current liabilities	**115,247**	**247,873**
Key Performance Indicators		
Days payable outstanding (DPO)	15	19

Source: The audited financial statements for the financial year ending 31 December 2021G and the reviewed financial statements for the three-month period ending 31 March 2022G.

Lease liabilities – current portion

Lease liabilities are presented in the statement of financial position as follows:

Table No. (6.77): Lease liabilities presented in the statement of financial position as at 31 December 2021G and as at 31 March 2022G.

SAR in 000s	As at 31 December 2021G (Audited)	As at 31 March 2022G (Reviewed)
Current portion	14,775	14,775
Non-current portion	107,107	107,684
Total	**121,882**	**122,459**

Source: The audited financial statements for the financial year ending 31 December 2021G and the reviewed financial statements for the three-month period ending 31 March 2022G.

Loans

Table No. (6.78): Short-term loans as at 31 December 2021G and as at 31 March 2022G

SAR in 000s	As at 31 December 2021G (Audited)	As at 31 March 2022G (Reviewed)
Short term loans - Current portion	52,627	153,728
Long term loans – Non-current portion	-	-
Total	**52,627**	**153,728**

Source: The audited financial statements for the financial year ending 31 December 2021G and the reviewed financial statements for the three-month period ending 31 March 2022G.

Table No. (6.79): Short-term loans by bank as at 31 March 2022G.

SAR in 000s	Balance of short-term loans as at 31 March 2022G	Interest rate	Loan maturity date	Guarantees
Al Rajhi Bank	113,370	Fluctuates between 2.72% and 2.74%	Fluctuates between April 2022G, May 2022G and June 2022G	• Promissory note worth one hundred and fifty-one million nine hundred and twenty thousand (151,920,000) Saudi riyals. Guarantees of responsibility, performance and commitment are provided by Sulaiman bin Mohammed Al-Saif, Mohammed bin Sulaiman Al-Saif and Haitham bin Sulaiman Al-Saif. • Promissory note worth one hundred and twelve million, nine hundred and seventy-seven thousand seven hundred and seventy-eight (112,977,778) Saudi riyals. Guarantees of responsibility, performance and commitment are provided by Sulaiman bin Mohammed Al-Saif, Mohammed bin Sulaiman Al-Saif and Haitham bin Sulaiman Al-Saif
SABB	40,127	Fluctuates between 2.71% and 2.77%	Fluctuates between April 2022G, May 2022G and June 2022G	• Promissory note worth sixty million and four hundred (60,400,000) Saudi riyals by the Company and signed by each of Suleiman bin Muhammad bin Saleh Alsaif and Muhammad bin Suleiman bin Muhammed Alsaif as reserve guarantors.
SABB-credit cards	231	2.0%	April 2022G	
Total	**153,728**			

Source: Management information

Short-term Murabaha loans were obtained from commercial banks at SIBOR rate + interest rate agreed in return to purchases agreements and Murabaha contracts. Total short-term loans increased from SAR52.6 million as at 31 December 2021G to SAR153.7 million as at 31 March 2022G, stemming from the additional loans obtained by the Company to finance its operations, namely Letter of credit in relation to the purchases from foreign suppliers over the same period.

Trade payables

Trade payables increased from SAR21.2 million as at 31 December 2021G to SAR39.0 million as at 31 March 2022G in line with the increase in purchases from suppliers during the same period to meet the market demand prior to the peak season in Ramadan 2022G, coupled with an increase in payables to influencers for marketing purposes.

Revenue received in advance

Revenue received in advance decreased from SAR1.5 million as at 31 December 2021G to nil as at 31 March 2022G, as a result of updating the accounting treatment of the cash received in advance from tenants, whereby Management started recording them and netting them off under each tenant's other account receivables instead of deferred revenue on a monthly basis.

Accruals and other payables

Table No. (6.80): Accruals and other payables as at 31 December 2021G and as at 31 March 2022G

SAR in 000s	As at 31 December 2021G (Audited)	As at 31 March 2022G (Management Information)
VAT payable	11,558	18,934
Allowance for vacation	2,816	2,800
Accrued commissions and benefits	1,181	1,376
Allowance for tickets	1,156	1,182
Finance cost accrued	704	2,252
Rent payable	588	1,674
Accrued expenses	275	293
Other credit balances	814	866
Total	**19,092**	**29,375**

Source: The audited financial statements for the financial year ending 31 December 2021G and management information for the three-month period ending 31 March 2022G.

VAT payable

VAT payable increased from SAR11.6 million as at 31 December 2021G to SAR18.9 million as at 31 March 2022G, as a result of the higher sales generated in the month of March 2022G, as compared to December 2021G.

Allowance for vacation

Allowance for vacation remained stable at SAR2.8 million as at 31 December 2021G and as at 31 March 2022G.

Accrued Commissions and benefits

Accrued Commissions and benefits increased from SAR1.2 million as at 31 December 2021G to SAR1.4 million as at 31 March 2022G.

Allowance for tickets

Allowance for tickets remained stable at SAR1.2 million as at 31 December 2021G and as at 31 March 2022G.

Finance cost accrued

Finance cost accrued increased from SAR704 thousand as at 31 December 2021G to SAR2.3 million as at 31 March 2022G, following the increase in letters of credit taken from banks to finance foreign purchases over the same period.

Rent payable

Rent payable increased from SAR588 thousand as at 31 December 2021G to SAR1.7 million as at 31 March 2022G due to delay in settlement of rent payments to leaseholders in order to negotiate the discount.

Accrued expenses

Accrued expenses slightly increased from SAR275 thousand as at 31 December 2021G to SAR293 thousand as at 31 March 2022G.

Other credit balances

Other credit balances slightly increased from SAR814 thousand as at 31 December 2021G to SAR866 thousand as at 31 March 2022G.

Provision for zakat

Table No. (6.81): Provision for zakat as at 31 December 2021G and as at 31 March 2022G

SAR in 000s	As at 31 December 2021G (Audited)	As at 31 March 2022G (Reviewed)
Opening balance	5,171	6,007
Zakat charge for the year/period	6,551	1,500
Paid during the year/period	(5,715)	-
Closing balance	**6,007**	**7,507**

Source: The audited financial statements for the financial year ending 31 December 2021G and the reviewed financial statements for the three-month period ending 31 March 2022G.

6.8.16 Transactions and balances with related parties

Due from related parties

Related parties are the shareholders of the Company and the companies owned by the shareholders (sister companies). The terms of the transactions with related parties are approved by the Company's management.

Major transactions and balances with related parties are presented in the below table:

Table No. (6.82): Transactions and balances with related parties as at 31 December 2021G and as at 31 March 2022G.

SAR in 000s	Relationship	Nature of transaction	Transaction volume		Balance	
			31 March 2021G (Reviewed)	31 March 2022G (Reviewed)	As at 31 December 2021G (Audited)	As at 31 March 2022G (Reviewed)
Nawat Real Estate Investment Company (formerly Suleiman Al-Saif real estate office)	Sister Company	Rent expense paid on behalf of the Company	83	121	-	121
Al-Saif Commercial Agencies Company	Sister Company	Purchases	36,212	3,397	-	(3,251)
Al-Saif Coffee Trading Company	Sister Comapny	Purchases	871	237	-	(237)
Suleiman Mohammad Salih Al-Saif	Shareholder	Expenses paid on behalf of the Company	4	241	-	241

Source: The audited financial statements for the financial year ending 31 December 2021G and the reviewed financial statements for the three-month period ending 31 March 2022G.

6.8.17 Contingencies and commitments

The Company has commitments for letters of credit issued from local banks for purchases of products amounting to SAR34.8 million as at 31 March 2022G (SAR53.4 million as at 31 December 2021G) . For further details, please refer to Section 12.4.4 "**Financing Agreements**".

Commitments for letters of credit decreased from SAR53.4 million as at 31 December 2021G to SAR34.8 million as at 31 March 2022G, following the direct settlement of the letters of credit instead of financing them over the three-month period ended 31 March 2022G.

There are no capital commitments made by the Company and not incurred until 31 March 2022G.

6.8.18 Statement of cash flows

Table No. (6.83): Statement of cash flows for the three-month period ending 31 March 2021G and the three-month period ending 31 March 2022G.

SAR in 000s	Three-month period ending 31 March 2021G (Reviewed)	Three-month period ending 31 March 2022G (Reviewed)
Cash flows from operating activities		
Net profit before zakat	75,589	60,592
Adjustments to reconcile the net profit before zakat to the net cash flows from operating activities:		
Depreciation on property plant and equipment	2,998	3,479
Depreciation on right-of-use assets	4,179	4,433
Gain on revaluation of financial assets carried at fair value through profit or loss	(578)	(2,518)
Gain on sale of financial assets carried at fair value through profit or loss	(54)	-
Provision for employees' post-employment benefits	289	328
Finance cost	2,376	2,201
Total adjustments	**84,798**	**68,514**
Changes in operating assets and liabilities		
Trade receivables, net	(870)	(3,841)
Inventories	(34,693)	(15,237)
Prepayments and other receivables	1,050	2,408
Due from related parties	(44)	(362)
Due to related parties	34,225	3,488
Trade payables	(3,719)	17,760
Revenue received in advance	468	(1,506)
Accruals and other payables	8,583	10,283
Employees benefits paid	(115)	(99)
Zakat paid	(98)	-
Net cash generated from operating activities	**89,586**	**81,409**
Cash flows from investing activities		
Purchase of property, equipment and work in progress	(16,068)	(9,031)
Investments in financial assets carried at FVTPL	(117,610)	(202,577)
Proceeds from the sale of financial assets carried at FVTPL	84,664	60,612
Net cash used in investing activities	**(49,014)**	**(150,996)**
Cash flows from financing activities		

SAR in 000s	Three-month period ending 31 March 2021G (Reviewed)	Three-month period ending 31 March 2022G (Reviewed)
Proceeds from short-term loans	52,513	100,319
Payments of lease liabilities	(9,030)	(6,050)
Net cash generated from financing activities	**43,483**	**94,269**
Net change in cash and cash equivalents	84,055	24,683
Cash and cash equivalents at beginning of period	**66,167**	**46,704**
Cash and cash equivalents at end of period	**150,222**	**71,387**

Source: The audited financial statements for the financial year ending 31 December 2021G and the reviewed financial statements for the three-month period ending 31 March 2022G.

Net cash generated from operating activities

Net cash generated from operating activities decreased from SAR89.6 million over the three-month period ended 31 March 2021G to SAR81.4 million over the three-month period ended 31 March 2022G, mainly driven by the decrease in net profit for the period before Zakat (-SAR15.0 million) from SAR75.6million in three-month period ended 31 March 2021G to SAR60.6million in three-month period ended 31 March 2022G.

Net cash used in investing activities

Net cash used in investing activities increased from (-SAR49.0 million) over the three-month period ended 31 March 2021G to (-SAR151.0 million) over the three-month period ending 31 March 2022G, mainly due to the increase in investments in financial assets at fair value through profit or loss (+SAR85.0 million), coupled with the decrease in proceeds from the sale of financial assets carried at fair value through profit or loss (-SAR24.1 million).

Net cash generated from financing activities

Net cash generated from financing activities increased from SAR43.5 million over the three-month period ended 31 March 2021G to SAR94.3 million over the three-month period ending 31 March 2022G, mainly due to the increase in proceeds from short-term loans during this period (+SAR47.8 million).

7. Dividend Distribution Policy

Pursuant to Article 110 of the Companies Law, each Shareholder is equally entitled to the rights and obligations attached to the Shares, including the right to receive a portion of the dividends declared. Payment of any dividends shall be recommended by the Board in its annual report before being approved by the Shareholders at a General Assembly meeting. However, there are no guarantees of actual dividend distributions. Any decision to pay dividends will depend on, amongst other things, the Company's historic and anticipated earnings and cash flow, financing and capital requirements, market data and general economic conditions, the Company's Zakat position, and such other factors as the Board deems relevant, in addition to legal and regulatory considerations. The Company's expectations regarding these factors are dependent on many assumptions, risks and uncertainties that may be beyond the Company's control. For a discussion of the risks associated with distribution of dividends, see Section 2.3.4 "**Risks Related to the Company's Ability to Distribute Dividends**" of this Prospectus.

The Company intends to distribute annual profits to its Shareholders to increase the value of their investments in the Company based on the profits it receives in proportion to its financial position, capital expenditures, investment requirements, restrictions on dividend distribution under financing and debt agreements, the results of the Company's activities, the Company's current and future financing needs, the expansion plans and the investment requirements of the Company and other factors, including market condition and analysis of investment opportunities, profit reinvestment requirements, monetary and capital requirements, commercial expectations and the impact of any such distributions on any legal or statutory considerations.

In addition, investors willing to invest in Offer Shares should be aware that the Dividend Distribution Policy may change from time to time.

Although the Company intends to distribute dividends to its Shareholders on annual basis, the Company does not guarantee the distribution of such dividends or the amounts to be distributed in any given year.

Pursuant to the Company's Bylaws, the Company's net profits shall be distributed as follows:

1. 10% of the net profits shall be set aside to form a statutory reserve. Such setting aside may be discontinued by the Ordinary General Assembly when such statutory reserve totals 30% of the Company's paid-up capital.
2. The Ordinary General Assembly may, upon the request of the Board, set aside a percentage of the net profits to form an additional reserve to address urgent crucial issues.
3. The Ordinary General Assembly may resolve to form other reserves to the extent they serve the Company's interests, or to ensure the distribution of fixed dividends—to the extent possible—to Shareholders. The Ordinary General Assembly may also deduct amounts from the net profit to create social institutions for the Company's employees, or to support existing institutions of such kind.
4. Out of the balance of the net profits, Shareholders shall receive a payment of no less than 5% of the paid-up capital.
5. Subject to the provisions set forth in Article 19 of the Company's Bylaws and Article 76 of the Companies Law, 10% of the remainder shall be set aside to remunerate the Board of Directors, provided that such remuneration is proportionate to the number of sessions attended by each Director.
6. The Ordinary General Assembly may, upon the request of the Board, distribute the balance among Shareholders as an additional share of the dividends.

Having fulfilled the conditions set by the competent authorities, the Board may distribute semi-annual and quarterly profits during the financial year.

Shareholders shall be entitled to receive their share of dividends in accordance with a General Assembly resolution issued in this regard, or in accordance with a Board resolution regarding the distribution of interim profits. The resolution shall indicate the due date and the date of distribution. Eligibility for dividends shall be for the owners of shares registered in the shareholders' records at the end of the day specified for entitlement.

The table below summarizes the dividends distributed by the Company during the last three years:

Table No. (7.1): Cash Dividends Distributed During the Financial Years Ended 31 December 2019G, 2020G and 2021G and the Three-Month Period Ended 31 March 2022G

SAR	FY 2019G	FY 2020G	FY 2021G	Q1 2022G
Net income	187,425,719	214,191,170	184,884,412	59,092,186
Dividends declared for the period	64,123,632	195,000,000	150,000,000	0
Dividends distributed for the period	62,120,000	197,003,632	150,000,000	0
Ratio of declared dividends to net income	34%	91%	81%	N/A

Source: The Company.

* The General Assembly has passed a resolution dated 28/11/1443/H (corresponding to 27/06/2022G), authorizing the Board of Directors to distribute dividends to Shareholders during the year 2022G, accordingly, the Company's Board of Directors, pursuant to its resolution dated 01/12/1443H (corresponding to 30/06/2022G) has distributed dividends of sixty-five million Saudi Riyals (SAR 65,000,000) from the balance of retained earnings and the dividends achieved during the first quarter of 2022G.

The Shares entitle their holders the right to receive any dividends that the Company declares from the date of this Prospectus and for subsequent financial years. Offer Shares are not entitled to any dividends declared prior to the date of this Prospectus, as the first entitlement of Offer Shares shall be to dividends declared by the Company from the date of this Prospectus and for subsequent financial years.

8. Use of Offering Proceeds

The total Offering proceeds are estimated at approximately [•] Saudi Riyals (SAR [•]), of which approximately [•] Saudi Riyals (SAR [•]) will be used to settle all expenses related to the Offering, including the fees of the Financial Advisor, Lead Manager, Underwriter, Legal Advisor, Legal Advisor to the Underwriter, Auditors, Receiving Agents, Market Consultant and Financial Due Diligence Advisor, as well as marketing, printing distribution, and translation fees and other expenses related to the Offering.

The Net Offering Proceeds, estimated at about [•] Saudi Riyals (SAR [•]), will be distributed to the Selling Shareholder. The Company will not receive any part of the proceeds from the Offering. The Selling Shareholder will bear all fees, expenses and costs related to the Offering.

9. Capitalization and Indebtedness of the Company

Prior to the Offering, the Selling Shareholder holds 92.5% of the Company's capital and, following the completion of the Offering, the Selling Shareholder will hold 62.5% of the Company's capital.

The table below sets out the capitalization of the Company as derived from the financial statements for the financial years ended 31 December 2019G, 2020G and 2021G and the three-month period ended 31 March 2022G. The following table should be read in conjunction with the relevant financial statements, including the notes thereto, set forth in Section 19 "**Financial Statements and Auditors' Report**" of this Prospectus.

Table No. (9.1): Capitalization and Indebtedness of the Company for the Financial Years Ended 31 December 2019G, 2020G and 2021G and the Three-Month Period Ended 31 March 2022G

(SAR '000)	FY 2019G	FY 2020G	FY 2021G	Q1 2022G
Total loans	69,981,281	48,136,270	52,626,976	153,727,861
Shareholders' equity				
Capital	42,000,000	42,000,000	42,000,000	42,000,000
Statutory reserve	12,600,000	12,600,000	12,600,000	12,600,000
Proposed capital increase	156,431	156,431	156,431	156,431
Consensual reserve	-	-	-	-
Retained earnings	275,182,624	293,081,155	326,382,208	385,474,395
Total Shareholders' equity	329,939,055	347,837,586	381,138,639	440,230,826
Non-controlling equity	-	-	-	-
Total equity	329,939,055	347,837,586	381,138,639	440,230,826
Total capitalization (Total loans + Total Shareholders' equity)	399,920,336	395,973,856	433,765,615	593,958,687
Total capitalization/Total loans	17.5%	12.2%	12.1%	25.88%

Source: The audited financial statements for the financial years ended 31 December 2019G, 2020G and 2021G, the audited financial statements for the three-month period ended 31 March 2022G and Company information.

The Directors declare that:

1. None of the Company's Shares are under option.
2. The Company does not have any debt instruments as at the date of this Prospectus.
3. The Company's balance and cash flows are sufficient to meet its expected cash and working capital requirements for at least twelve (12) months after the date of publication of this Prospectus, taking into account any adverse and material change in the Company's business.

10. Expert Statements

All of the Advisors and Auditors, whose names are listed on pages (vi) and (vii) hereof, have given and, as at the date of this Prospectus, have not withdrawn, their written consent to the reference to their names, addresses and logos and the publication of their statements in this Prospectus. Neither they, nor any of their employees forming part of the team serving the Company, or Relatives have any shareholding or interest of any kind in the Company as of the date of this Prospectus which would impair their independence.

11. Declarations

The Directors declare that:

1. There has been no interruption in the operations of the Company or its Subsidiary in a manner that could significantly affect or has affected their financial position during the past twelve (12) months.
2. No commissions, discounts, brokerage fees, or any non-monetary compensation were granted by the Company or its Subsidiary during the three (3) years immediately preceding the date of application for registration and offer of the securities subject to this Prospectus with respect to the issuance or offering of any securities.
3. There has been no material adverse change in the financial or trading position of the Company or its Subsidiary during the three (3) years preceding the year of submitting the application for registration and offer of the securities subject to this Prospectus, in addition to the period covered by the Auditors' Report until the date of the approval of this Prospectus.
4. Except as disclosed in Section 5.7 "**Direct and Indirect Interests of the Board of Directors and Executive Management**" of this Prospectus, none of the Directors nor any of their relatives have shares or interest of any kind in the Company or its Subsidiary.
5. Except as disclosed in Section 5.3 "**Members of the Board of Directors and the Secretary**", Section 5.5.2 "**Members of the Executive Management**", and Section 12.5 "**Material Agreements with Related Parties**" of this Prospectus, none of the Directors, Executive Management, or the Secretary, or any of their Relatives has a direct or indirect interest in the Shares or debt instruments of the Company or its Subsidiary or any interest in any other matter which would affect the Company's business.
6. Except as disclosed in Section 12.5 "**Material Agreements with Related Parties**" of this Prospectus, none of the Directors, Executive Management members, or the Secretary has any interest in any contract or arrangement in effect or to be entered into as at the date of this Prospectus in relation to the business of the Company or its Subsidiary.
7. Except as disclosed in Section 5.7 "**Direct and Indirect Interests of the Board of Directors and Executive Management**" of this Prospectus, the Directors acknowledge that, as of the date of this Prospectus, none of Directors or members of the Executive Management directly or indirectly hold any shares in the Company or its Subsidiary.
8. Both the Company, separately or jointly with its Subsidiary, have working capital sufficient for at least twelve (12) months immediately following the date of publication of this Prospectus.
9. To the best of their knowledge and belief, there are no material risks as of the date of this Prospectus other than those mentioned in this Section 2 "**Risk Factors**", which may affect investors' decisions to invest in the Offer Shares.
10. As of the date of this Prospectus, there is no intention to make any fundamental change to the nature of the Company or its Subsidiary's activities.
11. As of the date of this Prospectus, there are no bankruptcy cases involving the Directors, Executive Management or the Secretary. Moreover, there have been no cases of insolvency within the past five years involving any company in which any of the Directors, Executive Management, or the Secretary was hired in an administrative or supervisory position.
12. The Directors declare that they will comply with Articles 71 and 72 of the Companies Laws and Articles 44 and 46 of the Corporate Governance Regulations.
13. The Directors declare that they will not vote at General Assembly meetings that relate to any Related Party contracts in which the Directors have a direct or indirect interest.
14. 'The Company's Bylaws do not include any authority that gives any of the Directors or Senior Executives or the CEO the right to vote on any agreement or recommendation in which there is interest or remuneration granted to them or the right to allow Directors or senior Executives to borrow from the Company.
15. They will not compete with the business of the Company or its Subsidiary, and all future Related Party transactions will be conducted on an arm's length basis in accordance with Article 72 of the Companies Law.
16. The capital of the Company and its Subsidiary is not under option.
17. The Offering does not violate the applicable laws and regulations of the Kingdom.
18. The Offering does not prejudice any of the contracts or agreements to which the Company and its Subsidiary are a party.

19. All material legal information relating to the Company and its Subsidiary has been disclosed in this Prospectus.
20. Except as disclosed in Section 12.9 "**Litigation**" of this Prospectus, the Company and its Subsidiary are not involved in any lawsuits or legal proceedings that may, individually or collectively, have a material impact on the business or financial position of the Company or its Subsidiary.
21. Except as disclosed in Section 12.9 "**Litigation**" of this Prospectus, the Directors are not involved in any lawsuits or legal proceedings that may, individually or collectively, have a material impact on the business or financial position of the Company or its Subsidiary.
22. All transactions with Related Parties described in Section 12.5 "**Material Agreements with Related Parties**" of this Prospectus, including determination of the contract price, do not include any preferential conditions and have been executed in accordance with the laws and regulations and on an arm's-length basis, as is the case with third-party agreements.
23. Except as disclosed in Section 12.5 "**Material Agreements with Related Parties**" of this Prospectus, the Company and its Subsidiary are not bound by any transactions, agreements, commercial relations or real estate transactions with another Related Party.
24. The financial information contained in Section 6 "**Management's discussion and analysis of financial position and results of operations**" of this Prospectus is extracted without material change and is presented in a format consistent with the audited financial statements for the years ended 31 December 2019G, 2020G and 2021G together with the accompanying notes thereto, which have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom and other standards and publications adopted by SOCPA, and the interim condensed financial statements for the three-month period ended 31 March 2022G, together with the accompanying notes thereto, which have been prepared in accordance with IAS 34 "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia.
25. All material facts related to the Company and its Subsidiary and their financial performance have been disclosed in this Prospectus, and that there are no other information, documents, or facts the omission of which would make any statement herein misleading.
26. There is no intention to make any material change to the nature of the Company's or its Subsidiary's activity.
27. Neither the Company nor its Subsidiary have any property, including contractual securities or other assets whose value is subject to fluctuation or is difficult to ascertain, which materially affects the assessment of their financial situation.
28. The Directors declare that the Company and its Subsidiary have not issued debt instruments, term loans or secured or unsecured mortgages, whether current or approved but unissued; the Company and its Subsidiary do not have any loans or other indebtedness, including overdrafts from bank accounts; and there are no secured liabilities (either secured by a personal guarantee or a non-personal guarantee or secured or not secured by a mortgage), liabilities under acceptance, acceptance credits or hire purchase commitments, except as disclosed in Section 12.4.4 "**Financing Agreements**", Section 2 "**Risk Factors**", Section 2.1.18 "**Risks Related to Financing and Credit Facilities**", Section 6 "**Management's discussion and analysis of financial position and results of operations**", Section 6.7.16 and 6.8.15 "**Current liabilities**" and Section 6.7.15 and 6.8.14 "**Non-current liabilities**" of this Prospectus.
29. To the best of their knowledge, the properties of the Company and its Subsidiary are not subject to any mortgages, rights, encumbrances, or charges as at the date of this Prospectus, except as disclosed in Section 12.4.4 "**Financing Agreements**", Section 6 "**Management's discussion and analysis of financial position and results of operations**", Section 6.7.16 and 6.8.15 "**Current liabilities**" and Section 6.7.15 and 6.8.14 "**Non-current liabilities**" of this Prospectus.
30. The Company and its Subsidiary do not have any contingencies, guarantees, or significant fixed assets to be purchased or leased, except as disclosed in this Section 12.4.4 "**Financing Agreements**", Section 6 "**Management's discussion and analysis of financial position and results of operations**", and Section 6.7.18 and 6.8.17 "**Contingencies and commitments**" of this Prospectus.
31. Except as disclosed in Section 2 "**Risk Factors**" of this Prospectus, the Directors declare that the Company and its Subsidiary have no information about any governmental, economic, financial, monetary or political policies or any other factors that have or could have a material impact (directly or indirectly) on the business of the Company or its Subsidiary.
32. The operations and revenue of the Company and its Subsidiary are affected by seasonal factors, based on the change in demand and consumption between seasons. The Management of the Company and its Subsidiary seeks to mitigate the impact of seasonal factors by managing inventory to satisfy demand throughout the year. All seasonal factors have been disclosed within the key factors affecting the performance and operations of the Company and its Subsidiary in Section 6.4 "**Key Factors Affecting the Company's Performance and Operations**" of this Prospectus.

33. All necessary approvals have been obtained for the Offering of the Company's Shares on the Exchange and for incorporation as a public joint stock company.
34. The insurance policies of the Company and its Subsidiary sufficiently cover their business. The Company and its Subsidiary periodically renew insurance policies and contracts to ensure that there is continuous insurance coverage.
35. The Company and its Subsidiary sponsor all of its non-Saudi employees or have entered into contracts to deal with them through authorized entities to do so.
36. The beneficial, direct and indirect, legal ownership of the Company's Shares is held by the persons whose names are listed in Section 12.2.1 "**Shareholder Structure**".
37. Except as disclosed in Section 2.2.11 "**Risks Related to Licenses, Permits and Approvals**" of this Prospectus, the Company and its Subsidiary have obtained all necessary operating licenses and permits.
38. As of the date of this Prospectus, there has been no violation of any contractual terms and conditions under the agreements with lenders granting all loans, facilities and financing, and the Company and its Subsidiary will comply with all such terms and conditions.
39. The Directors declare that the Auditors' Report is free of any qualifications on the Issuer's financial statements for any of the three (3) years immediately preceding the date of application for registration and offer of securities subject to this Prospectus.
40. The Directors declare that the Issuer has not undergone any structural changes during the three (3) years immediately preceding the date of application for registration and offer of securities subject to this Prospectus.
41. The Directors declare that there has been no material change in the accounting policies of the Issuer during the three (3) years immediately preceding the date of application for registration and offer of securities subject to this Prospectus.
42. Except for the capital increase dated 15/09/1443H (corresponding to 16/04/2022G) which has been disclosed under Section 4.1.2 "**Corporate History and Evolution of Capital**" of this Prospectus, the Directors declare that there has been no material amendments in the Company and its Subsidiary's share capital for any of the three (3) financial years immediately preceding the date of filing the application for registration and offer of securities subject to this Prospectus.
43. The Directors declare that there has been no material change in the audited financial statement of the Issuer during the three (3) years immediately preceding the date of application for registration and offer of securities subject to this Prospectus.

In addition to the above, the Directors confirm that:

1. This Prospectus includes all the information required under the Rules on the Offer of Securities and Continuing Obligations, and there are no other facts the omission of which would affect the application for the registration and offer of securities.
2. It has submitted, and will submit, to the CMA all the documents required under the Capital Market Law and the Rules on the Offer of Securities and Continuing Obligations.

12. Legal Information

12.1 Legal Declarations

The Directors declare that:

1. The Offering does not violate the applicable laws and regulations of the Kingdom.
2. The Offering does not prejudice any of the contracts or agreements to which the Company is a party.
3. All material legal information relating to the Company has been disclosed in this Prospectus.
4. Except as disclosed in Section 12.9 "**Litigation** " of this Prospectus, the Company and its Subsidiary are not involved in any lawsuits or proceedings that may, individually or collectively, have a material impact on the business or financial position of the Company or its Subsidiary.
5. Except as disclosed in Section 12.9 "**Litigation**" of this Prospectus, the Directors are not involved in any lawsuits or proceedings that may, individually or collectively, have a material impact on the business or financial position of the Company or its Subsidiary.

12.2 The Company

Al-Saif Stores for Development & Investment Company 'Alsaif Gallery' is a Saudi closed joint stock company incorporated pursuant to Ministry of Commerce Resolution No. 322/S dated 23/01/1436H (corresponding to 16/11/2014G) registered in Riyadh under Commercial Registration No. 1010111193 dated 18/12/1413H (corresponding to 09/06/1993G). The Company's registered address is Imam Saud Bin Abdulaziz Bin Muhammad Road, Al Taawun, P.O. Box 10447, Riyadh, 11626, Kingdom of Saudi Arabia.

On 18/12/1413H (corresponding to 09/06/1993G), the Company was incorporated as a sole proprietorship owned by Suleiman bin Muhammad Alsaif under Commercial Registration No. 1010111193 dated 18/12/1413H (corresponding to 09/06/1993G). On 23/01/1436H (corresponding to 16/11/2014G), the Company was converted from a sole proprietorship into a closed joint stock company named 'Alsaif Stores Development & Investment Holding Company (Saudi Closed Joint Stock Company)' pursuant to Ministry of Commerce Resolution No. 322/S, with a fully-paid capital of two million Saudi Riyals (SAR 2,000,000), divided into two hundred thousand (200,000) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share. Since its inception, the Company's capital has been increased several times. The capital was first increased by virtue of the Extraordinary General Assembly resolution dated 20/02/1439H (corresponding to 09/11/2017G), from two million Saudi Riyals (SAR 2,000,000) to forty-two million Saudi Riyals (SAR 42,000,000) paid in full, divided into four million, two hundred thousand (4,200,000) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share. The increase of forty million Saudi Riyals (SAR 40,000,000) was covered in cash. The Company's capital was further increased pursuant to the Extraordinary General Assembly resolution dated 15/09/1443H (corresponding to 16/04/2022G), from forty-two million Saudi Riyals (SAR 42,000,000) to three hundred and fifty million Saudi Riyals (SAR 350,000,000) paid in full, divided into thirty-five million (35,000,000) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share. The increase of three hundred and eight million Saudi Riyals (SAR 308,000,000) was covered through the capitalization of retained earnings. For further details about the Company's history, see Section 4.1.2 "**Corporate History and Evolution of Capital**" of this Prospectus.

12.2.1 Shareholder Structure

The current capital of the Company is three hundred and fifty million Saudi Riyals (SAR 350,000,000) divided into thirty-five million (35,000,000) cash ordinary shares with a fully paid nominal value of ten Saudi Riyals (SAR 10) per share. The following table sets out the ownership structure of the Company pre-and post-Offering:

Table No. (12.1): Ownership Structure of the Company Pre-and Post-Offering

#	Shareholder	Pre-Offering			Post-Offering		
		No. of Shares	Overall Nominal Value (SAR)	Percentage	No. of Shares	Overall Nominal Value (SAR)	Percentage
1.	Suleiman bin Muhammad bin Saleh Alsaif	32,375,000	323,750,000	92.5%	21,875,000	218,750,000	62.5%
2.	Heila bint Abdullah bin Saleh Alsaif	350,000	3,500,000	1%	350,000	3,500,000	1%
3.	Ahmed bin Suleiman bin Muhammad Alsaif	350,000	3,500,000	1%	350,000	3,500,000	1%
4.	Muhammad bin Suleiman bin Muhammad Alsaif	350,000	3,500,000	1%	350,000	3,500,000	1%
5.	Haitham bin Suleiman bin Muhammad Alsaif	350,000	3,500,000	1%	350,000	3,500,000	1%
6.	Muhannad bin Suleiman bin Muhammad Alsaif	350,000	3,500,000	1%	350,000	3,500,000	1%
7.	Asma bint Suleiman bin Muhammad Alsaif	175,000	1,750,000	0.5%	175,000	1,750,000	0.5%
8.	Maha bint Suleiman bin Muhammad Alsaif	175,000	1,750,000	0.5%	175,000	1,750,000	0.5%
9.	Manal bint Suleiman bin Muhammad Alsaif	175,000	1,750,000	0.5%	175,000	1,750,000	0.5%
10.	Ibtihal bint Suleiman bin Muhammad Alsaif	175,000	1,750,000	0.5%	175,000	1,750,000	0.5%
11.	Alaa bint Suleiman bin Muhammad Alsaif	175,000	1,750,000	0.5%	175,000	1,750,000	0.5%
12.	Public	-	-	-	10,500,000	105,000,000	30%
Total		**35,000,000**	**350,000,000**	**100%**	**35,000,000**	**350,000,000**	**100%**

Source: The Company.

12.2.2 Company Branches

The Company has twenty-six (26) branches registered with the Ministry of Commerce, consisting of Alsaif Gallery stores throughout the Kingdom. Despite having fifty-eight (58) stores as of 31 March 2022G, the Company has not registered all of them with separate commercial registrations, given Ministry of Commerce's removal of the requirement to issue sub-registrations for enterprises engaging in the same business and situated in the same administrative region, whereby one registration for similar activities in one administrative region is sufficient. The following table sets out the details of the Commercial Registration Certificates of the Company's registered branches as of the date of this Prospectus:

Table No. (12.2): Company Branches as of the Date of this Prospectus

#	Branch Location	Commercial Registration No.	Commercial Registration Certificate Date	Expiration Date of Commercial Registration Certificate
Central Province				
1.	Riyadh - Eastern Ring Road[1]	1010214481	08/11/1426H (corresponding to 10/12/2005G)	03/03/1444H (corresponding to 29/09/2022G)
2.	Dawadmi	1116623206	18/08/1440H (corresponding to 23/04/2019G)	18/08/1446H (corresponding to 17/02/2025G)
3.	Buraidah[2]	1131050364	08/01/1435H (corresponding to 11/11/2013G)	14/03/1444H (corresponding to 10/10/2022G)
4.	Ar Rass	1132011128	02/02/1439H (corresponding to 22/10/2017G)	02/02/1446H (corresponding to 06/08/2024G)
5.	Onaizah[1]	1128181636	16/04/1440H (corresponding to 23/12/2018G)	16/04/1446H (corresponding to 19/10/2024G)
Southern Province				
6.	Khamis Mushait	5855064177	05/08/1435H (corresponding to 03/06/2014G)	06/06/1444H (corresponding to 30/12/2022G)
7.	Abha	5850069251	28/02/1437H (corresponding to 10/12/2015G)	28/02/1446H (corresponding to 01/09/2024G)
8.	Al Baha[3]	5800103809	16/04/1440H (corresponding to 23/12/2018G)	16/04/1446H (corresponding to 19/10/2024G)

#	Branch Location	Commercial Registration No.	Commercial Registration Certificate Date	Expiration Date of Commercial Registration Certificate
9.	Muhayil	5860612372	24/10/1440H (corresponding to 27/06/2019G)	24/10/1445H (corresponding to 03/05/2024G)
10.	Jazan	5900029071	06/08/1435H (corresponding to 04/06/2014G)	02/04/1444H (corresponding to 27/10/2022G)
11.	Najran	5950028436	24/01/1435H (corresponding to 27/11/2013G)	07/03/1444H (corresponding to 03/10/2022G)
12.	Bisha	5851008216	27/01/1436H (corresponding to 20/11/2014G)	16/03/1444H (corresponding to 12/10/2022G)
Eastern Province				
13.	Al Khafji	2057009162	06/06/1438H (corresponding to 05/03/2017G)	06/06/1445H (corresponding to 19/12/2023G)
14.	Al Hofuf[4]	2251051049	01/05/1434H (corresponding to 13/03/2013G)	07/03/1444H (corresponding to 03/10/2022G)
15.	Dammam[5]	2050089147	03/04/1434H (corresponding to 13/02/2013G)	03/03/1444H (corresponding to 29/09/2022G)
16.	Al Jubail	2055122895	04/06/1439H (corresponding to 20/02/2018G)	04/06/1444H (corresponding to 28/12/2022G)
17.	Hafar Al Batin	2511020642	16/01/1435H (corresponding to 19/11/2013G)	03/03/1444H (corresponding to 29/09/2022G)
18.	Dhahran[6]	2052002131	03/04/1434H (corresponding to 13/02/2013G)	06/03/1444H (corresponding to 02/10/2022G)
Northern Province				
19.	Tabuk	3550035969	12/04/1436H (corresponding to 01/02/2015G)	11/04/1444H (corresponding to 05/11/2022G)
20.	Arar	3450178614	25/03/1443H (corresponding to 31/10/2021G)	25/03/1446H (corresponding to 28/09/2024G)
21.	Hail	3350038998	12/05/1434H (corresponding to 24/03/2013G)	20/03/1444H (corresponding to 16/10/2022G)
22.	Sakakah	3400017715	16/04/1434H (corresponding to 16/02/2014G)	07/03/1444H (corresponding to 03/10/2022G)
Western Province				
23.	Jeddah[7]	4030280833	13/05/1436H (corresponding to 04/03/2015G)	13/05/1444H (corresponding to 07/12/2022G)
24.	Medina[8]	4650078386	26/06/1436H (corresponding to 15/04/2015G)	25/06/1444H (corresponding to 18/01/2023G)
25.	Mecca[9]	4031088383	06/01/1436H (corresponding to 30/10/2014G)	20/03/1444H (corresponding to 16/10/2022G)
26.	Taif[10]	4032047578	13/05/1436H (corresponding to 04/03/2015G)	13/05/1444H (corresponding to 07/12/2022G)

This Commercial Registration includes the Company's Alsaif Gallery stores in Exit 9, Exit 10, Shifa District, Al Yarmouk District, Al-Mansoura District, Al-Naseem District, Al Ghadeer District, Al Badiyah District, Al-Fayhaa' District, Exit 12, Al Sahafah District and Al Kharj.

(1) This Commercial Registration includes the Company's Alsaif Gallery stores in Buraydah.

(2) This Commercial Registration includes the Company's Alsaif Gallery stores in Al Baha.

(3) This Commercial Registration includes the Company's Alsaif Gallery stores in Al-Ahsa.

(4) This Commercial Registration includes the Company's Alsaif Gallery stores in Dammam.

(5) This Commercial Registration includes the Company's Alsaif Gallery stores in Khobar.

(6) This Commercial Registration includes the Company's Alsaif Gallery stores in Jeddah.

(7) This Commercial Registration includes the Company's Alsaif Gallery stores in Medina and Yanbu.

(8) This Commercial Registration includes the Company's Alsaif Gallery stores in Mecca.

(9) This Commercial Registration includes the Company's Alsaif Gallery stores in Taif.

Source: The Company.

12.2.3 Subsidiary

The Company has a sole subsidiary, Alsaif Gallery Trading, a single-person limited liability company. The Subsidiary is incorporated in Abu Dhabi, UAE, with a capital of ten thousand UAE dirhams (AED 10,000), divided into ten (10) shares with equal nominal value of one thousand UAE dirhams (AED 1,000) per share. It is a wholly owned subsidiary of the Company. As at the date of this Prospectus, work is underway to register the Subsidiary in the Abu Dhabi commercial registry.

12.2.4 Key Licenses

The Company has obtained all key licenses necessary to conduct its business from the competent authorities. The following is a summary of the key licenses issued to the Company by the Ministry of Municipal, Rural Affairs and Housing for Alsaif Gallery stores throughout the Kingdom and the Company's warehouse in Riyadh as of the date of this Prospectus:

Table No. (12.3): Summary of Key Licenses Issued to the Company as of the Date of this Prospectus

#	Issuing Authority	License Type	Purpose	License No.	Expiration Date
Alsaif Gallery Stores					
Central Province					
1.	Riyadh Municipality	Business license	Store	40031818183	25/06/1444H (corresponding to 18/01/2023G)
2.	Riyadh Municipality	Business license	Store	40031877729	06/02/1444H (corresponding to 02/09/2022G)
3.	Riyadh Municipality	Business license	Store	41063440180	22/07/1444H (corresponding to 13/02/2023G)
4.	Riyadh Municipality	Business license	Store	41022592571	28/02/1445H (corresponding to 13/09/2023G)
5.	Riyadh Municipality	Business license	Store	40102414481	03/03/1444H (corresponding to 29/09/2022G)
6.	Riyadh Municipality	Business license	Store	40092182866	27/08/1444H (corresponding to 19/03/2023G)
7.	Riyadh Municipality	Business license	Store	40082113781	11/08/1444H (corresponding to 03/03/2023G)
8.	Riyadh Municipality	Business license	Store	41052644372	10/05/1445H (corresponding to 24/11/2023G)
9.	Riyadh Municipality	Business license	Store	40092185049	09/08/1444H (corresponding to 01/03/2023G)
10.	Riyadh Municipality	Business license	Store	40092185680	30/02/1445H (corresponding to 15/09/2023G)
11.	Riyadh Municipality	Business license	Store	43016026271	07/02/1444H (corresponding to 03/09/2022G)
12.	Riyadh Municipality	Business license	Store	43026453605	19/03/1444H (corresponding to 15/10/2022G)
13.	Riyadh Municipality	Business license	Store	40092183529	04/03/1445H (corresponding to 19/09/2023G)
14.	Riyadh Municipality	Business license	Store	40092185589	28/01/1444H (corresponding to 26/08/2022G)
15.	Riyadh Municipality	Business license	Store	42075349093	24/08/1444H (corresponding to 16/03/2023G)
16.	Riyadh Municipality	Business license	Store	40092183269	06/01/1445H (corresponding to 24/07/2023G)
17.	Dawadmi Municipality	Business license	Store	40112496005	14/11/1445H (corresponding to 22/05/2024G)
18.	Qassim Municipality	Business license	Store	390843091	18/08/1444H (corresponding to 10/03/2023G)
19.	Qassim Municipality	Business license	Store	3909356248	07/06/1444H (corresponding to 31/12/2022G)
20.	Qassim Municipality	Business license	Store	40062061364	26/06/1444H (corresponding to 19/01/2023G)
21.	Qassim Municipality	Business license	Store	41073448917	24/07/1444H (corresponding to 15/02/2023G)
Southern Province					
22.	Asir Municipality	Business license	Store	40062042547	26/07/1445H (corresponding to 07/02/2024G)
23.	Asir Municipality	Business license	Store	41012563183	16/01/1445H (corresponding to 03/08/2023G)
24.	Asir Municipality	Business license	Store	41012571515	23/1/1445H (corresponding to 10/08/2023G)
25.	Asir Municipality*	Business license	Store	41012561271	05/01/1444H (corresponding to 03/08/2022G)
26.	Al Baha Municipality	Business license	Store	40092187716	08/09/1444H (corresponding to 30/03/2023G)
27.	Jazan Municipality	Business license	Store	390997420	01/09/1444H (corresponding to 23/03/2023G)

#	Issuing Authority	License Type	Purpose	License No.	Expiration Date
28.	Jazan Municipality	Business license	Store	43089456675	16/08/1444H (corresponding to 08/03/2023G)
29.	Najran Municipality	Business license	Store	3909651968	26/2/1444H (corresponding to 22/09/2022G)
Eastern Province					
30.	Eastern Region Municipality	Business license	Store	40092189358	27/09/1444H (corresponding to 18/04/2023G)
31.	Eastern Region Municipality	Business license	Store	3909200561	23/03/1444H (corresponding to 19/10/2022G)
32.	Eastern Region Municipality	Business license	Store	40112507160	24/11/1444H (corresponding to 13/06/2023G)
33.	Eastern Region Municipality	Business license	Store	40112507767	21/09/1444H (corresponding to 12/04/2023G)
34.	Eastern Region Municipality	Business license	Store	5338	09/08/1444H (corresponding to 01/03/2023G)
35.	Eastern Region Municipality	Business license	Store	40062053727	23/08/1444H (corresponding to 15/03/2023G)
36.	Eastern Region Municipality	Business license	Store	41073443382	11/05/1444H (corresponding to 05/12/2022G)
37.	Eastern Region Municipality	Business license	Store	42075323502	21/10/1444H (corresponding to 11/05/2023G)
38.	Eastern Region Municipality	Business license	Store	42085444170	03/06/1444H (corresponding to 27/12/2022G)
39.	Eastern Region Municipality	Business license	Store	42085399724	01/12/1444H (corresponding to 19/06/2023G)
40.	Eastern Region Municipality	Business license	Store	43109882483	21/11/1444H (corresponding to 10/06/2023G)
Northern Province					
41.	Tabuk Municipality	Business license	Store	3909333633	27/03/1444H (corresponding to 23/10/2022G)
42.	Arar Municipality	Business license	Store	43047979597	19/05/1444H (corresponding to 13/12/2022G)
43.	Hail Municipality	Business license	Store	40011619270	24/01/1444H (corresponding to 22/08/2022G)
44.	Al Jawf Municipality	Business license	Store	41022593512	06/03/1444H (corresponding to 02/10/2022G)
Western Province					
45.	Jeddah Municipality	Business license	Store	39111406000	05/05/1444H (corresponding to 29/11/2022G)
46.	Jeddah Municipality	Business license	Store	39111430781	13/11/1444H (corresponding to 02/06/2023G)
47.	Jeddah Municipality	Business license	Store	40072077268	06/07/1444H (corresponding to 28/01/2023G)
48.	Jeddah Municipality	Business license	Store	39121536050	23/11/1444H (corresponding to 12/06/2023G)
49.	Jeddah Municipality	Business license	Store	42044801992	07/09/1445H (corresponding to 17/03/2024G)
50.	Jeddah Municipality	Business license	Store	41052684738	24/05/1444H (corresponding to 18/12/2022G)
51.	Medina Municipality	Business license	Store	40052034000	21/05/1444H (corresponding to 15/12/2022G)
52.	Medina Municipality	Business license	Store	41052650072	01/08/1445H (corresponding to 11/02/2024G)
53.	Medina Municipality	Business license	Store	41073474970	08/09/1444H (corresponding to 30/03/2023G)
54.	Mecca Municipality	Business license	Store	40082124634	16/08/1444H (corresponding to 08/03/2023G)
55.	Mecca Municipality	Business license	Store	41073446042	21/07/1444H (corresponding to 12/02/2023G)
56.	Mecca Municipality	Business license	Store	3909513936	19/03/1444H (corresponding to 15/10/2022G)
57.	Taif Municipality	Business license	Store	42065167555	06/11/1444H (corresponding to 26/05/2023G)
58.	Taif Municipality	Business license	Store	3911854550	26/10/1444H (corresponding to 16/05/2023G)
59.	Al Qunfudhah Municipality	Business license	Store	43079400204	03/09/1444H (corresponding to 25/03/2023G)
Company warehouses					
60.	Riyadh Municipality	Business license	Warehouse	43069131250	23/09/1448H (corresponding to 02/03/2027G)

* The license has expired in the ordinary course of business.

Source: The Company.

12.3 Summary of the Company's Bylaws

12.3.1 Company's Objects, Term and Head Office

A. Objects of the Company

The Company undertakes and performs the following objects:

1. Wholesale and retail trade of Kitchenware and electrical appliances.
2. Wholesale and retail trade of home and office furniture, antiques, gifts, plastics, hardware and medical furniture.
3. Wholesale and retail trade and gilding of home utensils.
4. Wholesale and retail trade of toiletries, perfumes, cosmetics, women's accessories, belts, bags, other leather products, restaurant hotel and hospital supplies, electronics, watches, heating flues, beauty tools and supplies, Home Accessories and hygienic kits.
5. Online retail sales.
6. Purchase and acquisition of properties and land to construct buildings or invest them by way of sale or lease for the Company's benefit.
7. Development, maintenance and management of land and properties for the Company's benefit.
8. Purchase, acquisition, investment by way of sale or lease, development, management, operation and maintenance of furnished apartments, hospitals, gardens, markets, restaurants, public parks, tourist complexes, health, recreational, tourist, industrial, residential, agricultural, sports and educational facilities, gas stations, rest areas, bakeries, stores, warehouses and automatic laundries.
9. Maintenance, cleaning, management and operation of cities, facilities, buildings, public and private establishments, markets, residential, commercial, industrial, recreational, medical, agricultural and educational facilities, roads, dams, tunnels, bridges, water and sewage works, gas stations, airports, factories, power plants and petroleum, oil and gas pipelines and tanks.
10. Organization of permanent and temporary exhibitions.
11. General contracting (construction, repair, restoration, demolition) for buildings and general construction for road works, water and sewage works, irrigation and associated network works, electrical, mechanical, industrial and electronic works, marine works, dams, well drilling, desalination, pumping and purification of water and gas, telephone networks, hospitals, medical centers, gas and power plants, airports, factories and power plants.
12. Import and export services, marketing for third parties and commercial agencies and advertising services.
13. Architectural, civil, mechanical, electrical, agricultural and zoological contracting.
14. Marketing services for third parties and commercial agencies.
15. Basic metallurgical industry (iron, steel, non-ferrous metals).
16. Purchase and acquisition of properties and land, in addition to investing them by way of sale or lease for the Company's benefit.
17. Establishment and organization of celebrations and festivals.
18. Other mail activities.
19. Private courier company activities.
20. Online trade.
21. Other retail sale activities via mail order houses or via the internet.
22. General warehouses holding a variety of merchandise.
23. Operation of warehousing facilities for all types of merchandise.
24. Services for shipment and distribution of merchandise in general.
25. Other warehousing activities.

The Company operates in accordance with the applicable laws and with the necessary licenses issued by the competent authorities, if any.

B. Term of the Company

The term of the Company is ninety-nine (99) Gregorian years, commencing on the date the Company is registered in the Commercial Register. The Company's term may always be extended by a resolution of the Extraordinary General Assembly at least one (1) year prior to the expiration of the Company's term.

C. The Company's Head Office

The Company's head office is located in Riyadh. It may open branches, offices or agencies inside or outside the Kingdom by a Board resolution.

D. Participation and Ownership in Companies

The Company may, on its own, establish limited liability or closed joint stock companies inside or outside the Kingdom. It may own shares and stocks in other existing companies or merge with them. Moreover, the Company may participate with others in the establishment of joint-stock or limited liability companies after satisfying the requirements of the laws and directives in this regard. The Company may also dispose of such shares or stocks, provided that this does not include brokerage in trading shares.

12.3.2 Administrative and Oversight Affairs of the Company and its Supervisory Committees

A. Management of the Company

The Company shall be managed by a Board of Directors consisting of eight (8) directors to be elected by the Shareholders' Ordinary General Assembly through cumulative voting for a term not exceeding three (3) years. The Directors may be re-nominated more than once.

B. Termination of Board Membership

A Director's membership in the Board shall terminate upon the expiration of the Board's term or upon the termination of that Director's membership in the Board pursuant to any applicable laws or directives in the Kingdom. However, the Ordinary General Assembly may, at any time, dismiss all or any of the Directors without prejudice to the right of the dismissed Director to hold the Company liable if the removal is made without acceptable justification or at an improper time. A Director may also tender his resignation, provided that such resignation occurs at an appropriate time, otherwise, the said Director shall be held liable for any damage affecting the Company as a result of his resignation. The General Assembly may also, as per a recommendation of the Board, terminate the membership of a Director who misses three consecutive meetings without a legitimate excuse.

C. Board Vacancy

When the position of a Director becomes vacant, the Board may, at its discretion, appoint a Director to the vacant position temporarily, without the requirement of the number of votes obtained, to be selected from among experienced and competent candidates. Such appointment shall be submitted to the Ordinary General Assembly at its first meeting and the competent authorities shall be notified of the same within the statutory period from the date of appointment. The new Director shall complete the term of his predecessor. If the number of Directors falls below the minimum quorum stipulated by the Companies Law or the Company's Bylaws, the remaining Directors shall call the Ordinary General Assembly to convene within sixty (60) days to elect the required number of Directors.

D. Powers of the Board of Directors

Without prejudice to the powers conferred on the General Assembly, the Board shall have the broadest powers to manage the Company, draw up its policies, supervise its business, direct its affairs inside and outside the Kingdom, and carry out all works and actions inside and outside the Kingdom that would achieve its purposes. The powers and authorities of the Board include, but are not limited to, the following:

1. Disposing of the Company's assets, properties and real estate, accepting gifts, mortgaging and redeeming mortgages, buying, selling, transferring titles, paying the price, receiving the price and purchased items, provided that the Board of Directors' minutes and rationale for the resolution on disposal and sale of the Company's properties observe the following:

   - The sale shall be roughly comparable to the equivalent price in accordance with the generally accepted accounting standards.
   - The payment of the price for such transaction is not deferred except in certain cases and with sufficient guarantees.

- Such disposal shall not result in the Company being harmed, forced to discontinue some of its activities, or incur other liabilities due to the conditions of that disposal.
- The Ordinary General Assembly must approve any decision to sell more than 50% of the Company's assets, whether the sale is made through one or several transactions. If the sale is made through several transactions, the transaction that involves sale of more than 50% of assets shall be approved by the General Assembly. This percentage is calculated from the date of the first transaction that took place during the past twelve months.

2. Opening, managing and closing all types of accounts, including investment accounts, signing credits, transfers and financial documents, withdrawing and depositing with banks, issuing checks and commercial papers to third parties and endorsing them, carrying out all banking transactions, appointing authorized signatories, determining and canceling their powers and requesting the issuance and cancellation of ATM cards and passwords.
3. Issuing guarantees, collateral, promissory notes, providing guarantees of all kinds to banks, funds, financial institutions, government financing institutions and the Company's creditors, and signing all relevant papers and documents.
4. Concluding loans with any party, including government financing funds and institutions, and commercial loans with banks and financial institutions, regardless of their terms and for any limits determined by the Board, provided their terms do not exceed the expiration date of the Company's term.
5. The Board shall also have the right to discharge the Company's debtors from their obligations for its benefit according to the generally accepted accounting procedures for the formation of provisions for doubtful debts, provided that a period of time has passed since the debt was due and the Board believes that claiming such debt is futile. The Board of Directors' minutes and resolution on discharge of the Company's debtors shall include the rationale for the same. The discharge shall be a right reserved exclusively for the Board and shall not be delegated.
6. Establishing companies, participating with others in their establishment, holding shares and stakes in other existing companies or acquiring or merging with them; engaging in all kinds of investments, whether investments in deposits, sukuk, bonds, shares, funds, and disposing of such shares or stakes; providing the Company's assets, properties and real estate as an in-kind share in the capital of any company which the Company established or in which the Company is a shareholder, amending the memorandums of association of companies in which the Company is a shareholder; signing the memorandums of association and amendments thereof for companies in which the Company is a shareholder, whatever the type of these companies, and whatever the content of such amendments, including amendments to increase or decrease the capital, assign shares and stakes in accordance with the relevant laws, accept shares and stakes, covert or merge companies and buy or sell shares and stakes in companies, whether in full or in part; appointing representatives of the Company in the management of any of its subsidiaries or companies in which the Company is a shareholder; attending meetings of assemblies of partners or shareholders and boards of directors of such companies, voting on behalf of the Company and signing resolutions and minutes of meetings of assemblies of partners or shareholders and boards of directors; and signing agreements and instruments before the notaries public and official authorities.
7. Appointing and removing the Company's CEO and its deputies.
8. Determining the powers, duties and financial rights of the CEO and their deputies.
9. Approving the financial position, financial statements and annual budget of the Company.
10. Approving the Company's internal regulations and policies and governance regulations and policies, unless the laws and regulations of the competent authorities confer certain powers in this regard on the assembly.

The Board may, within the limits of its competencies, delegate or authorize one or more of the Directors, members of Board Committees, or the Company's employees to carry out specific assignment(s), and may cancel this delegation or authorization.

In performing its duties, the Board must observe the following restrictions:

1. Non-engagement in investments that Islam forbids.
2. Compliance with the laws of the countries in which the Company operates, regardless of financial or other gains.
3. Abstaining from use of illegal management techniques including bribery, fraud, deception, et cetera.
4. Abide by the highest values and standards in competition and not engage in unfair competition.
5. Establish a suitable work environment that promotes the growth and success of the Company's operations.

E. Powers of the Chairman, Vice Chairman, Managing Director and Board Secretary

1. The Board of Directors shall appoint from among its members a Chairman and Vice Chairman. The Board of Directors may also appoint a Managing Director from among its members. A Director may not concurrently assume the position of Chairman and any other executive position in the Company.
2. Without prejudice to the competencies and powers of the Board, the Chairman shall have the authority to call for a Board meeting; preside over Shareholders' general assemblies; represent the Company in its relations with third parties; sign on the Company's behalf with all Government, semi-Government and non-Government entities, the Royal Court, ministries, public and private bodies and institutions, emirates and all Government departments, for example, but not limited to, the Traffic Department, Passports Department, Recruitment Department, Labor Office, Expatriates Department, Civil Defense, and Trademark and Commercial Agencies Registration, companies, banks, individuals, et cetera; represent the Company and sign on its behalf with judicial and quasi-judicial bodies of various designations, types and degrees; litigate; claim; make pleadings and defenses; file, hear and respond to claims; admit; deny; reconcile; waive; discharge; request, reject and refrain from administration of oath; bring witnesses; submit and challenge evidence; respond, impeach; amend; claim forgery; deny documents, seals and signatures; request and lift travel bans; contact foreclosure and enforcement departments; request foreclosure and enforcement; request arbitration; appoint, dismiss and replace experts and arbitrators, as well as challenge their reports; request enforcement of judgments; accept, deny and object to judgments; appeal judgments; seek reconsideration; annotate judgment instruments, request restitution and pre-emption; request cassation of judgments with the Supreme Court; complete all necessary measures to attend hearings in all cases before all courts; submit and receive memorandums and exhibits; receive amounts by check in the name of the Company; receive instruments from judgments, request dismissal of judges; request interposition and intervention; request referral of claims to Administrative Courts (the Board of Grievances), Committee for Review and Adjudication of Competition Law Violations, forensic committees, labor committees, committees for the settlement of financial disputes, committees for the settlement of banking disputes, committees for the resolution of securities disputes, committees for the resolution of commercial paper disputes, committees for the settlement of commercial disputes, customs committees, commercial fraud committees, committees for the resolution of insurance disputes and violations, the Public Prosecution, the Supreme Court, the Committee for Resolution of Tax Violations and Disputes, the Appeal Committee for Tax Violations and Disputes, and others. The Board has the right to hand over and receive all papers, transactions and judgments and complete all the necessary procedures with all courts and committees. With regard to real estate, the Board may represent the Company and sign on its behalf with regard to receiving, merging, dividing, sorting, updating, and registering instruments, issuing replacement instruments in lieu of lost ones, ratifying copies of real estate instruments, contacting notaries to inquire about real estate, adjusting limits, lengths, areas, numbers of plots, plans, deeds, their dates, and names of neighborhoods, leasing, and receiving rent and investment returns by check in the name of the Company. The Chairman has the sole authority to represent the Company or sign on its behalf in respect of all of the above. However, he may assign or delegate any or all of powers and duties to third parties.
3. The Vice Chairman shall replace the Chairman in case of the latter's absence.
4. If appointed, the Managing Director shall be competent to exercise the powers determined by the Board of Directors and implement all instructions issued by the Board. Pursuant to a Board resolution, the Board shall, at its discretion, determine the remuneration to be received by the Managing Director for all additional work performed by him in his capacity as an executive, not as a Director.
5. The Board shall appoint a Board Secretary, whether from among the Directors or otherwise and determine his remuneration.
6. The term of office of the Chairman, Vice Chairman, Managing Director, Board Secretary and Directors shall not exceed their respective terms of service as Directors and they may be re-elected. The Board may also dismiss any of them at any time without prejudice to the right of the dismissed for compensation, if the dismissal was due to illegitimate reasons or at an inappropriate time.

F. Remuneration of Directors

The remuneration of Directors shall consist of a certain amount, attendance allowance for meetings, benefits in kind or a certain percentage of net profits. In the event the renumeration is a certain proportion of net profits, the provisions of Paragraph 5 of Article 45 of these Bylaws shall apply. Two or more of these benefits may be combined within the limits of the provisions of the Companies Law or regulations complementary thereto, in addition to the travel, residency and accommodation expenses determined by the Board for each meeting of non-resident Directors in accordance with the laws, resolutions and instructions issued in the Kingdom by the competent authorities. The Board's report to the Ordinary General Assembly shall contain a comprehensive statement of all remuneration, expense allowances and other benefits received by Directors during the financial year. Such report shall also include a statement of the earnings of the Directors in their capacities as employees or executives of the Company and their earnings for any technical, administrative or advisory work provided for the Company. The report shall also include a statement of the number of meetings of the Board and the number of meetings attended by each Director from the date of the last meeting of the General Assembly.

G. Board Meetings

The Board shall meet at least four (4) times a year, upon an invitation from the Chairman. The invitation shall be in writing and may be sent by post, e-mail or other modern means of technology. The Chairman, or in his absence, the Vice Chairman, shall call for a meeting if so requested by any two Directors. Depending on circumstances, the Board may hold meetings using modern technology, and it may invite whomever of the Company's employees, advisors or third parties it deems appropriate, to attend its meetings, as long as they are not entitled to vote.

H. Quorum of the Board Meeting

A Board meeting shall be valid only if attended by at four (4) Directors, provided that the number of in-person attendees is not less than three (3) Directors. With the approval of the Chairman of the meeting, a Director may attend the meetings of the Board by modern means of technology. A Director may delegate another Director to attend a Board meeting and vote on his behalf on the resolutions taken during the meeting in accordance with the following guidelines:

1. A Director may not represent more than one Director in the same meeting.
2. The proxy shall be made in writing—or by modern means of technology—and shall be for a specific meeting.
3. A Director acting by proxy may not vote on resolutions on which his principal is prohibited from voting.

I. Board Resolutions and Deliberations

The Board's resolutions shall be adopted by the approval of the majority of the present Directors. In case of a tie, the Chairman shall have a casting vote. Deliberations and resolutions of the Board shall be recorded in minutes to be signed by the Chairman, the present Directors and the Board Secretary. Such minutes shall be entered in a special register signed by the Chairman and Board Secretary. The Board of Directors shall have the right to issue resolutions in urgent matters by presenting the same to the Directors separately, unless any director requests, in writing, a meeting of the Board for the deliberation of such. Such resolutions shall be submitted to the Board at its first subsequent meeting.

J. Formation of Committees

Without prejudice to the relevant laws and regulations, the Board may form specialized committees based on the Company's needs, circumstances and conditions to enable it to perform its tasks effectively. The Board shall determine the committees' duties, responsibilities and remuneration of its members in accordance with the controls and instructions set by the competent authorities.

K. Formation of the Audit Committee

By a resolution of the Company's Ordinary General Assembly, an Audit Committee shall be formed of non-executive Directors, whether from Shareholders or others. Such resolution shall include the Audit Committee's duties, responsibilities and remuneration of its members. The number of the Audit Committee's members shall not be less than three (3) and not more than five (5) members. Where the office of a member of the Audit Committee becomes vacant, the Board may, at its discretion, appoint a temporary member to the vacant position, to be selected from among experienced and competent candidates. Such appointment shall be submitted to the Ordinary General Assembly at its first meeting and the competent authority shall be notified of the same within the statutory period from the date of appointment. The new member shall complete the term of his predecessor.

L. Quorum of the Audit Committee Meeting

Meetings of the Audit Committee shall be valid if attended by the majority of its members. Resolutions shall be adopted by the majority of the votes of the members present. In the case of a tie vote, the head thereof shall have the casting vote.

M. Competences of the Audit Committee

The Audit Committee shall oversee the affairs of the Company. For such purpose, the Audit Committee has the right to review all the Company's records and documents, require any explanations or statements from the Directors or the Executive Management. The Audit Committee may request the Board to call for the General Assembly to convene if the Board obstructs its course of work or the Company suffers serious damage or losses.

N. Audit Committee Reports

The Audit Committee shall consider, and express its opinion – if any – on the Company's financial statements and the reports and notes provided by the Auditor. It shall also prepare a report on its opinion with respect to the adequacy of the Company's internal control system, along with other activities within its competence. The Board shall deposit enough copies of this report at the Company's head office at least twenty-one (21) days prior to the date of the General Assembly meeting, in order to provide it to any Shareholder wishing to have the same. Such report shall be read out at the meeting.

O. Appointment of the Auditor

The Company shall have one auditor (or more) to be selected from the auditors licensed to practice in the Kingdom. The Ordinary General Assembly shall appoint the Auditor and determine its remuneration and term of office. The Ordinary General Assembly may re-appoint the auditor provided that its term of office does not exceed five consecutive years. Auditors who have exceeded five (5) consecutive years shall only be eligible for reappointment after a two-year interval. The Ordinary General Assembly may change the auditor at any time without prejudice to its rights for compensation if such change was due to an illegitimate reason or coming at an inappropriate time.

P. Powers of the Auditor

The Auditor shall, at all times, have access to the Company's books, records and any other documents. It may also request information and clarification, as it deems necessary, to verify the Company's assets, liabilities and other matters that may pertain to the scope of its activities. The Chairman of the Board shall enable the Auditor to perform its duties. If the Auditor encounters difficulties in that regard, it shall document the same in a report to be submitted to the Board. If the Board does not facilitate the work of the Auditor, the latter shall call the Ordinary General Assembly to consider the matter.

Q. Financial Year

The Company's financial year shall begin on 1 January and end on 31 December of each year.

R. Financial Documents

1. At the end of each financial year, the Board shall prepare the financial statements of the Company and a report of its activities and financial position for such financial year, including the proposed method to distribute the net profits. The Board of Directors shall place these documents at the disposal of the Auditor at least forty-five (45) days prior to the date specified for the General Assembly.
2. The Chairman, CEO and CFO shall sign the documents set forth in Paragraph 1 of this Article. A copy thereof shall be deposited at the Company's head office at the disposal of Shareholders at least twenty-one (21) days before the date specified for the General Assembly.
3. The Chairman shall provide the Shareholders with the financial statements of the Company, the Board's Report and the Auditor's Report, unless they are published in a daily newspaper distributed where the head office of the Company is located. Further, the Chairman shall also send a copy of these documents to the competent authorities at least fifteen (15) days before the date specified for the General Assembly.

12.3.3 Rights and Restrictions Related to Securities

A. The Company's Capital

The Company's capital is set at three hundred and fifty million Saudi Riyals (SAR 350,000,000) divided into thirty-five million (35,000,000) fully subscribed and paid ordinary cash Shares with an equal nominal value of ten Saudi Riyals (SAR 10) per Share.

B. Sale of Non-Paid-up Shares

Each Shareholder undertakes to pay the value of the Shares on the dates set for such payment. Should a Shareholder fail to pay at the due time, the Board may, after notification of the Shareholder via text message or registered mail, sell such Shares at public auction or on the Stock Exchange in accordance with controls set by the competent authority.

The Company shall collect the amounts due thereto from the proceeds of the sale and refund the remaining amount to the Shareholder. If the proceeds of the sale fall short of the amounts due, the Company shall have a claim on the entire assets of the Shareholder for the unpaid balance.

However, a defaulting Shareholder may, up to the date of sale, pay the amount owed thereby plus the expenses incurred by the Company in this regard.

The Company shall cancel the shares sold in accordance with the Article above, issue to the purchaser new shares bearing the serial numbers of the canceled shares and make an annotation to this effect in the Share Register specifying the name of new holder.

C. Share Trading

The Company's Shares shall be traded by virtue of an entry made to the Shareholder Register maintained or outsourced by the Company, which shall include the Shareholders' names, nationalities, residence addresses, and occupations; the numbers of the shares; and the amounts paid up of such shares. An annotation shall be made on the share indicating said entry. In as far as the Company or third parties are concerned, the transfer of Shares shall only be effective from the date of the entry thereof in the said register.

D. The Company's Purchase, Sale and Pledge of its Shares

The Company may purchase or pledge its ordinary or preferred shares in accordance with the controls imposed by the competent authority; however, shares purchased by the Company shall not entitle it to votes in the Shareholders' assemblies.

E. Distribution of Dividends

The Company's annual net profits shall be distributed as follows:

1. 10% of the net profits shall be set aside to form a statutory reserve. Such setting aside may be discontinued by the Ordinary General Assembly when such statutory reserve totals 30% of the Company's paid-up capital.
2. The Ordinary General Assembly may, upon the request of the Board, set aside a portion of the net profits to form an additional reserve to address urgent crucial issues.
3. The Ordinary General Assembly may resolve to form other reserves to the extent they serve the Company's interests, or to ensure the distribution of fixed dividends—to the greatest extent possible—to Shareholders. The Ordinary General Assembly may also deduct amounts from the net profit to create social institutions for the Company's employees or to support existing institutions of such kind.
4. Out of the balance of the net profits, Shareholders shall receive a payment of no less than 5% of the paid-up capital.
5. Subject to the provisions set forth in Article 19 of the Company's Bylaws and Article 76 of the Companies Law, 10% of the remainder shall be set aside for renumeration of the Board of Directors, provided that such remuneration is proportionate to the number of sessions attended by each Director.
6. The Ordinary General Assembly may, upon the request of the Board, distribute the balance among Shareholders as an additional share of the dividends.

Having fulfilled the conditions set by the competent authorities, the Board may distribute semi-annual and quarterly profits during the financial year.

F. Entitlement to Dividends

A Shareholder shall be entitled to receive his/her share of dividends as per a General Assembly resolution issued in this regard, or in accordance with a Board resolution regarding the distribution of interim profits. The resolution shall specify the date of maturity and the date of distribution. Dividends shall be provided to owners of Shares recorded in the Shareholder Register at the end of the date of maturity.

G. Distribution of Preferred Share Dividends

1. If no dividends have been distributed for any financial year, dividends may not be distributed for the following years, unless the percentage established in accordance with the provisions of Article 114 of the Companies Law has been paid to the owners of the preferred shares for such year.
2. If the Company fails to pay the determined percentage of profits in accordance with the provisions of Article 114 of the Companies Law for three (3) consecutive years, a special assembly of preferred shareholders shall be held in accordance with the provisions of Article 89 of the Companies Law to decide either to have the owners of the preferred shares attend meetings of the General Assembly and participate in voting, or to appoint their representatives to the Board, in proportion to the value of their shares in the Company's share capital, until the Company is able to pay all of the profits allocated to the owners of the preferred shares for the previous years.

H. Liability Action

Each Shareholder shall have the right to file a liability action, vested in the Company, against Directors who have committed an error that caused the said Shareholder to suffer damages. Such liability action may only be filed by the Shareholder if the Company's right to file such action remains valid. The Shareholder shall notify the Company of its intention to file such action. Expenses incurred by a Shareholder in filing such action, regardless of the outcome thereof, may be charged to the Company, subject to the following conditions:

1. The Shareholder files such action in good faith.
2. The Shareholder provides the Company with the justification for filing such action and does not receive a response within thirty (30) days.
3. It is in the Company's best interest to file such action as per Article 79 of the Companies Law.
4. Such action is well-founded.

12.3.4 Amendment of Share Rights or Classes

A. Preferred Shares

The Company's Extraordinary General Assembly may, based on the rules established by the competent authorities, issue preferred shares; decide to purchase them; convert ordinary shares into preferred shares; or convert preferred shares into ordinary shares. Preferred shares do not grant voting rights in General Assemblies of Shareholders. Such shares entitle their holders to receive a greater percentage of Company's net profits, after setting aside statutory reserves, than those received by holders of ordinary shares.

B. Issuance of Shares

The Shares shall be nominal shares, and may not be issued at less than their nominal value, but may be issued at a value higher than said nominal value, in which case, the difference in value shall be added as a separate article relating to the Shareholders' equity, and may not be distributed as a Shareholder dividend. A Share shall be indivisible vis-à-vis the Company. In the event that a Share is owned by several people, they shall select one person from among them to exercise, on their behalf, the rights pertaining to the such Share, and they shall be jointly responsible for the obligations arising from ownership of such Share.

C. Capital Increase

1. The Extraordinary General Assembly may decide to increase the capital of the Company, provided that the capital has been paid up in full. The Capital does not need to be paid in full when the unpaid part thereof corresponds to shares issued in exchange for converting debts or financing instruments and the term prescribed for their conversion has not yet ended.
2. The Extraordinary General Assembly may, in any case, allocate the shares issued upon a capital increase, or portions thereof, to the employees of the Company or to the employees of all or some of its subsidiaries, or any of them. Shareholders may not exercise preemptive rights upon the Company's issuance of shares allocated to employees.

3. Shareholders owning shares at the time of the Extraordinary General Assembly's adoption of a resolution approving the increase of the capital shall have preemptive rights to subscribe for the new shares in exchange for cash contributions. Shareholders shall be notified of their preemptive rights by publication in a daily newspaper or by registered mail stating the adoption of the resolution to increase of capital, the terms of the Offering, its duration and its start and end dates.
4. The Extraordinary General Assembly may suspend the Shareholders' pre-emptive right to subscribe for an increase in the capital against contributions in cash or may give priority to non-shareholders in such cases as it deems appropriate for the Company.
5. Shareholders may sell or assign their preemptive rights in the period that extends from the date upon which the General Assembly resolution approving the capital increase is adopted until the last day of subscription for the new shares associated with such rights, in accordance with the guidelines established by the competent authority.
6. Without prejudice to the provisions of Paragraph 4 hereof, new shares shall be allocated to the holders of preemptive rights who have expressed an interest to subscribe thereto, in proportion to their preemptive rights resulting from the capital increase; provided that their allocation does not exceed the number of new shares they have applied for. The remaining new shares shall be allocated to preemptive right holders who have requested more than their proportionate stake, in proportion to their preemptive rights resulting from the capital increase, provided that their total allocation does not exceed the number of new shares they have asked for. Any remaining new shares shall be offered to third parties, unless the Extraordinary General Assembly decides, or unless the Capital Market Law provides otherwise.

D. Decrease of Capital

The Extraordinary General Assembly may decide to decrease the capital if it exceeds the Company's needs or if it incurs losses. In the latter case only, the capital may be decreased below the limit stipulated in Article 54 of the Companies Law. A capital decrease resolution shall be issued only after reading the Auditor's special report on the reasons calling for such reduction, the obligations to be fulfilled by the Company and the effect of the reduction on such obligations. If the capital decrease is due to it being in excess of the Company's needs, then the Company's creditors must be invited to express their objection thereto within sixty (60) days from the date of publication of the capital decrease resolution in a daily newspaper published in the area where the Company's head office is located. Should any creditor object and present to the Company evidentiary documents within the time limit set above, then the Company shall pay any such debt due at the time or present an adequate guarantee of payment if the debt is due on a later date.

E. Approvals Necessary to Amend Voting Rights

The Company's Bylaws shall be amended to the effect that the rights and voting mechanism at the General Assemblies of the Company are modified. In accordance with Article 26 of the Company's Bylaws, the Bylaws may be amended by the Extraordinary General Assembly. A meeting of the Extraordinary General Assembly shall not be valid unless attended by Shareholders representing at least 50% of the Company's capital. If such quorum cannot be attained at the first meeting, a second meeting shall be convened one hour from the end of the first meeting, provided that the invitation for the first meeting mentioned the possibility of having a second meeting. If the invitation does not refer to the possibility of second meeting, an invitation shall be sent for a second meeting to be held in the manner prescribed by Article 27 of the Company's Bylaws. In any case, the second meeting shall be deemed valid if attended by Shareholders representing at least 25% of the Company's capital. If the required quorum is not reached in the second meeting, there shall be an invitation for a third meeting to be held in the manner prescribed by Article 27 of the Company's Bylaws and the third meeting shall be deemed valid irrespective of the number of Shares represented therein upon the approval of the competent authority.

12.3.5 General Assemblies

A. Attendance of Assemblies

Each Shareholder shall have the right to attend General Assembly meetings. They may also authorize a third party, other than Directors or Company employees, to attend General Assembly meetings on their behalf. General assembly meetings may be convened and Shareholders may be participate in the deliberations and vote on the resolutions thereof by modern means of technology, in accordance with the measures imposed by the competent authority.

B. Powers of Ordinary General Assembly

Except for matters reserved for the Extraordinary General Assembly, the Ordinary General Assembly shall be competent to deal with all Company matters. The Ordinary General Assembly shall be convened at least once a year, within six (6) months following the end of the Company's financial year. Additional Ordinary General Assembly meetings may be convened whenever necessary.

C. Powers of the Extraordinary General Assembly

The Extraordinary General Assembly shall have the power to amend the Bylaws, except for such provisions impermissible to be amended under the law. The Extraordinary General Assembly may pass resolutions on matters falling within the competence of the Ordinary General Assembly under the same rules and conditions applicable thereto.

D. Convening of General Assemblies

General or special Shareholder assemblies shall be convened at the invitation of the Board in the manner described in the Company's Bylaws, the Companies Law and the controls set by the competent authorities in this regard. The Board shall convene a General Assembly, if requested to do so by the Auditor, the Audit Committee, or a number of Shareholders representing at least five percent (5%) of the Company's capital. The Auditor may call for the General Assembly to convene if the Board fails to do so within thirty (30) days from the date of the Auditor's request.

The invitation to the Ordinary General Assembly shall be published in a newspaper that is distributed in the region where the Company's head office is located at least twenty-one (21) days prior to the meeting date. The invitation shall include the meeting agenda. Nevertheless, it shall suffice to send the invitation at the designated date to all Shareholders through registered mail. A copy of the invitation and agenda shall be sent to the competent authority within the specified period of publication.

E. Attendance Register for General Assemblies

Shareholders who wish to attend public and private assemblies shall register their names at the Company's Head Office or the premises where the assembly is to be held before the time set for the meeting.

F. Quorum of the Ordinary General Assembly

A meeting of the Ordinary General Assembly shall not be valid unless attended by Shareholders representing at least 25% of the Company's capital. If such quorum cannot be attained at the first meeting, a second meeting shall be convened one hour after the end of the first meeting, provided that the invitation for the first meeting mentioned the possibility of having a second meeting. If the invitation does not refer to the possibility of a second meeting, a notice shall be sent for a second meeting to be held within thirty (30) days following the previous meeting and such notice shall be sent in the manner prescribed by Article 27 of the Company's Bylaws. In any case, the second meeting shall be deemed valid irrespective of the number of Shares represented therein.

G. Quorum of the Extraordinary General Assembly

A meeting of the Extraordinary General Assembly shall not be valid unless attended by Shareholders representing at least 50% of the Company's capital. If such quorum cannot be attained at the first meeting, a second meeting shall be convened one hour after the end of the first meeting, provided that the invitation for the first meeting mentioned the possibility of having a second meeting. If the invitation does not refer to the possibility of a second meeting, an invitation shall be sent for a second meeting to be held in the manner prescribed by Article 27 of the Company's Bylaws. In any case, the second meeting shall be deemed valid if attended by Shareholders representing at least 25% of the Company's capital. If the required quorum is not met in the second meeting, there shall be an invitation for a third meeting to be held in the manner prescribed by Article 27 of the Company's Bylaws and the third meeting shall be deemed valid irrespective of the number of shares represented therein upon the approval of the competent authority.

H. Voting at Assemblies

Each Shareholder shall have one vote for every Share represented by them in the Shareholders' Assemblies. Cumulative voting shall be used in electing the Board of Directors. Directors may not participate in voting on resolutions pertaining to their discharge from liability for the management of the Company or pertaining to their direct or indirect interests.

I. Assembly Resolutions

Ordinary General Assembly resolutions shall be issued by an absolute majority of the Shares represented at the meeting. Resolutions of the Extraordinary General Assembly shall be adopted by a majority vote of two-thirds (2/3) of the Shares represented at the meeting. However, if the resolution to be adopted is related to increase or decrease of share capital, extension of the Company's term, dissolution of the Company prior to the expiration of the term specified under the Bylaws or merger of the Company with another company, then such resolution shall be valid only if adopted by a majority vote of three-quarters (3/4) of the Shares represented at the meeting. The Board of Directors shall, in accordance with the Companies Law, publish the resolutions adopted by an Extraordinary General Assembly if they provide for alteration of the Company's Bylaws.

J. Assembly Deliberations

Each Shareholder shall have the right to discuss the matters stated in the agenda of the General Assembly and direct questions thereon to the Directors and the Auditor. The Board of Directors or the Auditor shall answer the questions of the Shareholders to the extent that it does not put the interest of the Company at risk. If a Shareholder is not satisfied with the answer, such Shareholder may have recourse to the General Assembly whose resolution shall be binding in this regard.

K. Chairmanship of Assembly Meetings and Preparation of Meeting Minutes

The Shareholders' General Assembly meetings shall be chaired by the Chairman, or, in his absence, the Vice Chairman, or, in case of the absence of both, whomever is delegated by the Board from its Directors. A Secretary and a canvasser shall be appointed for the meeting by the Chairman of the meeting, with the approval of the Assembly. Minutes shall be written for the meeting which shall include the names of the Shareholders present in person or represented by proxy, the number of Shares held by each Shareholder, the number of votes attached to such Shares, the resolutions adopted at the meeting, the number of votes assenting or dissenting to such resolutions and a comprehensive summary of the discussions that took place during the meeting. Such minutes shall be regularly recorded after each meeting in a special register that shall be signed by the Chairman, the Board Secretary and the canvasser.

12.3.6 Liquidation and Dissolution of the Company

A. Company Losses

1. If, at any time during the financial year, the losses of a joint stock company total half of its paid-up capital, then any Company official or the Auditor, upon becoming aware thereof, must inform the Chairman, who shall immediately inform the Directors, who, within fifteen (15) days of being informed thereof, shall call for an Extraordinary General Assembly meeting to be convened within forty five (45) days of becoming aware of such losses, to consider whether to increase or decrease the Company's capital, in accordance with the provisions of the Companies Law, to the extent the losses fall below half of the paid-up capital, or dissolution of the Company prior to the end of its term, as defined in the Company's Bylaws.
2. The Company shall be deemed dissolved under the Companies Law when its General Assembly does not convene within the period specified in Paragraph 1 above; or if it does convene, but fails to reach a resolution in that regard; or when it resolves to increase the capital as per the conditions set forth above, but the capital increase is not subscribed for in full within ninety (90) days of the Assembly's resolution to increase the capital.

B. Winding-up of the Company

The Company, upon its dissolution, shall enter a liquidation phase during which it shall retain its legal personality to the extent necessary for the liquidation. The Extraordinary General Assembly shall issue a resolution for the voluntary liquidation of the Company, which must include the appointment of a liquidator and specify his powers, fees, any restrictions on his powers and the period required for the liquidation process. The period of a voluntary liquidation process shall not exceed five (5) years and may not be further extended without a judicial order. The authority of the Board shall cease upon the dissolution of the Company; however, the Board shall remain responsible for the management of the Company and shall be deemed as liquidators toward third parties, until a liquidator is appointed. Shareholders' Assemblies shall continue throughout the duration of the liquidation process, but their role shall be limited to exercising their competencies as far as they do not conflict with those of the liquidator.

12.4 Material Agreements

The Company has entered into a number of material agreements and contracts with a number of parties. This section provides a summary of the agreements and contracts that the Directors believe are material in relation to the Company's business or may affect investors' decisions to subscribe for the Offer Shares. The summary of agreements and contracts referred to below does not cover all terms and conditions and it cannot be considered a substitute for the terms and conditions of such agreements.

12.4.1 Supply Agreements

A. Domestic Supply Agreements

The Company has entered into nineteen (19) supply agreements with certain domestic suppliers. Pursuant to these supply agreements, a supplier must provide home products and appliances to the Company on commercial terms and in the quantities specified by the Company under separate purchase orders. These supply agreements make no mention of the governing law or dispute resolution mechanisms or the rights of either party to terminate the agreement. The table below summarizes the key terms of the domestic supply agreements entered into by the Company. It should be noted that there are discounts offered to the Company under the local supply agreements mentioned below, which were not disclosed in the Prospectus due to their commercial confidentiality.

Table No. (12.4): Summary of the Key Terms of Local Supply Agreements

#	Parties	Product Type	Effective Date	Term and Renewal	Payment Terms	Other Additional Terms
1.	The Company and Al-Saif Trading Agencies Co.*	N/A	17/05/1442H (corresponding to 01/01/2021G)	The term of the supply agreement shall begin from the effective date of the agreement and remain in effect for one year. The agreement is automatically renewable for similar periods, provided either party does not notify the other of its intent not to renew one month before the end of the Gregorian year.	Al-Saif Trading Agencies Co. shall create a credit balance with a set purchase amount in favor of the Company. The Company undertakes to make minimum monthly payments of 10% of the outstanding credit and to settle the total balance by 20 December each year. At the end of the year, Al-Saif Trading Agencies Co. offers the Company a fixed-rate discount for marketing and advertising support.	N/A

#	Parties	Product Type	Effective Date	Term and Re-newal	Payment Terms	Other Additional Terms
2.	The Company and Al-Saif Coffee Trading Co.*	N/A	28/05/1443G (corresponding to 01/01/2022G)	The term of the supply agreement shall begin from the effective date of the agreement. The agreement is automatically renewable, provided either party does not notify the other of its intent not to renew.	The Company shall make monthly payments to the supplier based on the invoices issued, provided that the entire balance is settled before 31 December of each year. The supplier must provide discounts as agreed between the parties and participate in the Company's promotions and events. At the end of the year, the Company is entitled to a fixed-rate discount.	The supplier shall provide the Company with the products requested by it under the purchase orders issued thereby within 10 days of issuance of the relevant purchase order. If the products are not supplied within said time frame, the order is deemed canceled.
3.	The Company and a domestic supplier	Branded home and electronic products	10/03/1436H (corresponding to 01/01/2015G)	The term of the supply agreement shall be one year, automatically renewable.	The Company must make payments within 90 days of receiving products from the supplier. The Company is entitled to a fixed-rate discount on some products. In addition, based on the annual sales made, the Company is entitled to receive fixed-rate discounts. The Company also receives a fixed-rate discount as seasonal marketing support in exchange for a two-page advertisement for the supplier's products in the Company's magazine.	N/A
4.	The Company and a domestic supplier	N/A	10/03/1436H (corresponding to 01/01/2015G)	The term of the supply agreement shall be one year, automatically renewable.	The Company must make payments within 90 days of receiving the relevant invoice at its warehouses. Based on the amounts payable, the Company must make monthly payments. At the end of the year, the Company is entitled to a fixed-rate discount on all purchases. The Company is entitled to a fixed-rate discount on some products. The Company is entitled to a fixed-rate discount on freight charges. The Company is also entitled to a fixed-rate discount on the sample display products. The supplier may, at its discretion, participate in the Company's promotions and events and offer discounts as may be agreed between the parties.	N/A
5.	The Company and a domestic supplier	Small indoor and home appliances, medium-sized indoor appliances, and branded products	28/05/1443H (corresponding to 01/01/2022G)	The term of the supply agreement shall begin from the effective date of the agreement and shall expire on 07/06/1444H (corresponding to 31/12/2022G)	Fixed-rate discounts shall be applied to the products supplied by the supplier at the end of each year and/or on each invoice (depending on the type of product). Any fees must be paid by the Company within 90 days of receiving the relevant invoice.	The agreement will be terminated if either party violates any of its terms. The VAT laws in force in the Kingdom shall apply to this agreement.

#	Parties	Product Type	Effective Date	Term and Renewal	Payment Terms	Other Additional Terms
6.	The Company and a domestic supplier	N/A	28/05/1443H (corresponding to 01/01/2020G)	The term of the supply agreement shall begin from the effective date of the agreement. The agreement is automatically renewable, provided either party does not notify the other of its intent not to renew.	The Company shall make monthly payments to the supplier based on the invoices issued, provided that the entire balance is settled before 31 December of each year. The supplier must provide discounts as agreed between the parties and participate in the Company's promotions and events. At the end of the year, the Company is entitled to a fixed-rate discount.	The supplier shall provide the Company with the products requested by it under the purchase orders issued thereby within 10 days of issuance of the relevant purchase order. If the products are not supplied within the said time frame, the order is deemed canceled.
7.	The Company and a domestic supplier	N/A	28/05/1443H (corresponding to 01/01/2022G)	The term of the supply agreement shall begin from the effective date of the agreement. The agreement is automatically renewable, provided either party does not notify the other of its intent not to renew.	The Company shall make monthly payments to the supplier based on the invoices issued, provided that the entire balance is settled before 31 December of each year. The supplier must provide discounts as agreed between the parties and participate in the Company's promotions and events. At the end of the year, the Company is entitled to a fixed-rate discount.	The supplier shall provide the Company with the products requested by it under the purchase orders issued thereby within 10 days of issuance of the relevant purchase order. If the products are not supplied within the said time frame, the order is deemed canceled.
8.	The Company and a domestic supplier	N/A	28/05/1443H (corresponding to 01/01/2022G)	The term of the supply agreement shall begin from the effective date of the agreement. The agreement is automatically renewable, provided either party does not notify the other of its intent not to renew.	The Company shall make monthly payments to the supplier based on the invoices issued, provided that the entire balance is settled before 31 December of each year. The supplier must provide discounts as agreed between the parties and participate in the Company's promotions and events. At the end of the year, the Company is entitled to a fixed-rate discount.	The supplier shall provide the Company with the products requested by it under the purchase orders issued thereby within 10 days of issuance of the relevant purchase order. If the products are not supplied within said time frame, the order is deemed canceled.
9.	The Company and a domestic supplier	N/A	10/03/1436H (corresponding to 01/01/2015G)	The term of the supply agreement shall be one year, automatically renewable.	The Company must make payments within 90 days of receiving the relevant invoice at its warehouses. Based on the amounts payable, the Company must make monthly payments. The supplier shall offer the Company a fixed-rate discount on each invoice as well as on some products. At the end of the year, the Company is entitled to a fixed-rate discount on all purchases. The Company shall be entitled to an annual fixed-rate discount on sample display products and another additional fixed-rate discount for shipments outside Riyadh. Suppliers must provide discounts as agreed between the parties and participate in the Company's promotions and events.	The supplier shall provide the Company with the products requested by it under the purchase orders issued thereby within three days of issuance of the relevant purchase order.

#	Parties	Product Type	Effective Date	Term and Re-newal	Payment Terms	Other Additional Terms
10.	The Company and a domestic supplier	N/A	10/03/1436H (corresponding to 01/01/2015G)	The term of the supply agreement is one year from the effective date of the agreement, which is automatically renewable.	The Company must make payments within 120 days of receiving the relevant invoice at its warehouses. Based on the amounts payable, the Company must make monthly payments. The supplier shall offer the Company a fixed-rate discount on each invoice. At the end of the year, the Company is entitled to a fixed-rate discount on all purchases. For shipments outside of Riyadh, the Company is entitled to a fixed-rate discount. The supplier must provide discounts as agreed between the parties and participate in the Company's promotions and events.	The supplier shall provide the Company with the products requested by it under the purchase orders issued thereby within three days of issuance of the relevant purchase order.
11.	The Company and a domestic supplier	N/A	10/03/1436H (corresponding to 01/01/2015G)	The term of the supply agreement is one year from the effective date of the agreement, which is automatically renewable.	The Company must make payments within 120 days of receiving the relevant invoice at its warehouses. Based on the amounts payable, the Company must make monthly payments. On a case-by-case basis, the supplier shall offer the Company a fixed-rate discount on each negotiable invoice. At the end of the year, the Company is entitled to a fixed-rate discount on all purchases. The Company shall be entitled to an annual fixed-rate discount on sample display products and another additional fixed-rate discount for shipments outside Riyadh. The supplier must provide discounts as agreed between the parties and participate in the Company's promotions and events.	The supplier shall provide the Company with the products requested by it under the purchase orders issued thereby within three days of issuance of the relevant purchase order.

#	Parties	Product Type	Effective Date	Term and Re-newal	Payment Terms	Other Additional Terms
12.	The Company and a domestic supplier	N/A	10/03/1436H (corresponding to 01/01/2015G)	The term of the supply agreement is one year from the effective date of the agreement, which is automatically renewable.	The Company must make payments within 120 days of receiving the relevant invoice at its warehouses. Based on the amounts payable, the Company must make monthly payments. The supplier shall offer the Company a fixed-rate discount on each invoice. At the end of the year, the Company is entitled to a fixed-rate discount on all purchases. The Company shall be entitled to an annual fixed-rate discount on sample display products and another additional fixed-rate discount for shipments outside Riyadh. The supplier may, at its discretion, participate in the Company's promotions and events and offer discounts as may be agreed between the parties.	The supplier shall provide the Company with the products requested by it under the purchase orders issued thereby within three days of issuance of the relevant purchase order.
13.	The Company and a domestic supplier	N/A	10/03/1436H (corresponding to 01/01/2015G)	The term of the supply agreement is one year from the effective date of the agreement, which is automatically renewable.	The Company must make payments within 90 days of receiving the relevant invoice at its warehouses. Based on the amounts payable, the Company must make monthly payments. The supplier shall offer the Company a fixed-rate discount on each invoice. At the end of the year, the Company is entitled to a fixed-rate discount on all purchases, except for sample invoices. For shipment outside of Riyadh, the Company is entitled to an annual fixed-rate discount. The supplier must provide discounts as agreed between the parties and participate in the Company's promotions and events.	The supplier shall provide the Company with the products requested by it under the purchase orders issued thereby within seven days of issuance of the relevant purchase order.
14.	The Company and a domestic supplier	N/A	Undated	The term of the supply agreement is one year from the effective date of the agreement, which is automatically renewable.	The Company must make payments within 90 days of receiving the relevant invoice at its warehouses. Based on the amounts payable, the Company must make monthly payments. The supplier shall offer the Company a fixed-rate discount on each invoice. At the end of the year, the Company is entitled to a fixed-rate discount on all purchases, except for sample invoices.	The supplier shall provide the Company with the products requested by it under the purchase orders issued thereby within three days of issuance of the relevant purchase order.

#	Parties	Product Type	Effective Date	Term and Re-newal	Payment Terms	Other Additional Terms
15.	The Company and a domestic supplier	Branded home and electronic products	03/04/1438H (corresponding to 01/01/2017G)	The term of the supply agreement is one year from the effective date of the agreement, which is automatically renewable.	The Company must make payments within 90 days of receiving products. Based on the annual sales made, the Company is entitled to receive fixed-rate discounts. The supplier shall offer the Company a fixed-rate discount on display samples of electronic products. After the supply agreement is effective, the Company must pay a set fee for each new permanent branch opened by the Company.	N/A
16.	The Company and a domestic supplier	N/A	10/03/1436H (corresponding to 01/01/2015G)	The term of the supply agreement is one year from the effective date of the agreement, which is automatically renewable.	The Company must make payments within 90 days of receiving the relevant invoice at its warehouses. Based on the amounts payable, the Company must make monthly payments. At the end of the year, the Company is entitled to a fixed-rate discount on all purchases, except for sample invoices. The supplier must provide discounts as agreed between the parties and participate in the Company's promotions and events.	The supplier shall provide the Company with the products requested by it under the purchase orders issued thereby within three days of issuance of the relevant purchase order.
17.	The Company and a domestic supplier	N/A	Undated	The supply agreement is automatically renewable, provided either party does not notify the other of its intent not to renew one month prior to the expiration of the term of the agreement.	The Company must make payments within 120 days of receiving the relevant invoice. At the end of the year, the supplier shall offer the Company a fixed-rate discount on all purchases. The Company shall abide by annual fixed-amount purchase targets. A deferred discount must be applied after the Company has settled all annual invoices. Sample invoices and special discounts in excess of a predetermined percentage shall not be included in the deferred discount calculation; however, they must be taken into consideration for purposes of annual purchase objectives. No deferred discount will be applied if annual purchase amounts are below a certain threshold. An initial fixed-rate credit is applied to the Company.	N/A

#	Parties	Product Type	Effective Date	Term and Renewal	Payment Terms	Other Additional Terms
18.	The Company and a domestic supplier	Branded multimedia products	14/04/1439H (corresponding to 01/01/2018G)	The term of the supply agreement is one year from the effective date of the agreement, which is automatically renewable.	For large electronics, the Company shall be entitled to a fixed-rate discount on the invoices issued by the supplier, besides a fixed-rate discount on small electronics. The Company is entitled to an additional fixed-rate discount when its annual purchase amounts exceed a particular threshold. The above discounts shall not apply to any invoices subject to special discounts agreed between the parties. The Company is entitled to a fixed-rate discount on invoices in relation to the display of sample products.	The supplier must deliver the products to the Company within two days of the date specified in the relevant purchase order. The Company may not, throughout the term of the supply agreement, sell the products provided by the supplier without its prior consent, and must display them only in appropriate places in the store, as well as keep them in good condition. The Company may not purchase products bearing a designated brand from parties other than the supplier acting as the authorized agent of this brand in the Kingdom. The supply agreement shall be governed by the laws of the Kingdom.
19.	The Company and a domestic supplier	N/A	28/05/1443H (corresponding to 01/01/2022G)	The term of the supply agreement shall begin from the effective date of the agreement. The agreement is automatically renewable, provided either party does not notify the other of its intent not to renew.	The Company shall make monthly payments to the supplier based on the invoices issued, provided that the entire balance is settled before 31 December of each year. At the end of the year, the Company is entitled to a fixed-rate discount. The following fees have been agreed upon: - A one-time fixed amount for each product line in connection with the launch of new product lines. - An annual fixed amount for display spaces of each product line.	The supplier shall provide the Company with the products requested by it under the purchase orders issued thereby within 10 days of issuance of the relevant purchase order. If the products are not supplied within the said time frame, the order is deemed canceled.

* This agreement has been entered into with a Related Party. For further details, please see Section 12.5 "**Material Agreements with Related Parties**" of this Prospectus.

Source: The Company.

B. Foreign Manufacturing Agreements

Under purchase agreements or orders, the Company engages a number of foreign manufacturers to supply it with a variety of products manufactured exclusively for the Company. Below is a summary of such key agreements:

1. Agreements with Foreign Manufacturers

The Company has four (4) supply agreements various foreign manufacturers. Pursuant to these supply agreements, manufacturers must manufacture and supply home products and appliances exclusively for the Company in the Kingdom, based on commercial terms and in the quantities required by the Company under separate purchase orders. Furthermore, the Company has entered into three (3) agreements with foreign manufacturers, pursuant to which the Company has been appointed an exclusive "agent" for the manufacturers' products in the Kingdom and a number of GCC countries. Given the nature of the transactions that take place under these agreements, they are a commercial agency subject to the Commercial Agencies law; rather, they are supply agreements for the products manufactured exclusively for the Company. It is important to note that these supply agreements do not contain any provisions pertaining to the rights of either party to terminate the agreement. The following table summarizes the key terms of the supply agreements entered into by the Company with foreign manufacturers. It should be noted that there are discounts offered to the Company under the agreements with the foreign manufacturers mentioned below, which were not disclosed in the Prospectus due to their commercial confidentiality.

Table No. (12.5): Summary of the Key Terms of Agreements with Foreign Manufacturers

#	Parties	Product Type	Effective Date	Term and Renewal	Payment Terms	Other Additional Terms
1.	The Company and a foreign manufacturer	Electric coffee roaster	04/08/1442H (corresponding to 17/03/2021G)	The agreement shall remain in effect as long as the Company and the supplier agree to and abide by the terms thereof.	Payment terms are agreed based on purchase orders issued by the Company.	The supplier agrees not to price or offer the supplied products directly or indirectly to any party in the Kingdom other than the Company. All disputes arising out of the performance of the supply agreement must be resolved through settlement with the China Council for the Promotion of International Trade (CCPIT). If the parties fail to reach an agreement according to such settlements, the case shall be referred to China International Economic and Trade Arbitration Commission (CIETAC).
2.	The Company and a foreign manufacturer	Food processor	23/02/1443H (corresponding to 30/09/2021G)	The agreement shall remain in effect for two years from its effective date.	The Company is required to pay a certain charge to the supplier as an investment cost if it does not meet the target to order a set number of items agreed upon by the parties throughout the term of the agreement.	N/A
3.	The Company and a foreign manufacturer	Edison-branded products	19/10/1441H (corresponding to 11/06/2020G)	The agreement shall remain in effect for three years from its effective date.	The parties have agreed on a target to order a set number of items per year.	If the Company fails to meet the agreed targets within three years, the supplier shall have the right to terminate the supply agreement through a three-month notice to the Company.
4.	The Company and a foreign manufacturer	Electric barbecue tools	25/06/1441H (corresponding to 19/02/2020G)	The agreement shall remain in effect until the Company reaches the target order quantity specified in the agreement.	The Company has paid the supplier the total value of the products supplied at a set price, and the supplier agreed to return the total value paid once the Company reaches the target number of items ordered.	The supply agreement does not contain any exclusive terms.
5.	The Company and a foreign manufacturer	Manufacturer's air fryer models	24/07/1441H (corresponding to 19/03/2020G)	The term of the agreement shall begin from the effective date of the agreement, and shall remain in effect until 19/08/1444H (corresponding to 11/03/2023G)	The Company undertakes to issue orders for the air fryers produced by the manufacturer to customers in the Kingdom, with no less than a specified number of items each year. The manufacturer shall pay a certain fine when selling to other buyers in the Kingdom.	The manufacturer shall have the right to terminate the agreement where the Company fails to purchase a specified number of items within 12 months from the date of the first shipment. The manufacturer may also terminate the agreement if the Company purchases the air fryers from suppliers other than the manufacturer. If either party fails to perform its obligations under the agreement and/or violates any of its terms and conditions during its term, the parties shall make their best efforts to settle the issue in question as soon as possible and in an amicable manner to their mutual satisfaction.

#	Parties	Product Type	Effective Date	Term and Renewal	Payment Terms	Other Additional Terms
6.	The Company and a foreign manufacturer	Edison-branded mixer	24/07/1443H (corresponding to 25/02/2022G)	Except as otherwise provided in a written notice by either party, the agreement shall remain in effect from its effective date for an indefinite period.	When presented, a letter of credit must cover the entire payment.	All disputes arising out of the performance of the agreement shall be resolved amicably through negotiation. If no settlement is reached through these negotiations, the dispute shall be settled through arbitration before CIETAC in Beijing and CIETAC's rules shall apply.
7.	The Company and a foreign manufacturer	Multifunctional digital cooker	19/06/1442H (corresponding to 01/02/2021G)	Except as otherwise provided in a written notice by either party, the agreement automatically renews after a year from the date it becomes effective.	After receiving a deposit of 30% of mass production cost from the Company, the manufacturer shall arrange mass production of the products. After production is finished, the foreign manufacturer shall give the Company a written notice and the Company shall arrange payment of the remaining 70% within five days of receiving the full set of shipping documents from the manufacturer. The parties set a target number of orders with a specified number of items per year. Payment is made in full through a letter of credit when presented.	The Company may not, during the term of the agreement, purchase similar products from any other manufacturer and, if the Company does so, the foreign manufacturer shall have the right to immediately revoke the exclusivity. The foreign manufacturer shall the right to immediately terminate the agreement if the Company does not reach the target number of items per year. Any dispute arising out of the agreement must be referred to the manufacturer's home courts. The agreement shall be construed and settled in accordance with the laws of the People's Republic of China.

Source: The Company.

2. Purchase Orders with Foreign Suppliers

In addition to entering into exclusive supply agreements with foreign suppliers, the Company contracts with a number of foreign suppliers under purchase orders, which contain model supply terms and conditions, and which the Company issues to foreign suppliers from time to time. These purchase orders are not based on any long-term agreements with foreign suppliers. Purchase orders issued by the Company relate to products manufactured for the Company.

Based on model purchase order forms issued by the Company from time to time to foreign suppliers, foreign suppliers shall supply the products to the Company according to the agreed prices, quantities and shipping terms stipulated in the relevant purchase order. Suppliers must comply with the shipping terms.

The Company shall be entitled to 15% of the order value, if foreign suppliers fail to ship the products within the agreed time frame. Furthermore, suppliers shall incur any costs that result from their failure to follow the manufacturing instructions.

It should be noted that the purchase order form does not contain any provisions on the termination of the agreement by either party or the jurisdiction to which these agreements are subject. In addition, it makes no mention of a dispute settlement mechanism.

12.4.2 Investment Lease Agreements

The Company has entered into five (5) investment lease agreements, under which it leases plots of land from various parties with the right to develop, invest and sub-lease them. The Company leases these lands under investment lease agreements to develop its stores (for further details on these agreements, see Section 12.6 "**Real Estate**" of this Prospectus).

12.4.3 Commercial Lease Agreements

The Company, as a lessor, has entered into nineteen (19) lease agreements with a number of commercial tenants for the showrooms that the Company has the right to lease throughout the Kingdom (for further details on these agreements, see Section 12.6 "**Real Estate**" of this Prospectus).

12.4.4 Financing Agreements

The Company has entered into two financing agreements with Al Rajhi Bank and Saudi British Bank. The following table summarizes the key terms of these agreements:

A. Facility Agreement with Al Rajhi Bank (I)

Table No. (12.6): Summary of the Key terms of the Facility Agreement with Al Rajhi Bank (I)

Parties	The Company and Al Rajhi Bank
Date	21/05/1443H (corresponding to 24/01/2022G)
Total Finance	One hundred and fifty million Saudi Riyals (SAR 150,000,000)
Type of Finance	• Credit facilities to finance working capital needs with a limit of one hundred million Saudi Riyals (SAR 100,000,000), comprising a sub-limit for deferred sales of the same value. • Credit facilities to finance working capital needs with a limit of fifty million Saudi Riyals (SAR 50,000,000), comprising a sub-limit for deferred sales of the same value.
Term	This Agreement does not have a fixed term, and is to be reviewed on 07/06/1444H (corresponding to 31/12/2022G).
Purpose	1. Financing 80% of the purchase of three (3) branches and warehouses currently leased by the Company. 2. Re-pricing SIBOR.
Guarantees	A promissory note of one hundred and twelve million, nine hundred and seventy-seven thousand, seven hundred and seventy-eight Saudi Riyals (SAR 112,977,778), and personal guarantees and performance bonds provided by Suleiman bin Muhammad Alsaif, Muhammad bin Suleiman Alsaif and Haitham bin Suleiman Alsaif.
Termination and Events of Default	In accordance with this Agreement, the following events of default may give Al Rajhi Bank the right to recover any amounts paid, owed or to be paid, or to terminate the facilities: 1. An obligor fails to pay any amount payable by it to the Bank in respect of any of the customer's obligations when it is due in accordance with the Agreement and relevant documents. 2. An obligor or security provider fails to duly and timely perform or abide by any of its obligations under the Agreement and relevant documents. 3. Any representation or warranty made, or deemed to have been made, by any obligor, any security provider, or, where applicable, any of its directors or officers with regard to any of the relevant documents, is false or misleading in any way the Bank considers material. 4. Any debt of an obligor becomes payable, can be declared to be payable before the said due date, or has not been paid when due. 5. Attachment, execution or other legal process is levied or enforced against all or any part of the business or assets of an obligor and such attachment, execution or other legal process is not disputed or satisfied within ninety (90) days. 6. A petition is presented, a proceeding is commenced, an order is made, an effective resolution is passed, or a notice is issued convening a meeting for the purpose of passing any resolution or any other step is taken for the winding-up, insolvency, bankruptcy, re-organization or reconstruction of an obligor or for the appointment of a liquidator, receiver, trustee or similar officer of such obligor or for all or any part of its business or assets. 7. An obligor stops or suspends its payments to its creditors or any class of its creditors, or is unable or under the applicable law is deemed to be unable or admits its inability to pay its debts as they fall due, or seeks to enter into any composition or other arrangement with its creditors or any class of its creditors, or is declared or becomes insolvent or bankrupt. 8. An obligor ceases to perform all or any part of its business. 9. A required declaration is not made with respect to the entry into, performance, validity or enforceability of the Agreement or relevant documents, or is no longer effective.

Termination and Events of Default	10. A law, regulation, order, or any change in any law, regulation or order, does or purports to vary, suspend, terminate or excuse performance by the customer or any other obligor of any of its respective obligations under the Agreement, any provision thereof, or any relevant documents, ceases for any reason to be in full force and effect; this law, regulation, or order becomes unenforceable; the customer or any other obligor disputes the validity or enforceability of or purports to terminate or repudiates the Agreement or any relevant documents; it becomes unlawful or impossible for the customer or any other obligor to perform any of its respective obligations under the Agreement or any relevant documents; or it becomes unlawful or impossible for the Bank to exercise all or any of its rights, powers and remedies under the Agreement or any relevant documents. 11. An event takes place that the Bank considers to be a reasonable basis for believing that there has been a materially adverse change in the business, financial position or activities of an obligor or security provider, or that their ability to perform their obligations under the Agreement, relevant documents or any security documents has been, or will be, materially adversely affected. 12. If an obligor or personal guarantor, if any, dies or suffers mental impairment. 13. The management of any obligor is wholly or partly removed by an authority or government; the authority of the customer or any other obligor to perform its business is restricted; or all or most of the customer's or any other obligor's share capital, revenues or assets are attached, nationalized, expropriated, or compulsorily seized. Al Rajhi Bank may, in its sole discretion and without giving reasons, reduce the amount of or cancel the facilities at any time.
Material Restrictions	The ownership of the Company may not be changed without Al Rajhi Bank's prior written consent. The Company shall promptly notify Al Rajhi Bank of any changes in the ownership of its capital. The Company shall notify Al Rajhi Bank immediately upon becoming aware that a person or a group of persons, acting in agreement, controls the Company, and Al Rajhi Bank may then require the Company, by a letter sent to it, to immediately pay all outstanding amounts. The Company may not, without the prior written consent of Al Rajhi Bank, pay or declare any dividends or distributions related to any financial year until the total amount available for distribution to the Shareholders of the Company for that financial year is determined, and only at an unspecified percentage of the total amount available for distribution.
Jurisdiction	Any disputes arise between the parties and cannot be resolved amicably will be referred to the competent court in Riyadh. Being subject to that court's jurisdiction does not restrict the Bank's right to initiate legal proceedings against the customer with any other court with jurisdiction over the customer, its assets or revenues.

Source: The Company.

The Company received Al Rajhi Bank's consent in relation to the Offering on 15/10/1443H (corresponding to 16/05/2022G).

B. Facility Agreement with Al Rajhi Bank (II)

Table No. (12.7): Summary of the Key Terms of the Facility Agreement with Al Rajhi Bank (II)

Parties	The Company and Al Rajhi Bank
Date	21/05/1443H (corresponding to 24/01/2022G)
Total Finance	One hundred and fifty million Saudi Riyals (SAR 150,000,000)
Type of Finance	Credit facilities to finance working capital needs with a limit totaling one hundred and fifty million Saudi Riyals (SAR 150,000,000), comprised of sub-limits: • Facilities to issue LC Musharaka with a limit of one hundred and fifty million Saudi Riyals (SAR 150,000,000). • Deferred sale facilities with a limit of one hundred and fifty million Saudi Riyals (SAR 150,000,000). • LC for import financing with a limit of one hundred and fifty million Saudi Riyals (SAR 150,000,000). • Deferred sale facilities for import financing with a limit of one hundred and fifty million Saudi Riyals (SAR 150,000,000). • LCs with a limit of one hundred and fifty million Saudi Riyals (SAR 150,000,000). • Facilities for purchase and sale of commodities in multiple currencies with a limit of ten million Saudi Riyals (SAR 10,000,000).
Term	This agreement does not have a fixed term, and is to be reviewed on 07/06/1444H (corresponding to 31/12/2022G)
Purpose	1. Financing the working capital of the Company through purchase of home appliances from domestic and foreign suppliers. 2. Financing 95% of the value of invoices issued by the Company's suppliers. 3. Financing the Company's purchase of foreign currencies.
Guarantees	A promissory note of one hundred and fifty-one million, nine hundred and twenty thousand Saudi Riyals (SAR 151,920,000), and personal guarantees and performance bonds provided by Suleiman bin Muhammad Alsaif, Muhammad bin Suleiman Alsaif and Haitham bin Suleiman Alsaif.
Termination and Events of Default	In accordance with this Agreement, the following events of default may give Al Rajhi Bank the right to recover any amounts paid, owed or to be paid, or to terminate the facilities: 1. An obligor fails to pay any amount payable by it to the Bank in respect of any of the customer's obligations when it is due in accordance with the Agreement and relevant documents. 2. An obligor or security provider fails to duly and timely perform or abide by any of its obligations under the Agreement and relevant documents. 3. Any representation or warranty made, or deemed to have been made, by any obligor, any security provider, or, where applicable, any of its directors or officers with regard to any of the relevant documents, is false or misleading in any way the Bank considers material. 4. Any debt of an obligor becomes payable, it can be declared to be payable before the said due date, or it has not been paid when due. 5. Attachment, execution or other legal process is levied or enforced against all or any part of the business or assets of an obligor and such attachment, execution or other legal process is not disputed or satisfied within ninety (90) days. 6. A petition is presented or a proceeding is commenced or an order is made or an effective resolution is passed or a notice is issued convening a meeting for the purpose of passing any resolution or any other step is taken for the winding-up, insolvency, bankruptcy, re-organization or reconstruction of an obligor or for the appointment of a liquidator, receiver, trustee or similar officer of such obligor or for all or any part of its business or assets. 7. An obligor stops or suspends its payments to its creditors or any class of its creditors, or is unable or under applicable law is deemed to be unable or admits its inability to pay its debts as they fall due, or seeks to enter into any composition or other arrangement with its creditors or any class of its creditors, or is declared or becomes insolvent or bankrupt. 8. An obligor ceases to perform all or any part of its business. 9. A required declaration is not made with respect to the entry into, performance, validity, or enforceability of the Agreement or relevant documents, or it is no longer effective. 10. A law, regulation, order, or any change in any law, regulation, or order, does or purports to vary, suspend, terminate or excuse performance by the customer or any other obligor of any of its respective obligations under the Agreement, any provision thereof, or any relevant documents, ceases for any reason to be in full force effect; this law, regulation, or order becomes unenforceable; the customer or any other obligor disputes the validity or enforceability of or purports to terminate or repudiates the Agreement or any relevant documents; it becomes unlawful or impossible for the customer or any other obligor to perform any of its respective obligations under the Agreement or any relevant documents; or it becomes unlawful or impossible for the Bank to exercise all or any of its rights, powers and remedies under the Agreement or any relevant documents. 11. An event takes place that the Bank considers to be a reasonable basis for believing that there has been a materially adverse change in the business, financial position, or activities of an obligor or security provider, or that their ability to perform their obligations under the Agreement, relevant documents, or any security documents has been, or will be, materially adversely affected. 12. If an obligor or personal guarantor, if any, dies or suffers mental impairment. 13. The management of any obligor is wholly or partly removed by an authority or government; the authority of the customer or any other obligor to perform its business is restricted; or all or most of the customer's or any other obligor's share capital, revenues, or assets are attached, nationalized, expropriated, or compulsorily seized. Al Rajhi Bank may, in its sole discretion and without giving reasons, reduce the amount of or cancel the facilities at any time.

Material Restrictions	The ownership of the Company may not be changed without Al Rajhi Bank's prior written consent. The Company shall promptly notify Al Rajhi Bank of any changes in the ownership of its capital. The Company shall notify Al Rajhi Bank immediately upon becoming aware that a person or a group of persons, acting in agreement, controls the Company, and Al Rajhi Bank may then require the Company, by a letter sent to it, to immediately pay all outstanding amounts. The Company may not, without the prior written consent of Al Rajhi Bank, pay or declare any dividends or distributions related to any financial year until the total amount available for distribution to the Shareholders of the Company for that financial year is determined, and only at an unspecified percentage of the total amount available for distribution.
Jurisdiction	Any disputes arise between the parties and cannot be resolved amicably will be referred to the competent court in Riyadh. Being subject to that court's jurisdiction does not restrict the Bank's right to initiate legal proceedings against the customer with any other court with jurisdiction over the customer, its assets or revenues.

Source: The Company.

The Company received Al Rajhi Bank's consent in relation to the Offering on 15/10/1443H (corresponding to 16/05/2022G).

C. Credit Facility Agreement with SABB

Table No. (12.8): Summary of the Key Terms of the Credit Facility Agreement with SABB

Parties	The Company and SABB
Date	06/03/1443H (corresponding to 12/10/2021G)
Total Finance	Sixty million Saudi Riyals (SAR 60,000,000)
Type of Finance	Credit facilities
Term	Until 07/06/1444H (corresponding to 31/12/2022G)
Purpose	1. Importing or purchasing domestically produced items. 2. Financing the Company's payment obligations pertaining to a financing letter issued by SABB or to an import supplier. 3. Financing the Company's payment obligations pertaining to a financing letter issued by SABB or to an import supplier in relation to the refinancing collection invoices. 4. Financing the Company's payment obligations pertaining to a financing letter issued by SABB or to an import supplier in relation to an import invoice and open account transactions. 5. Enabling authorized representatives to pay the Company's suppliers with low volume purchases. 6. Enabling the Company to pay for its advertisements and travel expenses/payments by credit card.
Guarantees	A promissory note of sixty million, four hundred thousand Saudi Riyals (SAR 60,400,000) provided by the Company and signed by each of Suleiman bin Muhammad bin Saleh Alsaif and Muhammad bin Suleiman bin Muhammed Alsaif as reserve guarantors.
Termination and Events of Default	N/A
Material Restrictions	N/A
Jurisdiction	N/A

Source: The Company.

The Company received SABB's consent in relation to the Offering on 08/10/1443H (corresponding to 09/05/2022G).

12.5 Material Agreements with Related Parties

Transactions with Related Parties amounted to SAR 78.6 million, SAR 103.9 million, SAR 97.3 million and SAR 4 million for the financial years ended 2019G, 2020G and 2021G and the three-month period ended 31 March 2022G, respectively. The Company obtained the approval of the General Assembly on 15/09/1443H (corresponding to 16/04/2022G) regarding the transactions and agreements in force with the Related Parties in which the Directors have a direct or indirect interest. This section sets out a summary of material agreements with the Directors, which the Directors believe to be material with respect to the Company's business or which may affect an investors' decision to subscribe for the Offer Shares. The summary of agreements and contracts referred to below does not cover all terms and conditions and it cannot be considered a substitute for the terms and conditions of such agreements.

The Directors confirm that all agreements with Related Parties described in this section do not include any preferential conditions and have been executed in accordance with laws and regulations and on an arm's length basis. Except as disclosed in this section of this Prospectus, the Directors confirm that the Company is not bound by any transactions, agreements, commercial relations or real estate transactions with another Related Party.

Moreover, the Directors confirm their intention to comply with Article 72 of the Companies Law and Article 46 of the Corporate Governance Regulations issued by the CMA in relation to the agreements with Related Parties.

12.5.1 Transactions with Al-Saif Trading Agencies Co.

The Company entered into a supply agreement with Al-Saif Trading Agencies Co. on 25/04/1440H (corresponding to 01/01/2019G), which was renewed on 17/05/1442H (corresponding to 01/01/2021G) (for further details on this agreement, see Section 12.4.1 "**Supply Agreements**" of this Prospectus). It should be noted that there are discounts offered to the Company under the Supply Agreement with Al-Saif Trading Agencies Company, which were not disclosed in the Prospectus due to its commercial confidentiality.

This agreement is a Related Party transaction, given that Suleiman bin Muhammad Alsaif, a Director, holds more than 5% of Al-Saif Trading Agencies Co. and is the vice chairman of this company; therefore, he has an indirect interest in the supply agreement with Al-Saif Trading Agencies Co. Furthermore, the Directors, Muhammad bin Suleiman Alsaif, Ahmed bin Suleiman Alsaif, Haitham bin Suleiman Alsaif and Muhannad bin Suleiman Alsaif are relatives of Suleiman bin Muhammad Alsaif and, therefore, have an indirect interest in the supply agreement with Al-Saif Trading Agencies Co. This agreement was presented to the Company's General Assembly, which gave its authorization on 15/09/1443H (corresponding to 16/04/2022G).

12.5.2 Transactions with Al-Saif Coffee Trading Co.

The Company has entered into a supply agreement with Al-Saif Coffee Trading Co. (for further details on this agreement, see Section 12.4.1 "**Supply Agreements**" of this Prospectus). It should be noted that there are discounts offered to the Company under the Supply Agreement with Al-Saif Coffee Trading Company, which were not disclosed in the Prospectus due to its commercial confidentiality.

This agreement between the Company and Al-Saif Coffee Trading Co. is a Related Party transaction, given that the Director, Ahmed bin Suleiman Alsaif, is a partner and CEO of Al-Saif Coffee Trading Co. and, therefore, has an indirect interest in the agreement with Al-Saif Coffee Trading Co. Furthermore, the Directors, Suleiman bin Muhammad Alsaif, Muhammad bin Suleiman Alsaif, Haitham bin Suleiman Alsaif and Muhannad bin Suleiman Alsaif are relatives of Ahmed bin Suleiman Alsaif and, therefore, have an indirect interest in the supply agreement with Al-Saif Coffee Trading Co. This agreement was presented to the Company's General Assembly, which gave its authorization on 15/09/1443H (corresponding to 16/04/2022G).

12.5.3 Transactions with Suleiman bin Muhammad Alsaif

The Company has entered into five (5) lease agreements as a lessee with Suleiman bin Muhammad Alsaif, a Director, in relation to the Company's stores, and three (3) lease agreements with him as a lessee with regard to its administrative offices (for further details on these agreements, see Section 12.6 "**Real Estate**" of this Prospectus). Pursuant to these lease agreements, Nawat Real Estate Investment Company acts as a real estate broker, and the Company pays the rent through Nawat or directly to the lessor.

The agreements between the Company and Suleiman bin Muhammad Alsaif are Related Party transactions, given Suleiman bin Muhammad Alsaif, a Director, has a direct interest in them. Moreover, Suleiman bin Muhammad Alsaif, a Director, holds more than 5% of the shares of Nawat Real Estate Investment Company and is a member of its board of directors. Furthermore, the Directors, Muhammad bin Suleiman Alsaif, Ahmed bin Suleiman Alsaif, Haitham bin Suleiman Alsaif and Muhannad bin Suleiman Alsaif are relatives of Suleiman bin Muhammad Alsaif and, therefore, have an indirect interest in the lease agreements with Suleiman bin Muhammad Alsaif. This agreement was presented to the Company's General Assembly, which gave its authorization on 15/09/1443H (corresponding to 16/04/2022G).

12.6 Real Estate

12.6.1 Real Estate Owned by the Company

The Company owns nine (9) properties in Tabuk, Al-Kharj and Riyadh. The following table presents the details of the real estate owned by the Company:

Table No. (12.9): Real Estate Owned by the Company

#	Deed No. & Date	Owner	Location	Purpose	Area (m^2)	Status of Mortgage
1.	350104006343 21/03/1438H (corresponding to 20/12/2016G)	The Company	Plots Nos. 30, 31, 32, 101, 102, 103, 108, 109, and 110 of Plan No. 533/38/T located at Al-Rabwah, Tabuk	Company store branch	5,816.3	Non-mortgaged
2.	319505005013 13/1/1438H (corresponding to 14/10/2016G)	The Company	Plot No. 116, Block 7, of Plan No. 1456 located in Granada, Al-Kharj.	Company store branch	3,500	Non-mortgaged
3.	293598002988 16/8/1442H (corresponding to 29/03/2021G)	The Company	Plot No. 215 of Plan No. 3836 in Al-Masani', Riyadh	Staff accommodation	1,350	Non-mortgaged
4.	493598002985 16/8/1442H (corresponding to 29/03/2021G)	The Company	Plot No. 216 of Plan No. 3836 in Al-Masani', Riyadh	Staff accommodation	1,350	Non-mortgaged
5.	793598002989 16/8/1442H (corresponding to 29/03/2021G)	The Company	Plot No. 217 of Plan No. 3836 in Al-Masani', Riyadh	Staff accommodation	1,885.678	Non-mortgaged
6.	293598002986 16/8/1442H (corresponding to 29/03/2021G)	The Company	Plot No. 214 of Plan No. 3836 in Al-Masani', Riyadh	Staff accommodation	1,350	Non-mortgaged
7.	893598002987 16/8/1442H (corresponding to 29/03/2021G)	The Company	Plot No. 213 of Plan No. 3836 in Al-Masani', Riyadh	Staff accommodation	1,350	Non-mortgaged
8.	993598002983 16/8/1442H (corresponding to 29/03/2021G)	The Company	Plot No. 219 of Plan No. 3836 in Al-Masani', Riyadh	Staff accommodation	1,403.611	Non-mortgaged
9.	993598002984 16/08/1442H (corresponding to 29/03/2021G)	The Company	Plot No. 218 of Plan No. 3836 in Al-Masani', Riyadh	Staff accommodation	1,350	Non-mortgaged

Source: The Company.

Except as disclosed above, the Directors confirm there is no other real estate owned by the Company.

12.6.2 Real Estate Leased by the Company

A. Company's Stores

The Company has entered into fifty-three (53) leases for properties used for the Company's stores. The following table sets out the details of the real estate leased by the Company and key terms of leases:

Table No. (12.10): Real Estate Leased by the Company for its Stores

#	Lessee	Lessor	Location	Effective date of the lease	Annual rent (SAR)	Lease term
Central Province						
1.	The Company	Suleiman bin Muhammad Alsaif[1][3]	A showroom with an area of 3,150 m², located in Riyadh	06/05/1441H (corresponding to 01/01/2020G)	2,000,000	One year, automatically renewable
2.	The Company	Abdurahman Ibrahim Abdulaziz Al Arini[1]	Plots Nos. 84 and 85 located in Riyadh	01/05/1437H (corresponding to 10/02/2016G)	1,000,000	16 years
3.	The Company	Suleiman bin Muhammad Alsaif[1][3]	A showroom with a terrace, with an area of 3,150 m², located in Riyadh	14/04/1439H (corresponding to 01/01/2018G)	2,100,000	One year, automatically renewable
4.	The Company	Suleiman Saleh Alsaif[1][3]	Showrooms Nos. 1, 2, and 3, with an area of 2,259 m², located in Riyadh	21/03/1437H (corresponding to 01/01/2016G)	650,000 for the first year and 782,250 for all subsequent years	One year, automatically renewable
5.	The Company	Al-Askar Holding Group[1]	Showrooms Nos. 10, 11 and 12, with an area of 1,968 m², located in Riyadh	15/10/1439H (corresponding to 29/06/2018G)	2,400,000	5 years
6.	The Company	Abaad Real Estate Investment Company[1]	A showroom with an area of 2,200 m², located in Riyadh	01/02/1440H (corresponding to 10/10/2018G)	700,000	10 years
7.	The Company	Osus Real Estate[1]	Showrooms in Rimal Center, with an area of 2,456 m², located in Riyadh	16/02/1440H (corresponding to 25/10/2018G)	1,964,800 for the first 5 years and 2,161,280 for the next 5 years	10 years
8.	The Company	Taiba Higher Training Institute[1]	Showrooms Nos. 1, 2, 3, 4, 5, 6, and 7, with an area of 2,608 m², located in Riyadh	23/02/1440H (corresponding to 01/11/2018G)	1,000,000	9 years
9.	The Company	Arab Development and Investment Company[1]	Showrooms Nos. 1, 2, 3, and 4, with an area of 960 m², located in Riyadh	01/01/1440H (corresponding to 11/09/2018G)	440,000	15 years
10.	The Company	Essam Mustafa Al Shawaf[1]	A showroom located in Riyadh	22/12/1440H (corresponding to 23/08/2019G)	850,000 for the first 5 years and 900,00 for the last 5 years	10 years
11.	The Company	Al Aqar Almotamayz[1]	Showroom of Plan No. 255 established on Plot No. 671/672 located in Dawadmi	01/01/1441H (corresponding to 31/08/2019G)	200,000	10 years
12.	The Company	Rubaian Muhammad Al-Rubaian[1]	Showrooms on Plot No. 5833 of Plan A/2351, with an area of 1,035 m², located in Riyadh	22/11/1441H (corresponding to 13/07/2020G)	450,000	10 years
13.	The Company	Muhammad Jamil Al-Tariqi	A showroom with an area of 2,000 m², located in Riyadh	21/01/1443H (corresponding to 29/08/2021G)	19,837,500 for the whole term	15 years
14.	The Company	Hamad Ahmed Al-Askar	Showroom No. 1 located in Al Majmaah	28/06/1442H (corresponding to 10/02/2021G)	2,875,000 for the whole term	10 years
15.	The Company	Suleiman bin Muhammad Alsaif[3]	Showroom No. 1, with an area of 2,160 m², located in Riyadh	03/02/1442H (corresponding to 10/09/2021G)	2,760,000	One year
16.	The Company	Ali Abdulaziz Al-Khalifa	A showroom with an area of 1,325 m², located in Unaizah	01/01/1440H (corresponding to 11/09/2018G)	550,000 for the first 5 years, 600,000 for the next 5 years, and 650,000 for the last 5 years	15 years

#	Lessee	Lessor	Location	Effective date of the lease	Annual rent (SAR)	Lease term
17.	The Company	Abdurrahman Saleh Mutlaq Al Hanaki(1)	A showroom and terrace located in Ar Rass	01/01/1439H (corresponding to 21/09/2017G)	300,000	10 years
18.	The Company	Abdulhamid Fahd Al-Adib and Khaled Saleh Al-Saleem(1)	Showrooms Nos. 2, 3, 4, 5, 6 and 7 of Plots Nos. 517 and 522 located in Buraydah	09/10/1441H (corresponding to 01/06/2020G)	560,000	10 years
Southern Province						
19.	The Company	Abdullah Nasser Bin Jarallah Co.	Showrooms Nos. 871410 and 871409, with an area of 2,840 m², located in Khamis Mushait	25/09/1441H (corresponding to 18/06/2020G)	1,200,000	10 years
20.	The Company	Hussein Zayed Khorsan Al Zamanan	A showroom established on Plots Nos. 439 and 440, with an area of 1,540 m², located in Najran	01/01/1435H (corresponding to 04/11/2013G)	500,000	14 years
21.	The Company	Jamaan Mazhar Alhamrani	Showrooms Nos. 1 and 5 with an area of 1,572 m², located in Jazan	19/08/1442H (corresponding to 01/04/2021G)	691,533	5 years
22.	The Company	Shtawi Nasser Abdulaziz Al-Shtawi	Four commercial units with a total area of 975 m², located in Sabya, Jazan	04/10/1443H (corresponding to 05/05/2022G)	650,000	10 years
23.	The Company	Said Jaber Darwish Said Al Salem	A showroom with an area of 1,200 m², located in Bisha	01/10/1437H (corresponding to 06/07/2016G)	400,000	11 years
24.	The Company	Said Ahmed Asiri	A showroom with an area of 2,400 m², located in Abha	23/09/1435H (corresponding to 21/07/2014G)	400,000	15 years
25.	The Company	Abdulkarim Muhammad Ghoneim(1)	A showroom and terrace, with an area of 2,160 m², located in Al Baha	05/04/1440H (corresponding to 12/12/2018G)	600,000	10 years
26.	The Company	Ahmed Nasser Ali Misfer(1)	A showroom with an area of 1,100 m², located in Asir	08/10/1440H (corresponding to 11/06/2019G)	280,000	15 years
Eastern Province						
27.	The Company	Obeikan Real Estate Investment Co.(1)	A showroom with an area of 1,692 m², located in Dammam	12/03/1443H (corresponding to 18/10/2021G)	654,520	One year
28.	The Company	Mansour Suleiman Al-Rawaf(2)	A showroom with an area of 2,600 m², located in Qassim	28/05/1438H (corresponding to 25/02/2017G)	690,000	5 years
29.	The Company	Emaar Gulf Co.	A showroom with an area of 1,000 m², located in Al Ahsa	15/11/1438H (corresponding to 07/08/2017G)	650,000	3 years, automatically renewable.
30.	The Company	Othman Nasser Al-Badr(1)	A showroom located in Hafr Al-Batin	07/04/1444H (corresponding to 01/11/2022G)	300,000	15 years
31.	The Company	Abdullah Saif Muflih Al-Shahrani(1)	Premises established on Plot No. 11 of Plan B/2, with an area of 1,113.5 m², located in Jubail	01/12/1439H (corresponding to 12/08/2018G)	600,000	12 years
32.	The Company	Abdul Rahman Ali Al Turki Sons(1)	A showroom with an area of 4,110 m², located in Khobar	07/06/1441H (corresponding to 01/02/2020G)	1,800,000	7 years
33.	The Company	Ali Qassem Al-Ansari	Showroom No. 1, with an area of 2,275 m², located in Dammam	19/09/1442H (corresponding to 01/05/2021G)	5,750,000 for the whole term	5 years
34.	The Company	Iyad Muhammad Al-Baqshi	Showroom No. 001, with an area of 2,300 m², located in Al Mubarraz	02/08/1442H (corresponding to 15/03/2021G)	13,650,000 for the whole term	10 years
35.	The Company	Saudi Investment Company	Showroom No. C, with an area of 1,422.56 m², located in Dammam	01/11/1442H (corresponding to 01/06/2021G)	6,176,190 for the whole term	8 years

#	Lessee	Lessor	Location	Effective date of the lease	Annual rent (SAR)	Lease term
36.	The Company	Muhammad Mahdi Ali Al-Sanad	A showroom with an area of 1,700 m², located in Al Quds, Al-Qatif	14/07/1443H (corresponding to 15/02/2022G)	400,000	20 years
Northern Province						
37.	The Company	Suleiman bin Muhammad Alsaif[1][3]	Showrooms Nos. 2, 3, and 4, with an area of 2,072 m², located in Hail	08/08/1441H (corresponding to 01/04/2020G)	640,000	One year, automatically renewable
38.	The Company	Muhammad Ghaith Shaaban Al-Hajouri[1]	Premises established on Plots Nos. 212 and 214 of Plan S/3 and Plan 4/21/T/1388, with an area of 1,981.21 m², located in Yanbu.	20/09/1437H (corresponding to 25/06/2016G)	500,000	15 years
39.	The Company	Nomu Alshamal Trading Company	Showroom No. 28, with an area of 160 m², located in Arar	26/04/1443H (corresponding to 01/12/2021G)	326,090	5 years
40.	The Company	Muhammad Hamad Al Hassan[1]	A showroom with an area of 1,200 m², located in Sakaka	01/05/1435H (corresponding to 02/03/2014G)	280,000	10 years
Western Province						
41.	The Company	Hussein Abdelfattah Al-Hamami	A showroom with an area of 1,300 m², located in Taif	01/07/1436H (corresponding to 20/04/2015G)	1,300,000	10 years
42.	The Company	Abdulmohsen Salem Baqar	A showroom with an area of 2,600 m², located in Medina	10/02/1436H (corresponding to 2/12/2014G)	1,100,000 for the first 5 years and 1,250,000 for the subsequent years	10 years
43.	The Company	Abdulaziz Muhammad Ibrahim Al-Ghamdi[1]	Premises established on Plots Nos. 477, 478, 479 and 480 of Plan 3/471/P, with an area of 2,767 m², located in Jeddah	01/03/1436H (corresponding to 23/12/2014G)	2,500,000	15 years
44.	The Company	Othman Saeed Al-Maliki	A showroom with an area of 2,600 m², located in Jeddah	01/01/1438H (corresponding to 02/10/2016G)	2,000,000 for the first 5 years, 2,200,000 for the next 5 years, and 2,400,000 for the last 5 years	15 years
45.	The Company	Muhammad Marshoud Saad Al-Saedi[1]	A showroom of Plan 166/B, with an area of 1,248 m², located in Jeddah	05/11/1440H (corresponding to 08/07/2019G)	900,000 for the first 4 years, 1,000,000 for the next 5 years, and 1,500,000 for the last 5 years	14 years
46.	The Company	Ahmed Awad Abdullah Al-Omari[1]	A showroom with an area of 1,000 m², located in Jeddah	15/03/1440H (corresponding to 23/11/2018G)	450,000 for the first 2 years, 500,000 for the next 3 years, 550,000 for the subsequent 3 years, and 481,250 for the remaining years	10 years
47.	The Company	Attia Hassan Al-Qurashi	Plots Nos. 10, 830, and 831 located in Mecca	05/04/1440H (corresponding to 12/12/2017G)	700,000 for the first 4 years, 840,000 for the next 5 years, and 1,008,000 for the last 5 years	15 years
48.	The Company	Almada Gulf Real Estate Company[1]	Showrooms with an area of 2,160 m², located in Jeddah	10/07/1440H (corresponding to 17/03/2019G)	1,200,000 for the first 4 years, 1,260,000 for the next 4 years, 1,323,000 for the subsequent 4 years, and 1,389,150 for the last 3 years	15 years
49.	The Company	Muhammad Khalil Al-Abeeri[1]	A showroom of Plot No. 13/Q/1409 located in Medina	01/03/1441H (corresponding to 29/10/2019G)	650,000 for the first 5 years, 750,000 for the next 5 years, and 800,000 for the last 5 years	15 years
50.	The Company	Wissam Al-Sawaf Trading Company	Showroom No. A02, with an area of 3,058 m², located in Taif	09/06/1442H (corresponding to 22/01/2021G)	1,268,101.55	One year, automatically renewable

#	Lessee	Lessor	Location	Effective date of the lease	Annual rent (SAR)	Lease term
51.	The Company	Al Rajhi Capital(1)	Showroom No. SHOP4-B, with an area of 3,475 m², located in Jeddah	28/01/1442H (corresponding to 16/09/2020G)	1,636,363 for the first 4 years, 1,727,272.7 for the next 2 years, and 1,909,090.0 for the last 3 years	10 years
52.	The Company	Talal Abdulshakour Abdullah Bakhsh(1)	Showrooms, back rooms, and parking with an area of 280 m² in Al Hindawiyyah, Mecca	01/05/1443H (corresponding to 05/12/2021G)	375,000	One year
53.	The Company	Majed Abdulrahman Al-Masabi(1)	Showrooms Nos. 41, 41, 42, 43, 44 and 45 located in Southern Corniche, Al Qunfudhah	09/11/1443H (corresponding to 08/06/2022G)	300,000	10 years

(1) The lease does not comply with the unified commercial lease agreement form issued by the Ministry of Municipal, Rural Affairs and Housing, as it has not been registered with Ejar.

(2) The lease term has expired in the ordinary course of business.

(3) This agreement has been entered into with a Related Party; for further details, see Section 12.5 "**Material Agreements with Related Parties**" of this Prospectus.

Source: The Company.

B. Warehouses

The Company has entered into two leases for properties used for the Company's warehouses. The following table sets out the details of the real estate leased by the Company and key terms of leases:

Table No. (12.11): Real Estate Leased by the Company for Warehouses

#	Lessee	Lessor	Location	Effective date of the lease	Annual rent (SAR)	Lease term
1.	The Company	Ali Suleiman Ibrahim Alkhenizan	A warehouse, with an area of 25,000 m², located in Riyadh	24/01/1443H (corresponding to 01/09/2021G)	2,985,922	One year
2.	The Company	Ali Fawzan Muhammad Al-Fawzan	Warehouses Nos. 234, 236 and 232, each with an area of 936 m², located in Riyadh	21/12/1443H (corresponding to 20/07/2022G)	290,628	One year

Source: The Company.

C. Administrative Offices

The Company has entered into three (3) leases for properties used for the Company's administrative offices. The following table sets out the details of the real estate leased by the Company and key terms of leases:

Table No. (12.12): Real Estate Leased by the Company for Administrative Offices

#	Lessee	Lessor	Location	Effective date of the lease	Annual rent (SAR)	Lease term
1.	The Company	Suleiman bin Muhammad Alsaif(1) (2)	A unit with an area of 120 m², located in Riyadh	04/12/1442H (corresponding to 14/07/2021G)	61,000	One year
2.	The Company	Suleiman bin Muhammad Alsaif(1)	Units Nos. 1, 2, 3 and 4, each with an area of 175 m² (i.e., with a total area of 700 m²), located in Riyadh	28/05/1443H (corresponding to 01/01/2022G)	400,000	One year
3.	The Company	Suleiman bin Muhammad Alsaif(1)	Unit No. 39, with an area of 93.87 m², located in Riyadh	15/12/1443H (corresponding to 14/07/2022G)	70,150	One year

(1) This agreement has been entered into with a Related Party; for further details, see Section 12.5 "**Material Agreements with Related Parties**" of this Prospectus.

(2) The lease term has expired in the ordinary course of business.

Source: The Company.

D. Staff Accommodation

The Company has entered into sixteen (16) leases for properties used for staff accommodation. The following table sets out the details of the real estate leased by the Company and key terms of leases:

Table No. (12.13): Real Estate Leased by the Company for Staff Accommodation

#	Lessee	Lessor	Location	Effective date of the lease	Annual rent (SAR)	Lease term
Central Province						
1.	The Company	Fouad Ibrahim Al Ibrahim	Apartment No. 4 located in Riyadh	08/06/1443H (corresponding to 11/01/2022G)	16,000	One year
2.	The Company	Abdullah Muhammad Al-Ghamdi	Residential Unit No. Raneem 1P81U in an apartment building located in Riyadh	12/06/1443H (corresponding to 15/01/2022G)	47,000	One year
3.	The Company	Mubarak Abdullah Al-Masn	Residential Unit No. 4 in a building located in Al Jabriya, Riyadh	24/02/1442H (corresponding to 01/10/2021G)	170,000	One year
4.	The Company	Ahmed Saleh Al-Duaiji	Residential Unit No. 1 in an apartment building located in Ar Rass, Qassim	01/07/1442H (corresponding to 13/02/2021G)	17,000	One year, automatically renewable
Southern Province						
5.	The Company	Fahad Muhammed Tubaiqy*	Residential Unit No. 4 in an apartment building located in Al Jabriya, Riyadh	20/10/1442H (corresponding to 01/06/2021G)	24,000	One year
Eastern Province						
6.	The Company	Nasser Muhammad Al-Subaie	Residential Unit No. 3 in an apartment building located in Mohammad Alfateh, Dammam	30/12/1443H (corresponding to 29/07/2022G)	21,000	One year
7.	The Company	Saad Mutlaq Al Azmi	Residential Unit No. 2 in an apartment building located in King Abdullah Ibn Abdul Aziz, Al-Khafji	09/06/1443H (corresponding to 01 /02/2022G)	17,000	One year
8.	The Company	Maryam Muhammad Al-Abdullah	Residential Unit No. 9 in an apartment building located in Dammam	05/09/1443H (corresponding to 06/04/2022G)	20,600	One year
9.	The Company	Abdulghanem Ahmed Al-Zahrani	Residential Unit No. 4 in an apartment building located in Al-Khwarizmi, Dammam	29/08/1443H (corresponding to 01/04/2022G)	22,500	One year
10.	The Company	Abdurrahman Ali Al-Safra	Residential Unit No. 2813636 in an apartment building located in Al Mubarraz, Eastern Province	29/08/1443H (corresponding to 01/04/2022G)	16,000	One year
Northern Province						
11.	The Company	Khaled Ali Khraishi	Residential Unit No. 3 in an apartment building located on King Abdullah Road, Yanbu	17/07/1442H (corresponding to 01/03/2021G)	16,000	One year, automatically renewable
Western Province						
12.	The Company	Abdurrahim Saleh Al-Ghamdi	Residential Unit No. 306 located in Jeddah	26/03/1443H (corresponding to 10/11/2021G)	26,400	One year

#	Lessee	Lessor	Location	Effective date of the lease	Annual rent (SAR)	Lease term
13.	The Company	Abdullah Muhammad Al-Ghamdi	Residential Unit No. 2 in an apartment building located on Amna Bint Wahab Road, Mecca	02/12/1443H (corresponding to 01/07/2022G)	35,000	One year
14.	The Company	Suleiman Awad Al-Zahrani	Residential Unit No. 1 in an apartment building located in Mecca	24/01/1443H (corresponding to 01/09/2021G)	14,000	One year
15.	The Company	Hamad bin Daoud Al Yami*	Residential Unit No. 4 in an apartment building located in Amer Ibn Al-Mundhir, Mecca	04/01/1443H (corresponding to 12/08/2021G)	19,500	One year
16.	The Company	Hassan Ahmed Balubaid	Residential Unit No. 1 in an apartment building located in Mecca	25/08/1443H (corresponding to 28/03/2022G)	25,000	One year

* The lease term has expired in the ordinary course of business.

Source: The Company.

12.6.3 Investment Lease Agreements

The Company has entered into five (5) investment lease agreements, under which it leases plots of land with the right to develop, invest and sub-lease them. The Company leases these lands under investment lease agreements to develop its stores. Below is a summary of the investment lease agreements entered into by the Company:

A. Al-Qatif Investment Lease Agreement

On 25/12/1441H (corresponding to 15/08/2020G), the Company entered into an investment lease agreement with Muhammad Mahdi Ali Al-Sanad, the Lessor, who owns Land No. 141, Plot No.13, Plan No. 3/217 in Al-Qatif, with a total area of two thousand, five hundred and twenty (2,520) m^2. The Company leases this land for development, investment and sublease purposes. Pursuant to this Agreement, the Company is entitled to manage, invest and lease the whole or parts of the land without the Lessor's consent and has absolute discretion over how to manage and invest this land.

The term of this Agreement is twenty-one (21) years, commencing from the date thereof and expiring on 23/02/1464H (corresponding to 14/02/2042G). Upon expiration of the term of the Agreement, the Lessor shall acquire ownership of the land and all buildings on it, and the Company shall ensure that the buildings are fully maintained and pay all fees required upon delivery to the Lessor.

In accordance with the Agreement, the Company shall pay an annual rent of four hundred thousand Saudi Riyals (SAR 400,000) as follows:

- For the period between 25/12/1441H (corresponding to 15/08/2020G) and 13/07/1443H (corresponding to 14/02/2022G), the land will be leased for free so that the Company can develop the land.
- For the period between 13/07/1443H (corresponding to 14/02/2022G) and 23/07/1444H (corresponding to 14/02/2023G), the Company shall pay an annual rent of four hundred thousand Saudi Riyals (SAR 400,000).
- For the period between 23/07/1444H (corresponding to 14/02/2023G) and 23/02/1464H (corresponding to 14/02/2042G), the rent shall be paid in two annual installments of two hundred thousand Saudi Riyals (SAR 200,000) in February and August of each year.

All costs associated with the operation of the land, including any potentially applicable charges, fees and fines, shall be borne by the Company throughout the term of the Agreement.

If the Company fails to make payments in accordance with the above, the Lessor shall have the right to terminate the Agreement by a two-week written notice to the Company.

The Agreement shall be governed by the laws of the Kingdom.

B. Mecca Investment Lease Agreement

On 02/03/1439H (corresponding to 20/11/2017G), the Company entered into an investment lease agreement with Ibrahim Abdul Karim Al-Quwaifli, the Lessor, who owns Plot No. 334 of Plan No. 1/21/26 located in Al Aziziyah Southern district, Mecca, with a total area of two thousand, five hundred (2,500) m^2. The Company leases this land for development, investment and sublease purposes. Pursuant to the Agreement, all plants and permits obtained by the Company must be registered in the name of the Lessor. Moreover, the Company undertakes to hand over the property in good repair upon the expiration of the agreement term.

The term of the Agreement is fifteen (15) Hijri years, commencing on 01/04/1440H (corresponding to 08/12/2018G). Upon expiration of the Agreement term, the Lessor shall acquire the ownership of land and all buildings on it, while all the equipment, furniture and movable items shall be the Company's property.

Under the Agreement, the annual rent is nine hundred thousand Saudi Riyals (SAR 900,000) for the first five years of the agreement, and one million Saudi Riyals (SAR 1,000,000) for all subsequent years. For the first year of the Mecca Development Lease Agreement, the Company shall pay the rent in two equal installments of four hundred and fifty thousand Saudi Riyals (SAR 450,000). For all subsequent years, the Company shall pay the annual rent in full at the start of each year.

The costs associated with development of the building on the ground and issuance of all required permits and any expenses pertaining to operation of the building, including water and electricity expenses, shall be borne by the Company.

The Lessor shall have the right to terminate the Agreement if Company is late with any payment for more than sixty (60) days from its due date.

The Company may terminate the Agreement by a three-month notice given to the Lessor prior to the expiration of the relevant lease year, in which case the Company will not have the right to claim any compensation from the Lessor for any improvements it has made to the property.

Any dispute arising out of the agreement that cannot be resolved amicably within fifteen (15) days shall be referred to the competent authorities in Mecca.

C. Al Khafji Investment Lease Agreement

The Company has entered into an undated investment lease agreement with Khaled Abdullah Al-Najm, the Lessor, who owns Plot No. 55 of Plan No. 2, with a total area of two thousand, four hundred and seventy-five (2,475) m^2, located in Al Aziziyah, Al-Khafji. The Company leases this land for development, investment and sublease purposes. Pursuant to the Agreement, all plants and permits obtained by the Company must be registered in the name of the Lessor. Moreover, the Company undertakes to hand over the property in good repair upon the expiration of the Agreement term.

Under this Agreement, the annual rent is two hundred and fifty thousand Saudi Riyals (SAR 250,000) to be paid in full during the first month of each year. The costs associated with development of the building on the ground and issuance of all required permits and any expenses pertaining to operation of the building, including water and electricity expenses, shall be borne by the Company.

The Company may terminate the Agreement after six (6) years from the date it is signed, by giving the Lessor a termination notice at least six (6) months in advance, if the Company is unable to proceed with this lease due to continuous losses for any reason.

The Agreement shall be governed by the laws of the Kingdom. Any dispute arising out of the Agreement that cannot be resolved amicably within ten (10) days shall be referred to the competent authorities.

D. Dammam Investment Lease Agreement

On 28/04/1437H (corresponding to 07/02/2016G), the Company entered into an investment lease agreement with Alsuhaimi Real Estate Investment Co, the Lessor, which owns Plots No. 120, 121, 122, 123, 124 and 125 of Plan No. 1/304, with a total area of three thousand, five hundred and sixteen and a half (3,516.50) m^2, located in Dammam. The Company leases this land for development, investment and sublease purposes.

The term of the Agreement is twenty (20) Gregorian years from the date thereof, renewable by written Agreement between the parties six (6) months prior to its expiration date. Upon termination of the Agreement, all equipment, furniture and movable items shall be the Company's property.

According to the Dammam Development Agreement, the Company shall pay the annual rent as follows:

- For the first year until the fifth year of the Agreement, the annual rent is one million, one hundred thousand Saudi Riyals (SAR 1,100,000).
- For the fifth year until the tenth year of the Agreement, the annual rent is one million, two hundred and ten thousand Saudi Riyals (SAR 1,210,000).
- For the eleventh year until the fifteenth year of the Agreement, the annual rent is one million, three hundred and thirty thousand Saudi Riyals (1,330,000).
- For the sixteenth year until the twentieth year of the Agreement, the annual rent is one million, six hundred thousand Saudi Riyals (1,600,000).

For the first year of the Agreement, the Company shall pay the rent in two equal installments of five hundred and fifty thousand Saudi Riyals (SAR 550,000). For all subsequent years, the Company shall pay the full annual amount within two weeks of the start of each year.

Expenses pertaining to the operation of the building, including water and electricity expenses, shall be borne by the Company.

If the Company violates any of the terms of the Agreement without remedy within one month of the Lessor receiving notice of the violations, the Lessor shall have the right to terminate the Agreement, in which case the land and all the buildings shall be the property of the Lessor.

If the Company delays any payment due in accordance with the terms of the Agreement without a justifiable excuse and such delay is repeated, the Company will not be entitled to a remedy period and such delay is deemed a material violation that entitles the Lessor to terminate the Agreement.

The Company may terminate the Agreement by giving the Lessor a notice at least six (6) months in advance, if the Company is unable to proceed with the Agreement due to continuous losses for any reason.

The Agreement shall be governed by the laws of the Kingdom. Any dispute arising out of the Agreement that cannot be resolved amicably within ten (10) days shall be referred to the competent authorities.

E. Riyadh Investment Lease Agreement

On 11/11/1436H (corresponding to 26/08/2015G), the Company entered into an investment lease agreement with the heirs of Abdullah Fahad Al-Muhanna, the Lessors, who own the land located in Plan No. 1822 of Plot 59 in Al Yarmouk, Riyadh, with a total area of five thousand, two hundred and ninety-two (5,292) m^2. Without the Lessors' prior approval, the Company may lease this land for development, investment and sublease purposes.

The term of the Agreement is twenty (20) Gregorian years from the effective date of the Agreement. The agreement is renewable unless either party notifies the other of its intent not to renew six (6) months prior to the expiration date of the Agreement.

Pursuant to the Agreement, the Company shall pay an annual rent of one million, five hundred thousand Saudi Riyals (SAR 1,500,000).

The Lessors may terminate the Agreement if the Company is late in paying the rent for more than ninety (90) days, in which case the land and all the buildings shall be the property of the Lessors.

Any dispute arising out of the Agreement that cannot be resolved amicably shall be referred to the competent authorities.

12.6.4 Real Estate Rented by the Company

The Company has entered into nineteen (19) leases as a lessor. The following table sets out the details of the real estate rented by the Company and key terms of leases:

Table No. (12.14): Real Estate Rented by the Company

#	Lessee	Lessor	Location	Effective date of the lease	Annual rent (SAR)	Lease term
1.	Mohammed Ibrahim Al Shamasy Trading Est.	The Company[(1)]	Showrooms Nos. 2, 3 and 4 with an area of 270 m²	15/12/1436H (corresponding to 28/09/2015G)	27,000 for the first five years, and then 31,500 each year starting from the sixth year	10 years
2.	St Alward Est.	The Company[(1)]	Showrooms No. 7 with an area of 90 m²	01/12/1440H (corresponding to 02/08/2019G)	126,000 per year	5 years
3.	Nayifat Finance Company	The Company	Showroom No. 1 located in Al Rabwa, Tabuk	15/08/1442H (corresponding to 28/03/2021G)	662,400	4 years
4.	Smooth Rock Est.	Muhammad Suleiman Alsaif[(2)]	Showroom No. 8 located in Al Rabwa, Tabuk	19/06/1442H (corresponding to 01/02/2021G)	126,500	One year
5.	Delta Marketing Company (DMC)	The Company[(1)]	Showroom No. 9, with an area of 1,300 m², located in Tabuk	16/12/1437H (corresponding to 17/09/2016G)	700,000	10 years
6.	International Elevators Est.	The Company[(1)]	Showrooms Nos. 1, 2 and 3, with an area of 96 m², located in Abha	14/04/1439H (corresponding to 01/01/2018G)	100,000 per year	5 years
7.	Nahar Future for Advertising	The Company[(1)]	Showroom No. 6, with an area of 32 m², located in Abha	13/06/1439H (corresponding to 01/03/2018G)	350,000	5 years
8.	Al Hatab Bakery	The Company	Showroom No. 2 and a terrace, with an area of 370 m², located in Omar Ibn Al-Khattab, Eastern Province	02/12/1443H (corresponding to 01/07/2022G)	1,437,500	5 years
9.	Tawa Sweets Trading Company	The Company[(1)]	Showroom No. 4 and terrace, with an area of 370 m², located in Al Faisaliyah, Dammam	04/06/1441H (corresponding to 01/02/2020G)	250,000	5 years
10.	Fakhamet Altakeef for Home Appliances Est.	The Company	Showroom No. 4, with an area of 180 m², located in Asir	24/02/1443H (corresponding to 01/10/2021G)	115,000	One year
11.	Noura Mutaib Bin Badah Al Dossary Food Trading Est.	The Company	Showroom No. 7, with an area of 60 m², located in Al-Kharj, Riyadh	09/03/1443H (corresponding to 15/10/2021G)	50,000	One year
12.	Shawarma House	The Company[(1)]	Showroom Nos. 1, 2, and 3, with an area of 820 m², located on Dammam Road, Riyadh	23/02/1440H (corresponding to 01/11/2018G)	1,050,000	8 years
13.	Delicious Kunafa Trading Est.	The Company[(1)(3)]	Showroom No. 3 in "Alsaif Gallery", with an area of 250 m², located in Al Yarmouk, Riyadh	11/08/1440H (corresponding to 16/04/2019G)	125,000	Two years, automatically renewable
14.	Saat Rahati Sports Center	The Company[(1)(2)(3)]	Showroom No. 8, with an area of 252 m², located in Al Yarmouk, Riyadh	12/12/1443H (corresponding to 11/07/2022G)	125,000	One year
15.	Olives Fish Restaurants	The Company [(1)(3)]	Showroom No. 4, with an area of 250 m², located in Al Yarmouk, Riyadh	01/09/1441H (corresponding to 24/04/2020G)	130,000	5 years
16.	Alajeeb Trading Est.	The Company[(3)]	Showroom No. 7, with an area of 244 m², located in Al Yarmouk, Riyadh	27/09/1443H (corresponding to 28/04/2022G)	143,750	One year

#	Lessee	Lessor	Location	Effective date of the lease	Annual rent (SAR)	Lease term
17.	Al Darah Trading Company	The Company(1)	Showroom No. 4	05/06/1436H (corresponding to 28/03/2015G)	9,000 each year for the first 5 years, and then 10,800 each year starting from the sixth year	10 years, with the Lessee having the right to terminate the lease after 3 years
18.	Awad Muhammad Salem Al Qahtani Furniture Est.	The Company(1)	Showroom No. 1, with an area of 540 m², located in Khamis Mushait	02/09/1443H (corresponding to 03/04/2022G)	250,000	4 years
19.	Sanabel Alsalam for Food Manufacturing Company	The Company(1)	Showroom No. 1 with a terrace, with an area of 1,850 m², located in Tabuk	21/03/1437H (corresponding to 01/01/2016G)	1,100,000 each year for the first 5 years, and then 1,265,000 each year starting from the sixth year	10 years

(1) The lease does not comply with the unified commercial lease agreement form issued by the Ministry of Municipal, Rural Affairs and Housing as it has not been registered with Ejar.

(2) The lease term has expired in the ordinary course of business.

(3) This lease agreement has been entered into in accordance with the Riyadh Investment Lease Agreement. For further details, see Section 12.6.3 "**Investment Lease Agreements**" of this Prospectus.

Source: The Company.

12.6.5 Real Estate Leased by the Subsidiary

The Subsidiary has entered into one lease agreement as a lessee and user of the Subsidiary's store to be opened in the UAE. The following table sets out the details of the real estate leased by the Subsidiary and key terms of the lease:

Table No. (12.15): Real Estate Leased by the Subsidiary

#	Lessee	Lessor	Location	Effective date of the lease	Annual rent (AED)	Lease term
1.	Subsidiary	City Lights Real Estate	Store No. 83, on the ground floor of a mall located in Al Shamkha, Abu Dhabi, with an area of 2,526 m².	07/04/1444H (corresponding to 01/11/2022G)	2,000,000	5 years

Source: The Company.

12.7 Intangible Assets

12.7.1 Trademarks

The Company has twenty-seven (27) trademarks registered with the competent authorities. To operate and market its products, the Company relies on these trademarks. As at the date of this Prospectus, the Subsidiary has not registered any trademark. It should be noted that the "Alsaif Gallery" brand and tradename are registered in the UAE in the name of the Company's Chairman, Suleiman bin Muhammad Alsaif. To operate its business and market its services, the Company substantially relies on these trademarks. Therefore, if the Company fails to protect its trademarks or has to take legal action necessary to protect them, this may adversely and materially affect its ability to use them, which would affect its business and results of its operations (for further details on relevant risks, see Section 2.1 "**Risks Related to the Company's Business**" of this Prospectus. The following table sets out key particulars of the Company's registered trademarks:

Table No. (12.16): Key Particulars of the Company's Registered Trademarks:

#	Trademark	Country of Registration	Owner	Registration No.	Protection Start Date	Protection Expiration Date	Category
1.	السَّيف غاليري Alsaif Gallery	KSA	The Company	143411921	22/09/1434H (corresponding to 10/07/2013G)	21/09/1444H (corresponding to 12/04/2023G)	21
2.	السَّيف غاليري Alsaif Gallery	KSA	The Company	143411887	23/09/1434H (corresponding to 31/07/2013G)	22/09/1444H (corresponding to 13/04/2023G)	8

#	Trademark	Country of Registration	Owner	Registration No.	Protection Start Date	Protection Expiration Date	Category
3.	السَّيف غاليري Alsaif Gallery	KSA	The Company	143411886	23/09/1434H (corresponding to 31/07/2013G)	22/09/1444H (corresponding to 13/04/2023G)	7
4.	Alsaif Gallery السَّيف غاليري	KSA	The Company	1439007728	03/04/1439H (corresponding to 21/12/2017G)	02/04/1449 H (corresponding to 03/09/2027G)	35
5.	EDISON EDISON ELECTRIC	KSA	The Company	1436003033	10/02/1436H (corresponding to 02/12/2014G)	09/02/1446H (corresponding to 19/08/2024G)	7
6.	LEEMA	KSA	The Company	1436018200	23/08/1436H (corresponding to 10/06/2015G)	22/08/1446H (corresponding to 21/02/2025G)	21
7.	MAX GLASS	KSA	The Company	1440014125	08/06/1440H (corresponding to 13/02/2019G)	07/06/1450H (corresponding to 25/10/2028G)	21
8.	Timeless	KSA	The Company	1440024735	07/10/1440H (corresponding to 10/06/2019G)	06/10/1450H (corresponding to 19/02/2029G)	21
9.	Glory LIFESTYLE	KSA	The Company	1440008380	28/03/1440H (corresponding to 06/12/2018G)	27/03/1450 H (corresponding to 18/08/2028G)	21
10.	rhine	KSA	The Company	1440031293	28/12/1440H (corresponding to 02/08/2019G)	27/12/1450H (corresponding to 11/05/2029G)	21
11.	EVEREST	KSA	The Company	1439013096	10/06/1439H (corresponding to 26/02/2018G)	09/06/1449H (corresponding to 08/11/2027G)	21
12.	falez	KSA	The Company	1438021060	12/09/1438H (corresponding to 07/06/2017G)	12/09/1448H (corresponding to 19/02/2027G)	21
13.	AV VOLCANO	KSA	The Company	1440009475	10/04/1440H (corresponding to 17/12/2018G)	09/04/1450H (corresponding to 30/08/2028G)	21
14.	EDISON EDISON ELECTRIC	UAE	The Company	305629	28/05/1440H (corresponding to 03/02/2019G)	19/09/1450H (corresponding to 03/02/2029G)	7
15.	السَّيف غاليري Alsaif Gallery	UAE	Suleiman bin Muhammad Alsaif*	92538	20/02/1429H (corresponding to 27/02/2008G)	26/10/1448H (corresponding to 03/04/2027G)	21
16.	السَّيف غاليري Alsaif Gallery	Qatar	The Company	88659	17/06/1435H (corresponding to 17/04/2014G)	08/10/1445H (corresponding to 17/04/2024G)	7

#	Trademark	Country of Registration	Owner	Registration No.	Protection Start Date	Protection Expiration Date	Category
17.	السَّيف غاليري Alsaif Gallery	Qatar	The Company	88660	17/06/1435H (corresponding to 17/04/2014G)	08/10/1445H (corresponding to 17/04/2024G)	8
18.	السَّيف غاليري Alsaif Gallery	Qatar	The Company	88661	17/06/1435H (corresponding to 17/04/2014G)	08/10/1445H (corresponding to 17/04/2024G)	21
19.	السَّيف غاليري Alsaif Gallery	Kuwait	The Company	130269	27/06/1435H (corresponding to 27/04/2014G)	17/10/1445H (corresponding to 26/04/2024G)	7
20.	السَّيف غاليري Alsaif Gallery	Kuwait	The Company	130270	27/06/1435H (corresponding to 27/04/2014G)	17/10/1445H (corresponding to 26/04/2024G)	8
21.	السَّيف غاليري Alsaif Gallery	Kuwait	The Company	130271	27/06/1435H (corresponding to 27/04/2014G)	17/10/1445H (corresponding to 26/04/2024G)	21
22.	EDISON	Kuwait	The Company	198585	23/05/1440H (corresponding to 29/01/2019G)	14/09/1450H (corresponding to 29/01/2029G)	7
23.	السَّيف غاليري Alsaif Gallery	Bahrain	The Company	103123	20/06/1435H (corresponding to 20/04/2014G)	11/10/1445H (corresponding to 20/04/2024G)	7
24.	السَّيف غاليري Alsaif Gallery	Bahrain	The Company	103124	20/06/1435H (corresponding to 20/04/2014G)	11/10/1445H (corresponding to 20/04/2024G)	8
25.	السَّيف غاليري Alsaif Gallery	Bahrain	The Company	103125	20/06/1435H (corresponding to 20/04/2014G)	11/10/1445H (corresponding to 20/04/2024G)	21
26.	EDISON	Bahrain	The Company	125150	27/10/1440H (corresponding to 30/06/2019G)	12/09/1450H (corresponding to 27/01/2029G)	7
27.	السَّيف غاليري Alsaif Gallery	Oman	The Company	132561	01/03/1441H (corresponding to 29/10/2019G)	21/06/1451H (corresponding to 29/10/2029G)	21

*The trademark is not registered in the name of the Company.

Source: The Company.

The Company has deposited one brand with SAIP, and work is underway to register that brand as at the date of this Prospectus. Below are the particulars of that brand.

Table No. (12.17): Key Particulars of the Brand whose Registration is in Progress as of the Date of this Prospectus.

#	Trademark	Owner	Deposit No.	Deposit Date	Category
1.		The Company	342788	16/09/1443H (corresponding to 17/04/2022G)	21

Source: The Company.

12.7.2 Online Store

Backed by its team, the Company has developed its Online Store internally. To develop and operate the Online Store, the Company has employed open source software licensed to it by its owners or third parties, including Magento E-Commerce Platform (Community Edition) – Open Software Licence v. 3.0, Flutter (Cross-Platform Mobile Apps Language) - BSD 3-Clause License, and PHP (Server Side Language) - PHP License V3.01, all of which are open source software.

12.8 Insurance

The Company maintains insurance policies covering different types of risks associated with its activities. The following table sets out the key particulars of the insurance policies held by the Company:

Table No. (12.18): Company's Insurance Policies

#	Type of Coverage	Insurer	Insured	Document No.	Coverage Expiration Date	Value of the Insured/ Maximum Insurance Coverage
1.	Employee Health Insurance	Tawuniya	The Company	062-13-C-2-A-TAWU	14/12/1444H (corresponding to 20/07/2023G)	SAR 500,000 per employee
2.	Comprehensive Commercial Vehicle Insurance - for companies	Al Rajhi Takaful	The Company	B0222-CCC-HCAB-15133879	15/7/1444H (corresponding to 06/02/2023G)	SAR 1,100,000
3.	Fidelity insurance	Saudi Arabian Cooperative Insurance Company (SAICO)	The Company	P/102/24/2022/2022/201/23	18/08/1444H (corresponding to 10/03/2023G)	SAR 9,550,000
4.	Cash Insurance	Saudi Arabian Cooperative Insurance Company (SAICO)	The Company	P/102/24/2021/2022/201/27	18/08/1444H (corresponding to 10/03/2023G)	Cash in Transit: SAR 200,000 Cash in Vault: SAR 2,685,000 Annual estimates of assets: SAR 72,000,000 Maximum each time per vault: SAR 70,000
5.	All-Risk Property Insurance	Saudi Arabian Cooperative Insurance Company (SAICO)	The Company	P/102/24/1003/2022/101/54	18/08/1444H (corresponding to 10/03/2023G)	SAR 278,717,852

Source: The Company.

12.9 Litigation

As at the date of this Prospectus, the Company is not a party to any material litigation or similar proceeding that falls outside the Company's ordinary course of business. The following table summarizes the lawsuits and claims instituted by or against the Company as of the date of this Prospectus.

Table No. (12.19): Summary of Lawsuits and Claims Instituted By or Against the Company as of the Date of this Prospectus

#	Plaintiff	Defendant	Dispute Summary	Status	Value of Claim (SAR)
1.	The Company	A company	Financial claim	A preliminary judgment was rendered in favor of the Company for the full amount claimed. The claim is currently being appealed.	SAR 46,602
2.	The Company	An individual	Financial claim	A judgment was rendered in favor of the Company for the full amount claimed and is currently pending execution.	SAR 372,500
Total value of claims instituted by the Company					**SAR 419,102**
3.	An individual	The Company	Claim for damages	The claim is still pending in court.	SAR 100,000
Total value of claims instituted against the Company					**SAR 100,000**

Source: The Company.

Except as disclosed above, the Directors confirm that the Company and its Subsidiary, up to the date of this Prospectus, are not a party to any judicial dispute, arbitration or administrative proceeding that may, individually or collectively, have an adverse impact on its financial position and results of operations. Moreover, they confirm that they are not aware of any lawsuits or claims threatened to be filed.

12.10 Zakat and Tax Status of the Company

The Company is subject to Zakat and tax requirements in the Kingdom. Any increase of Zakat and/or tax requirements applicable to the Company may adversely affect its profitability. It is worth noting that no assessments relating to VAT have been examined or issued for any tax period by ZATCA. The Company has obtained the final Zakat assesments from ZATCA for all years up to 2018G. In relation to the years from 2019G onwards, they are still under examination by ZATCA. The Company has also submitted Zakat and tax returns for the financial years up to 2021G, and has paid its Zakat and tax dues within the required timeframe. The Company also obtained the final Zakat certificate for the Zakat return submitted for the year ended 31 December 2021G, which is effective until 10/10/1444H (corresponding to 30/04/2023G). However, there is a risk that ZATCA may revert back to any previous year up to five (5) years and demand from the Company to pay any additional amounts and bear any Zakat differences in the event that there is no Zakat assessment and ZATCA rejects the declarations submitted in accordance with the Implementing Regulations for Zakat Collection issued by the Ministarial Resolution No. 2217 dated 07/07/1440H (corresponding to 14/03/2019G).

12.11 Description of Shareholder Rights

12.11.1 Voting Rights

Each Shareholder shall have a vote for every Share represented by him in the General Assemblies. Cumulative voting shall be used in electing the Board of Directors.

12.11.2 Entitlement to Dividends

Shareholders are entitled to their share of dividends in accordance with a resolution of the General Assembly issued in this regard. The resolution shall specify the date of maturity and the date of distribution. Dividends shall be provided to owners of Shares recorded in the Shareholder Register at the end of the maturity day.

12.11.3 Company's Purchase, Sale and Pledge of its Shares

The Company may purchase or pledge its ordinary or preferred shares in accordance with controls imposed by the competent authority; however, the shares purchased by the Company shall not entitle it to votes in Shareholders' assemblies.

12.11.4 Rights to Surplus Assets upon Liquidation and Dissolution

Pursuant to Article 163 of the Companies Law, Shares shall entail equal rights to net profit and liquidation surplus, unless the articles of incorporation stipulate otherwise.

12.11.5 Approvals Necessary to Amend the Voting Rights

The Company's Bylaws shall be amended to the effect that the rights and voting mechanism at the General Assemblies of the Company are modified. In accordance with Article 26 of the Company's Bylaws, the Bylaws may be amended by the Extraordinary General Assembly. A meeting of the Extraordinary General Assembly shall not be valid unless attended by Shareholders representing at least 50% of the Company's capital. If such quorum cannot be attained at the first meeting, a second meeting shall be convened after one hour from the end of the first meeting, provided that the invitation for the first meeting mentioned the possibility of having a second meeting. If the invitation does not refer to the possibility of a second meeting, an invitation shall be sent for a second meeting to be held in the manner prescribed by Article 27 of the Company's Bylaws. In any case, the second meeting shall be deemed valid if attended by Shareholders representing at least 25% of the Company's capital. If the required quorum is not met in the second meeting, there shall be an invitation for a third meeting to be held in the manner prescribed by Article 27 of the Company's Bylaws and the third meeting shall be deemed valid irrespective of the number of Shares represented therein upon the approval of the competent authority.

13. Underwriting

The Company, the Selling Shareholder and the Underwriter (Saudi Fransi Capital) entered into an underwriting agreement on [•]H (corresponding to [•]G) (the "Underwriting Agreement"), pursuant to which the Underwriters have agreed, subject to certain conditions contained in the Underwriting Agreement, to fully underwrite the Offering of ten million, five hundred thousand (10,500,000) shares. The name and address of the Underwriters are set out below:

13.1 Name and Address of the Underwriter

Saudi Fransi Capital
King Fahad Road 8092
Riyadh 3735-12313
P.O. Box 23454, Riyadh 11426
Kingdom of Saudi Arabia
Tel.: +966 (11) 282 6666
Fax: +966 (11) 282 6823
Website: www.sfc.sa
E-mail: AlSaifGallery.IPO@fransicapital.com.sa

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Saudi Fransi Capital

13.2 Summary of Underwriting Agreement

Under the terms and subject to the conditions contained in the Underwriting Agreement:

a. The Selling Shareholder undertakes to the Underwriter that, on the first Business Day after allocation of the Offer Shares following the end of the Offering Period, they shall:

   1. Sell and allocate the Offer Shares to any Retail Investor or Participating Party whose application for Offer Shares has been accepted by the Receiving Agents.
   2. Sell and allocate to the Underwriters the Offer Shares that are not subscribed for by Retail Investors or Participating Parties pursuant to the Offering.

b. The Underwriter undertakes to the Selling Shareholder that it will purchase any Offer Shares that are not subscribed for by Retail Investors or Participating Parties, as set out below:

Table No. (13.1): Underwritten Shares

Underwriter	No. of Offer Shares Underwritten	Percentage of Offer Shares Underwritten
Saudi Fransi Capital	10,500,000	100%

Source: The Company.

The Company and the Selling Shareholder have committed to satisfy all the provisions of the Underwriting Agreement.

13.3 Underwriting Costs

The Selling Shareholder will pay the Underwriters an underwriting fee based on the total value of the Offering. Moreover, the Selling Shareholder has agreed, on behalf of the Company, to pay the Underwriter's costs and expenses in connection with the Offering.

14. Offering Expenses

The Selling Shareholder shall bear all expenses and costs associated with the Offering, which are estimated at approximately [•] Saudi Riyals (SAR [•]). This figure includes the fees of each of the Financial Advisor, Underwriters, Lead Manager, Bookrunner, Legal Advisor, legal advisor to the Underwriters, Auditor, Market Consultant and Receiving Agents, in addition to marketing, printing and distribution expenses and other related expenses. The expenses will be deducted from the Offering proceeds. The Company shall not bear any costs associated with the Offering.

15. Company's Post-Listing Undertakings

Following Listing, the Company undertakes to:

- Provide the CMA with the date on which the first General Assembly meeting will be held following Listing so a representative thereof may attend.
- Submit transactions and contracts in which a Director has a direct or indirect interest for authorization by General Assembly (in accordance with the Companies Law, the Corporate Governance Regulations and Listed Companies Rules), provided that the interested Director is prohibited from voting on the relevant resolution, whether in the Board or the General Assembly.
- Comply with all mandatory provisions set out in the Corporate Governance Regulations immediately upon Listing.
- Complete Form 8 (regarding the observance of Corporate Governance Regulations). The Company shall provide the relevant justifications if it fails to meet any of the requirements set out in the Corporate Governance Regulations.
- Comply with all the articles of the Listing Rules in relation to the Company's continuing obligations immediately upon Listing.
- Call for a General Assembly meeting to update the Company's Bylaws immediately upon Listing.

Accordingly, following admission to Listing, the Directors undertake to:

- Record all resolutions and deliberations in written meeting minutes signed by the Chairman and Board Secretary.
- Disclose the details of any Related Party transactions in accordance with the Companies Law and the Corporate Governance Regulations.

16. Waivers

The Company has not applied to the CMA for any waivers from any regulatory requirements.

17. Subscription Terms and Conditions

The Company has submitted an application to the CMA for the registration and offer of securities and an application to the Exchange for the listing of securities in accordance with the Rules on the Offer of Securities and Continuing Obligations and the Listing Rules. All Subscribers must carefully read the Subscription Terms and Conditions before completing the Subscription Application Form. Signing the Subscription Application Form and delivering it to a Receiving Agent or the Bookrunner is deemed as acceptance and approval of the Subscription Terms and Conditions.

17.1 Subscription to the Offer Shares

The Offering consists of ten million, five hundred thousand (10,500,000) ordinary shares with a fully paid nominal value of ten Saudi Riyals (SAR 10) per share at an Offer Price of [•] Saudi Riyals (SAR [•]). The Offer Shares represent 30% of the Company's capital. The total value of the Offering is [•] Saudi Riyals (SAR [•]). Note that the Offering to Retail Investors and subsequent Listing of the Company's shares is subject to the successful subscription by Participating Parties for all Offer Shares. The Offering shall be canceled if the Offering is not fully subscribed for during this period. The CMA also has the right to suspend the Offering if, after its approval of this Prospectus and before registration and admission of the Shares to listing on the Exchange, a material adverse change occurs with respect to the Company's operations.

The Offering is restricted to the following two tranches of investors:

Tranche A - Participating Parties: this tranche comprises the parties entitled to participate in the book-building process as specified under the Book-Building Instructions (see Section 1 "**Definitions and Abbreviations**" of this Prospectus). The number of Offer Shares to be initially allocated to the Participating Parties is ten million, five hundred thousand (10,500,000) Offer Shares, representing 100% of the total Offer Shares. In the event that Retail Investors (as defined in Tranche B below) subscribe for the Offer Shares allocated thereto, the Financial Advisor shall have the right to reduce the number of shares allocated to the Participating Parties to a minimum of nine million, four hundred and fifty thousand (9,450,000) Offer Shares, representing 90% of the total Offer Shares. The number and percentage of the Offer Shares to be allocated to the Participating Parties will be determined by the Financial Advisor in consultation with the Company, using the discretionary allocation mechanism. The Company and the Financial Advisor may not, as they deem appropriate, allocate shares to some of the Participating Parties.

Tranche B - Retail Investors: this tranche comprises Saudi Arabian nationals, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who may subscribe for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, any non-Saudi natural person who is a resident in the Kingdom, or any GCC national, in each case who has a bank account and is allowed to open an investment account with one of the Receiving Agents. Subscription of a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature is proven to have occurred, then the law shall be enforced against such person. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted. A maximum of one million and fifty thousand (1,050,000) Offer Shares, representing 10% of the total Offer Shares, will be allocated to Retail Investors. If the Retail Investors do not subscribe for all the shares allocated thereto, the Financial Advisor may reduce the number of shares allocated to them in proportion to the number of shares that they had subscribed for.

17.2 Offering Period

A period of two (2) days, starting on Monday on 11/05/1444H (corresponding to 05/12/2022H), and ending on Tuesday 12/05/1444G (corresponding to 06/12/2022H).

17.3 Subscription Terms and Method for Each Category of Targeted Investors

17.3.1 Book-Building for Participating Parties

a. The Financial Advisor, in consultation with the Company, will determine the price range for the purposes of book-building, which will be made available to all Participating Parties, using the discretionary allocation mechanism. The Financial Advisor may not allocate shares to some of the Participating Parties, as it deems appropriate, in cooperation with the Company.

b. Each of the Participating Parties must submit requests to participate in the book-building process by filling out the Participating Parties' Bid Form to be made available by the Bookrunner. The number of Offer Shares subscribed for by each of the Participating Parties shall not be less than fifty thousand (50,000) shares, and not more than one million, seven hundred and forty-nine thousand, nine hundred and ninety-nine

(1,749,999) shares. and with regard to public funds only, it must not exceed the maximum limit for each participating public fund as determined in accordance with the Book-Building Instructions. The number of requested shares must be allocatable. The Bookrunner shall notify the Participating Parties regarding the Offer Price and the number of Offer Shares initially allocated thereto. Subscriptions by the Participating Parties shall commence during the Offering Period, which also includes Retail Investors, in accordance with the Subscription Terms and Conditions as detailed in the Subscription Applications Forms.

c. Once the book-building process for Participating Parties is completed, the Financial Advisor will announce the subscription percentage for Participating Parties.

d. The Financial Advisor and the Company will have the power to determine the Offer Price based on the supply and demand for the Offer Shares, provided that it does not exceed the price set out in the Underwriting Agreement and provided that the Offer Price is in accordance with the tick size applied by the Exchange.

17.3.2 Subscription by Retail Investors

Each Retail Investor shall subscribe for a minimum of ten (10) Offer Shares and a maximum of two hundred and fifty thousand (250,000) Offer Shares. Changes to or withdrawal of a subscription application shall not be permitted once the subscription application has been submitted.

Subscription Application Forms will be available during the Offering Period from the Receiving Agents. Subscription Application Forms shall be completed in accordance with the instructions mentioned below. Retail Investors can also subscribe through the internet, telephone banking, or ATMs of any of the Receiving Agents' branches that offer any or all such services to its customers, provided that the following requirements are satisfied:

a. The Retail Investor has a bank account at a Receiving Agent which offers such services.

b. There should have been no changes to the personal information of the Retail Investor since his subscription in a recent IPO.

A signed Subscription Application Form must be submitted to any branch of the Receiving Agents representing a legally binding agreement between the Selling Shareholder and the relevant Retail Investor submitting the application.

Retail Investors may obtain a copy of this Prospectus through the websites of the Company (www.alsaifgallery.com), the CMA (www.cma.org.sa) or the Financial Advisor (www.sfc.sa). In addition, a copy of the Subscription Forms can be obtained from the branches of the following Receiving Agents or through the websites of Receiving Agents providing such service:

Banque Saudi Fransi King Saud Road P.O. Box 56006, Riyadh 11554 Kingdom of Saudi Arabia Tel.: +966 (92) 000 0579 Fax: +966 (11) 402 7261 Website: www.alfransi.com.sa E-mail: Fransiplusadmin@alfransi.com.sa	البنك السعودي الفرنسي Banque Saudi Fransi
Saudi National Bank King Fahd Road, Al-Aqiq, King Abdullah Financial District P.O. Box 3208, Unit No. 778 Kingdom of Saudi Arabia Tel: +966 (92) 000 1000 Fax: +966 (11) 406 0052 Website: www.alahli.com E-mail: contactus@alahli.com	SNB الأهلي

The Receiving Agents offering such service will commence receiving Subscription Application Forms at some of their branches throughout the Kingdom or via the internet, telephone banking or ATMs of the Receiving Agents that offer any or all such services, beginning from Monday 11/05/1444H (corresponding to 05/12/2022G) until Tuesday 12/05/1444H (corresponding to 06/12/2022G). Once a Subscription Application is signed and submitted, the Receiving Agent will stamp it and provide the Retail Investor with a copy of the completed Subscription Application. In the event that the information provided in the Subscription Application Form is incomplete or inaccurate, or not stamped by the Receiving Agent, the Subscription Application Form will be considered void. Retail Investors do not have the right to claim any compensation for damages incurred due to such cancellation.

Each Retail Investor is required to specify the number of Offer Shares applied for in the Subscription Application Form, and the total subscription amount will be equal to the number of Offer Shares applied for multiplied by the Offer Price of [•] Saudi Riyals (SAR [•]) per Offer Share.

Subscriptions by Retail Investors for less than ten (10) Offer Shares or fractional numbers will not be accepted. Increments are to be made in multiples of the said number, while the maximum number of Offer Shares to be applied for is two hundred and fifty thousand (250,000) Offer Shares.

Subscription Applications should be submitted during the Offering Period and accompanied (where applicable) with the following documents (the Receiving Agents will verify all copies against the originals and will return the originals to the relevant Retail Investor):

a. The original and copy of the Retail Investor's national civil identification card or residency identification card (in case of individuals, including GCC nationals and foreign residents).
b. The original and copy of the family civil identification card (when subscribing on behalf of family members).
c. The original and copy of a power of attorney (when subscribing on behalf of others).
d. The original and copy of certificate of guardianship (when subscribing on behalf of orphans).
e. The original and copy of the divorce certificate (when subscribing on behalf of the children of a divorced Saudi woman).
f. The original and copy of the death certificate (when subscribing on behalf of the children of a widowed Saudi woman).
g. The original and copy of the birth certificate (when subscribing on behalf of the children of a divorced or widowed Saudi woman).

In the event a Subscription Application Form is made on behalf of an Retail Investor (applicable to parents and children only), the name of the person signing on behalf of the Retail Investor should be stated in the Subscription Application Form, accompanied with a valid original and copy of a power of attorney. The power of attorney must be notarized by a notary public for Retail Investors residing in the Kingdom and must be legalized through a Saudi embassy or consulate in the relevant country for Retail Investors residing outside the Kingdom. The responsible employee of the Receiving Agent shall match the copy with the original version and return the original version to the Retail Investor.

One Subscription Application should be completed for each primary Retail Investor applying for himself and members appearing on his family identification card if the family members apply for the same number of Offer Shares as the primary Retail Investor. In this case:

a. All Offer Shares allocated to the primary Retail Investor and dependent Retail Investors will be registered in the primary Retail Investor's name.
b. The primary Retail Investor will receive a refund (if any) for any amounts not allocated and paid for by himself or dependent Retail Investors.
c. The primary Retail Investor will receive all dividends distributed with respect to the Offer Shares allocated to himself and dependent Retail Investors (in the event the Shares are not sold or transferred).

Separate Subscription Application Forms must be used if:

a. The Offer Shares to be allocated are to be registered in a name other than the name of the primary Retail Investor.
b. Dependent Retail Investors intend to apply for a different number of Offer Shares than the primary Retail Investor.
c. A wife wishes to subscribe in her name and to register the allocated Offer Shares to her account (she must complete a separate Subscription Application Form from the Subscription Application Form completed by the relevant primary Retail Investor). In the latter case, applications made by husbands on behalf of their spouses will be canceled and the independent application of the wives will be processed by the Receiving Agent.

A Saudi female divorcee or widow who has minor children from a marriage to a non-Saudi husband may subscribe on behalf of those children provided she submits proof of motherhood. A subscription for Offer Shares made by a person in the name of his divorced wife shall be deemed invalid and the applicant shall be subject to the sanctions prescribed by law.

During the Offering Period, only a valid residency permit will be an acceptable form of identification for non-Saudi dependents. Passports or birth certificates will not be accepted. Non-Saudi dependents can only be included as dependents with their mother and cannot subscribe as primary Retail Investors. The maximum age for non-Saudi dependents to be included with their mother is 18. Any documents issued by a foreign government must be legalized through a Saudi embassy or consulate in the relevant country.

Each Retail Investor agrees to subscribe for and purchase the number of Offer Shares specified in his/her Subscription Application Form for an amount equal to the number of Offer Shares applied for multiplied by the Offer Price of [•] Saudi Riyals (SAR [•]) per Offer Share. Each Retail Investor shall acquire the number of Offer Shares allocated to him/her upon:

a. Delivery by the Retail Investor of the Subscription Application Form to any of the Receiving Agents.
b. Payment in full by the Retail Investor to the Receiving Agent of the total value of the Offer Shares subscribed for.

The total value of the Offer Shares subscribed for must be paid in full at a branch of the Receiving Agents by authorizing a debit of the Retail Investor's account held with the Receiving Agent to whom the Subscription Application Form is being submitted.

If a submitted Subscription Application Form is not in compliance with the terms and conditions of the Offering, the Company shall have the right to reject, in full or in part, such an application. The Retail Investor shall accept any number of Offer Shares allocated to him/her unless the allocated shares exceed the number of Offer Shares he/she has applied for.

17.4 Allocation and Refunds (if any)

The Bookrunner, Lead Manager and Receiving Agents shall open and operate an escrow account for the purpose of depositing and holding subscription monies collected from Participating Parties and Receiving Agents (on behalf of Retail Investors). Receiving Agents shall deposit all amounts received from Retail Investors into the escrow account.

The Lead Manager and Receiving Agents, as applicable, will notify Subscribers, informing them of the final number of Offer Shares allocated together with the amounts to be refunded. Excess subscription monies, if any, will be refunded to Subscribers in whole, without any deductions or fees, and will be deposited in the Subscribers' accounts specified in the Subscription Application Forms. Announcement of the final allocation and refund of subscription monies will be made no later than Wednesday, 20/05/1444H (corresponding to 14/12/2022G). Subscribers should communicate with the Lead Manager or branch of the Receiving Agent where they submitted their Subscription Application Form, as applicable, for any further information.

17.4.1 Allocation of Offer Shares to Participating Parties

The Financial Advisor, in coordination with the Company, shall determine the number of Offer Shares to be allocated to the Participating Parties, after the allocation of Offer Shares to Retail Investors is completed, provided that the initial number of Offer Shares initially allocated to Participating Parties shall not be less than ten million, five hundred thousand (10,500,000) ordinary shares representing 100% of the Offer Shares, and the final allocation for Participating Parties shall not be less than nine million, four hundred and fifty thousand (9,450,000) ordinary Shares representing 90% of the Offer Shares.

17.4.2 Allocation of Offer Shares to Retail Investors

A maximum of one million and fifty thousand (1,050,000) ordinary shares, representing 10% of the total Offer Shares, will be allocated to Retail Investors. The minimum allocation per Retail Investor is ten (10) Shares, and the maximum allocation per Retail Investor is two hundred and fifty thousand (250,000) Shares. The balance of Offer Shares (if any) will be allocated on a pro-rata basis of the number of Offer Shares applied for by each Retail Investor to the total Offer Shares applied for. In the event that the number of Retail Investors exceeds one hundred and five thousand (105,000) Retail Investors, the minimum allocation cannot be guaranteed by the Company and the allocation shall be made as per the instructions of the Company and the Financial Advisor. Excess subscription monies, if any, will be refunded to the Retail Investors without any commissions or deductions by the Receiving Agents.

17.5 Circumstances Where the Listing May Be Suspended or Canceled

17.5.1 Power to Suspend or Cancel the Listing

a. The CMA may suspend stock trading or cancel the Listing at any time as it deems fit, in any of the following circumstances:

   1. The CMA considers it necessary for the protection of investors or the maintenance of an orderly market.
   2. The Company fails, in a manner which the CMA considers material, to comply with the CML, its Implementing Regulations or the Exchange Rules.
   3. The Company fails to pay on time any fees due to the CMA or the Exchange or any fines due to the CMA.
   4. The CMA considers that the Company or its business, the level of its operations or its assets are no longer suitable for the continued Listing of securities on the Exchange.

5. When a reverse takeover announcement does not contain sufficient information about the proposed transaction. If the Company announces sufficient information regarding the target and the CMA is satisfied, following the Company's announcement, that there will be sufficient information available to the public about the proposed transaction of the reverse takeover, the CMA may decide not to suspend trading at this stage.
6. When information about the proposed transaction of reverse takeover is leaked and the Company cannot accurately assess its financial position and the Exchange cannot be informed accordingly.
7. When an application for financial restructuring of the Company in case of its accumulated losses reaching 50% or more of its capital is registered with the court under the Bankruptcy Law.
8. When the request for the liquidation procedure or the administrative liquidation of the Company is registered with the court under the Bankruptcy Law.
9. Upon issuance of a final judgment ending the financial restructuring and initiating the administrative liquidation procedure of the Company under the Bankruptcy Law.
10. Upon issuance of a final judgment initiating the liquidation procedure or the administrative liquidation procedure of the Company in the court under the Bankruptcy Law.

b. The Exchange shall suspend the trading of the Company's securities in any of the following cases:

1. When the Company does not comply with the deadlines for the disclosure of its periodic financial information within the periods specified in the Rules on the Offer of Securities and Continuous Obligations.
2. When the Auditor's report on the financial statements of the Company contains an opposing opinion or an abstention from expressing an opinion until the opposing opinion or abstention from expressing an opinion is removed.
3. If the liquidity requirements in Parts Two and Eight of the Listing Rules are not satisfied post-Listing within the time limit set by the Exchange for the Company to rectify its position, unless the CMA agrees otherwise.
4. Upon the issuance of a resolution by an Extraordinary General Assembly of the Company to reduce its capital for the two trading days following the issuance of such resolution.

c. The Exchange shall remove the suspension referred to in Paragraphs 1 and 2 above, after one trading session when the reason for suspension has ceased. In the event that the Company's Shares are made available for trading outside the platform, the Exchange shall remove the suspension within a period not exceeding five (5) trading sessions following the absence of the reason for the suspension.

d. The Exchange may, at any time, suggest to the CMA to suspend trading or cancel the listing of securities if it believes that any of the cases mentioned in Paragraph a above is likely to occur.

e. The Company must continue to abide by the Capital Market Law, its Implementing Regulations, and the Exchange Rules even its securities are subject to trading suspension.

f. In the event that the listing suspension continues for six (6) months with no appropriate procedure made by the Company to correct such suspension, the CMA may cancel the Company's Listing.

g. Upon the Company's completion of a reverse takeover, the Company's shares are de-listed. If the Company wishes to re-list its shares, it shall submit a new application for registration and admission to listing in accordance with the requirements stipulated in the Rules on the Offer of Securities and Continuing Obligations.

h. This paragraph does not prejudice the suspension of trading or cancellation of Listing resulting from Company losses based on the relevant Implementing Regulations and Exchange Rules.

17.5.2 Voluntary Cancellation of the Listing

a. After Listing, the Company may not cancel the Listing of its securities on the Exchange without the prior approval of the CMA. To obtain the CMA's approval, the Company must submit a cancellation application to the CMA along with a simultaneous notice to the Exchange. Such application must include the following:

1. Specific reasons for requesting the cancellation.
2. A copy of the disclosure described in Paragraph d below.
3. A copy of the relevant documentation and a copy of each related communication to Shareholders if the cancellation is to take place as a result of a takeover or other corporate action by the Company.
4. Names and contact information of the Financial and Legal Advisors appointed according to the Rules on the Offer of Securities and Continuing Obligations.

b. The CMA may, at its discretion, approve or reject the cancellation request.

c. The Company must obtain the consent of the Extraordinary General Assembly on the cancellation of the Listing after obtaining the CMA's approval.

d. When the cancellation is made at the Company's request, the Company must disclose it to the public as soon as possible. The disclosure must include the reason for the cancellation, the nature of the event resulting in the cancellation and the extent to which it affects the Company's activities.

17.5.3 Temporary Trading Suspension

a. The Company may request from the Exchange a temporary trading suspension of its securities upon the occurrence of an event that occurs during trading hours which requires immediate disclosure under the CML, its Implementing Regulations or the Exchange Rules, where the Company cannot maintain the confidentiality of such information until the end of the trading period. The Exchange shall suspend trading of the securities of that Company immediately upon receiving such request.

b. When trading is temporarily suspended at the Company's request, the Company must disclose to the public as soon as possible the reason for the suspension, its anticipated period, the nature of the event that caused it and the extent to which it affects the Company's activities.

c. The CMA may impose a temporary trading suspension without a request from the Company if the CMA becomes aware of information or circumstances affecting the Company's activities which it considers would be likely to interrupt the operation of the Exchange or the protection of investors. If its securities are subject to temporary trading suspension, the Company must continue to comply with the CML, its Implementing Regulations and Exchange Rules.

d. A temporary trading suspension will be lifted following the lapse of the period referred to in the disclosure specified in Paragraph b above, unless the CMA or the Exchange decide otherwise.

e. The Exchange may propose that the CMA exercise its authorities under Paragraph c above if it becomes aware of information or circumstances that may affect the Issuer's activities and that are likely to interrupt the operation of the Exchange or the protection of investors.

17.5.4 Lifting of the Suspension

The lifting of the trading suspension under Paragraph a of Section 17.5.1 "**Power to Suspend or Cancel the Listing**" of this Prospectus is subject to the following:

a. Adequately addressing the conditions that led to the suspension and the lack of the need to continue the suspension for the protection of investors.

b. The lifting of the suspension being unlikely to affect the normal activity of the Exchange.

c. The Company complying with any other conditions that the CMA may require.

In the event that the listing suspension continues for six (6) months with no appropriate procedure made by the Company to correct such suspension, the CMA may cancel the Company's Listing.

17.6 Approvals and Decisions Under which the Offer Shares are Offered

The following are the decisions and approvals under which the Offer Shares are offered:

a. The Company's Board of Directors resolution recommending to the General Assembly approval of the Offering dated 14/09/1443H (corresponding to 15/04/2022G).

b. The Company's General Assembly resolution approving the Offering dated 15/09/1443H (corresponding to 16/04/2022G).

c. The CMA's approval of the Offering dated 02/03/1444H (corresponding to 28/09/2022G).

d. The Saudi Exchange's conditional approval on the Listing dated 08/02/1444H (corresponding to 04/09/2022G).

17.7 Lock-up Period

The Substantial Shareholder, whose name appears on page (x), may not dispose of their shares for a period of six (6) months from the date on which trading of the Offer Shares commences on the Exchange. Following the Lock-up Period, the Substantial Shareholder may dispose of such shares without the prior approval of the CMA.

17.8 Subscription Declarations

By completing and delivering the Subscription Application Form, each Subscriber:

a. Agrees to subscribe to the number of Offer Shares specified in the Subscription Application Form.
b. Warrants that they have read and carefully examined this Prospectus and understood all its content.
c. Accepts the Company's Bylaws and all Offering instructions and terms mentioned in this Prospectus and the Subscription Application Form, and subscribes for the Offer Shares accordingly.
d. Declares that neither they themselves, nor any of their family members included in the Subscription Application Form, have previously subscribed for any Shares and that the Company has the right to reject any or all duplicate applications.
e. Accepts the number of Offer Shares allocated thereto (to the maximum of the amount subscribed for) as per the Subscription Application Form.
f. Warrants not to cancel or amend the Subscription Application Form after submitting it to the Receiving Agent.

17.9 Share Register and Trading Arrangements

The Depository Center shall maintain a Shareholder Register containing their names, nationalities, addresses, professions, the Shares held by them and the amounts paid for such Shares.

17.10 Saudi Exchange

In 1990G, full electronic trading of equities in the Kingdom was introduced. Tadawul was founded in 2001G as the successor to the Electronic Securities Information System. Trading in shares occurs on the "Tadawul" system through a fully integrated trading system covering the entire trading process from execution of the trade transaction through settlement thereof. Trading occurs on each Business Day of the week between 10:00 a.m. and 3:00 p.m. from Sunday to Thursday, during which orders are executed. However, during other than those times, orders can be entered, amended or canceled from 9:30 a.m. to 10:00 a.m. Such times change during the month of Ramadan and are announced on the official website of Tadawul. Transactions take place through the automatic matching of orders. Each valid order is accepted and generated according to the price level. In general, market orders (orders placed at best price) are executed first, followed by limit orders (orders placed at a price limit), provided that, if several orders are generated at the same price, they are executed according to the time of entry. Tadawul distributes a comprehensive range of information through various channels, including in particular the Tadawul website and Tadawul Information Link, which supplies trading data in real time to the information providers, such as Reuters. Exchange transactions are settled on a T+2 basis, i.e., share ownership transfer takes two working days after the trade transaction is executed.

Listed companies are required to disclose all material decisions and information that are important to investors via Tadawul. Surveillance and monitoring are the responsibility of Tadawul as the operator of the market to ensure fair trading and an orderly market.

17.11 Trading of Company's Shares

Trading of the shares is expected to commence after finalization of the allocation process and the announcement of the start date of trading of the Company's shares. Following Listing, Saudi nationals, non-Saudi nationals holding valid residency permits in the Kingdom, GCC nationals, companies, banks and investment funds will be permitted to trade in the Offer Shares once they are traded on the Exchange. Moreover, Qualified Foreign Investors will be permitted to trade in the Shares in accordance with Rules for Qualified Foreign Financial Institutions' Investment in Listed Shares and the Instructions for Foreign Strategic Investors Ownership. Foreign investors who are non-GCC nationals residing outside the KSA and non-GCC institutions incorporated outside the KSA will also have the right to invest indirectly to acquire economic benefits in the Shares by entering into SWAP Agreements with a Capital Market Institution to acquire, hold and trade in the Shares on the Exchange on behalf of a foreign non-GCC investor. It should be noted that under SWAP Agreements, the Authorized Persons shall be deemed the legal owners of such Shares.

Furthermore, Offer Shares can only be traded after the allocated Offer Shares have been credited to Subscribers' accounts at Tadawul, the Company has been registered and its Shares listed on the Exchange. Pre-trading in Shares is strictly prohibited and Subscribers entering into any pre-trading activities will be acting at their own risk. The Company and the Selling Shareholder shall have no legal responsibility in connection with pre-trading activities.

17.12 Miscellaneous

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. Neither the Subscription Application Form nor any of the rights, interests or obligations arising pursuant thereto shall be assigned and delegated by any of the parties to the subscription without the prior written consent of the other party.

These instructions, the terms and the receipt of any Subscription Application Forms or related contracts shall be governed, construed and enforced in accordance with the laws of the Kingdom of Saudi Arabia.

This Prospectus has been released in both Arabic and English languages. The Arabic version is the only one approved by the CMA. In the event of a discrepancy between the English and the Arabic text, the Arabic text of this Prospectus shall prevail.

The distribution of this Prospectus and the sale of the Offer Shares in any country other than Saudi Arabia are expressly prohibited, except for foreign financial institutions subject to the applicable laws and instructions. Recipients of this Prospectus are required to inform themselves of any regulatory restrictions relevant to the Offer Shares and the sale of Offer Shares and to observe all such restrictions.

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 the completion of the Offering, the Company becomes aware that: (a) there has been a significant change in material matters contained in the Prospectus or any document required by the Rules on the Offer of Securities and Continuing Obligations or Listing Rules; or (b) any significant issues have arisen that should have been included in this Prospectus. Except in the aforementioned circumstances, the Company does not intend to update or otherwise revise any industry or market information or forward-looking statements in this Prospectus, whether as a result of new information, future events or otherwise. As a result of the foregoing and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Prospectus might not occur in the way the Company expects, or at all. Prospective investors should consider all forward-looking statements in light of these explanations and should not place undue reliance on forward-looking statements.

18. Documents Available for Inspection

The following documents will be available for inspection at the Company's Head Office in Riyadh, Imam Saud Bin Abdulaziz Bin Muhammad Road, Al Taawun, between 10:00 a.m. and 4:00 p.m. from Tuesday 21/04/1444H (corresponding to 15/11/2022G) until Tuesday 12/05/1444H (corresponding to 06/12/2022G), for a period of no less than twenty (20) days prior to the end of the Offering Period:

a. The announcement of the CMA approving the Offering.

b. The Company's Board of Directors' resolution recommending to the General Assembly approval of the Offering dated 14/09/1443H (corresponding to 15/04/2022G).

c. The Company's General Assembly resolution approving the Offering dated 15/09/1443H (corresponding to 16/04/2022G).

d. The Company's Bylaws and the amendments thereto.

e. The Company's Memorandum of Association and the amendments thereto.

f. The Company's Commercial Registration Certificate issued by the Ministry of Commerce.

g. The Company's financial statements for the financial years ended 31 December 2019G, 2020G and 2021G.

h. The interim condensed financial statements for the three-month period ended 31 March 2022G, along with the notes thereto.

i. The Valuation Report prepared by the Financial Advisor.

j. The Market Study Report prepared by the Market Consultant.

k. All other reports, letters, documents, and valuations and data prepared by any expert wholly or partly included or referred to in this Prospectus.

l. Contracts and agreements disclosed in Section 12.4 "**Material Agreements**" and Section 12.5 "**Material Agreements with Related Parties**" of this Prospectus.

m. Letters of consent from each of:

  1. The Financial Advisor, Lead Manager, Bookrunner and Underwriter (Saudi Fransi Capital) for the inclusion of its name, logo, and statement in this Prospectus.
  2. The Legal Advisor (The Law Firm of Salman M. Al-Sudairi) for the inclusion of its name, logo and statement in this Prospectus.
  3. The Financial Due Diligence Advisor (PricewaterhouseCoopers - Public Accountants) for the inclusion of its name, logo and statements in this Prospectus.
  4. The Auditor for FYs 2019G, 2020G and 2021G, KPMG Professional Services, for the inclusion of its name, logo, statement and audit reports for the financial years ended 31 December 2019G, 2020G and 2021G in this Prospectus.
  5. The Auditor for Q1 2022G, Al Bassam & Co. (a member of PKF International), for the inclusion of its name, logo, statement and the audit report for the three-month period ended 31 March 2022G in this Prospectus.
  6. The Market Consultant (Euromonitor International Limited) for the inclusion of its name, logo and statements in this Prospectus.

19. Financial Statements and Auditors' Report

This section contains the audited financial statements for the financial years ended 31 December 2019G, 2020G and 2021G and the audited financial statements for the three-month period ended 31 March 2022G, together with notes thereto, which have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom and other standards and publications adopted by SOCPA. The audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G have been audited by KPMG Professional Services, while the audited financial statements for the three-month period ended 31 March 2022G have been audited by Al Bassam & Co. (a member of PKF International).

Al-Saif Stores For Development And Investment Company
(A Saudi Closed Joint Stock Company)
Interim Condensed Financial Statements
For The Three Month and Nine Month Period Ended 30 September 2022
And
Independent Auditor's Report

Al-Saif Stores For Development And Investment Company
(A Saudi Closed Joint Stock Company)
Interim Condensed Financial Statements
For The Three Month and Nine Month Period Ended 30 September 2022

Ibrahim Ahmed Al-Bassam & Co
Certified Public Accountants - Al-Bassam & Co.
(member firm of PKF International)

PKF

INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF Al-SAIF STORES FOR DEVELOPMENT AND INVERSTMENT COMPANY (A SAUDI JOINT STOCK COMPANY)

INTRODUCTION

We have reviewed the accompanying interim statement of financial position of Al-Saif Stores For Development And Investment Company (the "Company") as at 30 Septmber 2022 and the related interim statement of comprehensive income for the three-month and nine-month period ended, and the interim statements of changes in equity and cash flows for the three-month and nine- month period then ended, and a summary of significant accounting policies and other explanatory notes (the "interim condensed financial statements"). Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagement 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", that is endorsed in the Kingdom of Saudi Arabia. A review of interim condensed financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

OTHER MATTER

The financial statements of the Company for the year ended 31 December 2021 were audited by another firm of Chartered Accountants who have expressed a unmodified opinion on those statements dated on 1 Dhul Qadah 1443H corresponding to 31 May 2022.

For Al-Bassam & Co.

البسام وشركاؤه
محاسبون قانونيون
C.R. 1010385804
License 520/11/323
Al-Bassam & Co.
Certified Public Accountants

Ahmed A. Mohandis
Certified Public Accountant
License No. 477
Riyadh: 21 Rabi Al Thani 1444H
Corresponding to: 15 November 2022 G

RIYADH Tel. +966 11 206 5333 | P.O Box 69658 Fax +966 11 206 5444 | Riyadh 11557
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Al-Saif Stores For Development And Investment Company
(A Saudi Closed Joint Stock Company)
Interim Statement of Financial Position
As At 30 September 2022
(All amounts in Saudi Riyals unless otherwise stated)

	Note	30 September 2022 (Unaudited)	31 December 2021 (Audited)
ASSETS			
Non-current assets			
Property and equipment, net		**182,774,007**	142,208,919
Right of use assets, net		**122,764,452**	121,441,834
		305,538,459	263,650,753
Current assets			
Inventories, net		**234,105,443**	258,253,489
Trade receivables, net	6	**5,331,201**	5,308,710
Prepayments and other receivables		**47,101,132**	37,087,347
Due from related parties	5	**8,275,269**	--
Financial assets carried at FVTPL	7	**35,627,803**	--
Cash and cash equivalents		**9,407,025**	46,704,370
Total current assets		**339,847,873**	347,353,916
TOTAL ASSETS		**645,386,332**	611,004,669
EQUITY			
Share capital	8	**350,000,000**	42,000,000
Additional capital contribution		**156,431**	156,431
Statutory reserve		**22,772,031**	12,600,000
Retained earnings		**44,930,488**	326,382,208
Total equity		**417,858,950**	381,138,639
LIABILITIES			
Non-current liabilities			
Lease liabilities – Long term		**109,611,493**	107,106,583
Provision for employee benefits		**8,156,282**	7,513,000
Total non-current liabilities		**117,767,775**	114,619,583
Current liabilities			
Lease liabilities – short term		**15,120,774**	14,775,225
Short term loans	9	**53,652**	52,626,976
Trade payables		**46,117,443**	21,239,533
Due to related parties	5	**32,387,553**	-
Revenue received in advance			1,505,563
Accruals and other payables		**8,005,185**	19,092,070
Dividend payable		**3,575,000**	-
Provision for zakat	10	**4,500,000**	6,007,080
Total Current liabilities		**109,759,607**	115,246,447
TOTAL LIABILITIES		**227,527,382**	229,866,030
TOTAL EQUITY AND LIABILITIES		**645,386,332**	611,004,669
Contingencies and commitments	11		

The accompanying notes 1 to 16 form an integral part of these financial statements.

Mohammad Suleiman Al-Saif
Chief Executive Officer

Abdulelah Al-Mofeez
Chief Financial Officer

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Al-Saif Stores For Development And Investment Company
(A Saudi Closed Joint Stock Company)
Interim Statement Of Comprehensive Income
For The Three and Nine Month Period Ended 30 September 2022
(All amounts in Saudi Riyals unless otherwise stated)

	Note	For three-month period ended 30 September		For nine-month period ended 30 September	
		2022 (Unaudited)	**2021 (Unaudited)**	**2022 (Unaudited)**	**2021 (Unaudited)**
Revenue		**168,143,369**	162,594,603	**550,705,491**	622,856,792
Cost of revenue		**(123,029,993)**	(114,552,853)	**(379,467,987)**	(412,473,061)
GROSS PROFIT		**45,113,376**	48,041,750	**171,237,504**	210,383,731
Selling and distribution expenses		**(10,006,255)**	(13,487,060)	**(35,174,800)**	(45,343,056)
General and administrative expenses		**(7,408,006)**	(5,959,095)	**(21,281,422)**	(17,986,745)
Finance cost		**(1,784,097)**	(1,388,933)	**(6,242,760)**	(5,134,222)
Depreciation on right of use assets		**(4,697,440)**	(5,040,613)	**(13,683,528)**	(14,086,359)
OPERATING PROFIT		**21,217,578**	22,166,049	**94,854,994**	127,833,349
Other income		**6,283,997**	1,962,514	**11,405,139**	6,185,511
Gain on revaluation of financial assets carried at FVTPL	7	**1,503,372**	2,123,819	**481,177**	3,982,804
NET PROFIT BEFORE ZAKAT		**29,004,947**	26,252,382	**106,741,310**	138,001,664
Zakat	10	**(1,500,000)**	(1,637,825)	**(5,020,999)**	(5,013,800)
NET PROFIT FOR THE PERIOD		**27,504,947**	24,614,557	**101,720,311**	132,987,864
Other comprehensive income		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**27,504,947**	24,614,557	**101,720,311**	132,987,864
Basic and diluted earnings per share (SR)	12	**0.79**	5.86	**2.91**	31.66

Mohammad Suleiman Al-Saif
Chief Executive Officer

Abdulelah Al-Mofeez
Chief Financial Officer

The accompanying notes 1 to 16 form an integral part of these financial statements.

Al-Saif Stores For Development And Investment Company
(A Saudi Closed Joint Stock Company)
Interim Statement Of Changes In Shareholders' Equity
For The Nine Month Period Ended 30 September 2022
(All amounts in Saudi Riyals unless otherwise stated)

	Share capital	Additional capital contribution	Statutory reserve	Retained earnings	Total
	SR	SR	SR	SR	SR
Balance as at 1 January 2021 (Audited)	42,000,000	156,431	12,600,000	293,081,155	347,837,586
Profit for the period	-	-	-	132,987,864	132,987,864
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	132,987,864	132,987,864
Dividend	-	-	-	-	-
Balance as at 30 September 2021 (Unaudited)	42,000,000	156,431	12,600,000	426,069,019	480,825,450
Balance as at 1 January 2022 (Audited)	**42,000,000**	**156,431**	**12,600,000**	**326,382,208**	**381,138,639**
Profit for the period	-	-	-	**101,720,311**	**101,720,311**
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	**101,720,311**	**101,720,311**
Addition in share capital	**308,000,000**	-	-	**(308,000,000)**	-
Transfer to statutory reserve	-	-	**10,172,031**	**(10,172,031)**	-
Dividend	-	-	-	**(65,000,000)**	**(65,000,000)**
Balance as at 30 September 2022 (Unaudited)	**350,000,000**	**156,431**	**22,772,031**	**44,930,488**	**417,858,950**

Mohammad Suleiman Al-Saif
Chief Executive Officer

Abdulelah Al-Mofeez
Chief Financial Officer

The accompanying notes 1 to 16 form an integral part of these financial statements.

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Al-Saif Stores For Development And Investment Company
(A Saudi Closed Joint Stock Company)
Interim Statement Of Cash Flows
For The Nine Month Period Ended 30 September 2022
(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the period ended 30 September 2022 (Unaudited)	For the period ended 30 September 2021 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit before zakat		**106,741,310**	138,001,664
Adjustments for:			
Depreciation on property and equipment		**11,013,266**	9,451,456
Depreciation on right of use assets		**13,683,528**	14,086,359
(Gain) on revaluation of financial assets carried at FVTPL	7	**(481,177)**	(3,982,804)
Provision for employees' post-employment benefits		**964,576**	850,154
Finance cost		**6,242,760**	5,134,222
Changes in operating assets and liabilities:			
Trade receivables		**(22,491)**	921,744
Inventories		**24,148,046**	(34,775,769)
Prepayments and other receivables		**(10,013,785)**	3,769,264
Due from related parties		**(8,275,269)**	(169,330)
Due to related parties		**32,387,553**	24,666,648
Trade payables		**24,877,910**	(2,119,896)
Revenue received in advance		**(1,505,563)**	(409,236)
Accruals and other payables		**(11,086,885)**	(9,458,947)
		188,673,779	145,965,529
Employees benefits paid		**(321,294)**	(351,140)
Zakat paid	10	**(6,528,079)**	(5,715,238)
Net cash generated from operating activities		**181,824,406**	139,899,151
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		**(51,578,354)**	(24,521,500)
Purchase of financial assets carried at FVTPL	7	**(234,922,628)**	(419,325,061)
Proceeds from the sale of financial assets carried at FVTPL	7	**199,776,002**	312,709,872
Net cash used in investing activities		**(86,724,980)**	(131,136,689)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		**(61,425,000)**	-
Lease liabilities paid		**(16,595,000)**	(16,912,006)
Movement in short term loans	9	**(54,376,771)**	(48,821,903)
Net cash used in financing activities		**(132,396,771)**	(65,733,909)
Net change in cash and cash equivalents		**(37,297,345)**	(56,971,447)
cash and cash equivalents at beginning of the period		**46,704,370**	66,166,843
Cash and cash equivalents at end of the period		**9,407,025**	9,195,396
Supplementary information – Non-cash transactions			
Increase in share capital		**308,000,000**	-

Mohammad Suleiman Al-Saif
Chief Executive Officer

Abdulelah Al-Mofeez
Chief Financial Officer

The accompanying notes 1 to 16 form an integral part of these financial statements

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Al-Saif Stores For Development And Investment Company
(A Saudi Closed Joint Stock Company)
Notes To The Financial Statements
For The Nine Months Period Ended 30 September 2022
(All amounts in Saudi Riyals unless otherwise stated)

1. ORGANIZATION AND ACTIVITY

Al-Saif Stores Development and Investment Company was established as A Saudi Closed Joint-Stock Company (“ the Company”) in accordance with the Companies Law in the Kingdom of Saudi Arabia under Commercial Registration no. 1010111193 issued in Riyadh on 18 Dhu al-Hijjah 1413H corresponding to 09 September 1993. The Company was converted from a limited liability company to a closed joint stock company on 23 Muharram 1436H corresponding to 16 November 2014 as per the approval of the Ministry of Commerce and Industry No. 322 /s.

The Company activity is engaged in the sale and import of household utensils, wholesale and retail trade in household utensils, electrical appliances, cleaning supplies, general contracting activity, construction, repair, restoration and demolition of buildings and public construction of road works, water and sewage works, dams, drilling wells, maintenance and operation of electrical, mechanical and electronic installations, landscaping and blacksmithing, carpentry, aluminum, decoration, gypsum, decoration, maintenance and cleaning works, management and operation of cities, utilities, buildings and public and private facilities, buying and owning real estate and lands to construct buildings on them. All retail operations of the Company are located within the Kingdom of Saudi Arabia.

Based on the approval of the Company’s Extraordinary General Assembly held on 9 November 2017, corresponding to 20 Safar 1439H, It was approved to amend the Company’s articles of association to conform to the system of the Ministry of Trade and Investment. Accordingly, the name of the Company was modified from Al-Saif Stores Development and Investment Holding Company to become Al-Saif Stores Development and Investment Company.

During the period dated 14 April 2022, the board of directors of the Company had resolved to increase the share capital of the Company to SR 350 million by transferring the amount from retained earnings.

The head office of the Company is located at P.O. Box 10448, Riyadh 11626, Kingdom of Saudi Arabia.

The following are the branches of the company:

C.R. Name	C.R No.	City
Branch of Al-Saif Stores Development and Investment Company	1010214481	Riyadh
Branch of Al-Saif Stores Development and Investment Company	2511020642	Hafar Al-Batin
Branch of Al-Saif Stores Development and Investment Company	3400017715	Skaka
Al-Saif Household Utensils, Branch of Al-Saif Stores Development and Investment Company	5855064177	Khamis Mushait
Branch of Al-Saif Stores Development and Investment Company	5950028436	Najran
Branch of Al-Saif Stores Development and Investment Company	2052002131	Dhahran
Al-Saif Gallery Trading, Branch of Al-Saif Stores Development and Investment Company	5900029071	Jazan
Al-Saif Gallery for Household Utensils, Branch of Al-Saif Stores Development and Investment Company	4031088383	Makkah
Branch of Al-Saif Stores Development and Investment Company	3350038998	Hail
Al-Saif Gallery Trading, Branch of Al-Saif Stores Development and Investment Company	5851008216	Bisha
Branch of Al-Saif Stores Development and Investment Company	2050089147	Dammam
Branch of Al-Saif Stores Development and Investment Company	2251051049	Hofuf

Al-Saif Stores For Development And Investment Company
(A Saudi Closed Joint Stock Company)
Notes To The Financial Statements
For The Nine Months Period Ended 30 September 2022
(All amounts in Saudi Riyals unless otherwise stated)

1. ORGANIZATION AND ACTIVITY (CONTINUED)

The branches of the Company (continued):

Branch of Al-Saif Stores Development and Investment Company	3550035969	Tabuk
Branch of Al-Saif Stores Development and Investment Company	1011023345	Kharj
Al-Saif Gallery Trading, Branch of Al-Saif Stores Development and Investment Company	4032047578	Taif
Al-Saif Gallery Trading CO., Branch of Al-Saif Stores Development and Investment Company	4650078386	Medina
Branch of Al-Saif Stores Development and Investment Company	1131050364	Buraydah
Al-Saif Gallery Trading, Branch of Al-Saif Stores Development and Investment Company	4030280833	Jedda
Branch of Al-Saif Stores Development and Investment Company	5850069251	Abha
Branch of Al-Saif Stores Development and Investment Company	2057009162	Khafji
Al-Saif Gallery Trading, Branch of Al-Saif Stores Development and Investment Company	4700020176	yanbu
Al-Saif Hall for household utensils, Branch of Al-Saif Stores Development and Investment Company	1010245983	Riyadh
Al-Saif Gallery Trading, Branch of Al-Saif Stores Development and Investment Company	1132011128	Alrass
Al-Saif Gallery Trading, Branch of Al-Saif Stores Development and Investment Company	2055122895	Jubail
Branch of Al-Saif Stores Development and Investment Company	1010183788	Riyadh
Branch of Al-Saif Stores Development and Investment Company	1128181636	Unaizah
Branch of Al-Saif Stores Development and Investment Company	5800103809	Albaha
Al-Saif Stores Development and Investment Company	1116623206	Dawadmi
Al-Saif Gallery Trading	5860612372	Mahayel Aseer
Branch of Al-Saif Stores Development and Investment Company	1010283196	Riyadh
Branch of Al-Saif Stores Development and Investment Company	1010664452	Riyadh
Branch of Al-Saif Stores Development and Investment Company	1010672622	Riyadh
Branch of Al-Saif Stores Development and Investment Company	2051232518	khobar
Suleiman Mohammad Al-Saif Gallery for household utensils, branch of Al-Saif Stores Company for Development and Investment	4031088373	Makkah
Branch of Al-Saif Stores Development and Investment Company	3450178614	Arar
Branch of Al-Saif Stores Development and Investment Company	2050089147	Qatif
Branch of Al-Saif Stores Development and Investment Company	4031088383	Al qonfoza
Branch of Al-Saif Stores Development and Investment Company	5900029071	Sabya
Branch of Al-Saif Stores Development and Investment Company	1010664452	warehouse

2. BASIS OF PREPARATION

2.1. Statement of compliance

These interim condensed financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

The results for the nine month period ended 30 September 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

These interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's financial statements for the year ended 31 December 2021.

Al-Saif Stores For Development And Investment Company
(A Saudi Closed Joint Stock Company)
Notes To The Financial Statements
For The Nine Months Period Ended 30 September 2022
(All amounts in Saudi Riyals unless otherwise stated)

2. BASIS OF PREPARATION(CONTINUED)

2.2. Basis of measurement

These interim condensed financial statements are prepared under the historical cost method except for the Investments that are measured at fair value.

2.3. Functional and presentation currency

These interim condensed financial statements have been presented in Saudi Riyals (SR) which is the Company's functional and presentation currency. All financial information presented in SR has been rounded to the nearest SR, unless otherwise mentioned.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements as at 31 December 2021.

3.1. Significant accounting judgements, estimates, and assumptions

In preparing these interim condensed financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements for the year ended 31 December 2021.

Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. Accordingly, these interim condensed financial statements have been prepared on a going concern basis.

4. NEW AMENDED STANDARDS AND INTERPRETATIONS:

There are no new standards issued, however, there are number of amendments to standards which are effective from 1 January 2021 and the details of the same has been explained in annual Financial Statements for the year ended 31 December 2020, but they do not have a material effect on the Company's Interim Condensed Financial Statements.

Al-Saif Stores For Development And Investment Company
(A Saudi Closed Joint Stock Company)
Notes To The Financial Statements
For Nine Months The Period Ended 30 September 2022
(All amounts in Saudi Riyals unless otherwise stated)

5. RELATED PARTY

Due from related parties

The related parties are the shareholders of the Company and the Companies owned by the shareholders (associated companies). The terms of these transactions are approved by the Company's management.

The following are the most important transactions with related parties and the balances resulting from them:

Description	Relationship	Nature of transactions	30 September 2022 (Unaudited)	30 September 2021 (Unaudited)
Nawat Real Estate Investment Company (formerly Suleiman Al-Saif Real Estate office)	Associate	Rent expense paid on behalf of the Company	**6,793,707**	6,340,933
Suleiman Muhammad Salih Al-Saif	Shareholder	Expenses paid on behalf of the Company	**8,275,269**	13,223
Al-Saif Coffee Trading Company	Associate	Purchases	**844,463**	3,082,623
Al-Saif Commercial Agencies Company	Associate	Purchases	**28,809,312**	53,042,547

Balances as at

Due from related parties	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Suleiman Muhammad Salih Al-Saif	8,275,269	-
	8,275,269	-

Due to related parties	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Al-Saif Commercial Agencies Company	31,592,430	-
Al-Saif Coffee Trading Company	669,584	-
Nawat Real Estate Investment Company	125,539	-
	32,387,553	-

Remunerations of the Company's key management personnel

Key management personnel are those persons, including the Board of Directors members, Managing Director and top executives having authority arid responsibility for planning, directing and controlling the activities of the Company, directly or indirectly.

The total remunerations of Company's key management personnel for the period ended 30 September 2022 amounted to SR 2,263,512 (30 September 2021: SR 2,479,913). Such remunerations include basic salaries, bonuses and other benefits as per the Company's policies.

Al-Saif Stores For Development And Investment Company
(A Saudi Closed Joint Stock Company)
Notes To The Financial Statements
For Nine Months The Period Ended 30 September 2022
(All amounts in Saudi Riyals unless otherwise stated)

6. TRADE RECEIVABLES

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Trade receivables	**5,383,063**	5,360,572
Less: provision for doubtful debts	**(51,862)**	(51,862)
	5,331,201	5,308,710

The movement in the provision for doubtful debts is as follow:

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Balance at the beginning of the period / year	**51,862**	82,145
Provision for the period/ year	**-**	(30,283)
Balance at the end of the period / year	**51,862**	51,862

7. FINANCIAL ASSETS CARRIED AT FVTPL

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Financial asset carried at FVTPL	**35,627,803**	-

The movement in financial investments at FVTPL is as follows:

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Balance at the beginning of the period / year	**-**	-
Additions during the period / year	**234,922,628**	-
Disposals during the period/ year	**(199,776,002)**	-
Gain on revaluation of financial assets at FVTPL	**481,177**	-
Balance at the end of the period / year	**35,627,803**	-

8. SHARE CAPITAL

The Company's Capital as on 30 September 2022 is SR 350 million distributed over 35 million shares (31 December 2021: SR 4.2 million shares), with a nominal value of SR 10 per share.

9. SHORT TERMS LOAN

Murabaha loan contracts were obtained from local banks at the SIBOR interest rate in addition to the interest agreed upon in exchange for commodity purchase agreements, Murabaha contracts are against the following guarantees:

- Signing a promissory note
- Letter and agreements of facilities and Murabaha.
- Other financial and administrative terms.
- A joint guarantee, a fine, a performance guarantee, and a personal guarantee from one of the shareholders.

Al-Saif Stores For Development And Investment Company
(A Saudi Closed Joint Stock Company)
Notes To The Financial Statements
For Nine Months The Period Ended 30 September 2022
(All amounts in Saudi Riyals unless otherwise stated)

Loan movement during the period / year

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Balance at the beginning of the period / year	**52,626,976**	48,136,270
Loans collected during the period / year	**103,054,896**	142,444,617
Less: loan payments during the year	**(155,628,220)**	(137,953,911)
Balance at the end of the period / year	**53,652**	52,626,976

10. PROVISION FOR ZAKAT

The movement in the provision for zakat is as follows:

	For the nine-month period ended 30 September 2022 (Unaudited)	For the year ended 31 December 2021 (Audited)
Balance at the beginning of the period / year	**6,007,080**	5,171,017
Provided during the period / year	**4,500,000**	6,551,301
Other adjustments	**520,999**	-
	5,020,999	6,551,301
Payment during the period / year	**(6,528,079)**	(5,715,238)
Balance at the end of the period / year	**4,500,000**	6,007,080

Zakat return for the year ended 31 December 2021 has been filed and are under review with the Zakat, Tax and Customs Authority ("ZATCA"). The Company has obtained a certificate from the ZATCA valid 10 Shawwal month 1444H corresponding to 30 April 2023.

11. CONTINGENCIES AND COMMITMENTS

a) Contingencies

The Company has commitments for letters of credit issued on behalf of the Company amounting to SAR 9.61 million (December 31, 2021: SAR 53.45 million) in the ordinary course of business.

b) Commitments

There are no capital commitments made by the Company but not incurred until September 30, 2022.

12. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	For the Nine-month period ended	
	30 September 2022 (Unaudited)	30 September 2021 (Unaudited)
Profit for the period	**101,720,311**	132,987,864
Weighted average number of ordinary shares for the purpose of basic earnings	**35,000,000**	4,200,000
Earnings per share (SR) - Basic and Diluted	**2.91**	31.66

Earnings per share for the period was calculated by dividing the net profit for the period with 35 million shares (31 December 2021: 4.2 million shares). There are no diluted shares which are convertible to basic shares at the period end.

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Al-Saif Stores For Development And Investment Company
(A Saudi Closed Joint Stock Company)
Notes To The Financial Statements
For Nine Months The Period Ended 30 September 2022
(All amounts in Saudi Riyals unless otherwise stated)

13. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

When measuring the fair value, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial assets consist of cash and bank balances, investment, restricted cash deposits and other receivables, its financial liabilities consist of trade payables, financial facilities and other liabilities.

The Company's management determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement. All financial assets and liabilities are measured at amortized cost except investment carried at FVTPL. The carrying amounts of all other financial assets and financial liabilities measured at amortized cost approximate to their fair values.

		Fair value Level		
30 September 2022 (Unaudited)	**1**	**2**	**3**	**Total**
Financial Asset				
Investment carried at FVTPL				
Investments	**35,627,803**	**-**	**-**	**35,627,803**
	35,627,803	**-**	**-**	**35,627,803**

		Fair value Level		
31 December 2021 (Audited)	**1**	**2**	**3**	**Total**
Financial Asset				
Investment carried at FVTPL				
Investment	-	-	-	-
	-	-	-	-

The above-mentioned financial assets and liabilities are measured at fair value at the end of each reporting period.

Al-Saif Stores For Development And Investment Company
(A Saudi Closed Joint Stock Company)
Notes To The Financial Statements
For Nine Months The Period Ended 30 September 2022
(All amounts in Saudi Riyals unless otherwise stated)

14. RECLASSIFICATION FOR PRIOR PERIODS FIGURES

Certain comparative information has been reclassified to conform to the current year presentation.

15. SUBSEQUENT EVENTS

There have been no significant subsequent events since the period-end that would require additional disclosure or adjustment in these interim condensed financial statements.

16. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements were approved on 13 November 2022 (corresponding to 19 Rabi Al Thani 1444H) by the Board of Directors of the Company.

Al-Saif Stores For Development And Investment Company
(A Saudi Closed Joint Stock Company)
Interim Condensed Financial Statements
For The Three Months Period Ended 31 March 2022
And
Independent Auditor's Report

Al-Saif Stores For Development And Investment Company
(A Saudi Closed Joint Stock Company)
Condensed Financial Statements
For The Three months Period Ended 31 March 2022

PKF

Ibrahim Ahmed Al-Bassam & Co
Certified Public Accountants - Al-Bassam & Co.
(member firm of PKF International)

INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF AL SAIF STORES FOR DEVELOPMENT AND INVERSTMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTRODUCTION
We have reviewed the accompanying interim statement of financial position of Al-Saif Stores For Development And Investment Company (the "Company") as at 31 March 2022 and the related interim statement of comprehensive income for the three-month period ended, and the interim statements of changes in equity and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes (the "interim condensed financial statements"). Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

SCOPE OF REVIEW
We conducted our review in accordance with International Standard on Review Engagement 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", that is endorsed in the Kingdom of Saudi Arabia. A review of interim condensed financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

OTHER MATTER
The financial statements of the Company for the year ended 31 December 2021 were audited by another firm of Chartered Accountants who have expressed a unmodified opinion on those statements dated on 1 Dhul Qadah 1443H corresponding to 31 May 2022.

For Al-Bassam & Co.

البسام وشركاؤه
رقم الترخيص
C.R 1010385804
License 520/11/323
Al-Bassam & Co.
Certified Public Accountants

Ahmed A. Mohandis
Certified Public Accountant
License No. 477

6 Muharram 1444H
4 August 2022 G
Riyadh, Kingdom of Saudi Arabia

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Al-Saif Stores For Development And Investment Company
(A Saudi Closed Joint Stock Company)
Interim Statement of Financial Position
As At 31 March 2022
(Saudi Riyals)

	Note	31 March 2022 (Unaudited)	31 December 2021 (Audited)
ASSETS			
Non-current assets			
Property and equipment		147,761,289	142,208,919
Right of use assets		122,218,289	121,441,834
		269,979,578	263,650,753
Current assets			
Inventories		273,490,133	258,253,489
Trade receivables	6	9,511,178	5,308,710
Prepayments and other receivables		34,679,163	37,087,347
Financial assets carried at FVTPL	7	144,482,882	-
Cash and cash equivalents		71,386,907	46,704,370
		533,550,263	347,353,916
TOTAL ASSETS		803,529,841	611,004,669
EQUITY			
Share capital	8	42,000,000	42,000,000
Additional capital contribution		156,431	156,431
Statutory reserve		12,600,000	12,600,000
Retained earnings		385,474,394	326,382,208
		440,230,825	381,138,639
LIABILITIES			
Non-current liabilities			
Lease liabilities		107,684,492	107,106,583
Provision for employee benefits		7,741,669	7,513,000
		115,426,161	114,619,583
Current liabilities			
Lease liabilities- current portion		14,775,225	14,775,225
Short term loans	9	153,727,861	52,626,976
Trade payables		42,487,517	21,239,533
Revenue received in advance		-	1,505,563
Accruals and other payables		29,375,172	19,092,070
Provision for zakat	10	7,507,080	6,007,080
		247,872,855	115,246,447
TOTAL LIABILITIES		363,299,016	229,866,030
TOTAL EQUITY AND LIABILITIES		803,529,841	611,004,669
Contingencies and Commitments	11		

The accompanying notes 1 to 17 form an integral part of these financial statements.

Mohammad Suleiman Al-Saif
Chief Executive Officer

Abdulelah Al-Mofeez
Chief Financial Officer

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Al-Saif Stores For Development And Investment Company
(A Saudi Closed Joint Stock Company)
Interim Statement Of Comprehensive Income
For The Period Ended 31 March 2022
(Saudi Riyals)

	Note	For three-month period ended 31 March 2022 (Unaudited)	For three-month period ended 31 March 2021 (Unaudited)
Revenue		252,946,910	272,805,122
Cost of revenue		(167,533,682)	(170,375,422)
GROSS PROFIT		85,413,228	102,429,700
Selling and distribution expenses		(14,691,945)	(17,248,670)
General and administrative expenses		(8,178,764)	(5,980,883)
Depreciation on right of use assets		(4,432,758)	(4,178,883)
Finance cost	12	(2,200,590)	(2,375,614)
OPERATING PROFIT		55,909,171	72,645,650
Other income		2,164,680	2,311,104
Gains on sale of financial assets carried at FVTPL		-	53,855
Gain on revaluation of financial assets carried at FVTPL	7	2,518,335	578,322
NET PROFIT BEFORE ZAKAT		60,592,186	75,588,931
Zakat	10	(1,500,000)	(1,735,709)
NET PROFIT FOR THE PERIOD		59,092,186	73,853,222
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		59,092,186	73,853,222
Basic and diluted earnings per share (SR)	13	14.07	17.58

The accompanying notes 1 to 17 form an integral part of these financial statements.

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Al-Saif Stores For Development And Investment Company
(A Saudi Closed Joint Stock Company)
Interim Statement Of Changes In Shareholders' Equity
For The Period Ended 31 March 2022
(Saudi Riyals)

	Note	Share capital	Additional capital contribution	Statutory reserve	Retained earnings	Total
		SR	SR	SR	SR	SR
Balance as at 1 January 2021 (Audited)		42,000,000	156,431	12,600,000	293,081,155	347,837,586
Profit for the period		-	-	-	73,853,222	73,853,222
Other comprehensive income		-	-	-	-	-
Total comprehensive income		-	-	-	73,853,222	73,853,222
Balance as at 31 March 2021 (Unaudited)		42,000,000	156,431	12,600,000	366,934,377	421,690,808
Balance as at 1 January 2022 (Audited)		**42,000,000**	**156,431**	**12,600,000**	**326,382,208**	**381,138,639**
Profit for the period		-	-	-	**59,092,186**	**59,092,186**
Other comprehensive income		-	-	-	-	-
Total comprehensive income		-	-	-	**59,092,186**	**59,092,186**
Balance as at 31 March 2022 (Unaudited)		**42,000,000**	**156,431**	**12,600,000**	**385,474,394**	**440,230,825**

The accompanying notes 1 to 17 form an integral part of these financial statements.

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Al-Saif Stores For Development And Investment Company
(A Saudi Closed Joint Stock Company)
Interim Statement Of Cash Flows
For The Period Ended 31 March 2022
(Saudi Riyals)

	Note	For the period ended 31 March 2022 (Unaudited)	For the period ended 31 March 2021 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit before zakat		60,592,186	75,588,931
Adjustments for:			
Depreciation on property and equipment		3,478,702	2,998,183
Depreciation on right of use assets		4,432,758	4,178,884
Gain on revaluation of financial assets carried at FVTPL	7	(2,518,335)	(578,322)
Gains on sale of financial assets carried at FVTPL		-	(53,855)
Provision for employees' post-employment benefits		327,601	288,995
Finance cost	12	2,200,590	2,375,614
		68,513,502	84,798,430
Changes in operating assets and liabilities:			
Trade receivables		(3,840,615)	(869,561)
Inventories		(15,236,644)	(34,692,723)
Prepayments and other receivables		2,408,184	1,049,869
Due to related parties		(361,853)	(44,400)
Due from related parties		3,487,994	34,225,022
Trade payables		17,759,990	(3,719,200)
Revenue received in advance		(1,505,563)	468,019
Accruals and other payables		10,283,102	8,583,137
Employees benefits paid		(98,932)	(114,958)
Zakat paid		-	(97,884)
Net cash generated from operating activities		81,409,165	89,585,751
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(9,031,072)	(16,067,950)
Purchase of financial assets carried at FVTPL	7	(202,576,946)	(117,610,410)
Proceeds from the sale of financial assets carried at FVTPL	7	60,612,399	84,664,266
Net cash used in investing activities		(150,995,619)	(49,014,094)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease liabilities paid		(6,050,000)	(9,029,608)
Movement in short term loans		100,318,991	52,512,919
Net cash generated from financing activities		94,268,991	43,483,311
Net change in cash and cash equivalents		24,682,537	84,054,968
cash and cash equivalents at beginning of the period		46,704,370	66,166,843
Cash and cash equivalents at end of the period		71,386,907	150,221,811

The accompanying notes 1 to 17 form an integral part of these financial statements.

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Al-Saif Stores For Development And Investment Company
(A Saudi Closed Joint Stock Company)
Notes To The Financial Statements
For The Period Ended 31 March 2022
(Saudi Riyals)

1. ORGANIZATION AND ACTIVITY

Al-Saif Stores Development and Investment Company was established as A Saudi Closed Joint-Stock Company (" the Company") in accordance with the Companies Law in the Kingdom of Saudi Arabia under Commercial Registration no. 1010111193 issued in Riyadh on 18 Dhu al-Hijjah 1413H corresponding to 09 June 1993. The Company was converted from a limited liability company to a closed joint stock company on 23 Muharram 1436H corresponding to 16 November 2014 as per the approval of the Ministry of Commerce and Industry No. 322 /s.

The Company activity is engaged in the sale and import of household utensils, wholesale and retail trade in household utensils, electrical appliances, cleaning supplies, general contracting activity, construction, repair, restoration and demolition of buildings and public construction of road works, water and sewage works, dams, drilling wells, maintenance and operation of electrical, mechanical and electronic installations, landscaping and blacksmithing, carpentry, aluminum, decoration, gypsum, decoration, maintenance and cleaning works, management and operation of cities, utilities, buildings and public and private facilities, buying and owning real estate and lands to construct buildings on them. All retail operations of the Company are located within the Kingdom of Saudi Arabia.

Based on the approval of the Company's Extraordinary General Assembly held on 9 November 2017, corresponding to 20 Safar 1439H, It was approved to amend the Company's articles of association to conform to the system of the Ministry of Trade and Investment. Accordingly, the name of the Company was modified from Al-Saif Stores Development and Investment Holding Company to become Al-Saif Stores Development and Investment Company, and the Company's capital was also approved to increase by SAR 40 million , so that the Company's capital after the increase amounted to SR 42 million.

The head office of the Company is located at the following address:
P.O. Box 10448, Riyadh 11626, Kingdom of Saudi Arabia.

The following are the branches of the company:

C.R. Name	C.R No.	City
Branch of Al-Saif Stores Development and Investment Company	1010214481	Riyadh
Branch of Al-Saif Stores Development and Investment Company	2511020642	Hafar Al-Batin
Branch of Al-Saif Stores Development and Investment Company	3400017715	Skaka
Al-Saif Household Utensils, Branch of Al-Saif Stores Development and Investment Company	5855064177	Khamis Mushait
Branch of Al-Saif Stores Development and Investment Company	5950028436	Najran
Branch of Al-Saif Stores Development and Investment Company	2052002131	Dhahran
Al-Saif Gallery Trading, Branch of Al-Saif Stores Development and Investment Company	5900029071	Jazan
Al-Saif Gallery for Household Utensils, Branch of Al-Saif Stores Development and Investment Company	4031088383	Makkah
Branch of Al-Saif Stores Development and Investment Company	3350038998	Hail
Al-Saif Gallery Trading, Branch of Al-Saif Stores Development and Investment Company	5851008216	Bisha
Branch of Al-Saif Stores Development and Investment Company	2050089147	Dammam
Branch of Al-Saif Stores Development and Investment Company	2251051049	Hofuf
Branch of Al-Saif Stores Development and Investment Company	3550035969	Tabuk
Branch of Al-Saif Stores Development and Investment Company	1011023345	Kharj
Al-Saif Gallery Trading, Branch of Al-Saif Stores Development and Investment Company	4032047578	Taif
Al-Saif Gallery Trading CO., Branch of Al-Saif Stores Development and Investment Company	4650078386	Medina
Branch of Al-Saif Stores Development and Investment Company	1131050364	Buraydah

Al-Saif Stores For Development And Investment Company
(A Saudi Closed Joint Stock Company)
Notes To The Financial Statements
For The Period Ended 31 March 2022
(Saudi Riyals)

1. ORGANIZATION AND ACTIVITY (CONTINUED)

The branches of the Company (continued):

Branch	C.R No.	City
Al-Saif Gallery Trading, Branch of Al-Saif Stores Development and Investment Company	4030280833	Jedda
Branch of Al-Saif Stores Development and Investment Company	5850069251	Abha
Branch of Al-Saif Stores Development and Investment Company	2057009162	Khafji
Al-Saif Gallery Trading, Branch of Al-Saif Stores Development and Investment Company	4700020176	yanbu
Al-Saif Hall for household utensils, Branch of Al-Saif Stores Development and Investment Company	1010245983	Riyadh
Al-Saif Gallery Trading, Branch of Al-Saif Stores Development and Investment Company	1132011128	Alrass
Al-Saif Gallery Trading, Branch of Al-Saif Stores Development and Investment Company	2055122895	Jubail
Branch of Al-Saif Stores Development and Investment Company	1010183788	Riyadh
Branch of Al-Saif Stores Development and Investment Company	1128181636	Unaizah
Branch of Al-Saif Stores Development and Investment Company	5800103809	Albaha
Al-Saif Stores Development and Investment Company	1116623206	Dawadmi
Al-Saif Gallery Trading	5860612372	Mahayel Aseer
Branch of Al-Saif Stores Development and Investment Company	1010283196	Riyadh
Branch of Al-Saif Stores Development and Investment Company	1010664452	Riyadh
Branch of Al-Saif Stores Development and Investment Company	1010672622	Riyadh
Branch of Al-Saif Stores Development and Investment Company	2051232518	khobar
Suleiman Mohammad Al-Saif Gallery for household utensils, branch of Al-Saif Stores Company for Development and Investment	4031088373	Makkah
Branch of Al-Saif Stores Development and Investment Company	3450178614	Arar
Branch of Al-Saif Stores Development and Investment Company	2050089147	Qatif
Branch of Al-Saif Stores Development and Investment Company	4031088383	Al qonfoza
Branch of Al-Saif Stores Development and Investment Company	5900029071	Sabya
Branch of Al-Saif Stores Development and Investment Company	1010664452	warehouse

2. BASIS OF PREPARATION

2.1. Statement of compliance

These interim condensed financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

The results for the three-month period ended 31 March 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

These interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's financial statements for the year ended 31 December 2021.

2.2. Basis of measurement

These interim condensed financial statements are prepared under the historical cost method except for the Investments that are measured at fair value.

Al-Saif Stores For Development And Investment Company
(A Saudi Closed Joint Stock Company)
Notes To The Financial Statements
For The Period Ended 31 March 2022
(Saudi Riyals)

2. BASIS OF PREPARATION(CONTINUED)

2.3. Functional and presentation currency

These interim condensed financial statements have been presented in Saudi Riyals (SR) which is the Company's functional and presentation currency. All financial information presented in SR has been rounded to the nearest SR, unless otherwise mentioned.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements as at 31 December 2021.

3.1. Significant accounting judgements, estimates, and assumptions

In preparing these interim condensed financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements for the year ended 31 December 2021.

Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. Accordingly, these interim condensed financial statements have been prepared on a going concern basis.

4. NEW AMENDED STANDARDS AND INTERPRETATIONS:

There are no new standards issued, however, there are number of amendments to standards which are effective from 1 January 2022 and the details of the same has been explained in annual Financial Statements for the year ended 31 December 2021, but they do not have a material effect on the Company's Interim Condensed Financial Statements.

Al-Saif Stores For Development And Investment Company
(A Saudi Closed Joint Stock Company)
Notes To The Financial Statements
For The Period Ended 31 March 2022
(Saudi Riyals)

5. RELATED PARTY

Due from related parties

The related parties are the shareholders of the Company and the Companies owned by the shareholders (associated companies). The terms of these transactions are approved by the Company's management.

The following are the most important transactions with related parties and the balances resulting from them:

Description	Relationship	Nature of transactions	31 March 2022 (Unaudited)	31 March 2021 (Unaudited)
Nawat Real Estate Investment Company (formerly Suleiman Al-Saif Real Estate office)	Associate	Rent expense paid on behalf of the Company	149,969	83,209
Al-Saif Commercial Agencies Company	Associate	Purchases	3,396,865	36,212,230
Al-Saif Coffee Trading Company	Associate	Purchases	241,050	3,779
Suleiman Muhammad Salih Al-Saif	Shareholder	Expenses paid on behalf of the Company	120,803	83,209

Balances as at

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Due from related parties –		
Nawat Real Estate Investment Company (formerly Suleiman Al-Saif Real Estate office)	120,803	-
Suleiman Muhammad Salih Al-Saif	241,050	-
	361,853	-

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Due to related parties		
Al-Saif Commercial Agencies Company	3,251,147	-
Al-Saif Coffee Trading Company	236,847	-
	3,487,994	-

Remunerations of the Company's key management personnel

Key management personnel are those persons, including the Board of Directors members, Managing Director and top executives having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly.

The total remunerations of Company's key management personnel for the period ended 31 March 2022 amounted to SR 730,716 (31 March 2021: SR 982,298). Such remunerations include basic salaries, bonuses and other benefits as per the Company's policies.

Al-Saif Stores For Development And Investment Company
(A Saudi Closed Joint Stock Company)
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(Saudi Riyals)

6. TRADE RECEIVABLES

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Trade receivables	9,563,040	5,360,572
provision for doubtful debts	(51,862)	(51,862)
	9,511,178	5,308,710

The movement in the Provision for doubtful debts is as follow:

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Balance at the beginning of the period / year	51,862	82,145
Provision for the period/ year	-	(30,283)
Balance at the end of the period / year	51,862	51,862

7. FINANCIAL ASSETS CARRIED AT FVTPL

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Al Rajhi Saudi Equity Fund	10,311,053	-
Al Rajhi Murabaha Develop Fund	66,018,375	-
Al-Rajhi Commodity Speculation Investment Fund	20,021,492	-
Yaqeen Murabha financing fund	20,142,656	-
Bank Al-Bilad Alfa Saudi Equity Fund	27,989,306	-
	144,482,882	-

The movement in financial investments at FVTPL is as follows:

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Balance at the beginning of the period / year	-	14,912,454
Additions during the period / year	202,576,946	537,454,120
Disposals as a result of selling during the period/ year	(60,612,399)	(552,366,574)
Gain on revaluation of financial assets at FVTPL	2,518,335	-
	144,482,882	-

8. SHARE CAPITAL

The Company's Capital as on March 31, 2022 is SR 42 million distributed over 4.2 million shares, with a nominal value of SR 10 per share.

9. SHORT TERMS LOAN

Murabaha loan contracts were obtained from local banks at the SIBOR interest rate in addition to the interest agreed upon in exchange for commodity purchase agreements, Murabaha contracts are against the following guarantees:

- Signing a promissory note
- Letter and agreements of facilities and Murabaha.
- Other financial and administrative terms.
- Asset site guarantee from some shareholders.
- A joint guarantee, a fine, a performance guarantee, and a personal guarantee from one of the shareholders.

Al-Saif Stores For Development And Investment Company
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(Saudi Riyals)

SHORT TERMS LOAN (Continued)

Loan movement during the period / year

	31 March 2022	31 December 2021
Balance at the beginning of the period / year	**52,626,976**	48,136,270
Loans collected during the period / year	**101,999,584**	142,444,617
Less: loan payments during the year	**(898,699)**	(137,953,911)
Balance at the end of the period / year	**153,727,861**	52,626,976

10. **PROVISION FOR ZAKAT**

The movement in the provision for zakat is as follows:

	For the three-month period ended 31 March 2022 (Unaudited)	For the year ended 31 December 2021 (Audited)
Balance at the beginning of the period / year	**6,007,080**	5,171,017
Provided during the period / year	**1,500,000**	6,551,301
Payment during the period / year	**-**	(5,715,238)
Balance at the end of the period / year	**7,507,080**	6,007,080

PROVISION FOR ZAKAT (Continued)

Zakat return for the year ended 31 December 2020 has been filed and are under review with the Zakat, Tax and Customs Authority ("ZATCA"). The Company has obtained a certificate from the ZATCA valid 29 Ramadan 1443H corresponding to 30 April 2022.

11. **CONTINGENCIES AND COMMITMENTS**

a) **Contingencies**

The Company has commitments for letters of credit issued on behalf of the Company amounting to SAR 34.78 million (December 31, 2021: SAR 53.44 million) in the ordinary course of business.

b) **Commitments**

There are no capital commitments made by the company but not incurred until March 31, 2022.

12. **FINANCE COST**

	Three-month period ended 31 march 2022 (Unaudited)	Three-month period ended 31 march 2021 (Unaudited)
Finance cost – Murabaha	**781,894**	1,217,543
Finance cost – Lease Liabilities	**1,418,696**	1,158,071
	2,200,590	2,375,614

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Al-Saif Stores For Development And Investment Company
(A Saudi Closed Joint Stock Company)
Notes To The Financial Statements
For The Period Ended 31 March 2022
(Saudi Riyals)

13. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	For the three-month period ended	
	31 March 2022 (Unaudited)	31 March 2021 (Unaudited)
Income for the period	59,092,186	73,853,222
Weighted average number of ordinary shares for the purpose of basic earnings	4,200,000	4,200,000
Earnings per share (SR) - Basic and Diluted	14.07	17.58

Earnings per share for the period was calculated by dividing the net profit for the period with 4.2 million shares. There are no diluted shares which are convertible to basic shares at the period end.

14. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

When measuring the fair value, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial assets consist of cash and bank balances, investment, restricted cash deposits and other receivables, its financial liabilities consist of trade payables, financial facilities and other liabilities.

The Company's management determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement

All financial assets and liabilities are measured at amortized cost except investment carried at FVTPL. The carrying amounts of all other financial assets and financial liabilities measured at amortized cost approximate to their fair values.

Al-Saif Stores For Development And Investment Company
(A Saudi Closed Joint Stock Company)
Notes To The Financial Statements
For The Period Ended 31 March 2022
(Saudi Riyals)

FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (Continued)

		Fair value Level		
31 March 2022 (Unaudited)	**1**	**2**	**3**	**Total**
FINANCIAL ASSET				
Investment carried at FVTPL				
Investment	144,482,882	-	-	144,482,882
	144,482,882	-	-	144,482,882

		Fair value Level		
31 December 2021 (Audited)	**1**	**2**	**3**	**Total**
FINANCIAL ASSET				
Investment carried at FVTPL				
Investment	-	-	-	-
	-	-	-	-

The above-mentioned financial assets and liabilities are measured at fair value at the end of each reporting period

15. RECLASSIFICATION FOR PRIOR PERIODS FIGURES

Certain comparative information has been reclassified to conform to the current year presentation.

16. SUBSEQUENT EVENTS

There have been no significant subsequent events since the period-end that would require additional disclosure or adjustment in these interim condensed financial statements.

17. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements were approved on 3 August 2022 (corresponding to 5 Muharram1444H) by the Board of Directors of the Company.

Al-Saif Stores Company for Development and Investment
(Saudi Closed Joint Stock Company)
Financial statements
For the year ended 31 December 2021
together with the **Independent Auditor's Report**

Al-Saif Stores Company for Development and Investment
(Saudi Closed Joint Stock Company)

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KPMG

KPMG Professional Services
Riyadh Front, Airport Road
P. O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No 1010425494

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية
واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholders of Al-Saif Stores Company for Development and Investment

(Saudi Closed Joint Stock Company)

Riyadh - Kingdom of Saudi Arabia

Opinion

We have audited the financial statements of Al-Saif Stores Company for Development and Investment ("the Company") (Saudi Closed Joint Stock Company), which comprise the statement of financial position as at 31 December 2021, the statement of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Independent Auditor's Report (Continued)

To the Shareholders of Al-Saif Stores Company for Development and Investment

(Saudi Closed Joint Stock Company)

Key audit matters (continued)	
Key audit matter	**How the matter was addressed in our audit**
Revenue recognition With reference to the accounting policy relating to the revenue recognition, as well as note (19) relating to revenue disclosures, the revenues for the year ended 31 December 2021 amounted to SR 825 million. Revenue is a key indicator of performance measurement, resulting in inherent risks in the revenue recognition process through revenue overstatements. Revenue is recognized when services are provided to costumers. Due to the significance of revenue value recognized as well as the inherent risks in the revenue recognition process, revenues has been considered as a key audit matter.	We have performed the following procedures among other things: • Assessing the appropriateness of the revenue recognition policy under IFRS 15 "Revenue from Contracts with Customers". • Assessing the design and Implementation and tested the operating effectiveness of controls relating to processes over revenue recognition. • Testing a sample of recorded revenue transactions and compared them with supporting documents to verify the existence of recorded revenue in the relevant period. • Inquired from the management representatives regarding fraud awareness and the existence of any actual fraud cases. Assessing the appropriateness of the disclosures made in the financial statements.

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Independent Auditor's Report (Continued)

To the Shareholders of Al-Saif Stores Company for Development and Investment

(Saudi Closed Joint Stock Company)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies, the Company's By-Laws and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, the Board of Directors, are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 'Reasonable assurance' is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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Independent Auditor's Report (Continued)

To the Shareholders of Al-Saif Stores Company for Development and Investment

(Saudi Closed Joint Stock Company)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of Al-Saif Stores Company for Development and Investment.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Professional Services

Hani Hamzah A. Bedairi
License No.: 460

كي بي إم جي للاستشارات المهنية
Lic No. 46
C.R. 1010425494
R: 1.
KPMG
KPMG Professional Services

Riyadh: On 1 Dhul Qa'dah 1443H
Corresponding to: 31 May 2022

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Al-Saif Stores Company for Development and Investment
(Saudi Closed Joint Stock Company)
Statement of financial position
As at 31 December 2021
(Saudi Riyals)

	Note	31 December 2021	31 December 2020
ASSETS			
Non-current assets			
Property and equipment, net	(7)	142,208,919	123,662,105
Right-of-use assets, net	(6)	121,441,834	99,268,791
Total non-current assets		263,650,753	222,930,896
Current assets			
Inventory, net	(8)	258,253,489	188,994,746
Trade receivables, net	(9)	5,308,710	3,678,036
Prepayments and other receivables	(10)	37,087,347	45,145,627
Financial assets at FVTPL	(11)	--	14,912,454
Cash and cash equivalents	(12)	46,704,370	66,166,843
Total current assets		347,353,916	318,897,706
Total assets		611,004,669	541,828,602
Equity			
Share capital	(16)	42,000,000	42,000,000
Additional capital contribution		156,431	156,431
Statutory reserve	(17)	12,600,000	12,600,000
Retained earnings		326,382,208	293,081,155
Total equity		381,138,639	347,837,586
Liabilities			
Non-current liabilities			
Long-term lease liabilities	(6)	107,106,583	85,594,196
Provision for employees' benefits	(18)	7,513,000	5,010,000
Total non-current liabilities		114,619,583	90,604,196
Current liabilities			
Short-term lease liabilities	(6)	14,775,225	12,233,938
Borrowings - current portion	(13)	52,626,976	48,136,270
Trade payables	(14)	21,239,533	16,035,434
Advance from customers		1,505,563	1,718,541
Accruals and other credit balances	(15)	19,092,070	20,091,620
Zakat Provision	(25)	6,007,080	5,171,017
Total current liabilities		115,246,447	103,386,820
Total liabilities		229,866,030	193,991,016
Total equity and liabilities		611,004,669	541,828,602

The accompanying notes (1) to (37) form an integral part of these financial statements.

Mohamed Bin Soliman AL Saif	**Abdulelah Almofeez**
CEO	**CFO**

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Al-Saif Stores Company for Development and Investment
(Saudi Closed Joint Stock Company)
Statement of comprehensive income
FOR THE YEAR ENDED 31 DECEMBER 2021
(Saudi Riyals)

	Note	31 December 2021	31 December 2020
Sales	(19)	**825,288,695**	797,196,713
Cost of sales	(20)	**(549,760,669)**	(472,990,173)
Gross profit		**275,528,026**	324,206,540
Selling and distribution expenses	(21)	**(58,128,379)**	(43,272,736)
General and administrative expenses	(22)	**(24,015,325)**	(46,859,718)
Finance costs	(23)	**(7,075,757)**	(8,294,996)
Depreciation on right-of-use assets	(6)	**(18,876,596)**	(15,162,341)
Operating income		**167,431,969**	210,616,749
losses from dispose property and equipment		**(339)**	(724,943)
Other income	(24)	**19,715,094**	6,486,839
Gains on sale of financial assets at FVTPL		**4,288,989**	2,627,647
Gain on revaluation of Financial assets at FVTPL	(11)	--	782,264
Net profit for the year before zakat		**191,435,713**	219,788,556
Zakat expense	(25)	**(6,551,301)**	(5,597,386)
Net profit for the year		**184,884,412**	214,191,170
Add: items of other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent periods			
Actuarial losses on re-measurement of employees' benefits obligations	(18)	**(1,583,359)**	(1,292,639)
Total items that will not be reclassified subsequently to profit or loss		**(1,583,359)**	(1,292,639)
Total comprehensive income for the year		**183,301,053**	212,898,531
Basic and diluted earnings per share (Saudi Riyals)	(26)	**44**	51

The accompanying notes (1) to (37) form an integral part of these financial statements.

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Al-Saif Stores Company for Development and Investment
(Saudi Closed Joint Stock Company)
Statement of changes in equity
For the year ended 31 December 2021
(Saudi Riyals)

	Note	Share capital	Additional capital contribution	Statutory reserve	Retained earnings	Total
Balance as of 1 January 2020		**42,000,000**	**156,431**	**12,600,000**	**275,182,624**	**329,939,055**
Net profit for the year		-	-	-	214,191,170	214,191,170
Other comprehensive income		-	-	-	(1,292,639)	(1,292,639)
Total Comprehensive income		-	-	-	212,898,531	212,898,531
Dividends	(27)	-	-	-	**(195,000,000)**	**(195,000,000)**
Balance as at 31 December 2020		**42,000,000**	**156,431**	**12,600,000**	**293,081,155**	**347,837,586**
Balance as of 1 January 2021		**42,000,000**	**156,431**	**12,600,000**	**293,081,155**	**347,837,586**
Net profit for the year		-	-	-	184,884,412	184,884,412
Other comprehensive income		-	-	-	(1,583,359)	(1,583,359)
Total Comprehensive income		-	-	-	183,301,053	183,301,053
Dividends	(27)	-	-	-	**(150,000,000)**	**(150,000,000)**
Balance as of 31 December 2021		**42,000,000**	**156,431**	**12,600,000**	**326,382,208**	**381,138,639**

The accompanying notes (1) to (37) form an integral part of these financial statements.

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Al-Saif Stores Company for Development and Investment
(Saudi Closed Joint Stock Company)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021
(Saudi Riyals)

	Note	For the year ended 31 December 2021	For the year ended 31 December 2020
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit for the year before zakat		**191,435,713**	219,788,556
Adjustments to reconcile net profit for the year before zakat to net cash flows generated from operating activities:			
Depreciation of property and equipment	(7)	**12,781,854**	11,053,089
Depreciation of right-of-use assets	(6)	**18,876,596**	15,162,341
Gain on revaluation of Financial assets at FVTPL	(11)	-	(782,264)
Gains on sale of financial assets at FVTPL	(11)	**(4,288,989)**	(2,627,647)
Provision for end-of-service benefits	(18)	**1,156,000**	952,000
COVID-19 – Related Rent Concessions	(6)	-	(1,213,302)
Loss on disposal of property and equipment		339	724,943
Finance costs	(23)	**7,075,757**	8,294,996
Damaged goods expense	(8)	**1,240,270**	-
Reversal of slow-moving inventory	(8)	**(2,402,969)**	-
Inventory write-offs	(8)	-	(775,719)
		225,874,571	250,576,993
Changes in operating assets and liabilities:			
Trade receivables, net	(9)	**(1,630,674)**	(2,310,448)
Inventories	(8)	**(68,096,044)**	(61,028,043)
Prepayments and other receivables	(10)	**8,058,280**	(20,629,923)
Trade payables	(14)	**5,204,099**	7,357,291
Advance from customers		**(212,978)**	1,378,016
Accruals and other credit balances	(15)	**(1,703,777)**	11,715,127
Employees' benefits paid	(18)	**(409,359)**	(170,639)
Zakat paid	(25)	**(5,715,238)**	(5,697,092)
Net cash flows generated from operating activities		**161,368,880**	181,191,282
Cash flow from investing activities			
Proceeds from disposal of property and equipment		**58,960**	10,000
Purchase of property and equipment and projects in progress	(7)	**(31,387,967)**	(20,644,391)
Purchase of financial assets at FVPL	(11)	**(537,454,120)**	(458,493,435)
Proceeds from sale of financial assets FVTPL		**556,655,563**	457,569,392
Net cash flows used in investing activities		**(12,127,564)**	(21,558,434)
Cash flows from financing activities			
Dividends paid	(27)	**(150,000,000)**	(197,003,632)
Finance interests paid		**(727,004)**	(3,086,314)
Repayments of borrowings	(13)	**(137,953,911)**	(246,172,627)
Repayment of lease liabilities	(6)	**(22,467,491)**	(16,497,000)
Proceeds from loans	(13)	**142,444,617**	224,327,616
Net cash flows used in financing activities		**(168,703,789)**	(238,431,957)
Net change in cash and cash equivalents		**(19,462,473)**	(78,799,109)
Cash and cash equivalents at beginning of year	(12)	**66,166,843**	144,965,952
Cash and cash equivalents at end of the year	(12)	**46,704,370**	66,166,843

The non-cash transactions:		
Transferred from projects in progress to property and	**13,221,636**	10,266,397
Right-of-use assets	**42,037,762**	23,963,658

The accompanying notes (1) to (37) form an integral part of these financial statements.

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Al-Saif Stores Company for Development and Investment
(Saudi Closed Joint Stock Company)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

1. ORGANIZATION AND ACTIVITIES

Al-Saif Stores Company for Development and Investment ("the Company") is Saudi Closed Joint Stock Company established in compliance with the Saudi Regulations for Companies and registered under commercial registration No. 1010111193 issued in Riyadh on 18 Dhul-Hijah 1413H (corresponding to 9 June 1993). It was approved to convert the company from a limited liability company to a Saudi closed joint stock company on 23 Muharram 1436H (corresponding to 16 November 2014 based on the resolution of the Ministry of Commerce No. 322/S.

The Company's activities are the sale and import of household utensils; wholesale and retail trade in household utensils; electrical appliances, hygiene supplies, general contracting activity; construction, repair, restoration and demolition of public buildings; general conductions including construction of roads; water and sewage works; dams; well drilling; maintenance and operation of electrical, mechanical, and electronic facilities; gardens and lawns landscaping; blacksmithing; carpentry and aluminum works; decoration; gypsum; furnishings; maintenance and cleaning works; management and operation of cities, utilities, buildings and public and private facilities; purchase and acquisition of real estate and lands to construct buildings on them. Further, all retail operations are located within the Kingdom of Saudi Arabia

Pursuant to the approval of the Company's Extraordinary General Assembly held on 9 November 2017 (corresponding to 20 Safar 1439), the amendment of the Company's By-laws has been approved to conform with Ministry of Commerce law. Accordingly, the Company's name has been changed from AL Saif Stores Company for Development and Investment Holding Company to Al-Saif Stores Company for Development and Investment. Further, the Company's capital increase by SR 40 million has been approved, making the Company's capital after the increase SR 42 million.
The Company's Head Office is located at the following address:
P.O. Box 10448, Riyadh 11626
Kingdom of Saudi Arabia. The branches of the Company are as follows:

Name in the sub-commercial registration	Sub-commercial registration number	City
Al-Saif Stores Company for Development and Investment Branch	1010214481	Riyadh
Al-Saif Stores Company for Development and Investment Branch	2511020642	Hafar Al Batin
Al-Saif Stores Company for Development and Investment Branch	3400017715	Skaka
Al Saif for household utensils, Al-Saif Stores Company for Development and Investment Branch	5855064177	Khamis Msheet
Al-Saif Stores Company for Development and Investment Branch	5950028436	Najran
Al-Saif Stores Company for Development and Investment Branch	2052002131	Dhahran
Al Saif Gallery commercial, Al-Saif Stores Company for Development and Investment Branch	5900029071	Jaizan
AL Saif Gallery for household utensils, Al Saif for household utensils, Al-Saif Stores Company for Development and Investment Branch	4031088383	Mecca
Al-Saif Stores Company for Development and Investment Branch	3350038998	Hail
Al Saif Gallery commercial, Al-Saif Stores Company for Development and Investment Branch	5851008216	Bisha
Al-Saif Stores Company for Development and Investment Branch	2050089147	Dammam
Al-Saif Stores Company for Development and Investment Branch	2251051049	Hufuf
Al-Saif Stores Company for Development and Investment Branch	3550035969	Tabouk
Al-Saif Stores Company for Development and Investment Branch	1011023345	Al-Kharj
Al Saif Gallery commercial, Al-Saif Stores Company for Development and Investment Branch	4032047578	Al Taif
Al Saif Gallery commercial, Al-Saif Stores Company for Development and Investment Branch	4650078386	Al Madinah Al Monawarah
Al-Saif Stores Company for Development and Investment Branch	1131050364	Buraidah
Al Saif Gallery commercial, Al-Saif Stores Company for Development and Investment Branch	4030280833	Jeddah
Al-Saif Stores Company for Development and Investment Branch	5850069251	Abha
Al-Saif Stores Company for Development and Investment Branch	2057009162	Al Khafji
Al Saif Gallery commercial, Al-Saif Stores Company for Development and Investment Branch	4700020176	Yunbu
Al Saif Hall for household utensils, Al-Saif Stores Company for Development and Investment Branch	1010245983	Riyadh
Al Saif Gallery commercial, Al-Saif Stores Company for Development and Investment Branch	1132011128	Ar rass
Al Saif Gallery commercial, Al-Saif Stores Company for Development and Investment Branch	2055122895	Al Jubail
Al-Saif Stores Company for Development and Investment Branch	1010183788	Riyadh
Al-Saif Stores Company for Development and Investment Branch	1128181636	Onayzah
Al-Saif Stores Company for Development and Investment Branch	5800103809	Al - Baha
Al-Saif Stores Company for Development and Investment	1116623206	Al-Dawadmi
Al Saif Gallery commercial	5860612372	Mahayel Assir
Al-Saif Stores Company for Development and Investment Branch	1010283196	Riyadh
Al-Saif Stores Company for Development and Investment Branch	1010664452	Riyadh
Al-Saif Stores Company for Development and Investment Branch	1010672622	Riyadh
Al-Saif Stores Company for Development and Investment Branch	2051232518	Khobar
Soliman Mohamed Al Saif gallery for household utensils, Al-Saif Stores Company for Development and Investment Branch	4031088373	Mecca

2. BASIS OF PREPARATION

Statement of compliance

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants (SOCPA).

3. BASIS OF MASUREMENT

The financial statements have been prepared under the historical cost basis, except for certain financial instruments which are valued at FVTPL and provision for end-of-service using the projected credit unit method, using accrual basis of accounting and the going concern concept as explained in the accounting policies set out below at the end of reporting period as endorsed in the Kingdom of Saudi Arabia.

Further, certain significant accounting polices related to the initiation of the Company's registration procedures in the Saudi Stock Exchange (Tadawul), which represent earnings per share and segment reporting, have been added.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in the financial statements:

FUNCTIONAL AND PRESENTATION CURRENCY
These financial statements are presented in Saudi Riyals (SR) which is the functional and presentation currency.

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

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy. This is described as follows based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

4. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Fair value measurement (continued)

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

At each reporting date, the Company analyses the changes in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, the Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Company also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable

For the purpose of fair value disclosures, the company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above. Fair value related disclosures for financial instruments that are measured at fair value or where fair values are disclosed are discussed in Note (29).

Property and equipment

Property and equipment are measured at cost, less accumulated depreciation and accumulated impairment loss, if any. Cost includes expenditure that is directly attributable to the acquisition of an asset.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property and equipment. All other expenditures are recognized in profit or loss when incurred.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of individual item of property and equipment. The estimated useful lives of assets will be depreciated as follows:

	Depreciation rate
Buildings	3-7%
Leasehold improvements	5-10% / or contract term, whichever is shorter
Vehicles	25%
Furniture and Office equipment	10%
decorations	5-20%
Computers and office equipment	20%

Depreciation methods, useful lives and residual values are reviewed at each reporting period and are adjusted whenever appropriate as changes in accounting estimate in the year where the change take place and the following years.

Projects in Progress

Projects in progress are recognized at cost. This cost includes all direct expenses and other costs attributable to bringing the assets to working condition for their intended use. Projects in progress are transferred to property and equipment when completed and ready for their intended use.

Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, asset's recoverable amount is estimated.

For impairment testing, assets are combined together into the smallest group of assets that generates cash inflows from continuing use, namely CGU, that are largely independent of the cash inflows of other assets or CGUs.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets (continued)

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using discount rate that reflects current market assessments of the time value of cash and the risks specific to the asset or CGU. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. The impairment losses are recognized in profit or loss.

IFRS 16 – "Leases"

IFRS 16 "Leases" supersedes the following standards and interpretations:
- International Accounting Standards ("IAS") 17 "Leases"
- IFRIC 4 'Determining whether an Arrangement contains a lease'.
- SIC 15 "Operating Leases-Incentives".
- SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'.

The standard determines the principles of recognition, measurement, presentation and disclosure of leases and requires lessees to recognize leases in accordance with a consolidated accounting framework in the statement of financial position.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset,

As a lessee

At the commencement date, the Company shall assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company shall assess whether, throughout the period of use, the customer has both of the following:

(a) the right to obtain substantially all of the economic benefits from use of the identified asset; and
(b) the right to direct the use of the identified asset.

The Company shall recognize a right-of-use asset at the commencement date (i.e. the date on which the underlying asset is available for use) and a lease liability at the commencement date. The right-of-use asset is initially measured at cost less accumulated depreciation and impairment and is settled for any remeasurement of a lease liability. The cost of right-of-use asset includes the initial amount of a lease liability adjusted by lease payments made on or before the commencement date, and any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, less any lease incentives received. The estimated useful life for right-of-use asset based on the lease term.

At the commencement date, a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. The Company shall discount lease payments using the interest rate implicit in the lease if that rate can be readily determined. If that rate cannot be easily determined, the Company should use the incremental borrowing rate.

After the commencement date, a lessee shall measure the lease liability by:

(a) Increasing the carrying amount to reflect interest rate on the lease liability;
(b) Reducing the carrying amount to reflect the lease payments made; and
(c) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments that are remeasured when there is a change in future lease payments arising from a change in index or a rate, or if there was a change in the Company's estimate of the amount expected to be payable by the lessee under residual value guarantees, or if the Company changed its assessment whether if it will choose the purchase, extension or termination. Any remeasurement is settled in the lease liability against the carrying amount of right-of-use asset or charged to the statement of profit or loss if the carrying amount of the related asset is Zero.

Short term lease contracts

The Company elected not to recognize right-of-use assets and lease liabilities for the short-term leases for which their terms are 12 months or less or leases of low-value assets. The Company recognizes lease payments associated with those leases as expenses on a straight-line basis over the lease term.

Al-Saif Stores Company for Development and Investment
(Saudi Closed Joint Stock Company)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LEASES (CONTINUED)

Extension options

In case of leases that provide extension options, the Company assesses whether if it is reasonably certain, at commencement date, that the extension options will be exercised. The Company reassesses whether it is reasonably certain to exercise the options if there was a significant event or major change in the circumstances that fall under its control.

As a lessor
When the Company is a lessor, it determines, at the commencement of the lease, whether the lease is a finance lease or operating lease.

To classify each lease, the Company perform overall assessment whether lease transfers all substantially all the risks and rewards incidental to ownership of an underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers specific indicators such as whether the lease term is for a major part of the economic life of the underlying asset.

The initial measurement in case of finance leases: the lessor shall use the interest rate implicit in the lease to measure the net investment in the lease.

At the commencement date, the lease payments included in the measurement of the net investment in the lease comprise the following payments for the right to use the underlying asset during the lease term that are not received at the commencement date:

(a) Fixed payments;
(b) Variable lease payments that depend on an index or a rate;
(c) Any residual value guarantees provided to the lessor by the lessee, a party related to the lessee or a third party unrelated to the lessor that is financially capable of discharging the obligations under the guarantee; and
(d) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option.

Upon subsequent measurement, a lessor shall recognize finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

The initial measurement in case of operating leases: A lessor shall recognize lease payments from operating leases as income on either a straight-line basis or another systematic basis. The lessor shall apply another systematic basis if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished.

Upon subsequent measurement, a lessor shall apply IAS 36 to determine whether an underlying asset subject to an operating lease is impaired and to account for any impairment loss identified.

When the Company is an intermediate lessor, it calculates its interest in the head lease and sublease separately. Classification of the sublease is assessed by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset. If the head lease is a short-term lease, the Company applies exemption, the sublease shall be classified as an operating lease.

If the arrangement includes lease and non-lease components, the Company shall allocate the consideration in the contract by applying IFRS 15 for allocation the consideration in the contract.

Below amendments to accounting standards and interpretations became applicable for annual reporting periods commencing on or after 1 January 2021. The management has assessed that the amendments have no significant impact on the Company's financial statements:

1. Amendments to IFRS 16 "Covid 19 Related Rent Concession".
2. Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reforms".
3. Amendments to IAS 37 "Onerous Contract"
4. Amendments to IAS 16 - Property and Equipment: Proceeds before Intended Use;
5. Amendments to IFRS 3 "References to conceptual framework"
6. Amendments to IAS 1- "Classification of Liabilities as Current or Non-current"
7. Amendments to IFRS 17 "Insurance Contract"
8. Amendments to IAS 1 and IFRS Practice Statement 2 "Disclosure of accounting policy"
9. Amendments to IAS 8 "Definition of Accounting estimates"
10. Amendments to IAS 12 "Deferred Tax related to Asset and Liabilities arising from a single Transactions"

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVENTORIES

Inventories are measured at the lower of cost or net realisable value. Cost is determined using the FIFO method. Cost includes expenditure incurred in acquiring the inventories, goods costs and other costs incurred in bringing them to their existing location and condition.

Net realizable value comprises selling price in the ordinary form of business, less costs related to completing the sale. Provision is made, where necessary, for obsolete, slow moving and defective stocks.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and cash in current accounts with banks and other short-term highly liquid investments with maturities of three months or less (if any), which are available to the Company without any restrictions.

Financial instruments

Classification and measurement of financial assets and financial liabilities

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not classified at FVTPL.

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets (unless they are trade receivables without a significant financing component that is initially measured at the transaction price) are initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. Amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

The financial assets at amortized cost consist of trade receivables and cash and cash equivalents.

Loss provisions are measured on the bases of ECLs over lifetime of a financial instrument: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company measures loss provisions at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Measurement of ECLs
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all value shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

For receivables, the Company applies the simplified approach to estimate ECLs.

Impaired financial assets
At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are impaired. A financial asset is impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment
Loss provisions for financial assets are deducted from the gross carrying amount of the assets.
Impairment losses related to trade receivables, if any, are presented in the statement of profit or loss under a separate item.

Financial liabilities:
Financial liabilities are classified as measured at amortised cost or FVTPL. The financial liabilities are classified at FVTPL if they are classified as held-for-trading, they are derivative, or they are designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derecognition

Financial assets
A financial asset (or part of a group of similar financial assets) is primarily derecognized (i.e., excluded from the Company's condensed interim statement of financial position) in the following cases:

-The rights to receive cash flows from the asset have been expired;
-The Company has transferred its rights to receive cash flows from the asset, or assumed an obligation to pay cash flows received in full without delay to a third party under a "pass" arrangement; (a) substantially transferred all the risks and rewards of the asset; or (b) transferred control over the asset and the Company has neither transferred nor retained substantially the risks and rewards of the financial asset.

Hedge accounting
IFRS 9 hedge accounting requirements do not apply to the Company since it does not have any hedging contracts.

The adoption of IFRS 9 as at 1 January 2020 did not have any material impact on the Company's financial statements.

Offsetting
Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Provision for employees' benefits
The Company operates a defined benefit plan for employees in accordance with Saudi Labor Law as defined by the conditions stated in the laws of the Kingdom of Saudi Arabia. The cost of providing the benefits under the defined benefit plan is determined using the projected credit unit method.

Remeasurements for actuarial gains and losses are recognized in the statement of financial position with a corresponding credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods. Costs are expenses related to the defined benefit obligations are recognized in profit or loss.

reportable segments
An operating segment is a part of the Company's business activities from which revenue can be recognized and expenses are incurred and includes income and expenses relating to transactions with any of the other components of the Company. All operational results of the operating segments are reviewed by the Company's operating decision makers to make decisions about the resources to be allocated to the segment and to assess its performance, which have separate financial information.

Earnings per share:
The Company presents basic and diluted earnings per share data for its ordinary shares. Earnings per share from operating profit and net profit is calculated by dividing the profit or loss attributable to the Company's ordinary shareholders by the weighted average number of shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees, if any.

Contingent assets and liabilities
A contingent liability is disclosed where the existence of the obligation will only be confirmed by future events or where the amount of obligations cannot be measured with reasonable reliability. Contingent assets are not recognized, but are disclosed where an inflow of economic benefits is probable

Borrowings
Borrowings are recognized at the proceeds received less transaction costs incurred net of interests and upfront fee and presented netting of the principle amount of the loan, and such interest and commission are amortized over the life of the loan using the effective interest rate method. Borrowing costs that are directly attributable to the construction of a qualifying asset are capitalized up to stage when substantially all the activities necessary to prepare the qualifying asset for its intended use are completed and, otherwise, such costs are charged to the statement of profit or loss.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Provisions
A provision is recognized if, as a result of a past event, the Company has a present (legal or constructive) obligation that can be estimated reliably, and it is probable that an out flow of economic benefits will be required to settle the obligation.

Trade payables and accruals
Liabilities are recognized for amounts due and to be paid in the future for goods or services received, whether billed by the supplier or not.

Unearned revenue
Revenue received from costumers and related to the next period is recorded as a liability (advanced revenue) which are recognized in the statement of profit or loss as revenue when matured.

ZAKAT PROVISION
The Company is subject to Zakat as per the regulations of Zakat, Tax and Customs Authority (ZATCA). Accrued Zakat is recognized and charged to profit or loss for the current year. Additional Zakat liabilities, if any, related to prior years' assessments are calculated by the Company in the period in which the final assessments are finalized.

Sales
The Company recognizes revenue under IFRS 15 using the following five- steps model:

Step 1: Identify the contract with the customer	A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
Step 2: Identify the performance obligations	A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
Step 3: Determine the transaction price.	The transaction price is the amount of consideration the Company expects to be entitled to in exchange for transferring the promised goods or services to a customer, excluding amounts collected on behalf of third parties.
Step 4: Allocation of transaction price.	For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.
Step 5: Revenue recognition	The Company recognises revenue (or as) it satisfies a performance obligation by transferring a promised good or service to the customer under a contract.

Identify the contract with the customer
The Company carefully evaluates the terms and conditions of the contracts with its customers because revenue is recognized only when performance obligations in contracts with customers are satisfied. A change in the scope or price (or both) of a contract is considered as a contract modification and the Company determines whether this creates a new contract or whether it will be accounted for as part of the existing contract.

Identifying performance obligations
Once the Company has identified the contract with a customer, it evaluates the contractual terms and its customary business practices to identify all the promised services within the contract and determine which of those promised services (or bundles of promised services) will be treated as separate performance obligations.

Identify the transaction price
The Company determines transaction price as the amount which it expects to be entitled. It includes an estimate of any variable consideration, the effect of a significant financing component (i.e., the time value of money), the fair value of any non-cash consideration and the effect of any consideration paid or payable to a customer (if any).

Variable considerations are limited to the amount for which it is highly probable that a significant reversal will not occur when the uncertainties related to the variability are resolved.

Allocation of transaction price
Once the performance obligations have been identified and the transaction price has been determined, transaction price is allocated to the performance obligations, generally in proportion to their stand-alone selling prices (i.e., on a relative stand-alone selling price basis). When determining stand-alone selling prices, the Company is required to use observable information, if any. If stand-alone selling prices are not directly observable, the Company makes estimates based on information that is reasonably available.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition
Revenue is recognized only when the Company satisfies a performance obligation by transferring control to the customer. Control may be transferred over time or at a point in time. Where a performance obligation is satisfied overtime, the Company identifies the progress under the contract based on either of an input or output method which best measures the performance completed to date. The method selected is applied consistently to similar performance obligations and in similar circumstances.

The Company believes that it fulfills its performance obligations in its contracts with customers at a point in time, and hence it recognizes revenue as and when it fulfills its obligations under contracts with customers.

The company is engaged in the sale and import of household utensils and wholesale and retail trade in household utensils through its various outlets located in different regions of the Kingdom of Saudi Arabia. Revenue from the sale of goods is recognized when the Company sells a product to the customer.

Other revenue is recorded in profit or loss when matured.

Cost of sales

The cost of sales incurred during the year comprises the costs of purchasing goods that are ready for sale, wages and salaries of galleries staff, depreciation of property and equipment, warehouse and galleries rental expenses, packing and packaging expenses, and good shipping and unloading expenses.

Expenses
Selling and distribution expenses are those arising from the Company's efforts underlying the selling and distribution functions. All other expenses, excluding cost of sales and financial costs, are classified as general and administrative expenses. Allocations of common expenses between cost of sales and selling and distribution, and general and administrative expenses, when required, are made on a consistent basis.

Foreign currencies transactions

Transactions denominated in foreign currencies are translated to Saudi Riyals at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the financial position date are translated to Saudi Riyals at the foreign exchange rate ruling at that date. Gains or losses arising on exchanges are recognized in profit or loss currently.

Dividends
Dividends are recorded in the period in which they are approved by the shareholders.

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

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- It is held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:
- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

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5. USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses stated in the financial statements and the accompanying notes. Although these estimates are based on the best information available to management, final actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

Provision for obsolete and slow-moving inventories
The management makes a provision for slow moving and obsolete inventory items. Estimates of net recoverable value of inventories are based on the most reliable evidence at the time the estimates are made. These estimates take into consideration fluctuations of price or cost directly related to events occurring on or subsequent to the statement of financial position date to the extent that such events confirm conditions existing at the end of year.

6. IFRS 16 / LEASES

a) Right-of-use assets

	As at 31 December 2021	As at 31 December 2020
Cost		
Balance as at 1 January	**125,159,340**	101,195,682
Additions during the year	**42,037,762**	23,963,658
Disposal	**(2,880,458)**	--
Balance as at 31 December	**164,316,644**	125,159,340
Accumulated depreciation		
Balance as at 1 January	**25,890,549**	10,728,208
Charge for the year	**18,876,596**	15,162,341
Disposal	**(1,892,335)**	--
Balance as at 31 December	**42,874,810**	25,890,549
Net book value		
As at 31 December	**121,441,834**	99,268,791

b) Lease liability:

- The movement is as follows:

Lease liabilities	As at 31 December 2021	As at 31 December 2020
Balance at the beginning of the year	**97,828,134**	86,947,574
Additions during the year	**42,037,762**	23,963,656
Disposal	**(988,123)**	--
Lease liabilities interest	**5,471,526**	4,627,206
COVID-19 – Related Rent Concessions	--	(1,213,302)
Paid during the year	**(22,467,491)**	(16,497,000)
Total lease liabilities as at 31 December 2021	**121,881,808**	97,828,134

Lease liabilities are stated in the statement of financial position as at 31 December as follows:

	As at 31 December 2021	As at 31 December 2020
Current portion	**14,775,225**	12,233,938
Non-current portion	**107,106,583**	85,594,196
Total lease liabilities	**121,881,808**	97,828,134

A discount rate ranging from 2.91% to 6.19% has been used.
Various depreciation rates have been used over the life of each contract.

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7. PROPERTY AND EQUIPMENT

	Land	Buildings	Leasehold improvements	Motor vehicles	Furniture, fixture and office equipment	decorations	Computers and office equipment	Projects in progress (*)	Total
Cost:									
Balance as of 01 January 2021	23,554,400	27,854,129	24,967,730	6,148,086	3,180,745	65,259,087	7,280,709	5,833,780	164,078,666
Additions during the year	12,966,361	121,595	904,437	109,161	376,934	5,218,441	895,065	10,795,973	31,387,967
Transferred from projects in progress	-	-	3,400,559	-	149,050	9,164,488	507,539	(13,221,636)	-
Disposals during the year	-	-	-	(73,348)	-	-	-	-	(73,348)
Balance as at 31 December 2021	**36,520,761**	**27,975,724**	**29,272,726**	**6,183,899**	**3,706,729**	**79,642,016**	**8,683,313**	**3,408,117**	**195,393,285**
Balance as of 1 January 2020	23,554,400	25,455,335	24,609,408	4,598,451	2,731,978	54,453,910	6,405,271	4,997,976	146,806,729
Additions during the year	-	129,611	756,034	1,676,287	307,792	5,862,440	810,026	11,102,201	20,644,391
Transferred from projects in progress	-	2,269,183	1,360,584	-	148,099	6,179,106	309,425	(10,266,397)	-
Disposals during the year	-	-	(1,758,296)	(126,652)	(7,124)	(1,236,369)	(244,013)	-	(3,372,454)
Balance as at 31 December 2020	**23,554,400**	**27,854,129**	**24,967,730**	**6,148,086**	**3,180,745**	**65,259,087**	**7,280,709**	**5,833,780**	**164,078,666**
Accumulated depreciation:									
Balance as of 01 January 2021	-	5,620,850	9,001,383	3,812,816	1,260,862	17,553,057	3,167,593	-	40,416,561
Depreciation for the year	-	1,464,882	2,325,810	779,029	331,448	7,114,284	766,401	-	12,781,854
Disposals during the year	-	-	-	(14,049)	-	-	-	-	(14,049)
Balance as at 31 December 2021	**-**	**7,085,732**	**11,327,193**	**4,577,796**	**1,592,310**	**24,667,341**	**3,933,994**	**-**	**53,184,366**
Balance as of 1 January 2020	-	4,192,260	8,383,396	3,203,558	981,192	12,508,423	2,732,155	-	32,000,984
Depreciation for the year	-	1,428,590	2,011,299	735,271	282,743	5,923,413	671,773	-	11,053,089
Disposals during the year	-	-	(1,393,312)	(126,013)	(3,073)	(878,779)	(236,335)	-	(2,637,512)
Balance as at 31 December 2020	**-**	**5,620,850**	**9,001,383**	**3,812,816**	**1,260,862**	**17,553,057**	**3,167,593**	**-**	**40,416,561**
Net book value as at:									
31 December 2021	**36,520,761**	**20,889,992**	**17,945,533**	**1,606,103**	**2,114,419**	**54,974,675**	**4,749,319**	**3,408,117**	**142,208,919**
31 December 2020	23,554,400	22,233,279	15,966,347	2,335,270	1,919,883	47,706,030	4,113,116	5,833,780	123,662,105

(*) This item represents the value of the construction of buildings and branches of the Company, where seven projects in progress have been transferred to property and equipment, and the existing projects are expected to be completed during 2022.

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7. PROPERTY AND EQUIPMENT (CONTINUED)

The following table shows the breakdown of depreciation expense if allocated to expenses items for the year ended 31 December:

	31 December 2021	31 December 2020
Cost of sales	12,411,657	10,813,823
General and administrative expenses	370,197	239,266
Total	12,781,854	11,053,089

8. INVENTORIES

	31 December 2021	31 December 2020
Finished goods	257,519,973	168,366,364
Goods in transit	3,138,896	24,196,461
Provision for damaged and slow-moving goods	(2,405,380)	(3,568,079)
	258,253,489	188,994,746

The movement of the provision for damaged and slow-moving goods is as follows:

	31 December 2021	31 December 2020
Balance at beginning of the year	3,568,079	4,343,798
Charge for the year	1,240,270	--
Write off	--	(775,719)
Reversal	(2,402,969)	--
Balance at end of the year	2,405,380	3,568,079

9. TRADE RECEIVABLES

	31 December 2021	31 December 2020
Trade receivables	5,360,572	3,760,181
Allowance for doubtful debt	(51,862)	(82,145)
	5,308,710	3,678,036

A summary of movements in provisions for doubtful debts is as follows:

	31 December 2021	31 December 2020
Balance at the beginning of the year	82,145	82,145
Write off	(30,283)	--
Balance at end of the year	51,862	82,145

10. PREPAYMENTS AND OTHER RECEIVABLES

	31 December 2021	31 December 2020
Prepaid rent	14,971,245	16,607,874
Advances to suppliers	3,144,539	3,940,938
Prepaid expenses	10,376,597	19,987,074
Employee custodies and advances	2,945,160	868,595
Letters of credit margin	1,544,780	2,807,924
Other	4,105,026	933,222
	37,087,347	45,145,627

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11. FINANCIAL ASSETS AT FVTPL

The Company has the following investments in quoted equities:

	31 December 2021	31 December 2020
Al Rajhi Diversified Income Fund	--	14,912,454
Alpha Capital Fund	--	--
ALinma Investment Fund	--	--
Falcom Financial Services Fund	--	--
	--	14,912,454

The movement in Financial investments at FVTPL is as follows:

	31 December 2021	31 December 2020
Balance at the beginning of the year	**14,912,454**	10,578,500
Additions during the year	**537,454,120**	458,493,435
Disposals due to sale during the year	**(552,366,574)**	(454,941,745)
Gain on revaluation of Financial assets at FVTPL	--	782,264
	--	14,912,454

12. CASH AND CASH EQUIVALENTS

	31 December 2021	31 December 2020
Cash on hand	**1,775,044**	--
Cash at banks - current accounts	**32,036,993**	66,166,843
Cash in the portfolios of mutual funds*	**12,892,333**	--
	46,704,370	66,166,843

* The amount is cash deposited with mutual fund portfolios that has not been used to purchase units.

13. BORROWINGS

Murabaha borrowings contracts have been entered with local banks at the SIBOR interest rate in addition to the agreed interest represented in agreements to buy goods and Murabaha contracts against the following guarantees:

- Signing on a promissory note
- A letter and facilities and Murabaha agreements.
- Other financial and administrative conditions.
- A guarantee duly signed by certain shareholders.
- Joint and performance bond and a personal guarantee by a shareholder.

The utilized balance is as follows:

	31 December 2021	31 December 2020
Current portion within current liabilities	**52,626,976**	48,136,270
Non-current portion with non-current liabilities	--	--
	52,626,976	48,136,270

Movement of borrowings during the year

	31 December 2021	31 December 2020
Balance as at the beginning of the year	**48,136,270**	**69,981,281**
borrowings collected during the year	**142,444,617**	**224,327,616**
Less: borrowing payments during the year	**(137,953,911)**	(246,172,627)
Balance as at end of the year	**52,626,976**	**48,136,270**

14. TRADE PAYABLES

Accounts payable at 31 December 2021 amounted to SR 21,239,533 (31 December 2020: SR 16,035,434). This comprises the due to suppliers for the supply of goods and services during the year, which are unguaranteed receivables with a maturity of 30 to 90 days. There are no accrued interests on these accounts payable.

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15. ACCRUALS AND OTHER CREDIT BALANCES

	31 December 2021	31 December 2020
Accrued commissions and remunerations	1,180,980	3,044,909
Accrued lease rentals	587,666	314,333
Interest accrued	704,227	481,476
Vacation allowance provision	2,815,904	2,897,185
Ticket provision	1,155,865	1,045,372
Accrued expenses	275,476	709,739
VAT Payable	11,557,806	11,089,348
Other payables	814,146	509,258
	19,092,070	20,091,620

16. SHARE CAPITAL

As at 31 December 2021, the Company's capital consists of SR 42 million divided into 4.2 million shares with a nominal value of SR 10 each.

Pursuant to the approval of the Extraordinary General Assembly held on 9 November 2017, the Company's capital increase by 4 million shares, with a nominal value of SR 10 each, with an amount of SR 40 million has been approved by transferring from the account of the additional capital contribution, rendering the Company's capital to SR 42 million with SR 4.2 million shares.

17. STATUTORY RESERVE

In accordance with the Company's By-Laws and the new Saudi Arabian Regulations for Companies, the Company sets aside 10% of its net income each year as statutory reserve until such reserve equals to 30% of the share capital. The statutory reserve balance has reached 30% and setting aside has been discontinued at this percentage.

18. PROVISION FOR EMPLOYEES' BENEFITS

Provision for employees' end of service benefits recognized in the statement of financial position:

	31 December 2021	31 December 2020
Balance at beginning of the year	5,010,000	2,836,000
Current service cost	1,156,000	952,000
Interests on current service cost	173,000	100,000
Paid during the year	(409,359)	(170,639)
Losses from re-measurement of employees' benefits obligations	1,583,359	1,292,639
Balance at the end of the year	7,513,000	5,010,000

Key Assumptions
Key assumptions used to determine provision for employees' end of service benefits are as follows:

	31 December 2021	31 December 2020
Discount rate	2,80%	2,90%
Salary increase rate	1,00%	2,50%

Sensitivity Analysis
Change in an actuarial assumption with all other assumptions held constant could affect the provision for employees' end of service benefits in the following amounts:

	31 December 2021		31 December 2020	
	1% increase	1% decrease	1% increase	1% decrease
Discount rate	7,005,000	8,109,000	4,624,000	5,469,000
Salary increase rate	8,114,000	6,992,000	5,466,000	4,619,000

The sensitivity analysis above may not be representative of an actual change in provision for employees' end-of-service benefits as it is unlikely that changes in assumptions would occur in isolation of one another.

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19. SALES

	for the year ended 31 December 2021	for the year ended 31 December 2020
Sales	825,288,695	797,196,713
	825,288,695	797,196,713

20. COST OF SALES

	for the year ended 31 December 2021	for the year ended 31 December 2020
Cost of goods sold	444,410,225	387,910,480
Wages and salaries	58,757,231	43,009,691
Depreciation of property and equipment	12,411,657	10,813,823
Rentals expenses	23,336,631	23,553,184
Packing and packaging expenses	2,654,248	2,402,996
Shipping and unloading expenses	8,190,677	5,299,999
	549,760,669	472,990,173

21. SELLING AND DISTRIBUTION EXPENSES

	for the year ended 31 December 2021	for the year ended 31 December 2020
Advertisement	36,053,555	26,773,162
Electricity and water	6,397,785	5,327,393
Bank commissions	3,678,563	1,611,836
Subscriptions, government services, and fines	2,713,552	2,725,183
Travel and accommodation expenses	454,787	547,114
Maintenance and repair expenses	831,901	964,126
Housing rent	1,004,589	747,669
Other	6,993,647	4,576,253
	58,128,379	43,272,736

22. GENERAL AND ADMINISTRATIVE EXPENSES

	for the year ended 31 December 2021	for the year ended 31 December 2020
Wages and salaries	16,371,134	41,440,655
Telecommunication and postage	573,840	496,641
Legal and professional fees	834,913	697,811
Computer, office equipment and publications	613,673	623,367
Rentals	1,393,411	640,689
Electricity and water	157,964	124,344
Travel and accommodation	416,662	292,718
Temporary labor wages	692,368	127,304
Depreciation of property and equipment	370,197	239,266
Other	2,591,163	2,176,923
	24,015,325	46,859,718

23. FINANCE COSTS

	for the year ended 31 December 2021	for the year ended 31 December 2020
Finance expenses	1,431,231	3,567,790
Interest on the lease liabilities	5,471,526	4,627,206
Interest on the service cost for employees' benefits	173,000	100,000
	7,075,757	8,294,996

Al-Saif Stores Company for Development and Investment
(Saudi Closed Joint Stock Company)
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For the year ended 31 December 2021
(Saudi Riyals)

24. OTHER INCOME

	for the year ended 31 December 2021	for the year ended 31 December 2020
Rental revenue	4,489,503	5,064,645
Marketing support and exhibition spaces income (Note 34)	10,718,291	–
Other	4,507,300	1,422,194
	19,715,094	6,486,839

25. ZAKAT PROVISION

a) Elements and components of Zakat base are as follows:

	31 December 2021	31 December 2020
Share capital	42,000,000	42,000,000
Statutory reserve	12,600,000	12,600,000
Retained earnings	293,081,155	275,182,624
Additional capital contributions	156,431	156,431
provision for end of service benefits	4,600,641	2,665,361
Provisions	2,920,596	3,650,224
Advance from customers	1,505,562	1,718,541
Lease liabilities	121,881,808	85,594,196
Total funds subject to Zakat	478,746,193	423,567,377
Less:		
Net property and equipment	142,208,919	123,662,105
Net of right-of-use assets	121,441,834	99,268,791
Dividends paid	150,000,000	197,003,632
Total funds not subject to zakat	413,650,753	419,934,528
Zakat base excluding adjusted net profit for the year	67,118,180	3,745,734
Add: Adjusted net income for the year	194,004,983	220,840,556
Zakat expense at 2.5% of net base (higher of Zakat base and Adjusted profit)	6,528,079	5,611,835
Zakat expense	6,551,301	5,597,386

b) Adjusted Profit for the year

This consist of the following:

	31 December 2021	31 December 2020
Net income for the year before Zakat	191,435,713	219,788,556
End-of-service benefit charged to expenses	1,329,000	1,052,000
Provision for slow-moving inventory	1,240,270	–
Adjusted Profit for the year	194,004,983	220,840,556

c) Movement in Zakat provision for the year ended:

	31 December 2021	31 December 2020
Balance at beginning of the year	5,171,017	5,270,723
Zakat charge for the year	6,551,301	5,597,386
Paid during the year	(5,715,238)	(5,697,092)
Balance at the end of the year	6,007,080	5,171,017

d) Status of zakat assessment

The Company has submitted its zakat returns to Zakat, Tax and Customs Authority (ZATCA) for all the years up to the year ended 31 December 2020 and obtained a restricted certificate. The final assessment was made by ZATCA until the end of the financial year 2018.

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Al-Saif Stores Company for Development and Investment
(Saudi Closed Joint Stock Company)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021
(Saudi Riyals)

26. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share:
Basic earnings per share is calculated by dividing the profit for the period attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted earnings per share is the same as basic earnings per share since the company does not have any diluted instruments.

Number of shares has been calculated using the weighted average number of shares outstanding during the year as follows:

	31 December 2021	31 December 2020
Net income for the year	**184,884,412**	214,191,170
Weighted average number of shares	**4,200,000**	4,200,000
	44	51

27. DIVIDENDS

The Extraordinary General Assembly decided to distribute interim dividends with the amount of SR 150 million to the shareholders for the financial year 2021, based on the resolution of the Extraordinary General Assembly dated 27 December 2021.

The Board of Directors also decided to distribute interim dividends of SR 195 million to the shareholders for the financial year 2020 based on the resolution of the Board of Directors dated 15 July and 18 September 2020, as the shareholders authorized the Board of Directors to approve the dividends.

28. COMMITMENTS AND CONTINGENCIES

contingencies represent open letters of credit for purchasing goods of SR 53,445,822 from local banks at 31 December 2021 (2020: SR 78,648,493).

Al-Saif Stores Company for Development and Investment
(Saudi Closed Joint Stock Company)
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For the year ended 31 December 2021
(Saudi Riyals)

29. FAIR VALUE MEASUREMENT

The following table shows the carrying amount and fair value of the financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximate of fair value.

31 December 2021	Carrying amount			Fair Value			
	Amortized cost	Other financial assets and liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Trade receivables, net	5,308,710	--	5,308,710	--	--	--	--
Other receivables	8,594,966	--	8,594,966	--	--	--	--
Financial assets at FVTPL	--	--	--	--	--	--	--
Cash and cash equivalents	46,704,370	--	46,704,370	--	--	--	--
	60,608,046	--	60,608,046	--	--	--	--
Financial Liabilities							
Trade payables	21,239,533	--	21,239,533	--	--	--	--
Short-term lease liabilities	121,881,808	--	121,881,808	--	--	--	--
	143,121,341	--	143,121,341	--	--	--	--

31 December 2020	Carrying amount			Fair Value			
	Amortized cost	Other financial assets and liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Trade receivables, net	3,678,036	--	3,678,036	--	--	--	--
Prepayments and other receivables	4,609,741	--	4,609,741	--	--	--	--
Financial assets at FVTPL	--	14,130,190	14,130,190	14,912,454	--	--	14,912,454
Cash and cash equivalents	66,166,843	--	66,166,843	--	--	--	--
	74,454,620	14,130,190	88,584,810	14,912,454	--	--	14,912,454
Financial Liabilities							
Trade payables	16,035,434	--	16,035,434	--	--	--	--
Short-term lease liabilities	97,828,134	--	97,828,134	--	--	--	--
	113,863,568	--	113,863,568	--	--	--	--

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Al-Saif Stores Company for Development and Investment
(Saudi Closed Joint Stock Company)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021
(Saudi Riyals)

30. FINANCIAL RISK MANAGEMENT

The Company's principal financial liabilities consist of trade payables, lease liabilities, loans and other payables.

The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has various financial assets such as cash and cash equivalents, trade receivables and accrued revenues which arise directly from its operations, and employees' loans and advances.

The Company is exposed to market risk, credit risk, liquidity risk and operational risk. The Company's senior management oversees the management of these risks. The Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company's policies and risk appetite. The management reviews and agrees policies for managing each of these risks which are summarised below.

a) **Market risk**
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise of four types of risk: interest rate risk, currency risk, profit rate risk and price risk such as equity price risk.

- ***Interest rate risk***
  Interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Company's financial position and cash flows. Management monitors the changes in interest rates risks and believes that interest rate risks to the Company are not significant, and all companies facilities on short term basis.

- ***Currency risk***
  Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company is subject to currency risk on purchases. The majority of the Company's transactions are denominated in Saudi Riyals and US Dollars which have a fixed exchange rate. Therefore, they are not considered to represent a significant risk to the Company.

- ***Profit rate risk***
  The Company's financial assets and liabilities subject to profit rate risk are not considered to represent a significant risk to the Company.

- ***Equity price risk***
  The Company has quoted investments carried at FVTPL where the impact of changes in equity prices will be reflected due to fair value changes, on disposal or when they are deemed to be impaired. Changes in fair value and impairment losses or losses arising on disposal are recognized in profit or loss.

b) **Credit risk**
Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to financial loss. The company is not exposed to credit risk from its operating activities (primarily for trade receivables). The Company has no significant concentration of credit risk. Cash is placed with local banks having sound credit ratings.

As at 31 December 2021 and 31 December 2020, trade receivables have neither past due nor impaired and accordingly no expected credit losses have been recognized.

Al-Saif Stores Company for Development and Investment
(Saudi Closed Joint Stock Company)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021
(Saudi Riyals)

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

***b)* Credit risk (continued)**

The aging analysis of these trade receivables is as follows:

	As at 31 December 2021	As at 31 December 2020
1-30 days	5,308,710	3,678,036
30-90 days	--	--
90-180 days	--	--
180-360 days	--	--
Over 360 days	--	--
	5,308,710	3,678,036

***c)* liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available through committed credit facilities and the Company's shareholders to meet the Company's commitments and obligations as they become due.

The Company's objective is to maintain a balance between continuity of funding and flexibility. The Company also has unused short-term bank facilities from a local bank. The maximum limit of this credit facility as at 31 December 2021 amounted to SR 157,373,024 (2020: SR 221,863,730).

The following analysis the Company's financial liabilities into relevant maturity dates based on the remaining year at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances, as the impact of discounting is not significant.

The following represents the maturities of financial liabilities at the reporting date based on undiscounted contractual cash flows:

	Less than 1 year	Between 1 and 5 years	Over5 years	Total contractual cashflows	Carrying amount
31 December 2021					
Lease liabilities	21,301,091	72,888,770	64,810,077	158,999,938	121,881,808
Loans	52,626,976	--	--	52,626,976	52,626,976
Trade payables	21,239,533	--	--	21,239,533	21,239,533
Accruals and other credit balances	19,092,070	--	--	19,092,070	19,092,070
	114,259,670	72,888,770	64,810,077	251,958,517	214,840,387
31 December 2020					
Lease liabilities	17,326,402	54,197,501	55,397,477	126,921,380	97,828,134
Loans	48,136,270	--	--	48,136,270	48,136,270
Trade payables	16,035,434	--	--	16,035,434	16,035,434
Accruals and other credit balances	20,091,620	--	--	20,091,620	20,091,620
	101,589,726	54,197,501	55,397,477	211,184,704	182,091,458

Al-Saif Stores Company for Development and Investment
(Saudi Closed Joint Stock Company)
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For the year ended 31 December 2021
(Saudi Riyals)

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

d) Capital risk management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company monitors its capital base using a ratio of net debt to equity. Net debt is calculated as Murabaha less cash and cash equivalents.

The Company's Net debt to equity ratio at the end of the year is as follows:

	31 December 2021	31 December 2020
borrowings	**52,626,976**	48,136,270
Less: cash and cash equivalents	**(46,704,370)**	(66,166,843)
Net debt	**5,922,606**	(18,030,573)
Total equity	**381,138,639**	347,837,586
Net debt to equity ratio	**1.6%**	(5.2%)

31. REPORTABLE SEGMENTS

The Company operates solely in the sector of selling and importing household utensils and electrical appliances. The company exercises its activities inside the Kingdom of Saudi Arabia only.

32. SEASONAL CHANGES

The operations and revenues of the Company are affected by seasonal factors based on the variation of consumption and demand between the seasons. The management of the Company seeks to minimize the seasonal impact by managing inventories to meet demand during the year.

33. FINANCIAL INSTRUMENTS

Statement of financial position

Financial assets	**31 December 2021**	31 December 2020
Trade receivables	**5,308,710**	3,678,036
Financial assets at FVTPL	--	14,912,454
Cash and cash equivalents	**46,704,370**	66,166,843
Total financial assets	**52,013,080**	84,757,333

Financial Liabilities	**31 December 2021**	31 December 2020
Lease liabilities	**121,881,808**	97,828,134
Loans	**52,626,976**	48,136,270
Trade payables	**21,239,533**	16,035,434
Total Financial Liabilities	**195,748,317**	161,999,838
Current portion of financial liabilities	14,775,225	76,405,642
Non-current portion of financial liabilities	180,973,092	85,594,196
Total Financial Liabilities	**195,748,317**	161,999,838

Fair values of financial assets and financial liabilities are not significantly different from their carrying amounts.

Al-Saif Stores Company for Development and Investment
(Saudi Closed Joint Stock Company)
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34. RELATED PARTIES

Due from related parties

The related parties are the shareholders of the Company and the companies owned by the shareholders (affiliates). The terms of these transactions are approved by the Company's management.

The significant transactions with related parties and the balances resulting from them are as follow:

Description	Relationship	Nature of transactions	Volume of transactions 2021	Volume of transactions 2020	Balance 31 December 2021	Balance 31 December 2020
NAWAT Real Estate Investment Company (Formerly Soliman Al-Saif real estate office)	Affiliate	Rental expenses and expenses on behalf	9,671,443	10,160,982	--	--
AL Saif for Commercial Agencies Company	Affiliate	Goods supply	73,353,956	92,747,666	--	--
		Marketing support and exhibition spaces income (Note 24)	10,718,291	--		
Al Saif Coffee Trading Company	Affiliate	Goods supply	3,585,978	1,016,463	--	--

- The Company has renewed the contract concluded with Al-Seif Commercial Agencies Company for the year 2021, so that the Company would receive revenues in exchange for marketing support and provide exhibition spaces for products in the Company's galleries, where the nature of the previous contract was changed, in which the Company used to receive a discount in return for paying obligations during the year.

Key management personnel compensations
Key management consists of Board members and executive management. Reimbursements paid or payable to key management are listed below:

	31 December 2021	31 December 2020
Key management remunerations and salaries	3,493,245	24,903,859
Employees' end of service benefits provision expense	100,699	7,395
	3,593,944	24,911,254

35. SIGNIFICANT EVENTS

During March 2020, the World Health Organization ("WHO") declared the Coronavirus ("COVID 19") outbreak as a pandemic in recognition of its rapid spread across the globe. In response to the spread of COVID-19 and its resulting disruptions to the social and economic activities, management has also taken a series of preventive measures to ensure the health and safety of its employees as well as to ensure the continuity of its operations. This includes but is not limited to cost-saving initiatives and reducing international travel expenditure.

Given the global political and economic uncertainty resulting from the COVID-19 pandemic, coupled with the fast-paced changes taking place across the sector, the Company still does not expect to see significant volatility and business disruption in years 2020-2021.

However, the Company has considered all its assumptions in the projections in light of future expectations of revenue. The management has evaluated the possible effects of the pandemic COVID-19 on the operations of the company and basis such assessment believes that there is no material impact on its business.

Al-Saif Stores Company for Development and Investment
(Saudi Closed Joint Stock Company)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021
(Saudi Riyals)

36. SUBSEQUENT EVENTS

Subsequent to the financial year ended at 31 December 2021 and on 16 April 2022 (corresponding to 15 Ramadhan 1443H), the Extraordinary General Assembly of shareholders approved the resolution of the Board of Directors to increase the capital to become SR 350,000,000 by issuing new shares in exchange for transferring an amount of SR 308,000,000 from retained earnings.

37. BOARD OF DIRECTORS APPROVAL

The Company's financial statements for the year 2021 have been approved by the Board of Directors on 30 May 2022 (corresponding to 29 Shawwal 1443H).

Al-Saif Company for Development and Investment
(A Saudi Closed Joint Stock Company)
Financial statements
For the year ended 31 December 2020
together with the Independent Auditor's Report

Al-Saif Company for Development and Investment
(A Saudi Closed Joint Stock Company)

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Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية
واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholders of Al-Saif Company for Development and Investment

Opinion

We have audited the financial statements of **Al-Saif Company for Development and Investment** ("the Company") (A Saudi Closed Joint Stock Company), which comprise the statement of financial position as at 31 December 2020, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing as endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies and Company's By-laws and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, board of directors, are responsible for overseeing the Company's financial reporting process.

KPMG

Independent Auditor's Report

To the Shareholders of Al-Saif Company for Development and Investment (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISAs) that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of **Al-Saif Company for Development and Investment ("Company")**.

KPMG Professional Services

Hani Hamzah A. Bedairi
License No.: 460

Riyadh, 14 Shawwal 1442H
Corresponding to: 26 May 2021

كي بي إم جي للاستشارات المهنية
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ترخيص رقم ٤٦
C.R. 1010425494
R: 1
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Al-Saif Company for Development and Investment
(A Saudi Closed Joint Stock Company)
Statement of Financial Position
As at 31 December 2020
(Saudi Riyal)

	Note	31 December 2020	31 December 2019
Assets			
Non-current assets			
Property and equipment, net	(7)	**123,662,105**	114,805,745
Right-of-use assets, net	(6)	**99,268,791**	90,467,474
Total non-current assets		**222,930,896**	205,273,219
Current assets			
Inventories, net	(8)	**188,994,746**	127,190,984
Trade receivables, net	(9)	**3,678,036**	1,367,588
Prepayments and other receivables	(10)	**45,145,627**	24,898,241
Financial assets at FVTPL		**14,912,454**	10,578,500
Cash and cash equivalents	(11)	**66,166,843**	144,965,952
Total current assets		**318,897,706**	309,001,265
Total assets		**541,828,602**	514,274,484
Equity			
Share capital	(15)	**42,000,000**	42,000,000
Additional capital contribution		**156,431**	156,431
Statutory reserve	(16)	**12,600,000**	12,600,000
Retained earnings		**293,081,155**	275,182,624
Total equity		**347,837,586**	329,939,055
Liabilities			
Non-current liabilities			
Long-term lease liabilities	(6)	**85,594,196**	77,319,045
Provision for employees' benefits	(17)	**5,010,000**	2,836,000
Total non-current liabilities		**90,604,196**	80,155,045
Current liabilities			
Short-term lease liabilities	(6)	**12,233,938**	9,628,529
Loans - current portion	(12)	**48,136,270**	69,981,281
Trade payables	(13)	**16,035,434**	8,678,143
Advance from customers		**1,718,541**	723,059
Accruals and other credit balances	(14)	**20,091,620**	7,895,017
Dividend payable		--	2,003,632
Zakat provision	(22)	**5,171,017**	5,270,723
Total current liabilities		**103,386,820**	104,180,384
Total liabilities		**193,991,016**	184,335,429
Total equity and liabilities		**541,828,602**	514,274,484

The accompanying notes (1) to (33) form an integral part of these financial statements.

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Al-Saif Company for Development and Investment
(A Saudi Closed Joint Stock Company)
Statement of comprehensive income
Year ended 31 December 2020
(Saudi Riyal)

	Note	31 December 2020	31 December 2019
Sales		**797,196,713**	655,220,399
Cost of sales		**(472,990,173)**	(379,314,159)
Gross profit		**324,206,540**	275,906,240
Selling and distribution expenses	(18)	**(43,272,736)**	(33,137,693)
General and administrative expenses	(19)	**(46,859,718)**	(39,871,028)
Finance costs	(20)	**(8,294,996)**	(6,495,138)
Depreciation on right-of-use assets	(6)	**(15,162,341)**	(10,728,208)
Operating income		**210,616,749**	185,674,173
losses from dispose property and equipment		**(724,943)**	(843,626)
Other income	(21)	**6,486,839**	4,813,375
Gains on sale of financial assets at FVTPL		**2,627,647**	2,577,783
Gain on revaluation of Financial assets at FVTPL		**782,264**	578,000
Profit for the year before zakat		**219,788,556**	192,799,705
Zakat	(22)	**(5,597,386)**	(5,373,986)
Profit for the year		**214,191,170**	187,425,719
Add: items of other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent periods			
Actuarial (losses)/gains on re-measurement of employees' benefits obligations	(17)	**(1,292,639)**	(111,388)
Total items that will not be reclassified subsequently to profit or loss		**(1,292,639)**	(111,388)
Total comprehensive income for the year		**212,898,531**	187,314,331
Basic and diluted earnings per share (SR)	(23)	**50,7**	44.6

The accompanying notes (1) to (33) form an integral part of these financial statements.

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Al-Saif Company for Development and Investment
(A Saudi Closed Joint Stock Company)
Statement of changes in equity
For the year ended 31 December 2020
(Saudi Riyal)

	Note	Share capital	Additional capital contribution	Statutory reserve	Retained earnings	Total
Balance as at January 1 January 2019		**42,000,000**	**156,431**	**12,600,000**	**151,991,925**	**206,748,356**
Profit for the year		-	-	-	187,425,719	**187,425,719**
Other comprehensive income		-	-	-	(111,388)	**(111,388)**
Total comprehensive income		-	-	-	187,314,331	**187,314,331**
Dividends	(24)	-	-	-	(64,123,632)	**(64,123,632)**
Balance as at 31 December 2019		**42,000,000**	**156,431**	**12,600,000**	**275,182,624**	**329,939,055**
Balance as at 1 January 2020		**42,000,000**	**156,431**	**12,600,000**	**275,182,624**	**329,939,055**
Profit for the year		-	-	-	214,191,170	214,191,170
Other comprehensive income		-	-	-	(1,292,639)	(1,292,639)
Total comprehensive income		-	-	-	212,898,531	212,898,531
Dividends	(24)	-	-	-	**(195,000,000)**	**(195,000,000)**
Balance as at 31 December 2020		**42,000,000**	**156,431**	**12,600,000**	**293,081,155**	**347,837,586**

The accompanying notes (1) to (33) form an integral part of these financial statements.

Al-Saif Company for Development and Investment
(A Saudi Closed Joint Stock Company)
Statement of cash flows
Year ended 31 December 2020
(Saudi Riyal)

	For the year ended 31 December 2020	For the ended 31 December 2019
Cash flows from operating activities		
Profit for the year before zakat	**219,788,556**	192,799,705
Adjustments to reconcile net profit for the year before zakat to net cash flows generated from operating activities:		
Depreciation of properties and equipment	**11,053,088**	8,946,175
Depreciation of right-of-use assets	**15,162,338**	10,728,208
Gain on revaluation of Financial assets at FVTPL	**(782,264)**	(578,000)
Provision for end-of-service benefits	**952,000**	918,000
Discount for rent due to Corona pandemic	**(1,213,302)**	--
Loss on disposal of property and equipment	**724,943**	843,626
Finance costs	**8,294,997**	6,495,138
Inventory write-offs	**(775,719)**	--
	253,204,637	220,152,852
Changes in operating assets and liabilities:		
Trade receivables, net	**(2,310,448)**	(417,353)
Inventory	**(61,028,043)**	10,967,599
Prepaid expenses and other receivables	**(20,629,923)**	(5,989,895)
Trade payables	**7,357,291**	(8,138,298)
Advance from customers	**1,378,019**	(56,877)
Accrued expenses and other payables	**11,715,127**	1,340,780
Employees' benefits paid	**(170,639)**	(192,000)
Zakat paid	**(5,697,092)**	(3,744,695)
Net cash flows generated by operating activities	**183,818,929**	213,922,113
Cash flows from investing activities		
Proceeds from disposal of property and equipment	**10,000**	-
Purchase of property and equipment and projects in progress	**(20,644,391)**	(24,827,943)
Purchase of financial assets at FVTPL	**(458,493,435)**	(362,700,000)
Proceeds from sale of financial assets at FVTPL	**454,941,745**	352,699,500
Net cash flows used in investing activities	**(24,186,081)**	(34,828,443)
Cash flows from financing activities		
Dividends paid	**(197,003,632)**	(62,120,000)
Finance interests paid	**(3,086,314)**	(3,064,378)
Repayments of borrowings	**(246,172,627)**	(144,515,309)
Repayment of lease liabilities	**(16,497,000)**	(12,886,150)
Proceeds from loans	**224,327,616**	141,469,273
Net cash flows used in financing activities	**(238,431,957)**	(81,116,564)
Net change in cash and cash equivalents	**(78,799,109)**	97,977,106
Cash and cash equivalents at beginning of year	**144,965,952**	46,988,846
Cash and cash equivalents at end of the year	**66,166,843**	144,965,952
The following non-cash transactions:		
Transferred from projects in progress to property and	**10,266,397**	16,623,852
Right-of-use assets against lease liabilities	**23,963,656**	90,467,474

The accompanying notes (1) to (33) form an integral part of these financial statements.

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Al-Saif Company for Development and Investment
(A Saudi Closed Joint Stock Company)
Notes to the financial statements
For the year ended 31 December 2020

1. **Organization and activities**

Al-Saif Company for Development and Investment ("the Company") is Saudi Closed Joint Stock Company established in compliance with the Saudi Regulations for Companies and registered under commercial registration No. 1010111193 issued in Riyadh on 18 Dhul-Hijah 1413H (corresponding to 9 June 1993). It was approved to convert the company from a limited liability company to a Saudi closed joint stock company on 23 Muharram 1436H (corresponding to 16 November 2014 based on the resolution of the Ministry of Commerce No. 322/S.

The company's activities are the sale and import of household utensils; wholesale and retail trade in household utensils; electrical appliance, hygiene supplies, general contracting activity; construction, repair and demolition of public buildings; general conductions including construction of roads; water and sewage works; dams; well drilling; maintenance and operation of electrical, mechanical, and electronic facilities; gardens and lawns landscaping; blacksmithing; carpentry and aluminum works; decoration; gypsum; decoration; maintenance and cleaning works; management and operation of cities, utilities, buildings and public and private facilities; purchase and acquisition of real estate and lands to construct buildings on them.
Further, all retail operations are located within the Kingdom of Saudi Arabia

Pursuant to the approval of the Company's Extraordinary General Assembly held on 9 November 2017 (corresponding to 20 Safar 1439), the amendment of the Company's By-laws has been approved to conform with Ministry of Commerce law. Accordingly, the Company's name has been changed from AL Saif Stores Company for Development and Investment Holding Company to Al-Saif Company for Development and Investment. Further, the Company's capital increase by SR 40 million has been approved, making the Company's capital after the increase SR 42 million.

The Company's Head Office is located at the following address:
P.O. Box 10448, Riyadh 11626,
Kingdom of Saudi Arabia. The branches of the Company are as follows:

Name in the sub-commercial registration	Sub-commercial registration number	City
Al-Saif Company for Development and Investment Branch	1010214481	Riyadh
Al-Saif Company for Development and Investment Branch	2511020642	Hafar Al Batin
Al-Saif Company for Development and Investment Branch	3400017715	Skaka
Al Saif for household utensils, Al-Saif Company for Development and Investment Branch	5855064177	Khamis Msheet
Al-Saif Company for Development and Investment Branch	5950028436	Najran
Al-Saif Company for Development and Investment Branch	2052002131	Dhahran
Al Saif Gallery commercial, Al-Saif Company for Development and Investment Branch	5900029071	Jaizan
AL Saif Gallery for household utensils, Al Saif for household utensils, Al-Saif Company for Development and Investment Branch	4031088383	Mecca
Al-Saif Company for Development and Investment Branch	3350038998	Hail
Al Saif Gallery commercial, Al-Saif Company for Development and Investment Branch	5851008216	Bisha
Al-Saif Company for Development and Investment Branch	2050089147	Dammam
Al-Saif Company for Development and Investment Branch	2251051049	Hufuf
Al-Saif Company for Development and Investment Branch	3550035969	Tabouk
Al-Saif Company for Development and Investment Branch	1011023345	Al-Kharj

Al-Saif Company for Development and Investment
(A Saudi Closed Joint Stock Company)
Notes to the financial statements
For the year ended 31 December 2020

1. Organization and activities (continued)

Name in the sub-commercial registration	Sub-commercial registration number	City
Al Saif Gallery commercial, Al-Saif Company for Development and Investment Branch	4032047578	Al Taif
Al Saif Gallery commercial, Al-Saif Company for Development and Investment Branch	4650078386	Al Madinah Al Monawarah
Al-Saif Company for Development and Investment Branch	1131050364	Buraidah
Al Saif Gallery commercial, Al-Saif Company for Development and Investment Branch	4030280833	Jeddah
Al-Saif Company for Development and Investment Branch	5850069251	Abha
Al-Saif Company for Development and Investment Branch	2057009162	Al Khafji
Al Saif Gallery commercial, Al-Saif Company for Development and Investment Branch	4700020176	Yunbu
Al Saif Hall for household utensils, Al-Saif Company for Development and Investment Branch	1010245983	Riyadh
Al Saif Gallery commercial, Al-Saif Company for Development and Investment Branch	1132011128	Ar rass
Al Saif Gallery commercial, Al-Saif Company for Development and Investment Branch	2055122895	Al Jubail
Al-Saif Company for Development and Investment Branch	1010183788	Riyadh
Al-Saif Company for Development and Investment Branch	1128181636	Onayzah
Al-Saif Company for Development and Investment Branch	5800103809	Al - Baha
Al-Saif Company for Development and Investment	1116623206	Al-Dawadmi
Al Saif Gallery commercial	5860612372	Mahayel Assir
Al-Saif Company for Development and Investment Branch	1010283196	Riyadh

2. Basis of preparation

Statement of compliance

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants (SOCPA).

3. Basis of measurement

The financial statements have been prepared under the historical cost basis, except for certain financial instruments which are valued at FVTPL and provision for end-of-service using the projected unit credit method, using accrual basis of accounting and the going concern concept as explained in the accounting policies set out below at the end of reporting period as endorsed in the Kingdom of Saudi Arabia.

4. Significant accounting polices

The accounting policies set out below have been applied consistently to all periods presented in the financial statements:

Functional and presentation currency
These financial statements are presented in Saudi Arabian Riyals (SR), which is the functional and presentation currency.

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4. Significant accounting polices (continued)

Fair value measurement

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

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy. This is described as follows based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

At each reporting date, the Company analyses the changes in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, the Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Company also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable

For the purpose of fair value disclosures, the company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above. Fair value related disclosures for financial instruments that are measured at fair value or where fair values are disclosed are discussed in Note (27).

Al-Saif Company for Development and Investment
(A Saudi Closed Joint Stock Company)
Notes to the financial statements
For the year ended 31 December 2020

4. **Significant accounting policies (continued)**

Property and equipment

Property and equipment are measured at cost, less accumulated depreciation and accumulated impairment loss, if any. Cost includes expenditure that is directly attributable to the acquisition of an asset.
Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property and equipment. All other expenditures are recognized in profit or loss when incurred.
Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of individual item of property and equipment. The estimated useful lives of assets will be depreciated as follows:

	Depreciation rate
Buildings	3-7%
Leasehold improvements	5-10% / or contract term, whichever is shorter
Vehicles	25%
Furniture and Office equipment	10%
Miscellaneous fittings and decorations	5-20%
Computers and office equipment	20%

Depreciation methods, useful lives and residual values are reviewed at each reporting period and are adjusted whenever appropriate as changes in accounting estimate in the year where the change take place and the following years.

Projects in Progress

Projects in progress are recognized at cost. This cost includes all direct expenses and other costs attributable to bringing the assets to working condition for their intended use. Projects in progress are transferred to property and equipment when completed and ready for their intended use.

Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, asset's recoverable amount is estimated.

For impairment testing, assets are combined together into the smallest Company of assets that generates cash inflows from continuing use, namely CGU that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using discount rate that reflects current market assessments of the time value of cash and the risks specific to the asset or CGU. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. The impairment losses are recognized in profit or loss.

Al-Saif Company for Development and Investment
(A Saudi Closed Joint Stock Company)
Notes to the financial statements
For the year ended 31 December 2020

4. Significant accounting policies (continued)

Leases

The standard determines the principles of recognition, measurement, presentation and disclosure of leases and requires lessees to recognize leases in accordance with a consolidated accounting framework in the statement of financial position.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset,

As a lessee
At the commencement date, the Company shall assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company shall assess whether, throughout the period of use, the customer has both of the following:

(a) the right to obtain substantially all of the economic benefits from use of the identified asset; and
(b) the right to direct the use of the identified asset.

The Company shall recognize a right-of-use asset at the commencement date (i.e. the date on which the underlying asset is available for use) and a lease liability at the commencement date. The right-of-use asset is initially measured at cost less accumulated depreciation and impairment and is settled for any remeasurement of a lease liability. The cost of right-of-use asset includes the initial amount of a lease liability adjusted by lease payments made on or before the commencement date, and any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, less any lease incentives received. The estimated useful life for right-of-use asset based on the lease term.

At the commencement date, a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. The Company shall discount lease payments using the interest rate implicit in the lease if that rate can be readily determined. If that rate cannot be easily determined, the Company should use the incremental borrowing rate.

After the commencement date, a lessee shall measure the lease liability by:

(a) Increasing the carrying amount to reflect interest rate on the lease liability;
(b) Reducing the carrying amount to reflect the lease payments made; and
(c) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments that are remeasured when there is a change in future lease payments arising from a change in index or a rate, or if there was a change in the Company's estimate of the amount expected to be payable by the lessee under residual value guarantees, or if the Company changed its assessment whether if it will choose the purchase, extension or termination. Any remeasurement is settled in the lease liability against the carrying amount of right-of-use asset or charged to the statement of profit or loss if the carrying amount of the related asset is Zero.

Short-term leases

The Company elected not to recognize right-of-use assets and lease liabilities for the short-term leases for which their terms are 12 months or less or leases of low-value assets. The Company recognizes lease payments associated with those leases as expenses on a straight-line basis over the lease term.

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Al-Saif Company for Development and Investment
(A Saudi Closed Joint Stock Company)
Notes to the financial statements
For the year ended 31 December 2020

4. Significant accounting policies (continued)

LEASES (CONTINUED)

Extension options

In case of leases that provide extension options, the Company assesses whether if it is reasonably certain, at commencement date, that the extension options will be exercised. The Company reassesses whether it is reasonably certain to exercise the options if there was a significant event or major change in the circumstances that fall under its control.

As a lessor
When the Company is a lessor, it determines, at the commencement of the lease, whether the lease is a finance lease or operating lease.

To classify each lease, the Company perform overall assessment whether lease transfers all substantially all the risks and rewards incidental to ownership of an underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers specific indicators such as whether the lease term is for a major part of the economic life of the underlying asset.

The initial measurement in case of finance leases: the lessor shall use the interest rate implicit in the lease to measure the net investment in the lease.

At the commencement date, the lease payments included in the measurement of the net investment in the lease comprise the following payments for the right to use the underlying asset during the lease term that are not received at the commencement date:

(a) Fixed payments;
(b) Variable lease payments that depend on an index or a rate;
(c) Any residual value guarantees provided to the lessor by the lessee, a party related to the lessee or a third party unrelated to the lessor that is financially capable of discharging the obligations under the guarantee; and
(d) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option.

Upon subsequent measurement, a lessor shall recognize finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

The initial measurement in case of operating leases: A lessor shall recognize lease payments from operating leases as income on either a straight-line basis or another systematic basis. The lessor shall apply another systematic basis if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished.

Upon subsequent measurement, a lessor shall apply IAS 36 to determine whether an underlying asset subject to an operating lease is impaired and to account for any impairment loss identified.

When the Company is an intermediate lessor, it calculates its interest in the head lease and sublease separately. Classification of the sublease is assessed by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset. If the head lease is a short-term lease, the Company applies exemption, the sublease shall be classified as an operating lease.

If the arrangement includes lease and non-lease components, the Company shall allocate the consideration in the contract by applying IFRS 15 for allocation the consideration in the contract.

Al-Saif Company for Development and Investment
(A Saudi Closed Joint Stock Company)
Notes to the financial statements
For the year ended 31 December 2020

4. Significant accounting policies (continued)

Standards Issued but not yet effective
Below amendments to accounting standards and interpretations became applicable for annual reporting periods commencing on or after 1 January 2020. The management has assessed that the amendments have no significant impact on the Company's financial statements:

1. Amendments to IFRS 3 "Definition of a Business"
2. Amendments to IAS 1 and IAS 8 "Definition of Material"
3. Amendments to References to Conceptual Framework in IFRS Standards
4. Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform ("IBOR")

Inventory
Inventories are measured at the lower of cost or net realizable value. Cost is determined using the FIFO method. Cost includes expenditure incurred in acquiring the inventories, goods costs and other costs incurred in bringing them to their existing location and condition.

Net realizable value comprises selling price in the ordinary form of business, less costs related to completing the sale. Provision is made, where necessary, for obsolete, slow moving and defective stocks.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and cash in current accounts with banks and other short-term highly liquid investments with maturities of three months or less (if any), which are available to the Company without any restrictions.

Financial instruments

Classification and measurement of financial assets and financial liabilities

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not classified at FVTPL.
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Al-Saif Company for Development and Investment
(A Saudi Closed Joint Stock Company)
Notes to the financial statements
For the year ended 31 December 2020

4. **Significant accounting policies (continued)**

Financial instruments (continued)

Classification and measurement of financial assets and financial liabilities (continued)
All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets (unless they are trade receivables without a significant financing component that is initially measured at the transaction price) are initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. Amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

The financial assets at amortized cost consist of trade receivables and cash and cash equivalents.

Loss provisions are measured on the bases of ECLs over lifetime of a financial instrument: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company measures loss provisions at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Measurement of ECLs
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all value shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

For receivables, the Company applies the simplified approach to estimate ECLs.

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Al-Saif Company for Development and Investment
(A Saudi Closed Joint Stock Company)
Notes to the financial statements
For the year ended 31 December 2020

4. Significant accounting policies (continued)

Financial instruments (continued)

Impaired financial assets
At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are impaired. A financial asset is impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment
Loss provisions for financial assets are deducted from the gross carrying amount of the assets.

Impairment losses related to trade receivables, if any, are presented in the statement of profit or loss under a separate item.

Financial liabilities:
Financial liabilities are classified as measured at amortised cost or FVTPL. Financial liabilities are classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Derecognition
Financial assets
A financial asset (or part of a group of similar financial assets) is primarily derecognized (i.e., excluded from the Company's condensed interim statement of financial position) in the following cases:

-The rights to receive cash flows from the asset have been expired;
-The Company has transferred its rights to receive cash flows from the asset, or assumed an obligation to pay cash flows received in full without delay to a third party under a "pass" arrangement; (a) substantially transferred all the risks and rewards of the asset; or (b) transferred control over the asset and the Company has neither transferred nor retained substantially the risks and rewards of the financial asset.

Hedge accounting
IFRS 9 hedge accounting requirements do not apply to the Company since it does not have any hedging contracts.

The adoption of IFRS 9 as at 1 January 2019 did not have any material impact on the Company's financial statements.

Offsetting
Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Provision for employees' benefits
The Company operates a defined benefit plan for employees in accordance with Saudi Labor Law as defined by the conditions stated in the laws of the Kingdom of Saudi Arabia. The cost of providing the benefits under the defined benefit plan is determined using the projected unit credit method.

Al-Saif Company for Development and Investment
(A Saudi Closed Joint Stock Company)
Notes to the financial statements
For the year ended 31 December 2020

4. **Significant accounting policies (continued)**

Remeasurements for actuarial gains and losses are recognized in the statement of financial position with a corresponding credit to retained earnings through other comprehensive income in the period in which they occur.

Remeasurements are not reclassified to profit or loss in subsequent periods. Costs are expenses related to the defined benefit obligations are recognized in profit or loss.

Reporting Segments
An operating segment is a part of the Company's business activities from which revenue can be recognized and expenses are incurred and includes income and expenses relating to transactions with any of the other components of the Company. All operational results of the operating segments are reviewed by the Company's operating decision makers to make decisions about the resources to be allocated to the segment and to assess its performance, which have separate financial information.

Earnings per share
The Company presents basic and diluted earnings per share data for its ordinary shares. Earnings per share from operating profit and net profit is calculated by dividing the profit or loss attributable to the Company's ordinary shareholders by the weighted average number of shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees, if any.

Contingent assets and liabilities
A contingent liability is disclosed where the existence of the obligation will only be confirmed by future events or where the amount of obligations cannot be measured with reasonable reliability. Contingent assets are not recognized, but are disclosed where an inflow of economic benefits is probable

Borrowings
Borrowings are recognized at the proceeds received less transaction costs incurred net of interests and upfront fee and presented netting of the principle amount of the loan, and such interest and commission are amortized over the life of the loan using the effective interest rate method. Borrowing costs that are directly attributable to the construction of a qualifying asset are capitalized up to stage when substantially all the activities necessary to prepare the qualifying asset for its intended use are completed and, otherwise, such costs are charged to the statement of profit or loss.

Provisions
A provision is recognized if, as a result of past events, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probably that an outflow of economic benefit, will be required to settle the obligation.

Trade payables and accruals
Liabilities are recognized for amounts due and to be paid in the future for goods or services received, whether billed by the supplier or not.

Revenue received in advance
Revenue received from costumers and related to the next period is recorded as a liability (advanced revenue) which are recognized in the statement of profit or loss as revenue when matured.

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4. Significant accounting policies (continued)

Zakat provision
The Company is subject to Zakat in accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA") in the kingdom of Saudi Arabia. Accrued Zakat is recognized and charged to profit or loss for the current year. Additional Zakat liabilities, if any, related to prior years' assessments are calculated by the Company in the period in which the final assessments are finalized.

Sales
The Company recognizes revenue under IFRS 15 using the following five- steps model:

Step 1: Identify the contract with the customer	A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
Step 2: Identify the performance obligations	A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
Step 3: Determine the transaction price.	The transaction price is the amount of consideration the Company expects to be entitled to in exchange for transferring the promised goods or services to a customer, excluding amounts collected on behalf of third parties.
Step 4: Allocation of transaction price.	For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.
Step 5: Revenue recognition	The Company recognises revenue (or as) it satisfies a performance obligation by transferring a promised good or service to the customer under a contract.

The company is engaged in the sale and import of household utensils and wholesale and retail trade in household utensils through its various outlets located in different regions of the Kingdom of Saudi Arabia. Revenue from the sale of goods is recognized when the Company sells a product to the customer.

Other revenue is recorded in profit or loss when matured.

Cost of sales

The cost of sales incurred during the year comprises the costs of purchasing goods that are ready for sale, wages and salaries of galleries staff, depreciation of property and equipment, warehouse and galleries rental expenses and packaging expenses, and good expenses shipping and unloading expenses.

Expenses
Selling and distribution expenses are those arising from the Company's efforts underlying the selling and distribution functions. All other expenses, excluding cost of sales and financial costs, are classified as general and administrative expenses. Allocations of common expenses between cost of sales and selling and distribution, and general and administrative expenses, when required, are made on a consistent basis.

Foreign currency transactions

Transactions denominated in foreign currencies are translated to Saudi Riyals at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the financial position date are translated to Saudi Riyals at the foreign exchange rate ruling at that date. Gains or losses arising on exchanges are recognized in profit or loss currently.

Dividends
Dividends are recorded in the period in which they are approved by the shareholders.

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4. Significant accounting policies (continued)

Current versus non-current classification

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

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- It is held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.
A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

5. Use of estimates and judgments

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses stated in the financial statements and the accompanying notes. Although these estimates are based on the best information available to management, final actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have a significant effect on the amounts recognized in the financial statements are as follows:

Provision for obsolete and slow-moving inventories
The management makes a provision for slow moving and obsolete inventory items. Estimates of net recoverable value of inventories are based on the most reliable evidence at the time the estimates are made. These estimates take into consideration fluctuations of price or cost directly related to events occurring on or subsequent to the statement of financial position date to the extent that such events confirm conditions existing at the end of year.

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6. IFRS 16 / Leases

a) Right-of-use assets

Cost	**As at 31 December 2020**	As at 31 December 2019
Balance as at 1 January	**101,195,682**	101,195,682
Additions during the year	**23,963,658**	--
Balance as at 31 December	**125,159,340**	101,195,682
Accumulated depreciation		
Balance as at 1 January	**10,728,208**	--
Charged for the year	**15,162,341**	10,728,208
Balance as at 31 December	**25,890,549**	10,728,208
Net book value		
As at 31 December	**99,268,791**	**90,467,474**

b) Lease liability:

The future minimum lease payments together with the present value of minimum lease payments are as follows:

Lease liabilities	**As at 31 December 2020**	As at 31 December 2019
Balance at the beginning of the period	**86,947,574**	96,524,964
Additions during the year	**23,963,656**	--
Lease liabilities interest	**4,627,206**	3,308,760
Discount due to COVID-19 impact	**(1,213,302)**	--
Payments during the year	**(16,497,000)**	(12,886,150)
Total lease liabilities as at 31 December 2020	**97,828,134**	86,947,574

At 31 December 2020, lease liabilities are presented in the statement of financial position as follows:

	As at 31 December 2020	As at 31 December 2019
Current portion	**12,233,938**	9,628,529
Non-current portion	**85,594,196**	77,319,045
Total lease liabilities	**97,828,134**	86,947,574

A discount rate ranging from 4.11% to 6.19% has been used.

Various depreciation rates have been used over the life of each contract.

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7. Property and equipment

	Land	Buildings	Leasehold improvements	Motor vehicles	Furniture, fixture and office equipment	Miscellaneous fittings and decorations	Computers and office equipment	Projects in progress (*)	Total
Cost:									
Balance as at 1 January 2020	23,554,400	25,455,335	24,609,408	4,598,451	2,731,978	54,453,910	6,405,271	4,997,976	146,806,729
Additions during the year	-	129,611	756,034	1,676,287	307,792	5,862,440	810,026	11,102,201	20,644,391
Transferred from projects in progress	-	2,269,183	1,360,584	-	148,099	6,179,106	309,425	(10,266,397)	-
Disposals during the year	-	-	(1,758,296)	(126,652)	(7,124)	(1,236,369)	(244,013)	-	(3,372,454)
Balance as at 31 December 2020	23,554,400	27,854,129	24,967,730	6,148,086	3,180,745	65,259,087	7,280,709	5,833,780	164,078,666
Balance as at 1 January 2019	23,554,400	23,052,654	22,041,403	3,379,549	2,301,883	39,156,335	5,281,395	4,383,170	123,150,789
Additions during the year	-	148,315	762,166	1,062,222	180,848	4,831,840	603,894	17,238,658	24,827,943
Transferred from projects in progress	-	2,278,624	2,548,174	178,262	249,247	10,765,705	603,840	(16,623,852)	-
Disposals during the year	-	(24,258)	(742,335)	(21,582)	-	(299,970)	(83,858)	-	(1,172,003)
Balance as at 31 December 2019	23,554,400	25,455,335	24,609,408	4,598,451	2,731,978	54,453,910	6,405,271	4,997,976	146,806,729
Accumulated depreciation:									
Balance as at 1 January 2020	-	4,192,260	8,383,396	3,203,558	981,192	12,508,423	2,732,155	-	32,000,984
Depreciation for the year	-	1,428,590	2,011,299	735,271	282,743	5,923,413	671,773		11,053,089
Disposals during the year	-	-	(1,393,312)	(126,013)	(3,073)	(878,779)	(236,335)		(2,637,512)
Balance as at 31 December 2020	-	5,620,850	9,001,383	3,812,816	1,260,862	17,553,057	3,167,593	-	40,416,561
Balance as at 1 January 2019	-	2,909,896	6,719,416	2,742,223	743,280	8,073,946	2,194,425	-	23,383,186
Depreciation for the year	-	1,285,181	1,823,692	480,866	237,912	4,546,493	572,031	-	8,946,175
Disposals during the year	-	(2,817)	(159,712)	(19,531)	-	(112,016)	(34,301)	-	(328,377)
Balance as at 31 December 2019	-	4,192,260	8,383,396	3,203,558	981,192	12,508,423	2,732,155	-	32,000,984
Net book value as at:									
31 December 2020	23,554,400	22,233,279	15,966,347	2,335,270	1,919,883	47,706,030	4,113,116	5,833,780	123,662,105
31 December 2019	23,554,400	21,263,075	16,226,012	1,394,893	1,750,786	41,945,487	3,673,116	4,997,976	114,805,745

(*) This item represents the value of the construction of buildings and branches of the Company, where seven projects in progress have been transferred to property and equipment, and these existing projects are expected to be completed during 2021.

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8. Inventory

	31 December 2020	31 December 2019
Finished goods inventory	**168,366,364**	128,312,851
Goods in transit	**24,196,461**	3,221,931
Provision for slow-moving goods	**(3,568,079)**	(4,343,798)
	188,994,746	127,190,984

A summary of movement in provision for slow-moving goods is as follows:

	31 December 2020	31 December 2019
Balance at beginning of the year	**4,343,798**	4,343,798
Write off	**(775,719)**	--
Balance at end of the year	**3,568,079**	4,343,798

9. Trade receivables

	31 December 2020	31 December 2019
Customers	**3,760,181**	1,449,733
Allowance for doubtful debt	**(82,145)**	(82,145)
	3,678,036	1,367,588

A summary of movements in provision for doubtful debts is as follows:

	31 December 2020	31 December 2019
Balance at the beginning of the year	**82,145**	82,145
Bad debts	**--**	--
Balance at end of the year	**82,145**	82,145

10. Prepaid expenses and other receivables

	31 December 2020	31 December 2019
Prepaid rent	**16,607,874**	11,480,893
Advances to suppliers	**3,940,938**	880,881
Prepaid expenses	**19,987,074**	8,345,289
Employees' custodies and advances	**868,595**	1,326,006
Letters of credit insurance	**2,807,924**	1,471,045
Other	**933,222**	1,394,127
	45,145,627	24,898,241

11. Cash and cash equivalents

	31 December 2020	31 December 2019
Cash at banks - current accounts	**66,166,843**	144,965,952
	66,166,843	144,965,952

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12. Loans

Murabaha loans contracts have been entered with local banks at the SIBOR interest rate in addition to the agreed interest represented in agreements to buy and sell goods and Murabaha contracts against the following guarantees:

- Signing on a promissory note
- A letter and facilities and Murabaha agreements.
- Other financial and administrative conditions.
- A guarantee duly signed by certain shareholders.
- Joint and performance bond and a personal guarantee by a shareholder.

Out of which, the utilized balance is as follows:

	31 December 2020	31 December 2019
Current portion within current liabilities	48,136,270	69,981,281
Non-current portion with non-current liabilities	--	--
	48,136,270	69,981,281

Movement of loans during the year

	31 December 2020	31 December 2019
Balance at the beginning of the year	69,981,281	73,027,317
Loans collected during the year	224,327,616	141,469,273
Less: Loan payments during the year	(246,172,627)	(144,515,309)
	48,136,270	69,981,281

13. Trade payables

Payables at 31 December 2020 amounted to SR 16,035,434 (31 December 2019: SR 8,678,143). This comprises the due to suppliers for the supply of goods and services during the year.

14. Accruals and other credit balances

	31 December 2020	31 December 2019
Accrued commissions and remunerations	3,044,909	2,649,967
Accrued lease rentals	314,333	314,333
Interest accrued	481,476	--
Vacation allowance provision	2,897,185	1,432,550
Ticket provision	1,045,372	571,846
Accrued expenses	709,739	628,453
VAT payable	11,089,348	2,259,224
Other payables	509,258	38,644
	20,091,620	7,895,017

15. Share capital

As at 31 December 2020, the Company's capital consists of SR 42 million divided into 4.2 million shares with a nominal value of SR 10 each.
Pursuant to the approval of the Extraordinary General Assembly held on 9 November 2017, the Company's capital increase by 4 million shares, with a nominal value of SR 10 each, with an amount of SR 40 million has been approved by transferring from the account of the additional capital contribution, making the Company's capital to SR 42 million with SR 4.2 million shares.

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16. Statutory reserve

In accordance with the Company's By-Laws and the new Saudi Arabian Regulations for Companies, the Company sets aside 10% of its net income each year as statutory reserve until such reserve equals to 30% of the share capital. The statutory reserve balance has reached 30%, and setting aside has been discontinued at this percentage.

17. Provision for employees' benefits

Provision for employees' end of service benefits recognized in the statement of financial position:

	31 December 2020	31 December 2019
Balance at the beginning of the year	2,836,000	1,876,612
Current service cost	952,000	918,000
Interests on current service cost	100,000	122,000
Payments during the year	(170,639)	(192,000)
Losses from re-measurement of employees' benefits	1,292,639	111,388
Balance at the end of the year	5,010,000	2,836,000

Key Assumptions
Key assumptions used to determine provision for employees' end of service benefits are as follows:

	31 December 2020	31 December 2019
Discount rate	2,90%	2,70%
Salary increase rate	2,50%	2,50%

Sensitivity Analysis
Change in an actuarial assumption with all other assumptions held constant could affect the provision for employees' end of service benefits in the following amounts:

	31 December 2020		31 December 2019	
	1% increase	1% decrease	1% increase	1% decrease
Discount rate	4,624,000	5,469,000	2,626,000	3,085,000
Salary increase rate	5,466,000	4,619,000	3,083,000	2,624,000

The sensitivity analysis above may not be representative of an actual change in provision for employees' end-of-service benefits as it is unlikely that changes in assumptions would occur in isolation of one another.

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18. Selling and distribution expenses

	For the year ended 31 December 2020	For the year ended 31 December 2019
Advertisement	26,773,162	18,013,453
Electricity and water	5,327,393	5,157,228
Bank commissions	1,611,836	2,083,418
Subscriptions, government services, and fines	2,725,183	1,329,462
Travel and accommodation	547,114	529,603
Repairs and maintenance expenses	964,126	1,133,846
Housing rent and employees secondment expenses	747,669	737,186
Other	4,576,253	4,153,497
	43,272,736	33,137,693

19. General and administrative expenses

	For the year ended 31 December 2020	For the year ended 31 December 2019
Wages, salaries, etc.	41,440,655	36,414,367
Telephone, communication and postage	496,641	596,927
Legal and professional fees	697,811	516,551
Computer, office equipment and publications	623,367	535,777
Rentals	640,689	400,000
Electricity and water	124,344	350,872
Travel and accommodation	292,718	392,388
Other	2,543,493	664,146
	46,859,718	39,871,028

20. Finance costs

	For the year ended 31 December 2020	For the year ended 31 December 2019
Finance expenses	3,567,790	3,064,378
Interest on the lease liabilities	4,627,206	3,308,760
Interest on the service cost for employees' benefits	100,000	122,000
	8,294,996	6,495,138

21. Other income

	For the year ended 31 December 2020	For the year ended 31 December 2019
Galleries rental revenue	5,064,645	4,437,674
Other	1,422,194	375,701
	6,486,839	4,813,375

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22. Zakat provision

a) Elements and components of Zakat base are as follows:

	31 December 2020	31 December 2019
Funds subject to Zakat		
Share capital	**42,000,000**	42,000,000
Statutory reserve	**12,600,000**	12,600,000
Retained earnings	**275,182,624**	151,991,925
Additional capital contributions	**156,431**	156,431
provision for end of service benefits	**2,665,361**	1,684,612
Provisions	**3,650,224**	4,425,943
Advance from customers	**1,718,541**	723,059
Lease liabilities	**85,594,196**	86,947,570
Adjusted profit for the year	**220,840,556**	193,717,705
Total funds subject to Zakat	**646,407,933**	494,247,245
Less:		
Net property and equipment	**222,930,896**	205,273,219
Dividends paid	**197,003,632**	62,120,000
Zakat base	**224,473,405**	226,854,026
Zakat expense at 2.5% of net base		
(higher of Zakat base and Adjusted profit)	**5,611,835**	5,671,351
Zakat expense	**5,597,386**	5,373,986

b) **Adjusted Profit for the year**

This consist of the following:

	31 December 2020	31 December 2019
Profit for the year before zakat	**219,788,556**	192,799,705
End-of-service benefit charged to expenses	**1,052,000**	918,000
Provision for slow-moving inventory	–	--
Adjusted Profit for the year	**220,840,556**	193,717,705

c) **Movement in Zakat provision for the year ended:**

	31 December 2020	31 December 2019
Balance at beginning of the year	**5,270,723**	3,641,432
Zakat charge for the year	**5,597,386**	5,373,986
Paid during the year	**(5,697,092)**	(3,744,695)
Balance at the end of the year	**5,171,017**	5,270,723

The Board of Directors has resolved in its meeting dated 18 May 2018 that the shareholders shall incur SR 2,929,892 which represents the amounts due for Zakat and Zakat assessments due from the Company from 2006 to 2014.

d) **Status of assessments**
The Company has filed its Zakat returns for all years up to the year ended 31 December 2019 with the Zakat, Tax and Customs Authority (ZATCA) and has received restricted certificate. No final assessment has been made by ZATCA up to the end of the financial year.

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23. Basic and diluted earnings per share

Basic earnings per share:

Basic earnings per share is calculated by dividing the profitability for the period attributable to the Company's ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is the same as basic earnings per share since the company does not have any diluted instruments.

Number of shares has been calculated using the weighted average number of shares outstanding during the year as follows:

	31 December 2020	31 December 2019
Net income for the year	**212,898,531**	187,314,331
Weighted average number of shares	**4,200,000**	4,200,000
	50.7	44.6

24. Dividends

The Board of Directors also decided to distribute interim dividends of SR 195 million to the shareholders for the financial year 2020, based on the resolution of the Board of Directors during 2020, as the shareholders authorized the Board of Directors to approve the dividends.

The Board of Directors also decided to distribute interim dividends of SR 64.1 million to the shareholders for the financial year 2019, based on the resolution of the Board of Directors dated 15 July and 18 September 2019, as the shareholders authorized the Board of Directors to approve the dividends.

25. Commitments and contingencies

Contingencies represent open letters of credit for purchasing goods of SR 78,648,493 from local banks at 31 December 2020 (2019: SR 48,870,542).

26. Fair value

Financial instruments comprise financial assets and financial liabilities.
Financial assets consist of cash and bank balances, financial assets held at fair value through profit or loss, and trade and other receivables. The Company's financial liabilities consist of trade and other payables, lease liabilities, and loans.

The Company's financial assets and financial liabilities are measured at amortized cost except for financial assets at fair value through profit or loss which are carried at fair value.

Change in fair value recognized in equity:

	As at 31 December 2020	As at 31 December 2019
Net change in the fair value of financial assets held at FVTPL.	**782,264**	578,500

Fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced sale transaction or resulted from liquidation. The following methods and assumptions were used to estimate the fair values:

- Bank balances, trade and other receivables, trade and other payables, accruals and other liabilities and due to related parties, their carrying amounts approximate to their fair values largely due to the short-term maturities of these instruments.

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26. Fair value (continued)

Fair Value Hierarchy:
The table below analyses financial instruments, by the level in the fair value hierarchy into which the fair value measurement is categorized.

	Level 1	Level 2	Level 3	Total
As at 31 December 2020				
Financial assets measured at fair value	**14,912,454**	--	--	**14,912,454**

	Level 1	Level 2	Level 3	Total
As at 31 December 2019				
Financial assets measured at fair value	**10,578,500**	--	--	**10,578,500**

27. Financial risk management

The Company's principal financial liabilities consist of trade and other payables, lease liabilities, and loans.
The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has various financial assets such as cash and cash equivalents, trade receivables and accrued revenues which arise directly from its operations, and employees' loans and advances.

The Company is exposed to market risk, credit risk, liquidity risk and operational risk. The Company's senior management oversees the management of these risks. The Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company's policies and risk appetite. The management reviews and agrees policies for managing each of these risks which are summarised below.

a) **Market risk**
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise of four types of risk: interest rate risk, currency risk, profit rate risk and price risk such as equity price risk.

- ***Interest rate risk***
Interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Company's financial position and cash flows. Management monitors the changes in interest rate risks and believes that interest rate risks to the Company are not significant.

- ***Currency risk***
Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company is subject to currency risk on purchases. The majority of the Company's transactions are denominated in Saudi Riyals and US Dollars which have a fixed exchange rate. Therefore, they are not considered to represent a significant risk to the Company.

- ***Profit rate risk***
The Company's financial assets and liabilities subject to profit rate risk are not considered to represent a significant risk to the Company.

- ***Equity price risk***
The Company has quoted investments carried at FVTPL where the impact of changes in equity prices will be reflected due to fair value changes, on disposal or when they are deemed to be impaired. Changes in fair value and impairment losses or losses arising on disposal are recognized in profit or loss.

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27. Financial Risk Management (Continued)

b) **Credit risk**
Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to financial loss. The company is not exposed to credit risk from its operating activities (primarily for trade receivables). The Company has no significant concentration of credit risk. Cash is placed with local banks having sound credit ratings.

c) **Liquidity risk**
Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available through committed credit facilities and the Company's shareholders to meet the Company's commitments and obligations as they become due.

28. Reporting Segments

The Company operates solely in the sector of selling and importing household utensils and electrical appliances. The company exercises its activities inside the Kingdom of Saudi Arabia only.

29. Seasonal changes

The operations and revenues of the Company are affected by seasonal factors based on the variation of consumption and demand between the seasons. The management of the Company seeks to minimize the seasonal impact by managing inventories to meet demand during the year.

30. Financial Instruments

Statement of Financial Position

Financial assets	**31 December 2020**	31 December 2019
Trade receivables	**3,678,036**	1,367,588
Financial assets at FVTPL	**14,912,454**	10,578,500
Cash and cash equivalents	**66,166,843**	144,965,952
Total financial assets	**84,757,333**	156,912,040

Financial Liabilities	**31 December 2020**	31 December 2019
Lease liabilities	**97,828,134**	86,947,574
Loans	**48,136,270**	69,981,281
Trade payables	**16,035,434**	8,678,143
Total Financial Liabilities	**161,999,838**	165,606,998
Current portion of financial liabilities	**76,405,642**	88,287,953
Non-current portion of financial liabilities	**85,594,196**	77,319,045
Total Financial Liabilities	**161,999,838**	165,606,998

Fair values of financial assets and financial liabilities are not significantly different from their carrying amounts.

Al-Saif Company for Development and Investment
(A Saudi Closed Joint Stock Company)
Notes to the financial statements
For the year ended 31 December 2020
(Saudi Riyal)

31. **Related parties**

Due from related parties

The related parties are the shareholders of the Company and the companies owned by the shareholders (affiliates). The terms of these transactions are approved by the Company's management.

The significant transactions with related parties and the balances resulting from them are as follow:

Description	Relationship	Nature of transactions	Volume of transactions 2020	Volume of transactions 2019	Balance 31 December 2020	Balance 31 December 2019
NAWAT investment company (Formerly Soliman Al-Saif real estate office)	Affiliate	Expenses on behalf	**10,160,982**	5,030,329	--	--
AL Saif for commercial agencies company	Affiliate	Goods supply	**92,747,666**	71,289,973	--	--
Mohammed Soliman Al Saif and his partner Contracting Company	Affiliate	Purchase of assets	--	1,136,410	--	--
Al Saif Coffee trading Company	Affiliate	Sales	**18,975**	--	--	--
Al Saif Coffee Trading Company	Affiliate	Goods supply	**997,488**	1,162,039	--	--
					--	--

Key management personnel compensations
Key management consists of Board members and executive management. Reimbursements paid or payable to key management are listed below:

	31 December 2020	31 December 2019
Key management remunerations and salaries	**24,903,859**	22,068,784
Other compensations	**7,395**	6,612
	24,911,254	22,075,396

32. **Significant events**

During March 2020, the World Health Organization ("WHO") declared the Coronavirus ("COVID 19") outbreak as a pandemic in recognition of its rapid spread across the globe. In response to the spread of COVID-19 and its resulting disruptions to the social and economic activities, management has also taken a series of preventive measures to ensure the health and safety of its employees as well as to ensure the continuity of its operations. This includes but is not limited to cost-saving initiatives and reducing international travel expenditure.

Given the global political and economic uncertainty resulting from the COVID-19 pandemic, coupled with the fast-paced changes taking place across the sector, the Company still does not expect to see significant volatility and business disruption in year 2020-2021.

However, the Company has considered all its assumptions in the projections in light of future expectations of revenue. The management has evaluated the possible effects of the pandemic COVID-19 on the operations of the company and basis such assessment believes that there is no material impact on its business. The management believes, based on their assessment, that the Company has sufficient liquidity available to continue to meet its financial commitments for the foreseeable future as and when they become due during the next 12 months period.

33. **Board of Directors approval**

The Company's financial statements of the year 2020 were approved by the Board of Directors on 14 Shawwal 1442H corresponding to 26 May 2021.

Al-Saif Company for Development and Investment
(A Saudi Closed Joint Stock Company)
Financial statements
For the year ended 31 December 2019
together with the Independent Auditor's Report

Al-Saif Company for Development and Investment
(A Saudi Closed Joint Stock Company)

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KPMG Professional Services
Riyadh Front, Airport Road
P. O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No 1010425494

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية
واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholders of Al-Saif Company for Development and Investment

Opinion

We have audited the financial statements of **Al-Saif Company for Development and Investment** ("the Company") (A Saudi Closed Joint Stock Company), which comprise the statement of financial position as at 31 December 2019, the statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2019, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing as endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies, Company's By-Laws and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

KPMG

Independent Auditor's Report

To the Shareholders of Al-Saif Company for Development and Investment (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISAs) that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of **Al-Saif Company for Development and Investment** ("Company").

KPMG Professional Services

Hani Bin Hamzah A. Bedairi
License No.: 460

Riyadh, 6 Shaaban 1441H
Corresponding to: 30 March 2020

كي بي إم جي للاستشارات المهنية
ترخيص رقم ٤٦
Lic No. 46
C.R. 1010425494
R: 1.
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Al-Saif Company for Development and Investment
(A Saudi Closed Joint Stock Company)
Statement of Financial Position
As at 31 December 2019
(Saudi Riyal)

	Note	31 December 2019	31 December 2018	1 January 2018
Assets				
Non-current assets				
Property and equipment, net	(8)	**114,805,745**	99,767,603	86,387,271
Right-of-use assets, net	(7)	**90,467,474**	-	-
Total non-current assets		**205,273,219**	99,767,603	86,387,271
Current assets				
Inventories, net	(9)	**127,190,984**	138,158,583	84,626,821
Trade receivables, net	(10)	**1,367,588**	950,235	1,453,842
Prepayments and other receivables	(11)	**24,898,241**	23,579,064	17,971,643
Financial assets at FVTPL		**10,578,500**	-	-
Cash and cash equivalents	(12)	**144,965,952**	46,988,846	8,668,495
Total current assets		**309,001,265**	209,676,728	112,720,801
Total assets		**514,274,484**	309,444,331	199,108,072
Shareholders' equity				
Share capital	(16)	**42,000,000**	42,000,000	42,000,000
Additional capital contribution		**156,431**	156,431	156,431
Statutory reserve	(17)	**12,600,000**	12,600,000	10,015,918
Retained earnings		**275,182,624**	151,991,925	78,395,039
Total shareholders' equity		**329,939,055**	206,748,356	130,567,388
Liabilities				
Non-current liabilities				
Long-term lease liabilities	(7)	**77,319,045**	-	-
Loans - Non-current portion	(13)	**-**	-	1,640,884
Provision for employees' benefits	(18)	**2,836,000**	1,876,612	1,264,325
Total non-current liabilities		**80,155,045**	1,876,612	2,905,209
Current liabilities				
Short-term lease liabilities	(7)	**9,628,529**	-	-
Loans - current portion	(13)	**69,981,281**	73,027,317	36,588,272
Trade payables	(14)	**8,678,143**	16,816,441	14,670,407
Advance from customers		**723,059**	779,936	1,597,290
Accruals and other credit balances	(15)	**7,895,017**	6,554,237	3,506,352
Dividend payable		**2,003,632**	-	4,400,000
Zakat provision	(23)	**5,270,723**	3,641,432	4,873,154
Total current liabilities		**104,180,384**	100,819,363	65,635,475
Total liabilities		**184,335,429**	102,695,975	68,540,684
Total shareholders' equity and liabilities		**514,274,484**	309,444,331	199,108,072

The accompanying notes (1) to (35) form an integral part of these financial statements.

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Al-Saif Company for Development and Investment
(A Saudi Closed Joint Stock Company)
Statement of comprehensive income
For the year ended 31 December 2019
(Saudi Riyal)

	Note	31 December 2019	31 December 2018
Sales		**655,220,399**	493,842,751
Cost of sales		**(379,314,159)**	(295,318,064)
Gross profit		**275,906,240**	198,524,687
Selling and distribution expenses	(19)	**(33,137,693)**	(22,748,608)
General and administrative expenses	(20)	**(39,871,028)**	(32,368,056)
Finance costs	(21)	**(6,495,138)**	(1,766,252)
Depreciation of right-of-use assets	(7)	**(10,728,208)**	-
Operating income		**185,674,173**	141,641,771
losses from dispose property and equipment		**(843,626)**	(109,572)
Other income	(22)	**4,813,375**	5,922,387
Gains on sale of financial assets at FVTPL		**2,577,783**	-
Gain on revaluation of financial assets at FVTPL		**578,000**	-
Profit for the year before zakat		**192,799,705**	147,454,586
Zakat	(23)	**(5,373,986)**	(3,684,066)
Profit for the year		**187,425,719**	143,770,520
Add: items of other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent periods			
Actuarial (losses)/gains on re-measurement of employees' benefits obligations	(18)	**(111,388)**	40,340
Total items that will not be reclassified subsequently to profit or loss		**(111,388)**	40,340
Total comprehensive income for the year		**187,314,331**	143,810,860
Basic and diluted earnings per share (SR)	(24)	**44.6**	34.2

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Al-Saif Company for Development and Investment
(A Saudi Closed Joint Stock Company)
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the year ended 31 December 2019
(Saudi Riyal)

	Note	Share capital	Additional capital contribution	Statutory reserve	Retained earnings	Total
Balance as at 1 January 2018		**42,000,000**	**156,431**	**10,015,918**	**78,395,039**	**130,567,388**
Profit for the year		-	-	-	143,770,520	**143,770,520**
Other comprehensive income		-	-	-	40,340	**40,340**
Total comprehensive income		-	-	-	143,810,860	**143,810,860**
Transfer to statutory reserve	(17)	-	-	2,584,082	(2,584,082)	-
Dividends	(25)	-	-	-	(64,700,000)	**(64,700,000)**
Zakat assessments for previous years		-	-	-	(2,929,892)	**(2,929,892)**
Balance as at 31 December 2018		**42,000,000**	**156,431**	**12,600,000**	**151,991,925**	**206,748,356**
Balance as at 1 January 2019		**42,000,000**	**156,431**	**12,600,000**	**151,991,925**	**206,748,356**
Profit for the year		-	-	-	187,425,719	**187,425,719**
Other comprehensive income		-	-	-	(111,388)	**(111,388)**
Total comprehensive income		-	-	-	187,314,331	**187,314,331**
Dividends	(25)	-	-	-	(64,123,632)	**(64,123,632)**
Balance as at 31 December 2019		**42,000,000**	**156,431**	**12,600,000**	**275,182,624**	**329,939,055**

Pursuant to the Extraordinary General Assembly held on 9 November 2017, the Company's capital increase has been approved with an amount of SR 40 million by transferring from the account of the additional capital contribution, making the capital after the increase SR 42 million (note 16).

The accompanying notes (1) to (35) form an integral part of these financial statements.

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Al-Saif Company for Development and Investment
(A Saudi Closed Joint Stock Company)
Statement of cash flows
For the year ended 31 December 2019
(Saudi Riyal)

	For the ended 31 December 2019	For the year ended 31 December 2018
Cash Flows from Operating Activities		
Profit for the year before zakat	**192,799,705**	147,454,586
Adjustments to reconcile net profit for the year before zakat to net cash generated from operating activities:		
Depreciation of properties and equipment	**8,946,175**	6,900,214
Depreciation of right-of-use assets	**10,728,208**	-
Gain on revaluation of financial assets at FVTPL	**(578,000)**	
Provision for end-of-service benefits	**918,000**	621,035
Loss on disposal of property and equipment	**843,626**	109,572
Finance costs	**6,495,138**	1,766,252
Provision for slow moving and obsolete goods	**-**	1,673,811
	220,152,852	158,525,470
Changes in operating assets and liabilities:		
Trade receivables, net	**(417,353)**	503,607
Inventory	**10,967,599**	(55,205,573)
Prepaid expenses and other receivables	**(5,989,895)**	(5,607,421)
Trade payables	**(8,138,298)**	2,146,034
Advance from customers	**(56,877)**	(817,354)
Accrued expenses and other payables	**1,340,780**	3,047,885
Employees' benefits paid	**(192,000)**	(19,845)
Zakat paid	**(3,744,695)**	(4,915,788)
Net cash generated from operating activities	**213,922,113**	97,657,015
Cash flows from investing activities		
Proceeds from disposal of property and equipment	**-**	10,000
Purchase of property and equipment and projects in progress	**(24,827,943)**	(20,400,118)
Purchase of financial assets at FVTPL	**(362,700,000)**	-
Proceeds from sale of financial assets at FVTPL	**352,699,500**	-
Net cash used in investing activities	**(34,828,443)**	(20,390,118)
Cash flows from financing activities		
Dividends paid	**(62,120,000)**	(69,100,000)
Finance interests paid	**(3,064,378)**	(1,714,815)
Repayments of borrowings	**(144,515,309)**	(79,650,273)
Repayment of lease liabilities	**(12,886,150)**	-
Proceeds from loans	**141,469,273**	114,448,434
Previous Zakat settlements paid by the shareholders	**-**	(2,929,892)
Net cash used in financing activities	**(81,116,564)**	(38,946,546)
Net change in cash and cash equivalents	**97,977,106**	38,320,351
Cash and cash equivalents at beginning of year	**46,988,846**	8,668,495
Cash and cash equivalents at end of the year	**144,965,952**	46,988,846

The following non-cash transactions:

Transferred from projects in progress to property and equipment	**16,623,852**	4,474,194
Right-of-use assets against lease liabilities	**90,467,474**	--
Actuarial (losses)/gains on re-measurement of employees' end-of-service benefits	**(111,388)**	40,340

The accompanying notes (1) to (35) form an integral part of these financial statements.

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Al-Saif Company for Development and Investment
(A Saudi Closed Joint Stock Company)
Notes to the financial statements
For the year ended 31 December 2019

1. ORGANIZATION AND ACTIVITIES

Al-Saif Company for Development and Investment ("the Company") is Saudi Closed Joint Stock Company established in compliance with the Saudi Regulations for Companies and registered under commercial registration No. 1010111193 issued in Riyadh on 18 Dhul-Hijah 1413H (corresponding to 9 June 1993). It was approved to convert the company from a limited liability company to a closed joint stock company on 23 Muharram 1436H (corresponding to 16 November 2014 based on the resolution of the Ministry of Commerce No. 322/S.

The company's activities are the sale and import of household utensils; wholesale and retail trade in household utensils; electrical appliance, hygiene supplies, general contracting activity; construction, repair and demolition of public buildings; general conductions including construction of roads; water and sewage works; dams; well drilling; maintenance and operation of electrical, mechanical, and electronic facilities; gardens and lawns landscaping; blacksmithing; carpentry and aluminum works; decoration; gypsum; furnishings; maintenance and cleaning works; management and operation of cities, utilities, buildings and public and private facilities; purchase and acquisition of real estate and lands to construct buildings on them.
Further, all retail operations located within the Kingdom of Saudi Arabia

Pursuant to the approval of the Company's Extraordinary General Assembly held on 9 November 2017 (corresponding to 20 Safar 1439), the amendment of the Company's By-laws has been approved to conform with Ministry of Commerce law. Accordingly, the Company's name has been changed from AL Saif Stores Company for Development and Investment Holding Company to Al-Saif Company for Development and Investment. Further, the Company's capital increase by SR 40 million has been approved, making the Company's capital after the increase SR 42 million (note 16).

The Company's Head Office is located at the following address:
P.O. Box 10448, Riyadh 11626,
Kingdom of Saudi Arabia. The branches of the Company are as follows:

Name in the sub-commercial registration	Sub-commercial registration number	City
Al-Saif Company for Development and Investment Branch	1010214481	Riyadh
Al-Saif Company for Development and Investment Branch	2511020642	Hafar Al Batin
Al-Saif Company for Development and Investment Branch	3400017715	Skaka
Al Saif for household utensils, Al-Saif Company for Development and Investment Branch	5855064177	Khamis Msheet
Al-Saif Company for Development and Investment Branch	5950028436	Najran
Al-Saif Company for Development and Investment Branch	2052002131	Dhahran
Al Saif Gallery commercial, Al-Saif Company for Development and Investment Branch	5900029071	Jaizan
AL Saif Gallery for household utensils, Al Saif for household utensils, Al-Saif Company for Development and Investment Branch	4031088383	Mecca
Al-Saif Company for Development and Investment Branch	3350038998	Hail
Al Saif Gallery commercial, Al-Saif Company for Development and Investment Branch	5851008216	Bisha
Al-Saif Company for Development and Investment Branch	2050089147	Dammam
Al-Saif Company for Development and Investment Branch	2251051049	Hufuf
Al-Saif Company for Development and Investment Branch	3550035969	Tabouk
Al-Saif Company for Development and Investment Branch	1011023345	Al-Kharj
Al Saif Gallery commercial, Al-Saif Company for Development and Investment Branch	4032047578	Al Taif
Al Saif Gallery commercial, Al-Saif Company for Development and Investment Branch	4650078386	Al Madinah Al Monawarah

Al-Saif Company for Development and Investment
(A Saudi Closed Joint Stock Company)
Notes to the financial statements
For the year ended 31 December 2019

1. ORGANIZATION AND ACTIVITIES (continued)

Name in the sub-commercial registration	Sub-commercial registration number	City
Al-Saif Company for Development and Investment Branch	1131050364	Buraidah
Al Saif Gallery commercial, Al-Saif Company for Development and Investment Branch	4030280833	Jeddah
Al-Saif Company for Development and Investment Branch	5850069251	Abha
Al-Saif Company for Development and Investment Branch	2057009162	Al Khafji
Al Saif Gallery commercial, Al-Saif Company for Development and Investment Branch	4700020176	Yunbu
Al Saif Hall for household utensils, Al-Saif Company for Development and Investment Branch	1010245983	Riyadh
Al Saif Gallery commercial, Al-Saif Company for Development and Investment Branch	1132011128	Ar rass
Al Saif Gallery commercial, Al-Saif Company for Development and Investment Branch	2055122895	Al Jubail
Al-Saif Company for Development and Investment Branch	1010183788	Riyadh
Al-Saif Company for Development and Investment Branch	1128181636	Onayzah
Al-Saif Company for Development and Investment Branch	5800103809	Al - Baha
Al-Saif Company for Development and Investment	1116623206	Al-Dawadmi
Al Saif Gallery commercial	5860612372	Mahayel Assir

2. BASIS OF PREPARATION

Application of IFRS

Statement of compliance
The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants (SOCPA).

For all periods up to and including the year ended 31 December 2017, the Company prepared its financial statements in accordance with IFRS for SMEs as endorsed in Kingdom of Saudi Arabia issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA),the requirements of the Saudi Arabian Regulations for Companies and the Company's By-laws in in a manner consistent with the preparation and presentation of the financial statements.

For financial periods commencing 1 January 2019, the Company prepares and presents the financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by SOCPA ("IFRS"). As part of these requirements, the Company has prepared these financial statements. In preparing these financial statements, the Company's opening statement of financial position was prepared as at 1 January 2018; the Company's date of transition, in accordance with IFRS as endorsed in the Kingdom of Saudi Arabia.

These financial statements are prepared in accordance with IFRS 1 "First-time adoption of International Financial Reporting Standards". The Company has consistently applied the same accounting policies throughout all period presented, as if these policies had always been in effect,

Note (6) presents an explanation of how the transition to the framework as described in note (2) has affected the financial position and financial performance of the Company.

Al-Saif Company for Development and Investment
(A Saudi Closed Joint Stock Company)
Notes to the financial statements
For the year ended 31 December 2019

3. BASIS OF MEASUREMENT

The financial statements have been prepared under the historical cost basis, except for certain financial instruments which are valued at FVTPL and provision for end-of-service using the projected unit credit method, using accrual basis of accounting and the going concern concept as explained in the accounting policies set out below at the end of reporting period as endorsed in the Kingdom of Saudi Arabia.

4. SIGNIFICANT ACCOUNTING POLICES

The accounting policies set out below have been applied consistently to all periods presented in the financial statements.

Effect of change in accounting policies:

IFRS 16 'Leases':

IFRS 16 'Leases' replaces the following standard and interpretations:
- IAS 17 'Leases'.
- IFRIC 4 'Determining whether an Arrangement contains a lease'.
- SIC 15 'Operating Leases-Incentives'.
- SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'.

The standard determines the principles of recognition, measurement, presentation and disclosure of leases and requires lessees to recognize leases in accordance with a consolidated accounting framework in the statement of financial position.
At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset,

As a lessee
At the commencement date, the Company shall assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company shall assess whether, throughout the period of use, the customer has both of the following:

(a) the right to obtain substantially all of the economic benefits from use of the identified asset; and
(b) the right to direct the use of the identified asset.

The Company shall recognize a right-of-use asset at the commencement date (i.e. the date on which the underlying asset is available for use) and a lease liability at the commencement date. The right-of-use asset is initially measured at cost less accumulated depreciation and impairment and is settled for any remeasurement of a lease liability. The cost of right-of-use asset includes the initial amount of a lease liability adjusted by lease payments made on or before the commencement date, and any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, less any lease incentives received. The estimated useful life for right-of-use asset based on the lease term.

At the commencement date, a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. The Company shall discount lease payments using the interest rate implicit in the lease if that rate can be readily determined. If that rate cannot be easily determined, the Company should use the incremental borrowing rate.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Effect of change in accounting policies (continued):

IFRS 16 'Leases' (continued)

After the commencement date, a lessee shall measure the lease liability by:

(a) Increasing the carrying amount to reflect interest rate on the lease liability;
(b) Reducing the carrying amount to reflect the lease payments made; and
(c) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments that are remeasured when there is a change in future lease payments arising from a change in index or a rate, or if there was a change in the Company's estimate of the amount expected to be payable by the lessee under residual value guarantees, or if the Company changed its assessment whether if it will choose the purchase, extension or termination. Any remeasurement is settled in the lease liability against the carrying amount of right-of-use asset or charged to the statement of profit or loss if the carrying amount of the related asset is Zero.

Short-term leases

The Company elected not to recognize right-of-use assets and lease liabilities for the short-term leases for which their terms are 12 months or less or leases of low-value assets. The Company recognizes lease payments associated with those leases as expenses on a straight-line basis over the lease term.

Extension options

In case of leases that provide extension options, the Company assesses whether if it is reasonably certain, at commencement date, that the extension options will be exercised. The Company reassesses whether it is reasonably certain to exercise the options if there was a significant event or major change in the circumstances that fall under its control.

As a lessor
When the Company is a lessor, it determines, at the commencement of the lease, whether the lease is a finance lease or operating lease.

To classify each lease, the Company perform overall assessment whether lease transfers all substantially all the risks and rewards incidental to ownership of an underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers specific indicators such as whether the lease term is for a major part of the economic life of the underlying asset.

The initial measurement in case of finance leases: the lessor shall use the interest rate implicit in the lease to measure the net investment in the lease.
At the commencement date, the lease payments included in the measurement of the net investment in the lease comprise the following payments for the right to use the underlying asset during the lease term that are not received at the commencement date:

(a) Fixed payments;
(b) Variable lease payments that depend on an index or a rate;
(c) Any residual value guarantees provided to the lessor by the lessee, a party related to the lessee or a third party unrelated to the lessor that is financially capable of discharging the obligations under the guarantee; and
(d) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option.

Al-Saif Company for Development and Investment
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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Effect of change in accounting policies (continued):

IFRS 16 'Leases' (continued)

Upon subsequent measurement, a lessor shall recognize finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

The initial measurement in case of operating leases: A lessor shall recognize lease payments from operating leases as income on either a straight-line basis or another systematic basis. The lessor shall apply another systematic basis if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished.

Upon subsequent measurement, a lessor shall apply IAS 36 to determine whether an underlying asset subject to an operating lease is impaired and to account for any impairment loss identified.

When the Company is an intermediate lessor, it calculates its interest in the head lease and sublease separately. Classification of the sublease is assessed by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset. If the head lease is a short-term lease, the Company applies exemption, the sublease shall be classified as an operating lease.

If the arrangement includes lease and non-lease components, the Company shall allocate the consideration in the contract by applying IFRS 15 for allocation the consideration in the contract.

The Company has assessed the existing leases as at 1 January 2019 or which have been entered into later to this date until the date of the financial statements. Based on the assessment prepared by the management, it concluded that the existing leases are short-term, which means that IFRS 16 will not be applied. Accordingly, the Company recognized the payments of those leases as expenses on a straight-line basis over the lease term.

Standards Issued but not yet effective
Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below.

Standards / Interpretation	Description	Effective from periods beginning on or after the following date
Amendments to International Financial Reporting Standard (IFRS 3)	Definition of a Business	1 January 2020
Amendments to IAS 1 and IAS 8	Definition of Material	1 January 2020
International Financial Reporting Standards (IFRS 17)	Insurance Contracts	1 January 2022

Functional and presentation currency
These financial statements are presented in Saudi Arabian Riyals (SR), which is the functional and presentation currency.

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4. Significant accounting policies (continued)

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

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy. This is described as follows based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

At each reporting date, the Company analyses the changes in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, the Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Company also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable

For the purpose of fair value disclosures, the company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above. Fair value related disclosures for financial instruments that are measured at fair value or where fair values are disclosed are discussed in Note (27).

Property and equipment are measured at cost, less accumulated depreciation and accumulated impairment loss, if any. Cost includes expenditure that is directly attributable to the acquisition of an asset.
Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property and equipment. All other expenditures are recognized in profit or loss when incurred.

Al-Saif Company for Development and Investment
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4. Significant accounting policies (continued)

Property and equipment

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of individual item of property and equipment. The estimated useful lives of assets will be depreciated as follows:

	Depreciation rate
Buildings	3-7%
Leasehold improvements	5-10% / or contract term, whichever is shorter
Vehicles	25%
Furniture and Office equipment	10%
Miscellaneous fittings and decorations	5-20%
Computers and office equipment	20%

Depreciation methods, useful lives and residual values are reviewed at each reporting period and are adjusted whenever appropriate as changes in accounting estimate in the year where the change take place and the following years.

Projects in Progress

Projects in progress are recognized at cost. This cost includes all direct expenses and other costs attributable to bringing the assets to working condition for their intended use. Projects in progress are transferred to property and equipment when completed and ready for their intended use.

Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, asset's recoverable amount is estimated.

For impairment testing, assets are combined together into the smallest Company of assets that generates cash inflows from continuing use, namely CGU that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using discount rate that reflects current market assessments of the time value of cash and the risks specific to the asset or CGU. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. The impairment losses are recognized in profit or loss.

Inventory
Inventories are measured at the lower of cost or net realizable value. Cost is determined using the FIFO method. Cost includes expenditure incurred in acquiring the inventories, goods costs and other costs incurred in bringing them to their existing location and condition.

Net realizable value comprises selling price in the ordinary form of business, less costs related to completing the sale. Provision is made, where necessary, for obsolete, slow moving and defective stocks.

Al-Saif Company for Development and Investment
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4. **Significant accounting policies (continued)**

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and cash in current accounts with banks and other short-term highly liquid investments with maturities of three months or less (if any), which are available to the Company without any restrictions.

Financial instruments

Classification and measurement of financial assets and financial liabilities

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not classified at FVTPL.
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets (unless they are trade receivables without a significant financing component that is initially measured at the transaction price) are initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

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4. Significant accounting policies (continued)

Financial instruments (continued)

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. Amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Impairment of financial assets
The financial assets at amortized cost consist of trade receivables and cash and cash equivalents.

Loss provisions are measured on the bases of ECLs over lifetime of a financial instrument: these are ECLs that result from all possible default events over the expected life of a financial instrument.

'The Company measures loss provisions at an amount equal to lifetime ECLs.
When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Measurement of ECLs
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all value shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

For receivables, the Company applies the simplified approach to estimate ECLs.

Impaired financial assets
At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are impaired. A financial asset is impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment
Loss provisions for financial assets are deducted from the gross carrying amount of the assets.
Impairment losses related to trade receivables, if any, are presented in the statement of profit or loss under a separate item.

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Al-Saif Company for Development and Investment
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Notes to the financial statements
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4. **Significant accounting policies (continued)**

Financial instruments (continued)

Financial liabilities:
Financial liabilities are classified as measured at amortised cost or FVTPL. Financial liabilities are classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are ecognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Derecognition
Financial assets
A financial asset (or part of a group of similar financial assets) is primarily derecognized (i.e., excluded from the Company's condensed interim statement of financial position) in the following cases:
-The rights to receive cash flows from the asset have been expired;
-The Company has transferred its rights to receive cash flows from the asset, or assumed an obligation to pay cash flows received in full without delay to a third party under a "pass" arrangement; (a) substantially transferred all the risks and rewards of the asset; or (b) transferred control over the asset and the Company has neither transferred nor retained substantially the risks and rewards of the financial asset.

Hedge accounting
IFRS 9 hedge accounting requirements do not apply to the Company since it does not have any hedging contracts.

The adoption of IFRS 9 as at 1 January 2019 did not have any material impact on the Company's financial statements.

Offsetting
Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Provision for employees' benefits
The Company operates a defined benefit plan for employees in accordance with Saudi Labor Law as defined by the conditions stated in the laws of the Kingdom of Saudi Arabia. The cost of providing the benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements for actuarial gains and losses are recognized in the statement of financial position with a corresponding credit to retained earnings through other comprehensive income in the period in which they occur.

Remeasurements are not reclassified to profit or loss in subsequent periods. Costs are expenses related to the defined benefit obligations are recognized in profit or loss.

Reporting Segments
An operating segment is a part of the Company's business activities from which revenue can be recognized and expenses are incurred and includes income and expenses relating to transactions with any of the other components of the Company. All operational results of the operating segments are reviewed by the Company's operating decision makers to make decisions about the resources to be allocated to the segment and to assess its performance, which have separate financial information.

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4. Significant accounting policies (continued)

Earnings per share
The Company presents basic and diluted earnings per share data for its ordinary shares. Earnings per share from operating profit and net profit is calculated by dividing the profit or loss attributable to the Company's ordinary shareholders by the weighted average number of shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees, if any.

Contingent assets and liabilities
A contingent liability is disclosed where the existence of the obligation will only be confirmed by future events or where the amount of obligations cannot be measured with reasonable reliability. Contingent assets are not recognized, but are disclosed where an inflow of economic benefits is probable

Borrowings
Borrowings are recognized at the proceeds received less transaction costs incurred net of interests and upfront fee and presented netting of the principle amount of the loan, and such interest and commission are amortized over the life of the loan using the effective interest rate method. Borrowing costs that are directly attributable to the construction of a qualifying asset are capitalized up to stage when substantially all the activities necessary to prepare the qualifying asset for its intended use are completed and, otherwise, such costs are charged to the statement of profit or loss.

Provisions
A provision is recognized if, as a result of past events, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probably that an outflow of economic benefit, will be required to settle the obligation.

Trade payables and accruals
Liabilities are recognized for amounts due and to be paid in the future for goods or services received, whether billed by the supplier or not.

Revenue received in advance
Revenue received from costumers and related to the next period is recorded as a liability (advanced revenue) which are recognized in the statement of profit or loss as revenue when matured.

Zakat provision
The Company is subject to Zakat in accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA") in the kingdom of Saudi Arabia. Accrued Zakat is recognized and charged to profit or loss for the current year. Additional Zakat liabilities, if any, related to prior years' assessments are calculated by the Company in the period in which the final assessments are finalized.

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4. Significant accounting policies (continued)

Sales
The Company recognizes revenue under IFRS 15 using the following five- steps model:

Step 1: Identify the contract with the customer	A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
Step 2: Identify the performance obligations	A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
Step 3: Determine the transaction price.	The transaction price is the amount of consideration the Company expects to be entitled to in exchange for transferring the promised goods or services to a customer, excluding amounts collected on behalf of third parties.
Step 4: Allocation of transaction price.	For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.
Step 5: Revenue recognition	The Company recognises revenue (or as) it satisfies a performance obligation by transferring a promised good or service to the customer under a contract.

The company is engaged in the sale and import of household utensils and wholesale and retail trade in household utensils through its various outlets located in different regions of the Kingdom of Saudi Arabia. Revenue from the sale of goods is recognized when the Company sells a product to the customer.

Other revenue is recorded in profit or loss when matured.

Cost of sales

The cost of sales incurred during the year comprises the costs of purchasing goods that are ready for sale, wages and salaries of galleries staff, depreciation of property and equipment, warehouse and galleries rental expenses, packing and packaging expenses, and good shipping and unloading expenses.

Expenses
Selling and distribution expenses are those arising from the Company's efforts underlying the selling and distribution functions. All other expenses, excluding cost of sales and financial costs, are classified as general and administrative expenses. Allocations of common expenses between cost of sales and selling and distribution, and general and administrative expenses, when required, are made on a consistent basis.

Foreign currency transactions

Transactions denominated in foreign currencies are translated to Saudi Riyals at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the financial position date are translated to Saudi Riyals at the foreign exchange rate ruling at that date. Gains or losses arising on exchanges are recognized in profit or loss currently.

Dividends
Dividends are recorded in the period in which they are approved by the shareholders.

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Notes to the financial statements
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4. Significant accounting policies (continued)

Current versus non-current classification

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

- ☐ Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- ☐ It is held primarily for the purpose of trading;
- ☐ Expected to be realized within twelve months after the reporting period; or
- ☐ Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- ☐ It is expected to be settled in the normal operating cycle;
- ☐ It is held primarily for the purpose of trading;
- ☐ It is due to be settled within twelve months after the reporting period; or
- ☐ There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

5. Use of estimates and judgments

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses stated in the financial statements and the accompanying notes. Although these estimates are based on the best information available to management, final actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.
Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have a significant effect on the amounts recognized in the financial statements are as follows:

Provision for obsolete and slow-moving inventories
The management makes a provision for slow moving and obsolete inventory items. Estimates of net recoverable value of inventories are based on the most reliable evidence at the time the estimates are made. These estimates take into consideration fluctuations of price or cost directly related to events occurring on or subsequent to the statement of financial position date to the extent that such events confirm conditions existing at the end of year.

6. First time adoption of IFRS

The accounting policies set out in (note 4) have been applied in preparing the financial statements for the year ended 31 December 2019, the comparative information presented in these financial statements for the year ended 31 December 2018 and in the preparation of an opening IFRS statement of financial position at 1 January 2018 (the Company's date of transition).

In preparing its opening IFRS statement of financial position, the Company has adjusted amounts reported previously in the financial statements prepared in accordance with IFRS for SMEs as endorsed in Kingdom of Saudi Arabia.

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6. First time adoption of IFRS (continued)

The application of IFRS as at 1 January 2018 and 31 December 2018 did not have any material impact on the Company's financial statements.

Optional exemptions
IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS. The Company has not used any such option.

Estimates
The estimates at 1 January 2018 and at 31 December 2018 are consistent with those used in preparation of the financial statements.

7. IFRS 16 'Leases'

Impact on the financial statements

The Company recognized right-of-use assets and lease liabilities, with settling the prepaid rent and recognizing the difference in retained earnings. The impact on transition is summarized below:

	As at 1 January 2019
Right-of-use assets	101,195,682
Lease liabilities	(96,524,964)
Prepaid rent	(4,670,718)
Impact on retained earnings	-

	As at 31 December 2019
Assets recognized during the year	101,195,682
Depreciation charged during the year	(10,728,208)
Balance at the end of the year	90,467,474

Lease liabilities included in the statement of financial position	**As at 31 December 2019**
Current	**9,628,529**
Non-current	**77,319,045**
Lease liabilities on right-of-use assets	**86,947,574**

Amounts recognized in the statement of Comprehensive Income	**For the year ended 31 December 2019**
Depreciation on right-of-use assets	**10,728,208**
Interest on the lease liabilities	**3,308,760**

Settlement of lease obligation:
A discount rate ranging from 4.11% to 6.19% has been used.
Various depreciation rates have been used over the life of each contract.
The following table represents the settlement of leases as at 31 December 2019:

	As at 31 December 2019
Minimum lease payments as at 1 January 2019	**96,524,964**
Interest on the lease liabilities	3,308,760
Payments during the year	(12,886,150)
Total lease liabilities as at 31 December 2019	**86,947,574**

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For the year ended 31 December 2019
(Saudi Riyal)

8. Property and equipment

	Land	Buildings	Leasehold improvements	Motor vehicles (*)	Furniture, fixture and office equipment	Miscellaneous fittings and decorations	Computers and Libraries	Projects in progress (**)	Total
Cost:									
Balance as at 1 January 2019	23,554,400	23,052,654	22,041,403	3,379,549	2,301,883	39,156,335	5,281,395	4,383,170	123,150,789
Additions during the year	-	148,315	762,166	1,062,222	180,848	4,831,840	603,894	17,238,658	24,827,943
Transferred from projects in progress	-	2,278,624	2,548,174	178,262	249,247	10,765,705	603,840	(16,623,852)	-
Disposals during the year	-	(24,258)	(742,335)	(21,582)	-	(299,970)	(83,858)	-	(1,172,003)
Balance as at 31 December 2019	23,554,400	25,455,335	24,609,408	4,598,451	2,731,978	54,453,910	6,405,271	4,997,976	146,806,729
Balance as at 1 January 2018	23,554,400	22,355,409	18,972,252	3,319,877	1,883,964	28,497,307	4,208,498	108,964	102,900,671
Additions during the year	-	697,245	918,265	59,672	349,170	8,663,314	964,052	8,748,400	20,400,118
Transferred from projects in progress	-	-	2,150,886	-	68,749	2,145,714	108,845	(4,474,194)	-
Disposals during the year	-	-	-	-	-	(150,000)	-	-	(150,000)
Balance as at 31 December 2018	23,554,400	23,052,654	22,041,403	3,379,549	2,301,883	39,156,335	5,281,395	4,383,170	123,150,789
Accumulated depreciation:									
Balance as at 1 January 2019	-	2,909,896	6,719,416	2,742,223	743,280	8,073,946	2,194,425	-	23,383,186
Depreciation for the year	-	1,285,181	1,823,692	480,866	237,912	4,546,493	572,031	-	8,946,175
Disposals during the year	-	(2,817)	(159,712)	(19,531)	-	(112,016)	(34,301)	-	(328,377)
Balance as at 31 December 2019	-	4,192,260	8,383,396	3,203,558	981,192	12,508,423	2,732,155	-	32,000,984
Balance as at 1 January 2018	-	1,769,839	5,154,294	2,160,379	549,799	5,170,680	1,708,409	-	16,513,400
Depreciation for the year	-	1,140,057	1,565,122	581,844	193,481	2,933,694	486,016	-	6,900,214
Disposals during the year	-	-	-	-	-	(30,428)	-	-	(30,428)
Balance as at 31 December 2018	-	2,909,896	6,719,416	2,742,223	743,280	8,073,946	2,194,425	-	23,383,186
Net book value as at:									
31 December 2019	23,554,400	21,263,075	16,226,012	1,394,893	1,750,786	41,945,487	3,673,116	4,997,976	114,805,745
31 December 2018	23,554,400	20,142,758	15,321,987	637,326	1,558,603	31,082,389	3,086,970	4,383,170	99,767,603
1 January 2018	23,554,400	20,585,570	13,817,958	1,159,498	1,334,165	23,326,627	2,500,089	108,964	86,387,271

(*) The Company has motor vehicles of SR 1,136,410 registered in the name of Mohammed Soliman Al Saif and his partner Contracting Company, and its ownership is being transferred to the Company in 2020 (note 32).

(**) This item represents the value of the construction of buildings and storages of the Company, where seven projects in progress have been transferred to property and equipment, and these existing projects are expected to be completed during 2020.

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9. Inventory

	31 December 2019	31 December 2018	1 January 2018
Finished goods inventory	**128,312,851**	133,850,695	83,794,302
Goods in transit	**3,221,931**	8,651,686	3,502,506
Provision for slow-moving goods	**(4,343,798)**	(4,343,798)	(2,669,987)
	127,190,984	138,158,583	84,626,821

A summary of movement in provision for slow-moving goods is as follows:

	31 December 2019	31 December 2018
Balance at beginning of the year	**4,343,798**	2,669,987
Additions	-	1,673,811
Balance at end of the year	**4,343,798**	4,343,798

10. Trade receivables

	31 December 2019	31 December 2018	1 January 2018
Customers	**1,449,733**	1,032,380	1,535,987
Allowance for doubtful debt	**(82,145)**	(82,145)	(82,145)
	1,367,588	950,235	1,453,842

A summary of movements in provision for doubtful debts is as follows:

	31 December 2019	31 December 2018
Balance at the beginning of the year	**82,145**	82,145
Bad debts	-	-
	82,145	82,145

11. Prepaid expenses and other receivables

	Note	31 December 2019	31 December 2018	1 January 2018
Due from related parties	(32)	-	-	1,966,218
Prepaid rent		**11,480,893**	14,755,343	10,034,147
Advances to suppliers		**880,881**	587,637	498,476
Prepaid expenses		**8,345,289**	5,322,648	3,023,233
Employees' custodies and advances		**1,326,006**	1,130,689	593,950
Letters of credit insurance		**1,471,045**	1,136,167	854,769
Other		**1,394,127**	646,580	1,000,850
		24,898,241	23,579,064	17,971,643

12. Cash and cash equivalents

	31 December 2019	31 December 2018	1 January 2018
Cash at banks - current accounts	**144,965,952**	46,988,846	8,668,495
	144,965,952	46,988,846	8,668,495

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13. Loans

Murabaha loans contracts have been entered with local banks at the SIBOR interest rate in addition to the agreed interest represented in agreements to buy and sell goods and Murabaha contracts against the following guarantees:

- Signing on a promissory note
- A letter and facilities and Murabaha agreements.
- Other financial and administrative conditions.
- A guarantee duly signed by certain shareholders.
- Joint and performance bond and a personal guarantee by a shareholder.

Out of which, the utilized balance is as follows:

	31 December 2019	31 December 2018	1 January 2018
Current portion within current liabilities	**69,981,281**	73,027,317	36,588,272
Non-current portion with non-current liabilities	**-**	-	1,640,884
	69,981,281	73,027,317	38,229,156

Movement of loans during the year

	31 December 2019	31 December 2018	1 January 2018
Balance at the beginning of the year	**73,027,317**	38,229,156	52,243,370
Loans collected during the year	**141,469,273**	114,448,434	-
Less: Loan payments during the year	**(144,515,309)**	(79,650,273)	(14,014,214)
	69,981,281	73,027,317	38,229,156

14. Trade payables

Payables at 31 December 2019 amounted to SR 8,678,143 (31 December 2018: SR 16,816,441 and at 1 January 2018: SR 14,670,407). This comprises the due to suppliers for the supply of goods and services during the year.

15. Accruals and other credit balances

	31 December 2019	31 December 2018	1 January 2018
Accrued commissions and remunerations	**2,649,967**	1,102,778	1,297,143
Accrued lease rentals	**314,333**	883,583	1,173,503
Vacation allowance provision	**1,432,550**	1,209,465	535,331
Ticket provision	**571,846**	456,807	242,816
Accrued expenses	**628,453**	511,631	196,027
VAT payable	**2,259,224**	2,220,745	-
Other payables	**38,644**	169,228	61,532
	7,895,017	6,554,237	3,506,352

16. Share capital

As at 31 December 2019, the Company's capital consists of SR 42 million divided into 4.2 million shares with a nominal value of SR 10 each.

Pursuant to the approval of the Extraordinary General Assembly held on 9 November 2017, the Company's capital increase by 4 million shares, with a nominal value of SR 10 each, with an amount of SR 40 million has been approved by transferring from the account of the additional capital contribution, rendering the Company's capital to SR 42 million with SR 4.2 million shares.

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17. Statutory reserve

In accordance with the Company's By-Laws and the new Saudi Arabian Regulations for Companies, the Company sets aside 10% of its net income each year as statutory reserve until such reserve equals to 30% of the share capital. The statutory reserve balance has reached 30%, and setting aside has been discontinued at this percentage.

18. Provision for employees' benefits

Provision for employees' end of service benefits recognized in the statement of financial position:

	31 December 2019	31 December 2018	1 January 2018
Balance at beginning of the year	**1,876,612**	1,264,325	700,305
Current service cost	**918,000**	621,035	465,136
Interests on current service cost	**122,000**	51,437	29,140
Paid during the year	**(192,000)**	(19,845)	(13,115)
Losses/ (gains) from re-measurement of employees' benefits obligations	**111,388**	(40,340)	82,859
Balance at the end of the year	**2,836,000**	1,876,612	1,264,325

Key Assumptions
Key assumptions used to determine provision for employees' end of service benefits are as follows:

	31 December 2019	31 December 2018	1 January 2018
Discount rate	**2,70%**	4,53%	4,10%
Salary increase rate	**2,50%**	2,50%	2,50%

Sensitivity Analysis
Change in an actuarial assumption with all other assumptions held constant could affect the provision for employees' end of service benefits in the following amounts:

	31 December 2019		31 December 2018	
	1% increase	**1% decrease**	1% increase	1% decrease
Discount rate	**2,626,000**	**3,085,000**	1,621,285	2,192,073
Salary increase rate	**3,083,000**	**2,624,000**	2,195,072	1,614,947

The sensitivity analysis above may not be representative of an actual change in provision for employees' end-of-service benefits as it is unlikely that changes in assumptions would occur in isolation of one another.

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19. Selling and distribution expenses

	For the year ended 31 December 2019	For the year ended 31 December 2018
Advertisement	18,013,453	10,874,878
Electricity and water	5,157,228	3,537,263
Bank commissions	2,083,418	1,635,700
Subscriptions, government services, and fines	1,329,462	1,132,097
Travel and accommodation	529,603	519,014
Repairs and maintenance expenses	1,133,846	786,772
Housing rent and employees secondment expenses	737,186	725,066
Other	4,153,497	3,537,818
	33,137,693	22,748,608

20. General and administrative expenses

	For the year ended 31 December 2019	For the year ended 31 December 2018
Wages, salaries, etc.	36,414,367	27,877,626
Slow moving and obsolete goods expense and provision	-	1,673,811
Telephone, communication and postage	596,927	537,566
Legal and professional fees	516,551	460,037
Computer, office equipment and publications	535,777	457,863
Rentals	400,000	409,721
Electricity and water	350,872	273,145
Travel and accommodation	392,388	271,987
Other	664,146	406,300
	39,871,028	32,368,056

21. Finance costs

	For the year ended 31 December 2019	For the year ended 31 December 2018
Finance expenses	3,064,378	1,714,815
Interest on the lease liabilities	3,308,760	-
Interest on the service cost for employees' benefits	122,000	51,437
	6,495,138	1,766,252

22. Other income

	For the year ended 31 December 2019	For the year ended 31 December 2018
Galleries rental revenue	4,437,674	4,733,807
Other	375,701	1,188,580
	4,813,375	5,922,387

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23. Zakat provision

a) Elements and components of Zakat base are as follows:

	31 December 2019	31 December 2018	1 January 2018
Funds subject to Zakat			
Share capital	**42,000,000**	42,000,000	42,000,000
Statutory reserve	**12,600,000**	10,015,918	1,000,000
Retained earnings	**151,991,925**	78,395,039	80,420,613
Additional capital contributions	**156,431**	156,431	156,431
provision for end of service benefits	**1,684,612**	1,264,325	700,305
Provisions	**4,425,943**	1,958,757	2,643,525
Advance from customers	**723,059**	779,936	1,597,290
Lease liabilities	**86,947,570**	-	-
Murabaha and bank facilities	-	-	7,342,233
Adjusted net income	**193,717,705**	149,749,432	94,384,019
Total funds subject to Zakat	**494,247,245**	284,319,838	230,244,416
Less:			
Net property and equipment	**205,273,219**	99,767,603	86,387,271
Dividends paid	**62,120,000**	69,100,000	78,600,000
Zakat base	**226,854,026**	115,452,235	65,257,145
Zakat expense at 2.5% of net base (higher of Zakat base and Adjusted profit)	**5,671,351**	3,743,736	2,359,600
Zakat expense	**5,373,986**	3,684,066	2,311,774

b) **Adjusted Profit for the year**

This consist of the following:

	31 December 2019	31 December 2018	1 January 2018
Profit for the year before zakat	**192,799,705**	147,454,586	92,384,977
End-of-service benefit charged to expenses	**918,000**	621,035	465,136
Provision for slow-moving inventory	-	1,673,811	1,533,906
Adjusted Profit for the year	**193,717,705**	149,749,432	94,384,019

c) **Movement in Zakat provision for the year ended:**

	31 December 2019	31 December 2018	1 January 2018
Balance at beginning of the year	**3,641,432**	4,873,154	2,561,380
Zakat charge for the year	**5,373,986**	3,684,066	2,311,774
Paid during the year	**(3,744,695)**	(4,915,788)	-
Balance at the end of the year	**5,270,723**	3,641,432	4,873,154

The Board of Directors has resolved in its meeting dated 18 May 2018 that the shareholders shall incur SR 2,929,892 represents amounts due for Zakat and Zakat assessments due from the Company from 2006 to 2014.

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23. Zakat provision (continued)

d) Status of assessments
The Company has filed its Zakat returns for all years up to the year ended 31 December 2018 with the Zakat, Tax and Customs Authority (ZATCA) and has received restricted certificate. No final assessment has been made by ZATCA up to the end of the financial year.

24. Basic and diluted earnings per share

Basic earnings per share:

Basic earnings per share is calculated by dividing the profitability for the period attributable to the Company's ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is the same as basic earnings per share since the company does not have any diluted instruments.

Number of shares has been calculated using the weighted average number of shares outstanding during the year as follows:

	31 December 2019	31 December 2018
Net income for the year	**187,314,331**	143,770,520
Weighted average number of shares	**4,200,000**	4,200,000
	44,6	34.2

25. Dividends

The Board of Directors also decided to distribute interim dividends of SR 64.1 million to the shareholders for the financial year 2019 based on the resolution of the Board of Directors dated 15 July and 18 September 2019, as the shareholders authorized the Board of Directors to approve the dividends.

The Board of Directors also decided to distribute interim dividends of SR 64,7 million to the shareholders for the financial year 2018 based on the resolution of the Board of Directors dated 6 May and 13 May 2018 and 2019, as the shareholders authorized the Board of Directors to approve the dividends.

26. Commitments and contingencies

Contingencies represent open letters of credit for purchasing goods of SR 48,870,542 from local banks at 31 December 2019 (2018: SR 30,514,583).

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27. Fair value

Financial instruments comprise financial assets and financial liabilities.
Financial assets consist of cash and bank balances, financial assets held at fair value through profit or loss, and trade and other receivables. The Company's financial liabilities consist of trade and other payables, lease liabilities, loans..

The Company's financial assets and financial liabilities are measured at amortized cost except for financial assets at fair value through profit or loss which are carried at fair value.

Change in fair value recognized in equity:

	As at 31 December 2019	As at 31 December 2018
Net change in the fair value of financial assets held at FVTPL.	578,500	-

Fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced sale transaction or resulted from liquidation. The following methods and assumptions were used to estimate the fair values:

- Bank balances, trade and other receivables, trade and other payables, accruals and other liabilities and due to related parties, their carrying amounts approximate to their fair values largely due to the short-term maturities of these instruments.

Fair Value Hierarchy:
The table below analyses financial instruments, by the level in the fair value hierarchy into which the fair value measurement is categorized.

	Level 1	**Level 2**	**Level 3**	**Total**
As at 31 December 2019				
Financial assets measured at fair value	**10,578,500**	--	--	**10,578,500**

	Level 1	Level 2	Level 3	Total
As at 31 December 2018				
Financial assets measured at fair value	--	--	--	--

28. Financial risk management

The Company's principal financial liabilities consist of trade and payables, lease liabilities, and loans. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has various financial assets such as cash and cash equivalents, trade receivables and accrued revenues which arise directly from its operations, and employees' loans and advances.

The Company is exposed to market risk, credit risk, liquidity risk and operational risk. The Company's senior management oversees the management of these risks. The Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company's policies and risk appetite. The management reviews and agrees policies for managing each of these risks which are summarised below.

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28. Financial risk management (continued)

***a)* Market risk**
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise of four types of risk: interest rate risk, currency risk, profit rate risk and price risk such as equity price risk.

- ***Interest rate risk***
Interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Company's financial position and cash flows. Management monitors the changes in interest rates risks and believes that interest rate risks to the Company are not significant.

- ***Currency risk***
Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company is subject to currency risk on purchases. The majority of the Company's transactions are denominated in Saudi Riyals and US Dollars which have a fixed exchange rate. Therefore, they are not considered to represent a significant risk to the Company.

- ***Profit rate risk***
The Company's financial assets and liabilities subject to profit rate risk are not considered to represent a significant risk to the Company.

- ***Equity price risk***
The Company has quoted investments carried at FVTPL where the impact of changes in equity prices will be reflected due to fair value changes, on disposal or when they are deemed to be impaired. Changes in fair value and impairment losses or losses arising on disposal are recognized in profit or loss.

***b)* Credit risk**
Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to financial loss. The company is not exposed to credit risk from its operating activities (primarily for trade receivables). The Company has no significant concentration of credit risk. Cash is placed with local banks having sound credit ratings.

***c)* Liquidity risk**
Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available through committed credit facilities and the Company's shareholders to meet the Company's commitments and obligations as they become due.

29. Reporting segments

The principal activities of the Company include selling and importing household utensils and electrical appliances. The company exercises its activities inside the Kingdom of Saudi Arabia.

30. Seasonal changes

The operations and revenues of the Company are affected by seasonal factors based on the variation of consumption and demand between the seasons. The management of the Company seeks to minimize the seasonal impact by managing inventories to meet demand during the year.

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31. Financial Instruments

Statement of Financial Position

Financial assets	**31 December 2019**	**31 December 2018**	**1 January 2018**
Trade receivables	**1,367,588**	950,235	1,453,842
Financial assets at FVTPL	**10,578,500**	-	-
Cash and cash equivalents	**144,965,952**	46,988,846	8,668,495
Total financial assets	**156,912,040**	47,939,081	10,122,337

Financial Liabilities	**31 December 2019**	**31 December 2018**	**1 January 2018**
Lease liabilities	**86,947,574**	-	-
Loans	**69,981,281**	73,027,317	38,229,156
Trade payables	**8,678,143**	16,816,441	14,670,407
Total Financial Liabilites	**165,606,998**	89,843,758	52,899,563
Current portion of financial liabilities	**88,287,953**	89,843,758	51,258,679
Non-current portion of financial liabilities	**77,319,045**	-	1,640,884
Total Financial Liabilites	**165,606,998**	89,843,758	52,899,563

fair values of financial assets and financial liabilities are not significantly different from their carrying amounts.

32. Related parties

Due from related parties

The related parties are the shareholders of the Company and the companies owned by the shareholders (affiliates). The terms of these transactions are approved by the Company's management.

The significant transactions with related parties and the balances resulting from them are as follow:

			Volume of transactions		**Balance**		
Description	**Relationship**	**Nature of transactions**	**2019**	2018	**31 December 2019**	31 December 2018	1 January 2018
Soliman Al-Saif real estate office	Affiliate	Expenses on behalf	5,030,329	2,609,300	-	-	564,057
AL Saif for commercial agencies company	Affiliate	Goods supply	71,289,973	58,492,491	-	-	1,402,161
Mohammed Soliman Al Saif and his partner Contracting Company	Affiliate	Purchase of assets	1,136,410	-	-	-	-
					-	-	1,966,218

Key management personnel compensations

Key management consists of Board members and executive management. Reimbursements paid or payable to key management are listed below:

	31 December 2019	31 December 2018	1 January 2018
Salaries, compensation and employees' benefits	**22,068,784**	17,057,180	10,925,551
End-of-services benefits	**6,612**	5,696	4,806
	22,075,396	17,062,876	10,930,357

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33. Subsequent period events

Subsequent to the date of the financial statements and at the beginning of 2020, the Coronavirus (COVID-19) was discovered in China and abroad, causing disruption in the economic and commercial sectors in general and the human resources sector in particular. The Ministry of Human Resources and Social Development in the Kingdom of Saudi Arabia has taken precautions to combat this virus. The Company considers that this virus has no effect on the financial statements in practice, but it may have a subsequent effect that cannot be determined up to the issuance date of the financial statements.

34. Comparatives figures

Certain comparative figures of 2018 have been reclassified to conform with the current year's presentation.

35. Board of Directors approval

The Company's financial statements of the year 2019 were approved by the Board of Directors on 30 March 2020 (corresponding to 6 Sha'ban 1441H).

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