



Al Taiseer Group TALCO
Industrial Company Prospectus





Al Taiseer Group TALCO Industrial Company Prospectus

A Saudi closed joint stock company pursuant to the Ministry of Commerce Resolution No 217/Q dated 6 Rajab 1430H (corresponding to 29 June 2009G), and with Commercial Registration No 1010009737, dated 10 Jumada al-Akhirah 1396H (corresponding to 8 June 1976G).



Offering Period: Two (2),

Starting on Tuesday 20 Thul-Qi'dah 1445H (corresponding to 28 May 2024G)

Till 4 pm on Wednesday 21 Thul-Qi'dah 1445H (corresponding to 29 May 2024G).

**Offering of twelve million (12,000,000) ordinary shares representing thirty per cent. (30%) of the share capital
of Al Taiseer Group TALCO Industrial Company, through an initial public offering at an offer price of forty three Saudi Arabian Riyals (SAR 43) per Share.**

Al Taiseer Group TALCO Industrial Company (hereinafter referred to as the "Company" or "Issuer" is a Saudi closed joint stock company incorporated by virtue of Ministry of Commerce Resolution No 217/Q, dated 6 Rajab 1430H (corresponding to 29 June 2009G) with commercial registration No 1010009737 issued in Riyadh, Kingdom of Saudi Arabia. The Company's head and registered office is located in the Second Industrial Area, street number 245, P.O. Box 6416, Riyadh 11442, Kingdom of Saudi Arabia. As of the date of this Prospectus, the share capital of the Company is four hundred million Saudi Arabian Riyals (SAR 400,000,000), divided into forty million (40,000,000) ordinary shares, with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per share (the "Shares").

The Company commenced operations in 1976G under a branch of a sole establishment named Al-Fattouh Commercial Establishment owned by Mr. Kamel Ibrahim Ali Al-Fattouh with a capital of three million Saudi Arabian Riyals (SAR 3,000,000). On 11 Jumada al-Akhirah 1429H (corresponding to 15 June 2008G), and by virtue of a ministerial resolution No. 217/Q dated 6 Rajab 1430H (corresponding to 29 June 2009G), the Company was approved to be established as a closed joint stock company and the establishment branch was converted to a closed joint stock company and after which its name was changed to "Al Taiseer Aluminium Company (TALCO)" and registered under Commercial Registration No 1010009737, dated 10 Jumada al-Akhirah 1396H (corresponding to 8 June 1976G) with a capital of one hundred million Saudi Arabian Riyals (SAR 100,000,000), divided into ten million (10,000,000) ordinary shares with a nominal value of ten Saudi Arabian Riyals (SAR 10) per share, following Mr. Kamel Ibrahim Ali Al-Fattouh transferred the Al-Fattouh sole establishment branch registered with Commercial Registration No 1010008999 to the Company, including the rights and liabilities associated with the branch. Pursuant to the Company's Extraordinary General Assembly resolution dated 16 Thul-Qi'dah 1435H (corresponding to 11 September 2014G), the Company's capital increased from one hundred million Saudi Arabian Riyals (SAR 100,000,000), divided into ten million (10,000,000) ordinary shares with a nominal value of ten Saudi Arabian Riyals (SAR 10) per share, to two hundred million Saudi Arabian Riyals (SAR 200,000,000), divided into twenty million (20,000,000) ordinary shares with a nominal value of ten Saudi Arabian Riyals (SAR 10) per share, through the capitalisation of retained earnings and the shareholders' accounts of Mr. Kamel Ibrahim Ali Al-Fattouh, Mr. Mansour Kamel Ibrahim Ali-Fattouh, Nasser Kamel Ibrahim Ali-Fattouh Al-Biwi, Khalid Kamel Ibrahim Ali-Fattouh, and Abdulaziz Kamel Ibrahim Ali-Fattouh. On 9 Jumada al-Ula 1442H (corresponding to 24 December 2020G), the Shareholders of the Company approved the merger of Gulf Polyester Powder Production Company (hereinafter referred to as "Alwan") and Al-Fattouh Aluminium Accessories and Isolation Lines Company (hereinafter referred to as "Alfa") with all their branches, assets, rights, liabilities, and responsibilities with the Company and converted into branches of the Company while retaining their names, numbers, and date of its Commercial Registrations. Pursuant to the Company's Extraordinary General Assembly resolution dated 5 Rabi' al-Thani 1443H (corresponding to 10 November 2021G), the Company's name was changed from Al Taiseer Aluminium Company (TALCO) to Al Taiseer Group TALCO Industrial Company, and the capital of the Company was increased from two hundred million Saudi Arabian Riyals (SAR 200,000,000), divided into twenty million (20,000,000) ordinary shares with a nominal value of ten Saudi Arabian Riyals (SAR 10) per share to three hundred fifty million Saudi Arabian Riyals (SAR 350,000,000), divided into thirty-five million (35,000,000) ordinary shares, with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per share through the capitalisation of retained earnings and the statutory reserve. Pursuant to the Company's Extraordinary General Assembly resolution dated 15 Rabi' al-Awwal 1444H (corresponding to 11 October 2022G), the capital of the Company was increased from three hundred fifty million Saudi Arabian Riyals (SAR 350,000,000), divided into thirty-five million (35,000,000) ordinary shares, with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per share to four hundred million Saudi Arabian Riyals (SAR 400,000,000), divided into forty million (40,000,000) ordinary shares, with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per share through the capitalisation of retained earnings and the statutory reserve (For further details, see Section 4.2 (Corporate History and Evolution of Capital)).

The initial public offering of the Company's Shares (the "Offering") will consist of twelve million (12,000,000) Shares (collectively, the "Offer Shares" and each an "Offer Share"). The offering price will be forty three Saudi Arabian Riyals (SAR 43) per Offer Share (the "Offer Price"), with each Offer Share carrying a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per Offer Share. The Offer Shares represent thirty per cent. (30%) of the issued share capital of the Company.

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

Tranche (A) Participating Parties: Comprising the parties entitled to participate in the book-building process as specified under the Book-Building Instructions (as defined in Section 1 (Definitions and Abbreviations)), issued by the Capital Market Authority (the "CMA") (collectively referred to as the "Participating Parties" and each a "Participating Party") (for further details, see Section 1 (Definitions and Abbreviations)). The number of Offer Shares to be provisionally allocated to the Participating Parties (collectively, the "Participating Entities" and each a "Participating Entity") is twelve million (12,000,000) Offer Shares, representing one hundred per cent. (100%) of the Offer Shares. The final allocation will be made after the end of the Individual Investors' subscription (as defined in Tranche (B) below), using the discretionary allocation mechanism by the Bookrunner (as defined in Section 1 (Definitions and Abbreviations)) in coordination with the Company. As a result, some of the Participating Entities may not be allocated any Offer Shares. The Bookrunner shall have the right, if there is sufficient demand by Individual Investors and in coordination with the Company, to reduce the number of Offer Shares allocated to Participating Entities to ten million and eight hundred thousand (10,800,000) Offer Shares, representing ninety per cent. (90%) of the Offer Shares. Initially, three million six hundred thousand (3,600,000) ordinary shares will be allocated to the public funds tranche, representing thirty per cent. (30%) of the total number of Offer Shares, in the event that there is sufficient demand from the public funds tranche, noting that in the event that there is sufficient demand from Individual Investors in the Offer Shares, the Bookrunner has the right to reduce the number of shares allocated to public funds to three million two hundred and forty thousand (3,240,000) ordinary shares as a minimum, representing twenty seven per cent. (27%) of the total number of Offer Shares after completing the Individual Investors process.

Tranche (B) Individual Investors: Comprising Saudi Arabian natural people, 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 is a divorcee or widow and the mother of her minor Saudi Arabian children, as well as any non-Saudi natural person resident in the Kingdom or GCC natural people, in each case who have a bank account with a Receiving Agent and having the right to open an investment account with a Capital Market Institution (the "Individual Investors" and each an "Individual Investor"), and any such Individual Investor participating in the Offering together with the Participating Entities, the "Subscribers"). 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. 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 two hundred thousand (1,200,000) Offer Shares representing ten per cent. (10%) of the total Offer Shares shall be allocated to Individual Investors. If the Individual Investors do not subscribe in full to the Offer Shares allocated to them, the Financial Advisor may in coordination with the Company reduce the number of Offer Shares allocated to Individual Investors in proportion to the number of Offer Shares subscribed by them.

Prior to the Offering, the Company's current shareholders (the "Selling Shareholders"), whose names are stated on page (xi), own 100% of the Shares of the Company. The Selling Shareholders will sell the Offer Shares in accordance with Table 4 (Direct Ownership Structure of the Company Pre- and Post- Offering)). Upon completion of the Offering, the Selling Shareholders will collectively own seventy per cent. (70%) of the Shares and will consequently retain a controlling interest in the Company. The Offering proceeds (the "Offering Proceeds") will, after deducting the Offering expenses (the "Net Offering Proceeds"), be paid to the Selling Shareholders on a pro-rata basis according to the number of Shares owned by each Selling Shareholder. The Company will not receive any part of the Offering Proceeds (for further details, see Section 8 (Use of Proceeds)). The Offering is fully underwritten by the Underwriter (for further details, see Section 13 (Underwriting)). The Company has nine substantial shareholders (i.e., those who own five per cent. (5%) or more of the Company's share capital prior to the Offering), namely Mansour Kamel Ibrahim Al-Fattouh (19.21 per cent. prior to the Offering), Nasser Kamel Ibrahim Al-Fattouh Al-Biwi (16.83 per cent. prior to the Offering), Elham Mahmoud Obaid Ibrahim (11.24 per cent. prior to the Offering), Nawaf Khalid Kamel Al-Fattouh Al-Biwi (7.36 per cent. prior to the Offering), Abdulaziz Khalid Kamel Al-Fattouh Al-Biwi (7.36 per cent. prior to the Offering), Amal Kamel Ibrahim Al-Fattouh Al-Biwi (7.15 per cent. prior to the Offering), Dalal Kamel Ibrahim Al-Fattouh Al-Biwi (8.34 per cent. prior to the Offering), Manal Kamel Ibrahim Al-Fattouh Al-Biwi (8.34 per cent. prior to the Offering) and Shatha Muwaffaq Kamel Al-Fattouh Al-Biwi (7.15 per cent. prior to the Offering) (the "Substantial Shareholders"), as set out in Table 2 (Substantial Shareholders and Their Ownership in the Company Pre- and Post-Offering), who will be subject to a lock-up period during which they will be prohibited from selling their Shares for a period of six (6) months from the date trading of the Company's Shares starts on the Saudi Exchange ("Tadawul" or the "Exchange") (the "Lock-up Period") as specified on page (xi). Following the end of the Lock-up Period, the Substantial Shareholders may dispose of their Shares.

The Offering for Individual Investors will commence on 20 Thul-Qi'dah 1445H (corresponding to 28 May 2024G) and will remain open for a period of two (2) days up to and including the closing day on 21 Thul-Qi'dah 1445H (corresponding to 29 May 2024G) at 4 pm (the "Offering Period"). Subscription to the Offer Shares by the Individual Investors can be made through certain branches of the receiving agents (the "Receiving Agents") listed on page (viii) during the Offering Period or through the internet, telephone banking, ATMs, or other electronic channels offered by the Receiving Agents to their clients (for further details, see Section 17 (Subscription Terms and Conditions)). Participating Entities can bid for the Offer Shares through the Bookrunner within the book-building period before the Shares are offered to the Individual Investors.

Each Individual Investor who subscribes to the Offer Shares must apply for a minimum of ten (10) Offer Shares. The maximum number of Offer Shares that can be subscribed to is two hundred and fifty thousand (250,000) Offer Shares. The minimum number of allocated Offer Shares will be ten (10) Offer Shares per Individual Investor, 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 Individual Investor. If the number of Individual Investors exceeds one hundred and twenty thousand (120,000) Individual Investors, the Company will not guarantee the minimum allocation. The Offer Shares will be allocated at the discretion of the Lead Manager in coordination with the Company. Excess subscription monies, if any, will be refunded to the Individual Investors without any charge or withholding by the relevant Receiving Agents. The final allocation shall be announced no later than 25 Thul-Qi'dah 1445H (corresponding to 02 June 2024G) and any excess subscription monies, will be refunded no later than 25 Thul-Qi'dah 1445H (corresponding to 02 June 2024G) (for further details, see "Key Dates and Subscription Procedures" on page (xv) and Section 17 (Subscription Terms and Conditions)).

The Company has one class of ordinary Shares. Each Share entitles its holder to one vote, and each shareholder (a "Shareholder") has the right to attend and vote at general assembly meetings of the Company (the "General Assembly") and may delegate others to attend and vote on their behalf. No Shareholder benefits from any preferential voting rights. The Offer Shares will entitle their holders to receive dividends declared by the Company starting from the date of this Prospectus (the "Prospectus") and for the subsequent financial years (for further details, see Section 7 (Dividend Distribution Policy)).

Prior to the Offering, there has been no public market for the Shares in the Kingdom or elsewhere. The Company has submitted an application for the registration and offer of the Shares to the CMA, and an application for listing of the Shares on the Exchange. This Prospectus has been approved and all required documents have been submitted to the relevant authorities. All requirements have been met and all relevant regulatory and corporate approvals for the Offering have been obtained. It is expected that trading in the Shares will commence on the Exchange shortly after the final allocation of the Offer Shares and the satisfaction of necessary conditions and procedures (for further details, see "Key Dates and Subscription Procedures" on page (xv)). Saudi natural people, non-Saudi natural people holding valid residency permits in the Kingdom, companies, banks, and investment funds established in the Kingdom or in countries of the Cooperation Council for the Arab States of the Gulf (the "GCC"), as well as GCC natural people, will be permitted to trade in the Shares after their trading starts on the Exchange. Moreover, Qualified Foreign Investors and Strategic Foreign Investors will be permitted to trade in the Shares in accordance with the Rules for Foreign Investment in Securities (all as defined in Section 1 (Definitions and Abbreviations)). Furthermore, non-GCC natural people who are not residents in the Kingdom and non-GCC institutions incorporated outside the Kingdom (collectively, the "Foreign Investors" and each a "Foreign Investor") will be permitted to make indirect investments to acquire an economic interest in the Shares by entering into Swap Agreements with a capital market institution licensed by the CMA to acquire, hold and trade the Shares on the Exchange on behalf of a Foreign Investor (the "Capital Market Institution"). Under such Swap Agreements, the Capital Market Institution will be the registered legal owner of such Shares. Moreover, other Foreign Investors which are clients of a Capital Market Institution authorised by the CMA to conduct managing activities will be permitted to trade in the Shares in accordance with the Rules for Foreign Investment in Securities, provided that the Capital Market Institution has been appointed on conditions that enable it to make all investment decisions on behalf of its client without obtaining prior approval from the client.

Investment in the Offer Shares involves certain risks and uncertainties. For a discussion of the factors to be carefully considered before determining whether to subscribe for the Offer Shares, the "Important Notice" section on page (i) and Section 2 (Risk Factors) of this Prospectus should be considered.

Financial Advisor, Lead Manager, Bookrunner and Underwriter

الإئماء للاستثمار
alinma investment



مصرف الراجحي
alrajhi bank



مصرف الإئماء
alinma bank



بنك الرياض
Riyad Bank



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 issued by the Capital Market Authority in the Kingdom of Saudi Arabia (the "CMA") and the application for the listing of securities in compliance with the requirements of the Listing Rules of the Saudi Exchange. The Directors, whose names appear in this Prospectus, collectively and individually, accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading. The CMA and the Exchange do not take any responsibility for the contents of this Prospectus, do not make any 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 Prospectus.

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 18 Jumada al-Akhirah 1445H (corresponding to 31 December 2023G).



LEADERSHIP IN SHAPING
THE FRAMEWORK OF
THE FUTURE



Important Notice

This Prospectus contains detailed and accurate information related to the Company and the Offer Shares. When submitting an application for the Offer Shares, institutional and individual investors will be treated as applying solely on the basis of the information contained in this Prospectus, which is available at the websites of the Company (www.altaseer.com), the CMA (www.cma.org.sa), the Exchange (www.saudiexchange.sa), or the Financial Advisor (www.alinmainvestment.com).

With respect to the Offering, Alinma Investment Company has been appointed by the Company as the financial advisor (the “**Financial Advisor**”), the lead manager (the “**Lead Manager**”), bookrunner (the “**Bookrunner**”) and the underwriter (the “**Underwriter**”).

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 (as defined below), whose names appear on page (iv), collectively and individually, accept full responsibility for the accuracy of the information contained in this Prospectus, and they affirm that according to their knowledge and belief, and after undertaking all possible reasonable enquiries, there are no other facts the omissions of which would make any statement contained herein misleading.

While the Company has made all reasonable enquiries as to the accuracy of the information contained in this Prospectus as of the date hereof, a substantial portion of the information in this Prospectus relevant to the markets and industry in which the Company operates is derived from external sources. While neither the Company, the Selling Shareholders, the Financial Advisor nor any of the Company’s other advisors, whose names appear on pages (vii) and (viii) of this Prospectus (together with the Financial Advisor, the “**Advisors**”), have any reason to believe that any of the market and industry information is materially inaccurate, neither the Company, the Selling Shareholders nor any of the Advisors have independently verified such information, and no representation or assurance is made with respect to the accuracy or completeness of any of this information.

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

This Prospectus is not to be regarded as a recommendation on the part of the Company, the Directors, the Selling Shareholders, the Receiving Agents or the Advisors to participate in the Offering. Moreover, the information provided in this Prospectus is of a general nature and has been prepared without taking into account individual investment objectives, the financial situation or particular investment needs of the people who intend to invest in the Offer Shares. Prior to making an investment decision, each recipient of this Prospectus is responsible for obtaining independent professional advice from a CMA licensed financial advisor in relation to the Offering and must rely on its own examination of the Company and the appropriateness of both the investment opportunity 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, and prospective investors should not rely on another party’s decision on whether to invest as a basis for their own examination of the investment opportunity and such investor’s individual circumstances.

The Offering is directed at, and may be accepted only by:

Tranche (A): Participating Parties comprising the parties entitled to participate in the book-building process as specified under the Book-Building Instructions, including investment funds, companies, Qualified Foreign Investors, GCC Corporate Investors and certain other Foreign Investors pursuant to Swap Agreements (for further details, see Section 1 (*Definitions and Abbreviations*)).

Tranche (B): Individual Investors comprising Saudi Arabian natural people, 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 Saudi Arabian children, as well as any non-Saudi natural people resident in the Kingdom or GCC natural people, in each case who have a bank account with a Receiving Agent and the right to open an investment account with a Capital Market Institution. 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. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted. For further details, see Section 17 (*Subscription Terms and Conditions*).

The distribution of this Prospectus and the sale of the Offer Shares in any country other than the Kingdom are expressly prohibited, except for sales to certain GCC investors, Qualified Foreign Investors, and/or certain other Foreign Investors through Swap Agreements. The Offering does not constitute an offer to sell, or solicitation of an offer to buy, securities in any jurisdiction in which such offer or solicitation would be unlawful or prohibited. All recipients of this Prospectus must inform themselves of any legal restrictions relevant to the Offering and the sale of Offer Shares and observe all such restrictions. Both eligible Individual Investors and Participating Entities must read this Prospectus in full and seek advice from their attorneys, financial advisors, and any 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 that advice derived from their attorneys, accountants, and other advisors regarding all matters related to investment in the Offer Shares. There is no guarantee that any profits will be realised from an investment in the Offer Shares.

Market and Industry Data

Unless the source is otherwise stated, the market, economic and industry data in this Prospectus constitute the Company's estimates, using underlying data from independent third parties. Statistics, data and other information related to markets, market sizes, market shares, market positions and other industry data pertaining to the Company's business and markets in this Prospectus are based on published and publicly available data obtained from multiple independent third-party sources.

In particular, unless otherwise specifically stated, the information in Section 3 (*Market Overview*) is derived from the Market Report dated 22 Rabi' al-Thani 1445H (corresponding to 6 November 2023G) (the "**Market Report**") prepared by Frost & Sullivan (the "**Market Consultant**") exclusively for the Company. The Market Consultant is an independent third-party provider of strategic consulting services related to the market. For further details about the Market Consultant, visit its website (www.frost.com).

The Market Consultant prepared the Market Report in an independent and objective manner, and it has taken adequate care to ensure its accuracy and completeness. Research has been conducted with an overall industry perspective, and it may not necessarily reflect the performance of individual companies in the industry.

Neither the Market Consultant, nor any of its subsidiaries, affiliates, partners, shareholders, directors, managers or their relatives, own any shares or any interest of any kind in the Company. As of the date of this Prospectus, the Market Consultant has given, and not withdrawn, its written consent to the use of its name and logo, statement and the market information and data supplied by it to the Company in the manner and format set out in this Prospectus.

The information provided in Section 3 (*Market Overview*) by the Market Consultant is based on primary and secondary information available internally or in the public domain and should be read in conjunction with the same. Quantitative market information was sourced from interviews by way of primary research, and therefore, the information is subject to change due to possible changes in the business and industry climate. Market estimates and assumptions are based on varying levels of quantitative and qualitative analyses, and actual results and future events could differ materially from such estimates, predictions, or statements.

In its role as market consultant, the Market Consultant is only providing market research and the information provided by it from public data sources is not to be construed as investment, legal or any other type of advice about the Company.

Whilst the Directors believe that the information and data from third party sources contained in this Prospectus, including those derived from public sources or provided by the Market Consultant, are reliable, such information and data have not been independently verified by the Company, the Directors, the Advisors or the Selling Shareholders, and thus none of them bears any liability for the accuracy or completeness of such information or data.

Financial and Statistical Information

The Company's audited financial statements for the financial year ended 31 December 2020G, was prepared in accordance with International Financial Reporting Standard for the Small and Medium Enterprises that is endorsed in the Kingdom and other standards and pronouncements issued by SOCPA (as defined in Section 1 (*Definitions and Abbreviations*)). The Company's audited financial statements for the financial years ended 31 December 2021G and 2022G and the reviewed interim financial statements for the six-month period ended 30 June 2023G were prepared in accordance with IFRS (as defined in Section 1 (*Definitions and Abbreviations*)). The audited financial statements for the financial year ended 31 December 2020G, 2021G and 2022G and the reviewed interim financial statements for the six-month period ended 30 June 2023G have been audited/reviewed, as applicable, by KPMG Professional Services (the "**Auditor**"), as set out in the audit reports on these statements. Such financial statements are contained in Section 19 (*Financial Statements and Auditor's Report*). The Company prepares its financial statements in Saudi Arabian Riyals.

The financial and statistical information contained in this Prospectus is rounded off to the nearest integer or for the first decimal point, where applicable. Accordingly, where numbers have been rounded up or down, there may be minor differences between the figures set out in this Prospectus and the audited financial statements and certain financial amounts presented in this Prospectus may not correspond to the financial information included elsewhere in this Prospectus or may not add up.

Unless otherwise expressly provided in this Prospectus, any references to "year" or "years" include references to Gregorian years.

Forecasts and Forward-Looking Statements

Forecasts set forth in this Prospectus have been prepared on the basis of assumptions based on the Company's information according to its market experience, as well as on publicly available market information. Since future operating conditions may differ from the assumptions used, no affirmation, representation, or warranty is made with respect to the accuracy or completeness of any of these forecasts. The Company confirms, to the best of its reasonable knowledge, that the statements were prepared with the necessary 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 and terms, such as "intends", "plans", "estimates", "believes", "expects", "anticipates", "may", "will", "should", "expected", "would be" or the negative thereof or other variations of such terms or comparable terminology. These forward-looking statements reflect the views of the Company as of the date of this Prospectus with respect to future events but are not a guarantee of future performance. Many factors could cause the actual results, performance or achievements of the Company to be significantly different from any future results, performance or achievements that may be expressed or implied. Some of the risks and factors that could have such an effect are described in more detail (for further details, see Section 2 (*Risk Factors*)). Should any of these risks or uncertainties materialise or any underlying assumptions prove to be incorrect or inaccurate, the Company's actual results may vary materially from those described as estimated, believed, expected or planned in this Prospectus.

Subject to the requirements of the Rules on the Offer of Securities and Continuing Obligations, the Company must submit a supplementary prospectus to the CMA if, at any time after the publication of this Prospectus and before completion of the Offering, it becomes aware of: (i) a significant change in any material information contained in this Prospectus or any document required under the Rules on the Offer of Securities and Continuing Obligations; or (ii) the occurrence of additional significant matters which would have been required to be included in this Prospectus. Except in the aforementioned circumstances, the Company does not intend to update or otherwise revise any industry or market information or forward-looking statements in this Prospectus, whether as a result of new information, future events or otherwise. As a result of the aforementioned and other risks, uncertainties and assumptions, the expectations of future events and circumstances set forth in this Prospectus may not occur as expected by the Company or at all. Consequently, prospective investors should consider and review all forward-looking statements in light of these explanations and should not place undue reliance on them.

Definitions and Abbreviations

For an explanation of certain defined terms and abbreviations used in this Prospectus, see Section 1 (*Definitions and Abbreviations*).

Corporate Directory

Company's Board of Directors

The Company is managed by a Board of Directors comprised of seven members in accordance with the Company's Bylaws, as set out in the following table:

Table 1: Company's Board of Directors

Name	Position	Nationality	Status	Direct Share Ownership		Indirect Share Ownership		Date of Appointment ^{(1) (2)}
				Pre-Offering	Post-Offering	Pre-Offering	Post-Offering	
Mansour Kamel Ibrahim Al-Fattouh	Chairman	Saudi	Non-Executive	19.21%	13.45%	-	-	24 Muharram 1443H (corresponding to 2 September 2021G)
Nasser Kamel Ibrahim Al-Fattouh Al-BIwi	Deputy Chairman	Saudi	Non-Executive	16.83%	11.78%	-	-	24 Muharram 1443H (corresponding to 2 September 2021G)
Suliman Saleh Nasser Al-Oufi	Director and Chief Executive Officer	Saudi	Executive	-	-	-	-	5 Rabi' al-Thani 1443H (corresponding to 10 November 2021G)
Vacant ⁽³⁾	Director	-	Independent	-	-	-	-	-
Waleed Hamad Sulaiman Al-Bathe	Director	Saudi	Independent	-	-	-	-	15 Rabi' al-Awwal 1444H (corresponding to 11 October 2022G)
Vacant ⁽³⁾	Director	-	Independent	-	-	-	-	-
Vacant ⁽³⁾	Director	-	Independent	-	-	-	-	-

Source: The Company.


⁽¹⁾ Dates listed in this table are the dates of appointment in the current positions in the Board of Directors. Their respective biographies in Section 5.2.4 (*Biographies of the Directors and the Secretary*) describe the dates of their appointment, whether in the Board of Directors or in any other position.

⁽²⁾ Mansour Kamel Ibrahim Al-Fattouh was appointed Chairman of the Board of Directors and Nasser Kamel Ibrahim Al-Fattouh Al-BIwi as Deputy Chairman by the Board Resolution issued on 24 Muharram 1443H (corresponding to 2 September 2021G).

⁽³⁾ There are three vacant seats on the Company's Board of Directors, and they will be appointed after the listing.

The Secretary of the Board of Directors is Albaraa Abdullah Saleh Al-Salamah, who was appointed pursuant to a resolution by the Board of Directors dated 16 Safar 1444H (corresponding to 12 September 2022G) for further details see Section 5.2.4 (*Biographies of the Directors and the Secretary*) for his biography.

Company's Registered Address, Representatives and Board Secretary

Company	
Al Taiseer Group TALCO Industrial Company Second Industrial Area P.O. Box 6416 Riyadh 11442 Kingdom of Saudi Arabia Tel: + 966 (11) 265 5550 Fax: + 966 (11) 265 1648 Website: www.altaiseer.com E-mail: info@altaiseer.com	
	
Company's Representatives	
Suliman Saleh Nasser Al-Oufi Chief Executive Officer and Director in the Board of Directors Al Taiseer Group TALCO Industrial Company Second Industrial Area P.O. Box 6416 Riyadh 11442 Kingdom of Saudi Arabia Tel: +966 (11) 265 5550 – Ext: 202 Fax: +966 (11) 265 1648 Website: www.altaiseer.com E-mail: suliman@altaiseer.com	Albaraa Abdullah Saleh Al-Salamah Director of Administrative Affairs and the Secretary of the Board of Directors Al Taiseer Group TALCO Industrial Company Second Industrial Area P.O. Box 6416 Riyadh 11442 Kingdom of Saudi Arabia Tel: +966 (11) 265 5550 – Ext: 131 Fax: +966 (11) 265 1648 Website: www.altaiseer.com E-mail: a.alsalamah@altaiseer.com
Secretary of the Board of Directors	
Albaraa Abdullah Saleh Al-Salamah Director of Administrative Affairs and the Secretary of the Board of Directors Al Taiseer Group TALCO Industrial Company Second Industrial Area P.O. Box 6416 Riyadh 11442 Kingdom of Saudi Arabia Tel: +966 (11) 265 5550 – Ext: 131 Fax: +966 (11) 265 1648 Website: www.altaiseer.com E-mail: a.alsalamah@altaiseer.com	

Stock Exchange

Saudi Exchange (Tadawul)

Tawuniya Towers, Northern Tower
King Fahd Road, Al Olaya 6897
Unit No. 15
Riyadh 12211-3388
Kingdom of Saudi Arabia
Tel: + 966 92 000 1919
Fax: + 966 (11) 218 9133
Website: www.saudiexchange.sa
E-mail: csc@saudiexchange.sa



Share Registrar

Securities Depository Centre Company (Edaa)

Tawuniya Towers
King Fahd Road, Al Olaya 6897
Unit No. 11
Riyadh 12211-3388
Kingdom of Saudi Arabia
Tel: + 966 92 002 6000
Website: www.edaa.sa
E-mail : cc@edaa.sa



من مجموعة تداول السعودية
From Saudi Tadawul Group

Advisors

Financial Advisor, Lead Manager, Bookrunner and Underwriter

Alinma Investment Company

Al Anoud Tower 2, King Fahd Road, Riyadh
P.O. Box 5560, Riyadh 11544
Kingdom of Saudi Arabia
Tel: +966 (11) 218 5999
Fax: +966 (11) 218 5970
Website: www.alinmainvestment.com
E-mail: info@alinmainvestment.com

الإيمان للاستثمار
alinma investment 

Legal Advisor

STAT Law Firm

Sky Towers, North Tower, 2nd Floor
8899, King Fahd Road, Al Olaya
P.O. Box 230020, Riyadh 11321
Kingdom of Saudi Arabia
Tel: +966 (11) 272 0003
Fax: +966 (11) 237 0005
Website: www.statlawksa.com
E-mail: capitalmarkets@statlawksa.com



Financial Due Diligence Advisor

PricewaterhouseCoopers Professional Services

Kingdom Tower, Twenty-First Floor, King Fahd Road
P.O. Box 8282, Riyadh 11482
Kingdom of Saudi Arabia
Tel: +966 (11) 211 0400
Fax: +966 (11) 211 0250
Website: www.pwc.com
E-mail: Mer_silver@pwc.com



Market Consultant

Front & Sullivan

Localiser Mall, First Floor, Prince Mohammed Ibn AbdulAziz Road
P.O Box 2803, Riyadh 12222
Kingdom of Saudi Arabia
Tel: +966 (11) 486 8463
Fax: +966 (11) 486 8465
Website: www.frost.com
E-mail: Aparajith.Balan@frost.com

F R O S T & S U L L I V A N

Company's Auditor

KPMG Professional Services

Roshan Front - Airport Road
P.O Box 92876, Riyadh 11663
Kingdom of Saudi Arabia
Tel: +966 (11) 874 8500
Fax: +966 (11) 874 8600
Website: <http://www.kpmg.com.sa>
E-mail: marketingsa@kpmg.com



Note: All of the above-mentioned Advisors and Auditor have given and, as of the date of this Prospectus, have not withdrawn their written consent to the inclusion of their respective names, addresses, logos and statements attributed to each of them in the context in which they appear in this Prospectus, and neither they, nor their employees (forming part of the engagement team serving the Company), nor any of their employees' relatives have any shareholding or interest of any kind in the Company as of the date of this Prospectus which would impair their independence.

Receiving Agents

Alinma Bank

Al Anoud Tower - King Fahad Road
P.O. Box 66674, Riyadh 11586
Kingdom of Saudi Arabia
Tel: +966 (11) 218 5555
Fax: +966 (11) 218 5000
Website: www.alinma.com
Email: info@alinma.com

مصرف الإنماء
alinma bank 

Al Rajhi Bank

King Fahd Road - Al Muruj District - Al Rajhi Bank Tower
P.O Box 28, Riyadh 11411
Kingdom of Saudi Arabia
Tel.: +966 11 828 2515
Fax: +966 11 279 8190
Website: www.alrajhibank.com
Email: contactcenter1@alrajhibank.com.sa

مصرف الراجحي
alrajhi bank 

Riyad Bank

Al Shuhada District
P.O. Box 22622, Riyadh 11614
Kingdom of Saudi Arabia
Tel: +966 (11) 401 3030
Fax: +966 (11) 468 5909
Website: www.riyadbank.com
E-mail: customercare@riyadbank.com

بنك الرياض
Riyad Bank 

Offering Summary

This Offering Summary is intended to provide a brief overview of the information contained in this Prospectus. As such, it does not contain all of the information that may be important to prospective investors. Accordingly, this summary must be read as an introduction to this Prospectus, and prospective investors should read this entire Prospectus in full. Any decision to invest in the Offer Shares by the prospective investors should be based on a consideration of this Prospectus as a whole.

In particular, it is important to carefully consider the “Important Notice” section on page (i) and Section 2 (*Risk Factors*) prior to making any investment decision with respect to the Offer Shares.

Company Name, Description and Establishment Information

Al Taiseer Group TALCO Industrial Company (hereinafter referred to as the “**Company**” or “**Issuer**” is a Saudi closed joint stock company incorporated by virtue of Ministry of Commerce Resolution No 217/Q, dated 6 Rajab 1430H (corresponding to 29 June 2009G), with Commercial Registration No 1010009737 issued in Riyadh, Kingdom of Saudi Arabia. The Company’s head and registered office is located in the Second Industrial Area, street number 245, P.O. Box 6416, Riyadh 11442, Kingdom of Saudi Arabia. As of the date of this Prospectus, the share capital of the Company is four hundred million Saudi Arabian Riyals (SAR 400,000,000), divided into forty million (40,000,000) ordinary shares, with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per share (the “**Shares**”).

The Company commenced operations in 1976G under a branch of a sole establishment named Al-Fattouh Commercial Establishment owned by Mr. Kamel Ibrahim Ali Al-Fattouh with a capital of three million Saudi Arabian Riyals (SAR 3,000,000). On 11 Jumada al-Akhirah 1429H (corresponding to 15 June 2008G), and by virtue of a ministerial resolution No. 217/Q dated 6 Rajab 1430H (corresponding to 29 June 2009G), the Company was approved to be established as a closed joint stock company and the establishment branch was converted to a closed joint stock company and after which its name was changed to “Al Taiseer Aluminium Company (TALCO)” and registered under Commercial Registration No 1010009737, dated 10 Jumada al-Akhirah 1396H (corresponding to 8 June 1976G) with a capital of one hundred million Saudi Arabian Riyals (SAR 100,000,000), divided into ten million (10,000,000) ordinary shares with a nominal value of ten Saudi Arabian Riyals (SAR 10) per share, following Mr. Kamel Ibrahim Ali Al-Fattouh transferred the Al-Fattouh sole establishment branch registered with Commercial Registration No. 1010008999 to the Company, including the rights and liabilities associated with the branch. Pursuant to the Company’s Extraordinary General Assembly resolution dated 16 Thul-Qi’dah 1435H (corresponding to 11 September 2014G), the Company’s capital increased from one hundred million Saudi Arabian Riyals (SAR 100,000,000), divided into ten million (10,000,000) ordinary shares with a nominal value of ten Saudi Arabian Riyals (SAR 10) per share, to two hundred million Saudi Arabian Riyals (SAR 200,000,000), divided into twenty million (20,000,000) ordinary shares with a nominal value of ten Saudi Arabian Riyals (SAR 10) per share, through the capitalisation of retained earnings and the shareholders’ accounts of Mr. Kamel Ibrahim Ali Al-Fattouh, Mr. Mansour Kamel Ibrahim Al-Fattouh, Nasser Kamel Ibrahim Al-Fattouh Al-Biwi, Khalid Kamel Ibrahim Al-Fattouh, and Abdulaziz Kamel Ibrahim Al-Fattouh. On 9 Jumada al-Ula 1442H (corresponding to 24 December 2020G), the Shareholders of the Company approved the merger of Gulf Polyester Powder Production Company (hereinafter referred to as “**Alwan**”) and Al-Fattouh Aluminium Accessories and Isolation Lines Company (hereinafter referred to as “**Alfa**”) with all their branches, assets, rights, liabilities, and responsibilities with the Company and converted into branches of the Company while retaining their names, numbers, and date of its Commercial Registrations. Pursuant to the Company’s Extraordinary General Assembly resolution dated 5 Rabi’ al-Thani 1443H (corresponding to 10 November 2021G), the Company’s name was changed from Al Taiseer Aluminium Company (TALCO) to Al Taiseer Group TALCO Industrial Company, and the capital of the Company was increased from two hundred million Saudi Arabian Riyals (SAR 200,000,000), divided into twenty million (20,000,000) ordinary shares with a nominal value of ten Saudi Arabian Riyals (SAR 10) per share to three hundred fifty million Saudi Arabian Riyals (SAR 350,000,000), divided into thirty-five million (35,000,000) ordinary shares, with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per share through the capitalisation of retained earnings and the statutory reserve. Pursuant to the Company’s Extraordinary General Assembly resolution dated 15 Rabi’ al-Awwal 1444H (corresponding to 11 October 2022G), the capital of the Company was increased from three hundred fifty million Saudi Arabian Riyals (SAR 350,000,000), divided into thirty-five million (35,000,000) ordinary shares, with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per share to four hundred million Saudi Arabian Riyals (SAR 400,000,000), divided into forty million (40,000,000) ordinary shares, with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per share through the capitalisation of retained earnings and the statutory reserve (For further details, see Section 4.2 (*Corporate History and Evolution of Capital*)).

<p>Company's Activities</p>	<p>The Company's current activities consists of the following segments:</p> <ul style="list-style-type: none"> • Aluminium: The Company designs, manufactures and markets a diverse range of aluminium products to a broad range of clients. The aluminium products segment consists of sub-segments, such as aluminium extrusions (various aluminium alloys) mill finish, anodised aluminium, powder coated aluminium, anodic treatment - powder coated aluminium (seaside), PVDF coating (liquid coating), wood finished aluminium (real wood), wood finished aluminium (Effecta), wood finished aluminium (film sublimation) and thermal break products. • Thermoset Powder Coating: The Company manufactures and markets an extensive range of thermoset powder coating products catering to a broad range of clients. The thermoset powder coating products segment consists of sub-segments, such as polyester powder, epoxy powder, super durable powder and metallic powder products. • Accessories: The Company designs, manufactures and markets a wide variety of accessories to a broad range of clients. The accessories segment consists of sub-segments, such as weatherstrip, polypropylene yarn, strip brush/rubber, rubber gaskets from PVC and TPV, plastic injection moulded components, plastic bags and sheets and printing wrapping films products. <p>For further details about the Company's current activities, see Section 4 (<i>Business Description</i>).</p> <p>In accordance with its Bylaws, the Company's activities consist of the following:</p> <ul style="list-style-type: none"> • agriculture and fisheries; • mines, petroleum and their sectors; • transformative industries sectors according to the industrial licences; • electricity, gas, water and their subsidiaries; • construction; • trading; • transport, storage and refrigeration; • financial, business and other services; • social, community and personal services; • information technology; and • safety and security. <p>In accordance with its main and branch Commercial Registrations, the Company's activities consist of the following:</p> <ul style="list-style-type: none"> • manufacture of kitchens from wood and aluminium; • non-ferrous traditional metal works, including (wires, pipes, pipes, powders, sheets, sheets, etc.); • manufacture and installation of windows and doors; • manufacture of paints; • manufacture of varnishes (polishing materials); • providing marketing services on behalf of third parties; • manufacture of plastic (elastomers) in its primary forms; • manufacture of prefabricated buildings consisting mainly of metal; • manufacture of cutters, panels, frames and prefabricated buildings from ready-made concrete; • manufacture of furniture from wood.
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Substantial Shareholders	Substantial Shareholders’ names and ownership in the Company pre- and post-Offering are provided in the table below:						
	Table 2: Substantial Shareholders and Their Ownership in the Company Pre- and Post-Offering						
	Shareholder	Pre-Offering			Post-Offering		
		Number of Shares	Ownership (%) ⁽¹⁾	Overall Nominal Value (SAR)	Number of Shares	Ownership (%) ⁽¹⁾	Overall Nominal Value (SAR)
	Mansour Kamel Ibrahim Al-Fattouh	7,684,662	19.21%	76,846,620	5,379,263	13.45%	53,792,630
	Nasser Kamel Ibrahim Al-Fattouh Al-Blwi	6,731,287	16.83%	67,312,870	4,711,901	11.78%	47,119,010
	Elham Mahmoud Obaid Ibrahim	4,494,482	11.24%	44,944,820	3,146,137	7.87%	31,461,370
	Dalal Kamel Ibrahim Al-Fattouh Al-Blwi	3,336,815	8.34%	33,368,150	2,335,771	5.84%	23,357,710
	Manal Kamel Ibrahim Al-Fattouh Al-Blwi	3,336,805	8.34%	33,368,050	2,335,764	5.84%	23,357,640
	Nawaf Khalid Kamel Al-Fattouh Al-Blwi	2,944,937	7.36%	29,449,370	2,061,456	5.15%	20,614,560
	Abdulaziz Khalid Kamel Al-Fattouh Al-Blwi	2,944,937	7.36%	29,449,370	2,061,456	5.15%	20,614,560
	Amal Kamel Ibrahim Al-Fattouh Al-Blwi	2,860,127	7.15%	28,601,270	2,002,089	5.01%	20,020,890
	Shatha Muwaffaq Kamel Al-Fattouh Al-Blwi	2,860,126	7.15%	28,601,260	2,002,088	5.01%	20,020,880
Total	37,194,178	92.99%	371,941,780	26,035,925	65.09%	260,359,250	
Source: The Company.							
⁽¹⁾ The ownership percentages are rounded.							
Company’s Share Capital	Four hundred million Saudi Arabian Riyals (SAR 400,000,000).						
Total Number of Issued Shares	Forty million (40,000,000) fully paid Shares.						
Nominal Value per Share	Ten Saudi Arabian Riyals (SAR 10) per Share.						
Offering	Twelve million (12,000,000) Shares, representing thirty per cent. (30%) of the Company’s capital and at an Offer Price of forty three Saudi Arabian Riyals (SAR 43) per Offer Share.						
Total Number of Offer Shares	Twelve million (12,000,000) Shares.						
Percentage of Offer Shares to the Total Number of Issued Shares	The Offer Shares represent thirty per cent. (30%) of the Company’s share capital.						
Offer Price	Forty three Saudi Arabian Riyals (SAR 43) per Offer Share.						
Total Value of Offer Shares	Five hundred sixteen million Saudi Arabian Riyals (SAR 516,000,000).						
Use of Proceeds	The Net Offering Proceeds amounting to approximately five hundred million Saudi Arabian Riyals (SAR 500,000,000) (after deducting the Offering expenses estimated at sixteen million Saudi Arabian Riyals (SAR 16,000,000)), will be paid to the Selling Shareholders on a pro rata basis according to the number of Offer Shares being sold by each Selling Shareholder. The Company will not receive any part of the Offering Proceeds (for further details, see Section 8 (<i>Use of Proceeds</i>)).						
Total Number of Shares Underwritten	Twelve million (12,000,000) Ordinary Shares.						

Total Offering Amount Underwritten	Five hundred sixteen million Saudi Arabian Riyals (SAR 516,000,000).
Categories of Targeted Investors	<p>Subscription to the Offer Shares is restricted to two groups of Investors, namely:</p> <ul style="list-style-type: none"> • Tranche (A) Participating Parties: This tranche includes parties entitled to participate in the book-building process in accordance with the Book-Building Instructions, including investment funds, companies, Qualified Foreign Investors, GCC Corporate Investors and certain other Foreign Investors pursuant to Swap Agreements (for further details, see Section 1 (Definitions and Abbreviations)); and • Tranche (B) Individual Investors: This tranche includes Saudi Arabian natural people, 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 Saudi Arabian children, as well as any non-Saudi natural people resident in the Kingdom or GCC natural people, in each case who have a bank account with a Receiving Agent and the right to open an investment account with a Capital Market Institution. 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. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted.
Total Number of Shares Offered for Each Category of Targeted Investors	
The Number of Shares Offered for the Participating Parties	Twelve million (12,000,000) Shares, representing 100 per cent. of the Offer Shares. If there is sufficient demand from Individual Investors, and the Participating Entities subscribe to all the Offer Shares allocated to them, by the Bookrunner in coordination with the Company have the right to reduce the number of Shares allocated to the Participating Entities to ten million and eight hundred thousand (10,800,000) Offer Shares, representing 90 per cent. of the Offer Shares. Initially, three million six hundred thousand (3,600,000) ordinary shares will be allocated to the public funds tranche, representing thirty per cent. (30%) of the total number of Offer Shares, in the event that there is sufficient demand from the public funds tranche, noting that in the event that there is sufficient demand from Individual Investors in the Offer Shares, the Bookrunner has the right to reduce the number of shares allocated to public funds to three million two hundred and forty thousand (3,240,000) ordinary shares as a minimum, representing twenty seven per cent. (27%) of the total number of Offer Shares after completing the Individual Investors process.
Number of Offer Shares Available to Individual Investors	A maximum of one million two hundred thousand (1,200,000) Offer Shares, representing 10 per cent. of the Offer Shares.
Subscription Method for Each of the Targeted Investors' Categories:	
Subscription Method for Participating Parties	Participating Parties as identified in Section 1 (<i>Definitions and Abbreviations</i>) may apply for participation in the book-building process by completing a Bidding Participation Application that will be provided by the Bookrunner for the Participating Entities during the book-building process period. After provisional allocation, the Participating Entities shall complete the Subscription Application Forms that will be made available to them by the Bookrunner in accordance with the instructions mentioned in Section 17 (<i>Subscription Terms and Conditions</i>).
Subscription Method for Individual Investors	Subscription Application Forms will be provided during the Offering Period by the Receiving Agents. Subscription Application Forms shall be completed in accordance with the instructions mentioned in Section 17 (<i>Subscription Terms and Conditions</i>). Individual Investors can also subscribe through the Internet, telephone banking, automated teller machines ("ATMs"), and any other electronic channels offered by the Receiving Agents, or any of the Receiving Agents' branches that offer any or all such services to its customers, provided that: (i) the Individual Investor has a bank account at a Receiving Agent which offers such services; (ii) there should have been no changes in the personal information or data of the Individual Investor since his/her subscription in a recent initial public offering; and (iii) Individual Investors who are not Saudi or GCC natural people must have an account at one of the Capital Market Institutions which offer such services.
Minimum Number of Offer Shares to be Applied for by Each of the Targeted Investors' Categories:	
Minimum Number of Offer Shares to be Applied for by Participating Entities	Fifty thousand (50,000) Offer Shares.
Minimum Number of Offer Shares to be Applied for by Individual Investors	Ten (10) Offer Shares.
Minimum Subscription Amount for Each of the Targeted Investors' Categories:	
Minimum Subscription Amount for Participating Entities	Two million and one hundred fifty thousand Saudi Arabian Riyals (SAR 2,150,000).

Minimum Subscription Amount for Individual Investors	Four hundred and thirty Saudi Arabian Riyals (430).
Maximum Number of Offer Shares to be Applied for by Each of the Targeted Investors' Categories:	
Maximum Number of Offer Shares to be Applied for by Participating Entities	One million nine-hundred and ninety-nine thousand and nine hundred and ninety-nine (1,999,999) Offer Shares and, in relation to public funds only, no more than the maximum number of Offer Shares to be calculated for each participating public fund pursuant to the Book-Building Instructions.
Maximum Number of Offer Shares to be Applied for by Individual Investors	Two hundred and fifty thousand (250,000) Offer Shares.
Maximum Subscription Amount for Each of the Targeted Investors' Categories:	
Maximum Subscription Amount for Participating Entities	Eighty-five million and nine hundred ninety-nine thousand and nine hundred fifty-seven Saudi Arabian Riyals (SAR 85,999,957).
Maximum Subscription Amount for Individual Investors	Ten million and seven hundred fifty thousand Saudi Arabian Riyals (SAR 10,750,000).
Allocation and Refund of Excess Subscription Monies Method for Each of the Targeted Investors' Categories:	
Allocation of Offer Shares to Participating Entities	The final allocation of the Offer Shares to Participating Entities shall be made through the Bookrunner after the completion of the Individual Investors' subscription process as the Bookrunner deem appropriate in coordination with the Issuer, using the discretionary allocation mechanism. As a result, some of the Participating Entities may not be allocated any Offer Shares. The number of Offer Shares to be provisionally allocated to Participating Entities is twelve million (12,000,000) Shares, representing 100 per cent. of the Offer Shares. If there is sufficient demand by Individual Investors for the Offer Shares, the Bookrunner, in coordination with the Issuer, shall have the right to reduce the number of Offer Shares allocated to Participating Entities to ten million and eight hundred thousand (10,800,000) ordinary Offer Shares as a minimum, representing 90 per cent. of the Offer Shares. Initially, three million six hundred thousand (3,600,000) ordinary shares will be allocated to the public funds tranche, representing thirty per cent. of the total number of Offer Shares, in the event that there is sufficient demand from the public funds tranche, noting that in the event that there is sufficient demand from Individual Investors in the Offer Shares, the Bookrunner has the right to reduce the number of shares allocated to public funds to three million two hundred and forty thousand (3,240,000) ordinary shares as a minimum, representing twenty seven per cent. of the total number of Offer Shares after completing the Individual Investors process.
Allocation of Offer Shares to Individual Investors	Allocation of the Offer Shares to Individual Investors is expected to be completed no later than 25 Thul-Qi'dah 1445H (corresponding to 02 June 2024G). The minimum allocation per Individual Investor is ten (10) ordinary Offer Shares, and the maximum allocation per Individual Investor is two hundred and fifty thousand (250,000) ordinary Offer Shares, with remaining Offer Shares, if any, being allocated pro-rata based on the number of Offer Shares applied for by that Individual Investor to the total Offer Shares. If the number of Individual Investors exceeds one hundred and twenty thousand (120,000) Individual Investors, the Company will not guarantee the minimum allocation of ten (10) Offer Shares for each Individual Investor. In this case, the Offer Shares will be allocated at the discretion of the Lead Manager in coordination with the Company.
Refund of Excess Subscription Monies	Excess subscription monies, if any, will be refunded to Subscribers without withholding any charge or commission by the Lead Manager or the Receiving Agents, as applicable. The final allocation will be made announced no later than 25 Thul-Qi'dah 1445H (corresponding to 02 June 2024G) and any excess subscription monies, will be refunded no later than 25 Thul-Qi'dah 1445H (corresponding to 02 June 2024G). For further details, see "Key Dates and Subscription Procedures" on page (xv) and Section 17 (<i>Subscription Terms and Conditions</i>).
Offering Period for Individual Investors	The Offering will commence on 20 Thul-Qi'dah 1445H (corresponding to 28 May 2024G) and will remain open for a period of two (2) days up to 4 pm at the Offering closing date which is 21 Thul-Qi'dah 1445H (corresponding to 29 May 2024G). For further details, see "Key Dates and Subscription Procedures" on page (xv).
Entitlement to Dividends	The Offer Shares will entitle their holders to receive any dividends declared by the Company start-ing from the date of this Prospectus and for the subsequent financial years (for further details, see Section 7 (<i>Dividend Distribution Policy</i>)).

Voting Rights	The Company has one class of Shares only. None of the Shares carries any preferential voting rights. Each Share entitles its holder to one vote and each Shareholder has the right to attend and vote at the meetings of the General Assembly. A Shareholder has the right to delegate another person, but not a Director or employee of the Company, to attend the General Assembly meetings (for further details, see Section 12.12 (<i>Summary of Bylaws</i>) and Section 12.13 (<i>Description of Shares</i>)).
Restrictions on the Shares (Lock-up Period)	The current 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. They may not dispose of any of their Shares during such period. Following the end of the Lock-up Period, the Substantial Shareholders may dispose of their Shares (for further details regarding Substantial Shareholders, see Table 2 (<i>Substantial Shareholders and Their Ownership in the Company Pre- and Post-Offering</i>)).
Listing of Shares	Prior to the Offering, the Shares have not been listed 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 has also submitted an application to the Exchange for listing its Shares on the Exchange in accordance with the Listing Rules. All of the relevant approvals required to conduct the Offering have been granted. All supporting documents requested by CMA and Tadawul have been met. It is expected that trading in the Shares will commence on the Exchange after the final allocation of the Offer Shares (for further details, see “ <i>Key Dates and Subscription Procedures</i> ” on page (xv)).
Risk Factors	There are certain risks related to the investment in the Offer Shares. These risks can be categorised into: (i) risks related to the activities and operations of the Company; (ii) risks related to the market, industry and regulatory environment; and (iii) risks related to the Offer Shares. These risks are described in Section 2 (<i>Risk Factors</i>) and the “ <i>Important Notice</i> ” section on page (i) of this Prospectus and should be considered carefully prior to making any investment decision in relation to the Offer Shares.
Offering Expenses	The Selling Shareholders will bear all Offering expenses and costs estimated at around sixteen million Saudi Arabian Riyals (SAR 16,000,000) on a pro rata basis according to the number of Offer Shares being sold by each Selling Shareholder. These expenses and costs will be deducted from the Offering Proceeds and include the fees of the Financial Advisors, the Lead Manager, the Bookrunner, the Underwriter, the Legal Advisor, the Financial Due Diligence Advisor, the Auditor, the Receiving Agents and the Market Consultant, as well as marketing, printing and distribution fees and other costs and expenses related to the Offering.
Financial Advisor, Lead Manager and Underwriter	Alinma Investment Company Al Anoud Tower 2, King Fahd Road, Riyadh P.O. Box 55560 Riyadh 11544 Kingdom of Saudi Arabia Tel: +966 (11) 218 5999 Fax: +966 (11) 218 5970 Website: www.alinmainvestment.com E-mail: info@alinmainvestment.com

Note: The “*Important Notice*” section on page (i) and Section 2 (*Risk Factors*) should be read thoroughly prior to an investment decision being made with respect to the Offer Shares under this Prospectus.

Key Dates and Subscription Procedures

Table 3: Expected Offering Timetable

Expected Offering Timetable	Date
Bidding and Book-Building Period for Participating Entities	Commencing on Monday 12 Thul-Qi'dah 1445H (corresponding to 20 May 2024G), until the end of Thursday 15 Thul-Qi'dah 1445H (corresponding to 23 May 2024G).
Deadline for Submission of Subscription Application Forms Based on the Number of the Offer Shares Provisionally Allocated for the Participating Entities	Wednesday 21 Thul-Qi'dah 1445H (corresponding to 29 May 2024G).
Subscription Period for Individual Investors	A period of two (2) days starting on 20 Thul-Qi'dah 1445H (corresponding to 28 May 2024G) till 4 pm in 21 Thul-Qi'dah 1445H (corresponding to 29 May 2024G).
Deadline for Payment of the Subscription Amount by Participating Entities Based on their Provisionally Allocated Offer Shares	Wednesday 21 Thul-Qi'dah 1445H (corresponding to 29 May 2024G).
Deadline for Submission of Subscription Application Forms and Payment of the Subscription Amount by Individual Investors	4 pm on Wednesday 21 Thul-Qi'dah 1445H (corresponding to 29 May 2024G).
Announcement of the Final Allocation of the Offer Shares	On or before 25 Thul-Qi'dah 1445H (corresponding to 02 June 2024G).
Refund of Excess Subscription Monies (if any)	On or before 25 Thul-Qi'dah 1445H (corresponding to 02 June 2024G).
Expected Commencement Date for Trading the Shares on the Exchange	Trading of the Company's Shares on the Exchange is expected to start after the completion of all of the relevant legal requirements and procedures. The trading commencement date of the Shares will be announced in local newspapers and Tadawul's website (www.saudiexchange.sa).

Note: The above timetable and the dates therein are indicative and subject to change. The actual dates will be communicated on the websites of Tadawul (www.saudiexchange.sa), the Financial Advisor (www.alinmainvestment.com) and the Company (www.altaiseer.com).

How to Apply for the Offer Shares

Subscription to the Offer Shares is restricted to the following two groups of Investors:

- **Tranche (A): Participating Parties** comprising the parties entitled to participate in the book-building process as specified under the Book-Building Instructions, including investment funds, companies, Qualified Foreign Investors, GCC Corporate Investors and certain other Foreign Investors pursuant to Swap Agreements (for further details, see Section 1 (*Definitions and Abbreviations*) and Section 17 (*Subscription Terms and Conditions*)).
- **Tranche (B): Individual Investors** comprising Saudi Arabian natural people, 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 Saudi Arabian children, as well as any non-Saudi natural people resident in the Kingdom or GCC natural people, in each case who have a bank account with a Receiving Agent and the right to open an investment account with a Capital Market Institution. 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. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted.

A. Participating Parties

Participating Parties may apply for participation in the book-building process by completing the Bidding Participation Application that will be provided by the Bookrunner during the book-building process period and obtaining the Subscription Application Forms from the Bookrunner after provisional allocation. After obtaining the approval of the CMA, the Bookrunner shall offer the Offer Shares to the Participating Parties only during the bookbuilding period. Subscriptions by the Participating Entities shall commence during the Offering Period, which also includes the Individual Investors, according to the terms and conditions detailed in the Subscription Application Forms. A signed Subscription Application Form must be submitted to the Bookrunner representing a legally binding agreement between the Selling Shareholders and the relevant Participating Entity submitting the same.

B. Individual Investors

Subscription Application Forms for Individual Investors will be provided during the Offering Period by the Receiving Agents. Individual Investors can also subscribe through the internet, telephone banking, or ATMs of any of the Receiving Agents that provide some or all of these channels to Individual Investors, provided that:

- the Individual Investor shall have a bank account at a Receiving Agent which offers such services;
- there should have been no changes in the personal information or data of the Individual Investor since his subscription in a recent initial public offering; and
- the Individual Investors who are not Saudi or GCC natural people must have an account at one of the Capital Market Institutions which offer such services.

Subscription Application Forms must be filled out by each individual applicant according to the instructions mentioned in Section 17 (*Subscription Terms and Conditions*). An applicant must complete all of the relevant sections in the Subscription Application 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. After being submitted, the Subscription Application Form cannot be amended or withdrawn. If the Subscription Application Form is submitted twice, then the second submission shall be considered null and void, and only the first submission shall be considered. Upon submission, the Subscription Application Form shall be considered to be a legally binding agreement by the relevant Subscriber and the Selling Shareholders (for further details, see Section 17 (*Subscription Terms and Conditions*)).

Excess subscription monies, if any, will be refunded to the primary Individual Investor's account held with the Receiving Agent from which the subscription amount has been debited in the first place, without withholding any charge or commission 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 Individual Investors and the Participating Entities, see Section 17 (*Subscription Terms and Conditions*).

Summary of Key Information

This summary of key information is intended to give an overview of the information contained in this Prospectus. However, it does not contain all of the information that may be important to prospective investors. Accordingly, this summary must be treated as an introduction to this Prospectus, and people wishing to subscribe for the Offer Shares are advised to read the entire Prospectus in full to ensure that any decision to invest in the Offer Shares by prospective investors is based on the consideration of this Prospectus as a whole. In particular, it is important for an investor to carefully consider the "Important Notice" section on page (i) and Section 2 (*Risk Factors*) prior to making an investment decision with respect to the Offer Shares and should not base his decision solely on this summary.

Overview of the Company

History of the Company

Al Taiseer Group TALCO Industrial Company (hereinafter referred to as the “**Company**” or “**Issuer**” is a Saudi closed joint stock company incorporated by virtue of Ministry of Commerce Resolution No. 217/Q, dated 6 Rajab 1430H (corresponding to 29 June 2009G), with Commercial Registration No 1010009737 issued in Riyadh, Kingdom of Saudi Arabia. The Company’s head and registered office is located in the Second Industrial Area, street number 245, P.O. Box 6416, Riyadh 11442, Kingdom of Saudi Arabia. As of the date of this Prospectus, the share capital of the Company is four hundred million Saudi Arabian Riyals (SAR 400,000,000), divided into forty million (40,000,000) ordinary shares, with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per share.

The Company commenced operations in 1976G under a branch of a sole establishment named Al-Fattouh Commercial Establishment owned by Mr Kamel Ibrahim Ali Al-Fattouh with a capital of three million Saudi Arabian Riyals (SAR 3,000,000). On 11 Jumada al-Akhirah 1429H (corresponding to 15 June 2008G), and by virtue of a ministerial resolution No. 217/Q dated 6 Rajab 1430H (corresponding to 29 June 2009G), the Company was approved to be established as a closed joint stock company and the establishment branch was converted to a closed joint stock company and after which its name was changed to “Al Taiseer Aluminium Company (TALCO)” and registered under Commercial Registration No 1010009737, dated 10 Jumada al-Akhirah 1396H (corresponding to 8 June 1976G) with a capital of one hundred million Saudi Arabian Riyals (SAR 100,000,000), divided into ten million (10,000,000) ordinary shares with a nominal value of ten Saudi Arabian Riyals (SAR 10) per share, following Mr. Kamel Ibrahim Ali Al-Fattouh transferred the Al-Fattouh sole establishment branch registered with Commercial Registration No. 1010008999 to the Company, including the rights and liabilities associated with the branch. Pursuant to the Company’s Extraordinary General Assembly resolution dated 16 Thul-Qi’dah 1435H (corresponding to 11 September 2014G), the Company’s capital increased from one hundred million Saudi Arabian Riyals (SAR 100,000,000), divided into ten million (10,000,000) ordinary shares with a nominal value of ten Saudi Arabian Riyals (SAR 10) per share, to two hundred million Saudi Arabian Riyals (SAR 200,000,000), divided into twenty million (20,000,000) ordinary shares with a nominal value of ten Saudi Arabian Riyals (SAR 10) per share, through the capitalisation of retained earnings and the shareholders’ accounts of Mr. Kamel Ibrahim Ali Al-Fattouh, Mr. Mansour Kamel Ibrahim Al-Fattouh, Nasser Kamel Ibrahim Al-Fattouh Al-Biwi, Khalid Kamel Ibrahim Al-Fattouh, and Abdulaziz Kamel Ibrahim Al-Fattouh. On 9 Jumada al-Ula 1442H (corresponding to 24 December 2020G), the Shareholders of the Company approved the merger of Gulf Polyester Powder Production Company (hereinafter referred to as “**Alwan**”) and Al-Fattouh Aluminium Accessories and Isolation Lines Company (hereinafter referred to as “**Alfa**”) with all their branches, assets, rights, liabilities, and responsibilities with the Company and converted into branches of the Company while retaining their names, numbers, and date of its Commercial Registrations. Pursuant to the Company’s Extraordinary General Assembly resolution dated 5 Rabi’ al-Thani 1443H (corresponding to 10 November 2021G), the Company’s name was changed from Al Taiseer Aluminium Company (TALCO) to Al Taiseer Group TALCO Industrial Company, and the capital of the Company was increased from two hundred million Saudi Arabian Riyals (SAR 200,000,000), divided into twenty million (20,000,000) ordinary shares with a nominal value of ten Saudi Arabian Riyals (SAR 10) per share to three hundred fifty million Saudi Arabian Riyals (SAR 350,000,000), divided into thirty-five million (35,000,000) ordinary shares, with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per share through the capitalisation of retained earnings and the statutory reserve. Pursuant to the Company’s Extraordinary General Assembly resolution dated 15 Rabi’ al-Awwal 1444H (corresponding to 11 October 2022G), the capital of the Company was increased from three hundred fifty million Saudi Arabian Riyals (SAR 350,000,000), divided into thirty-five million (35,000,000) ordinary shares, with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per share to four hundred million Saudi Arabian Riyals (SAR 400,000,000), divided into forty million (40,000,000) ordinary shares, with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per share through the capitalisation of retained earnings and the statutory reserve (For further details, see Section 4.2 (*Corporate History and Evolution of Capital*)).

Overview of the Company’s Business

The Company is considered a regional leader in the aluminium production and finishing sector, boasting a market share of 23 per. cent. of total production of the aluminium sector in the Kingdom in 2022G, as per the Market Report. Its commitment to developing cutting-edge technology for aluminium extrusion has allowed it to establish a strong presence in the market. In 1994G, the Company embarked on an ambitious plan to expand its offering by introducing aluminium production lines, initially starting with just one extrusion press and growing to six state-of-the-art extrusion presses from SMS Germany as of the date of this Prospectus. This expansion has increased its production capacity to 60,000 MT per annum. The Company’s operations adhere to the quality management system ISO 9001-2008, which was upgraded to ISO 9001-2015 within just six months. All products meet international standards and tolerances, such as BSI, ASTM, EN and Saudi Standards (SASO).

The Company employs recognised industry experts (including the German company SMS) that specialise in quality control of the production process and drawing presses, and bring decades of experience and technical know-how, enabling it to establish various product lines with quality and efficiency meeting applicable international standards. It plays a leading role in exporting aluminium and architectural products to GCC countries and the other MENA countries, including Egypt, Jordan and Yemen. Of the exports in 2022G, 72 per cent. were to GCC countries and 28 per cent. to the other MENA countries.

The Company’s three principal business segments consist of the following:

- **Aluminium:** The Company designs, manufactures and markets a diverse range of aluminium products to a broad range of clients. The aluminium products segment consists of sub-segments, such as aluminium extrusions (various aluminium alloys) mill finish, anodised aluminium, powder coated aluminium, anodic treatment - powder coated aluminium (seaside), PVDF coating (liquid coating), wood finished aluminium (real wood), wood finished aluminium (Effecta), wood finished aluminium (film sublimation) and thermal break products.

- **Thermoset Powder Coating:** The Company manufactures and markets an extensive range of thermoset powder coating products catering to a broad range of clients. The thermoset powder coating products segment consists of sub-segments, such as polyester powder, epoxy powder, super durable powder and metallic powder products.
- **Accessories:** The Company designs, manufactures and markets a wide variety of accessories to a broad range of clients. The accessories segment consists of sub-segments, such as weatherstrip, polypropylene yarn, strip brush/rubber, rubber gaskets from PVC and TPV, plastic injection moulded components, plastic bags and sheets and printing wrapping films products.

By leveraging its expertise and strategic initiatives, the Company has positioned itself as a prominent player in the aluminium production and finishing sector, continually striving to maintain high-quality standards and explore new opportunities for growth.

As of 30 June 2023G, the Company had a total of 694 employees across the Kingdom (for further details, see Section 5.9 (*Employees*)).

The Company generated revenue of SAR 359.3 million in the financial year ended 31 December 2020G, compared to SAR 518.5 million in the financial year ended 31 December 2021G, SAR 749.9 million in the financial year ended 31 December 2022G, and SAR 336.6 million in the six-month period ended 30 June 2023G. The net income for the financial year ended 31 December 2020G was SAR 35.5 million, compared to SAR 56.6 million for the financial year ended 31 December 2021G, SAR 74.7 million for the financial year ended 31 December 2022G, and SAR 39.8 million in the six-month period ended 30 June 2023G. As of 31 December 2020G, the Company's total assets were SAR 385.7 million, compared to SAR 550.7 million as of 31 December 2021G, SAR 629.2 million as of 31 December 2022G, and SAR 643.5 million as of 30 June 2023G. As of 31 December 2020G, the Company's total liabilities amounted to SAR 113.2 million, compared to 158.3 million as of 31 December 2021G, SAR 184.5 million as of 31 December 2022G, and SAR 203.3 million as of 30 June 2023G (for further details regarding the Company's financial performance, see Section 6 (*Management's Discussion and Analysis of Financial Position and Results of Operations*)).

Ownership Structure

As of the date of this Prospectus, the share capital of the Company is four hundred million Saudi Arabian Riyals (SAR 400,000,000), divided into forty million (40,000,000) ordinary Shares, with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per Share. The following table sets out the direct ownership structure of the Company pre- and post-Offering:

Table 4: Direct Ownership Structure of the Company Pre- and Post- Offering

Shareholder	Pre-Offering			Post-Offering		
	Number of Shares	Shareholding (%) ⁽¹⁾	Nominal Value (SAR)	Number of Shares	Shareholding (%) ⁽¹⁾	Nominal Value (SAR)
Mansour Kamel Ibrahim Al-Fattouh	7,684,662	19.21%	76,846,620	5,379,263	13.45%	53,792,630
Nasser Kamel Ibrahim Al-Fattouh Al-Blwi	6,731,287	16.83%	67,312,870	4,711,901	11.78%	47,119,010
Elham Mahmoud Obaid Ibrahim	4,494,482	11.24%	44,944,820	3,146,137	7.87%	31,461,370
Dalal Kamel Ibrahim Al-Fattouh Al-Blwi	3,336,815	8.34%	33,368,150	2,335,771	5.84%	23,357,710
Manal Kamel Ibrahim Al-Fattouh Al-Blwi	3,336,805	8.34%	33,368,050	2,335,764	5.84%	23,357,640
Nawaf Khalid Kamel Al-Fattouh Al-Blwi	2,944,937	7.36%	29,449,370	2,061,456	5.15%	20,614,560
Abdulaziz Khalid Kamel Al-Fattouh Al-Blwi	2,944,937	7.36%	29,449,370	2,061,456	5.15%	20,614,560
Amal Kamel Ibrahim Al-Fattouh Al-Blwi	2,860,127	7.15%	28,601,270	2,002,089	5.01%	20,020,890
Shatha Muwaffaq Kamel Al-Fattouh Al-Blwi	2,860,126	7.15%	28,601,260	2,002,088	5.01%	20,020,880
Ibrahim Abdulaziz Kamel Ibrahim Al-Fattouh Al-Blwi	252,759	0.63%	2,527,590	176,931	0.44%	1,769,310
Mohammed Abdulaziz Kamel Ibrahim Al-Fattouh Al-Blwi	252,759	0.63%	2,527,590	176,931	0.44%	1,769,310
Faris Abdulaziz Kamel Ibrahim Al-Fattouh Al-Blwi	252,759	0.63%	2,527,590	176,931	0.44%	1,769,310
Khadraa Rashid Harbi Al-Fattouh	953,375	2.38%	9,533,750	667,364	1.67%	6,673,640
Basmah Hussain Salem Al-Fattouh Al-Blwi	841,412	2.10%	8,414,120	588,988	1.47%	5,889,880
Fatima Ali Hassan Al-Fattouh	126,379	0.32%	1,263,790	88,465	0.22%	884,650

Shareholder	Pre-Offering			Post-Offering		
	Number of Shares	Shareholding (%) ⁽¹⁾	Nominal Value (SAR)	Number of Shares	Shareholding (%) ⁽¹⁾	Nominal Value (SAR)
Reem Abdulaziz Kamel Ibrahim Al-Fattouh Al-BIwi	126,379	0.32%	1,263,790	88,465	0.22%	884,650
Public	-	-	-	12,000,000	30.00%	120,000,000
Total	40,000,000	100%	400,000,000	40,000,000	100%	400,000,000

Source: The Company.

⁽¹⁾ The ownership percentages are rounded.

Vision, Mission, and Strategy

Vision

Expanding the supply of aluminium profiles to all parts of the world while maintaining the highest health and safety standards.

Mission

Providing the Company's local and international customers with their needs for various aluminium products in accordance with the highest standards of efficiency and safety.

Strategy

The Company's strategy was founded on the basis of continuous growth and maximising value for shareholders, taking into account the interests of all stakeholders. This strategy is based on a clear vision, mission and core values that emphasise innovation, customer satisfaction and long-term success. The Company's key strategic pillars are as follows:

- Enhancing operational efficiency and cost management by optimally utilising resources and periodically reviewing the organisation's supply chain. In addition, the Company seeks to shift its product portfolio towards sectors that achieve better profit margins and generate sustainable growth.
- The Company aims to expand and diversify its product and service offerings to capitalise on new market opportunities and mitigate the risks associated with focusing on one sector or market. The Company seeks to create global strategic partnerships that enhance its market position and enable it to explore neighbouring markets in order to enhance export sales outside the Kingdom.
- The Company is dedicated to promoting a culture of innovation and continuous learning, ensuring the ability of its team to adapt to technical developments in the sector and develop industrial skills. The Company is keen to develop new products and services to stay ahead of market trends and maintain its leading position in the sector, ensuring that the diverse needs of its customers are met, along with building longer relationships that achieve sustainable growth goals.
- The Company seeks to provide raw materials under long-term agreements, thus ensuring stable supply even during volatile market conditions. This strategy contributes to mitigating the risks associated with fluctuations in raw material costs, which would contribute to achieving more predictable financial performance and better cost management, allowing the Company to maintain competitive pricing for its customers while ensuring the profitability and sustainability of its operations.
- The Company is committed to sustainable practices and environmental stewardship by evaluating and improving its operations, seeking ways to reduce waste, maintain resources and reduce energy consumption, as well as decrease carbon emissions and contribute to a more sustainable future.

Strengths and Competitive Advantages of the Company

The Company's strengths and competitive advantages are based on the following key pillars:

- The Company has gained a leading position in the aluminium market. According to the Market Report, it acquired a large market share exceeding 23 per cent. of the total production in the Kingdom for 2022G. In addition, the Company has bolstered its market position through its ability to keep pace with sectoral trends, technological developments and customer requirements, as well as enhancing the spread of its brands (TALCO, Alwan and Alfa), in addition to easy access to customers through a comprehensive distribution network throughout the Kingdom and abroad.
- Through its deep experience in the aluminium market, coupled with the firm commitment of its dedicated product development teams, the Company has succeeded in creating cutting-edge solutions precisely tailored to meet customers' changing needs. This focus on continuous innovation and constant pursuit of new product development has enabled it to strengthen its leading position in the aluminium market.
- The Company delivers comprehensive, integrated aluminium solutions for its customers, ensuring a seamless customer journey across all supply chain stages, from the manufacturing stage to distribution. This approach fosters customer loyalty and enduring partnerships, solidifying its position as a trusted partner for its customers.
- The Company presents itself as a global leader in the aluminium market. Guided by Vision 2030 and the "Made in Saudi" Programme, the Company has expanded its export business line to include regions outside the MENA region, including Europe and North America. It is worth noting that export customers contributed approximately 26 per cent. to total sales as of 31 December 2022G.
- The Company is actively implementing a set of measures focused on environmental protection and product sustainability to align with the interests of stakeholders in the aluminium market. This commitment to sustainability has allowed the Company to receive "Cradle to Cradle Certified®" silver certification from Cradle to Cradle Produces Innovative Institute, an independent non-profit organisation that works with aluminium profile manufacturers and rates their products based on environmental and social compliance across five main categories (health, material reuse, renewable energy and carbon management, water stewardship and social justice).
- The Company has achieved strong financial performance over the previous three financial years ended 31 December 2020G, 2021G and 2022G, and the six-month period ended 30 June 2023G. During such period, net profit increased at a CAGR of 44.9 per cent., from SAR 35.5 million in the financial year ended 31 December 2020G to SAR 78.7 million in the financial year ended 31 December 2022G and SAR 39.8 million in the six-month period ended 30 June 2023G. The main drivers of this growth were increased production driven by the expansion of contracts and the Company's ability to meet the increasing demand in the markets in which it operates. Through its continuous commitment to innovation and the development of new products and services, the Company has maintained its position at the forefront of the aluminium market, thus ensuring an uninterrupted stream of business opportunities.

Market Overview

The information in Section 3 (*Market Overview*) is derived from an independent Market Report dated 22 Rabi' al-Thani 1445H (corresponding to 6 November 2023G), prepared by Frost & Sullivan exclusively for the Company. The Market Consultant is an independent third-party provider of strategic consulting services related to the market. The Market Consultant was established in 1961G in the United States, San Antonio. For further details about the Market Consultant, visit its website (www.frost.com).

The Market Consultant prepared the Market Report in an independent and objective manner, and it has taken adequate care to ensure its accuracy and completeness. Research has been conducted with an overall industry perspective, and it may not necessarily reflect the performance of individual companies in the industry.

Neither the Market Consultant, nor any of its subsidiaries, affiliates, partners, shareholders, directors, managers or their relatives, own any shares or any interest of any kind in the Company. As of the date of this Prospectus, the Market Consultant has given, and not withdrawn, its written consent to the use of its name and logo, statement and the market information and data supplied by it to the Company in the manner and format set out in this Prospectus.

- The Kingdom of Saudi Arabia is the largest economy in the GCC region

In the GCC countries, the Kingdom accounts for 50.7 per cent. of the gross domestic product ("GDP") and 59.4 per cent. of the population. In addition, it possesses 17.2 per cent. of the world's proven oil reserves and is the largest exporter of crude oil. The Kingdom's economy experienced a rebound in 2018G, driven by a surge in energy prices and the implementation of reforms under the framework of the Kingdom's Vision 2030. However, growth slowed down in 2019G due to global economic challenges and oil production cuts. Fuelled by the global recovery from the COVID-19 crisis and resurgent oil prices, growth surged to 3.9 per cent. in 2021G. As a result, real GDP grew by 8.7 per cent. in 2022G due to economic recovery and job growth, leading to an increase in GDP per capita.

- Strong growth of the aluminium market in the GCC region

The GCC aluminium market, which was estimated at 460 thousand tonnes in 2022G, is anticipated to expand at a CAGR of 3.9 per cent. between 2023G and 2028G, reaching 580 thousand tonnes, primarily driven by the building and construction sector. Emerging industrial and automotive sectors may contribute further to such growth.

The UAE and the Kingdom are expected to lead the growth in demand for aluminium in the Middle East, through ambitious projects such as the USD 500 billion NEOM megacity. The region is also witnessing an increase in residential, industrial and commercial construction activities.

The following table shows the expected demand for aluminium in the Kingdom as of 2022G:

Table 5: Expected Demand for Aluminium in the Kingdom as of 2022G

Category	2022G - in metric tonnes
Production	173,749
Export	36,949
Import	43,200
Demand (production - export) + import	180,000

Source: Market Consultant

- The building and construction sector is at the forefront of demand for aluminium sector products

Demand for aluminium in the Kingdom was estimated at about 180 thousand tonnes for 2022G, with the building and construction sector accounting for more than 89 per cent. of such demand. The tourism sector is recognised as one of the priority sectors within the economic diversification of the Kingdom's Vision 2030. The Government plans to increase demand for extrusion products to 40 per cent. by 2028G.

The demand for aluminium in the Kingdom is mainly due to growth in the construction market, industrial diversification plans and huge investments in automotive and infrastructure projects. Residential, industrial, commercial and infrastructure sectors are the main demand drivers. The automotive industry is expected to support the Kingdom's Vision 2030, leading to increased demand for aluminium in the long term. Vision 2030 targets the production of over 300,000 vehicles in the Kingdom by 2030G, aiming to attract three to four original equipment manufacturers across electric and internal combustion engine vehicles, with a gross domestic value added of 40 per cent..

- The Company's leading market share in the aluminium market

The Company holds a leading market share in the aluminium market, capturing 23 per cent. of production in 2022G, as per the Market Report. The Company has bolstered its market position through its ability to keep pace with sectoral trends, technological developments and customer requirements, as well as enhancing the spread of its brands (TALCO, ALWAN and ALFA), in addition to easy access to customers through a comprehensive distribution network throughout the Kingdom and abroad.

- The Company boasts a leading market share in the GCC weatherstrip sector

The Company holds a leading market share in the GCC weatherstrips market, with a market share of 60 per cent.. Since 1992G, the Company has been providing rubber and weatherstrips products, consistently adhering to ISO 9001 standards, incorporating recyclable materials and maintaining a rigorous quality management system. The GCC weatherstrips market is expected to witness a CAGR of 5 per cent. between 2022G and 2028G, driven primarily by increased demand from investments in the GCC manufacturing and automotive sectors.

- The Company boasts a leading market share in the powder coating sector

The Company holds a leading market share in the GCC powder coating sector, accounting for 21 per cent. of market size. The GCC powder coating market, estimated at USD 378 million in 2022G, is expected to grow significantly due to construction, energy, utility and general engineering needs. The Kingdom dominates the market, accounting for 52 per cent. of revenue, followed by the UAE with 31 per cent., while the rest of the GCC countries contribute 17 per cent..

Summary of Financial Information and Key Performance Indicator

The Company's financial information for the financial year ended 31 December 2020G was derived from comparative financial information for the year 2020G which is included in the audited financial statements for the financial years ended 31 December 2021G, and the Company's financial information for the financial year ended 31 December 2021G and 2022G and the six-month period ended 30 June 2023G was derived from the audited financial statements for the financial years ended 31 December 2021G and 2022G and the reviewed interim financial statements for the six-month period ended 30 June 2023G, prepared in accordance with IFRS and audited by the Company's Auditor "KPMG Professional Services". The Company's selected financial information and key performance indicators set out below should be read together 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 and the Company's audited financial statements for the financial years ended 31 December 2020G, 2021G and 2022G, as well as the reviewed interim financial statements for the six-month period ended 30 June 2023G, which are incorporated in Section 19 (*Financial Statements and Auditor's Report*), as well as the financial information set out in any other sections of this Prospectus.

Table 6: Summary of the Company's Statement of Financial Position as of 31 December 2020G, 2021G and 2022G and 30 June 2023G

Currency: SAR'000	Financial Year Ended 31 December			Six-Month Period Ended 30 June
	2020G (Audited)	2021G (Audited)	2022G (Audited)	2023G (Reviewed)
Total current assets	281,277	424,803	508,433	527,136
Total non-current assets	104,419	125,876	120,788	116,406
Total assets	385,696	550,679	629,221	643,543
Total current liabilities	98,252	136,324	160,958	178,741
Total non-current liabilities	14,911	21,980	23,495	24,598
Total liabilities	113,164	158,304	184,453	203,340
Total equity	272,532	392,375	444,768	440,203
Total liabilities and equity	385,696	550,679	629,221	643,543

Source: The audited financial statements for the financial years ended 31 December 2021G and 2022G and the reviewed financial statements for the six-month period ended 30 June 2023G.

Table 7: Summary of the Company's Statement of Profit or Loss and Other Comprehensive Income for the Financial Years Ended 31 December 2020G, 2021G and 2022G and the Six-Month Period Ended 30 June 2023G

Currency: SAR'000	Financial Year Ended 31 December			Six-Month Period Ended 30 June	
	2020G (Audited)	2021G (Audited)	2022G (Audited)	2022G (Reviewed)	2023G (Reviewed)
Statement of Comprehensive Income					
Revenue	359,254	518,543	749,874	377,881	336,591
Cost of revenue	(291,404)	(424,691)	(622,566)	(318,795)	(267,628)
Gross profit	67,850	93,852	127,309	59,086	68,962
General and administrative expenses	(15,893)	(18,503)	(30,976)	(14,200)	(18,679)
Selling and distribution expenses	(7,594)	(10,416)	(13,993)	(7,294)	(7,236)
Expected credit losses	(2,422)	(1,621)	(209)	(447)	(803)
Other revenue	1,291	3,241	4,255	2,118	2,481
Operating profit	43,232	66,554	86,386	39,263	44,726
Financing costs	(1,616)	(1,143)	(1,661)	(413)	(345)
Profit before Zakat	41,616	65,411	84,725	38,850	44,381
Zakat	(6,072)	(8,792)	(10,023)	(5,012)	(4,545)

Currency: SAR'000	Financial Year Ended 31 December			Six-Month Period Ended 30 June	
	2020G (Audited)	2021G (Audited)	2022G (Audited)	2022G (Reviewed)	2023G (Reviewed)
Profit/(loss) for the year	35,544	56,619	74,702	33,838	39,836
Other comprehensive income/(loss)	1,080	(738)	(1,874)	(937)	(522)
Comprehensive income for the period	36,624	55,881	72,828	32,902	39,314

Source: The audited financial statements for the financial years ended 31 December 2021G and 2022G and the reviewed financial statements for the six-month period ended 30 June 2023G.

Table 8: Summary of the Company's Statement of Cash Flows for the Financial Years Ended 31 December 2020G, 2021G and 2022G and the Six-Month Period Ended 30 June 2023G

Currency: SAR'000	FY Ended 31 December			Six-Month Period Ended 30 June	
	2020G (Audited)	2021G (Audited)	2022G (Audited)	2022G (Reviewed)	2023G (Reviewed)
Net cash generated from (utilised in) operating activities	151,327	26,869	48,732	15,879	55,576
Net cash generated from (utilised in) investing activities	(8,301)	(12,529)	(16,401)	(6,443)	(6,999)
Net cash generated from (utilised in) financing activities	(108,099)	(33,792)	(22,257)	(18,172)	(45,304)
Cash and cash equivalents at the beginning of the year	23,043	57,970	55,637	55,637	65,710
Cash transferred from merged companies on the merger date	-	17,118	-	-	-
Cash and cash equivalents at the end of the year/period	57,970	55,637	65,710	46,900	68,983

Source: The audited financial statements for the financial years ended 31 December 2021G and 2022G and the reviewed financial statements for the six-month period ended 30 June 2023G.

Table 9: The Company's Key Performance Indicators for the Financial Years Ended 31 December 2020G, 2021G and 2022G and the Six-Month Period Ended 30 June 2023G

	Year Ended 31 December			Six-month period ended 30 June
	2020G (Audited)	2021G (Audited)	2022G (Audited)	2023G (Reviewed)
Sales Growth Rate (%)	N/A	44.3%	44.6%	10.9%
Gross Profit Margin (%)	18.9%	18.1%	17%	20.5%
Operating Profit Margin (%)	12.3%	12.5%	11%	12.8%
Net Profit Margin (%)	9.9%	10.9%	10%	11.8%
Return on Assets (%)	8.8%	12.1%	12.7%	12.5%
Return on Equity (%)	12.2%	17%	17.8%	18%
Current Assets to Current Liabilities (Once)	2.86 Once	3.12 Once	3.16 Once	2.95 Once
Liabilities to Equity (%)	41.5%	40.3%	41.5%	46.2%

Source: The Company.

Summary of Risk Factors

Prior to making an investment decision with respect to the Offer Shares, prospective investors should carefully consider all of the information contained in this Prospectus, particularly the risks stated below, which are described in detail in Section 2 (*Risk Factors*).

Risks Related to the Activities and Operations of the Company

- Risks Related to the Unavailability of Raw Materials
- Risks Related to Fluctuations in the Raw Materials Prices
- Risks Related to the Company's Future Revenue Growth Rates and the Company's Inability to Exploit Future Growth Opportunities
- Risks Related to Higher Production Costs
- Risks Related to Malfunctions in the Company's Plants
- Risks Related to Products Quality and Manufacturing Defects in the Company's Products
- Risks Related to the Development of a New Facility and Assets Replacement
- Risks Related to the Company's Inability to Implement its Growth and Expansion Strategy in the Future
- Risk Related to the Company's Reputation and the Quality of Services Provided
- Risks Related to Inventory Management
- Risks Related to the Delivery of Products
- Risks Related to Concentration of Sales from Major Customers
- Risks Related to Raw Materials Supplier Concentration
- Risks Related to Operations Outside the Kingdom
- Risks Related to Price Dumping
- Risks Related to the Concentration of Ownership Among Current Shareholders
- Risks Related to the Treatment of Employees Bonuses
- Risk Related to Asset Depreciation Rate
- Risk Related to the High Occupancy Rate of Production Lines for the Accessories Sector
- Risks Related to Collecting Receivables from the Company's Customers
- Risks Related to Epidemics
- Risks Related to Related Party Transactions and Agreements
- Risks Related to Engagement of Board Directors or Senior Executives in Business Competing with the Company's Business
- Risks Related to Failure to Adequately Maintain the Confidentiality and Integrity of Customer's and Employee Data
- Risks Related to Trade Payables
- Risks Related to Financing
- Risks Related to Board Members' and Shareholders' Personal Guarantees to Obtain Credit Facilities
- Risks Related to Adverse Changes in Interest Rate
- Risks Related to Liability for Warranty Claims
- Risks Related to Reliance on Executive Management and Key Personnel
- Risks Related to Inability to Attract and Retain Qualified Employees
- Risks Related to Employee Misconduct or Errors
- Risks Related to Reliance on Information Technology Infrastructure
- Risks Related to the Adequacy and Availability of Insurance Coverage
- Risks Related to Contracts with Third Parties
- Risks Related to Reliance on Leased Real Estate Properties
- Risks Related to Health, Safety and Environment
- Risks Related to Sponsoring Non-Saudi Employees
- Risks Related to Litigation
- Risks Related to Licences and Approvals
- Risks Related to Developing and Maintaining Favourable Brand Recognition

- Risks Related to Marketing Activities
- Risks Related to Protection of Intellectual Property Rights
- Risks Related to Potential Zakat and Tax Liabilities
- Risks Related to Newly Implemented Corporate Governance Regulations
- Risks Related to Compliance with the New Companies Law and the Implementing Regulations
- Risks Related to Failure by the Audit Committee and the Nomination and Remuneration Committee to Perform their Duties as Required
- Risks Related to Lack of Experience in Managing a Publicly Listed Company
- Risks Related to the Company's Implementation of International Accounting Standards
- Risks Related to the New Civil Transactions Law and its Application

Risks Related to the Market, Industry and Regulatory Environment

- Risks Related to Consumer Spending Due to Weak Economic Conditions
- Risks Related to the Impact of Political and Economic Risks on the Company's Business
- Risks Related to Political Instability and Security Concerns in the Middle East Region
- Risks Related to Force Majeure and Natural Disasters
- Risks Related to Competition and Market Share of the Company
- Risks Related to Changes in the Regulatory Environment
- Risks Related to Value Added Tax
- Risks Related to Changes in Energy Prices
- Risks Related to Exchange Rates
- Risks Related to Change in the Mechanism of Calculating Zakat and Income Tax
- Risks Related to the Increase in Government Fees Applicable to Non-Saudi Employees
- Risks Related to Non-Compliance with the Saudisation Requirements

Risks Related to Offer Shares

- Risks Related to Effective Control Post-Offering by the Selling Shareholders
- Risks Related to Absence of a Prior Market for the Shares
- Risks Related to Selling a Large Number of Shares in the Market
- Risks Related to Issuance of New Shares Post-Offering
- Risks Related to Fluctuation in the Market Price of the Shares
- Risks Related to Distribution of Dividends and Restrictions Imposed on Distribution of Dividends by Financiers

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1. Definitions and Abbreviations

Admission	Admission of the Shares to full listing on the Exchange in accordance with the Listing Rules and, where the context requires, an application to the Exchange for listing of securities.
Advisors	Advisors of the Company in relation to the Offering, whose names appear on pages (vii) and (viii) of this Prospectus.
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 could be direct or indirect.
Alfa	Company's branch, Al-Fattouh Aluminium Accessories and Isolation Lines Company.
Alwan	Company's branch, Gulf Polyester Powder Production Company.
Audit Committee	The Audit Committee of the Company.
Auditor	KPMG Professional Services the external auditor of the Company.
Bidding Participation Application	The application submitted by the Participating Entities to the Bookrunners for participation in the book-building process, to be submitted no later than the last day of the book-building process period. This term includes, when applicable, the appended applications when the price range is changed.
Board of Directors or Board	The Board of Directors of the Company.
Book-Building Instructions	The Instructions for Book-Building Process and Allocation Method in Initial Public Offerings, issued pursuant to the CMA's Board Resolution No 2-94-2016, dated 15 Shawwal 1437H (corresponding to 20 July 2016G), as amended by the CMA's Board Resolution No 1-103-2022, dated 2 Rabi al-Awwal 1444H (corresponding to 28 September 2022G).
Bookrunner	Alinma Investment Company.
Business Day	Any day (other than Fridays, Saturdays and official holidays) on which the Receiving Agents are open for business in the Kingdom.
Bylaws	The Bylaws of the Company, which are summarised in Section 12.12 (<i>Summary of Bylaws</i>).
Capital Market Institution	A Person authorised by the CMA to practice securities business.
Chairman	The Chairman of the Board of Directors.
Chief Executive Officer	The Chief Executive Officer of the Company.
Chief Financial Officer	The Chief Financial Officer of the Company.
CMA	The Capital Market Authority of the Kingdom.
CML	The Capital Market Law issued under Royal Decree M/30, dated 2 Jumada al-Akhirah 1424H (corresponding to 31 July 2003G), as may be amended.
Committees	The Audit Committee, the Nomination and Remuneration Committee, and the Executive Committee of the Company.
Companies Law	The Companies Law, issued under Royal Decree No M/132 dated 1 Thul-Hijjah 1443H (corresponding to 30 June 2022G), as may be amended.
Company or Issuer	Al Taiseer Group TALCO Industrial Company.
Control	The ability to, directly or indirectly, influence the acts or decisions of another person, individually or collectively with a relative or affiliate, through any of the following: (a) holding 30 per cent. or more of the voting rights in the Company, or (b) the right to appoint 30 per cent. or more of the administrative staff; and the word "controller" shall be construed accordingly.
Corporate Governance Regulations	The Corporate Governance Regulations, issued pursuant to the CMA Board's Resolution No 8-16-2017, dated 16 Jumada al-Ula 1438H (corresponding to 13 February 2017G), and amended pursuant to the CMA Board's Resolution No 8-5-2023, dated 25 Jumada al-Akhirah 1444H (corresponding to 18 January 2023G).

Directors (and each individually a Director)	The members of the Company's Board of Directors appointed by the General Assembly and whose names appear in Section 5 (<i>Organisational Structure and Corporate Governance</i>).
Exchange or Tadawul	The Saudi Exchange (Tadawul).
Executive Management	The Senior Executives of the Company.
Extraordinary General Assembly	An Extraordinary General Assembly of the Company's Shareholders convened in accordance with the Bylaws.
Financial Advisor	Alinma Investment Company.
Financial Due Diligence Advisor	PricewaterhouseCoopers Professional Services.
Financial Institutions	Banks and financial services companies.
Financial Statements	The Company's audited financial statements for the financial year ended 31 December 2020G and the clarifications attached thereto, prepared in accordance with International Financial Reporting Standard for the Small and Medium Enterprises that is endorsed in the Kingdom and other standards and pronouncements issued by the Saudi Organisation for Chartered and Professional Accountants, and the Company's audited financial statements for the financial years ended 31 December 2021G and 2022G and the reviewed interim financial statements for the six-month period ended 30 June 2023G, and the accompanying notes thereto, that have been prepared in accordance with IFRS, and audited or reviewed, as applicable, by the Auditor in accordance with the audit report issued for them. Such statements are contained in Section 19 (<i>Financial Statements and Auditor's Report</i>).
Financial Year	The Company's financial year starting from 1 January to 31 December of each calendar year.
Foreign Investors	<ol style="list-style-type: none"> 1. Non-GCC individuals living 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 Capital Market Institutions licensed by the CMA to purchase shares listed on the Exchange. 2. A foreign natural or legal person, which is a client of a Capital Market Institution authorised by the CMA to conduct managing activities, provided that the Capital Market Institution has been appointed on conditions that enable it to make all investment decisions on behalf of its client without obtaining his prior approval.
G	The Gregorian calendar.
GASTAT	The General Authority for Statistics, a Government agency in the Kingdom responsible for the implementation of statistical works, including conducting national surveys.
GCC	The Cooperation Council for the Arab States of the Gulf, consisting of the Kingdom of Bahrain, the State of Kuwait, the Sultanate of Oman, the State of Qatar, the Kingdom of Saudi Arabia and the United Arab Emirates.
GCC Corporate Investors	Any company with the majority of its share capital being owned by GCC natural people or governments and having the nationality of a GCC State according to the definition mentioned in the Resolution of the Supreme Council of GCC issued in the 15th session and approved by the Council of Ministers' Resolution No. 16 dated 20 Muharram 1418H (corresponding to 26 May 1997G), as well as GCC funds with the majority of its capital being owned by GCC citizens or governments.
GCC Countries	The Gulf Cooperation Council countries.
GDP	Gross Domestic Product (the broadest quantitative measure of a nation's total economic activity, which represents the monetary value of all goods and services produced within a nation's geographical borders over a specified period of time).
GDP per Capita	GDP per capita is a measure of average income per person in a country (it divides the GDP by the population).
General Assembly	An Extraordinary General Assembly and/or an Ordinary General Assembly of the Company's Shareholders, and "General Assembly" means any General Assembly of the Company.
GOSI	The General Organisation of Social Insurance in the Kingdom.
Government	The Government of the Kingdom (and "Governmental" shall be interpreted accordingly).
H	The Hijri calendar.
IASB	The International Accounting Standards Board.
IFRS	The International Financial Reporting Standards issued by the IASB as endorsed in the Kingdom and other standards and pronouncements issued by SOCPA.

Individual Investors	Individuals with Saudi Arabian nationality, 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, as well as any non-Saudi natural people resident in the Kingdom or GCC natural people, in each case who have a bank account with a Receiving Agent and the right to open an investment account with a Capital Market Institution.
Investment Funds Regulations	The Investment Funds Regulations issued pursuant to the CMA Board's Resolution No 1-219-2006, dated 3 Thul-Hijjah 1427H (corresponding to 24 December 2006G), based on the Capital Market Law promulgated by Royal Decree No M/30, dated 2 Jumada al-Akhirah 1424H (corresponding to 31 July 2003G), as amended by the CMA Board's Resolution No 2-22-2021 on 12 Rajab 1442H (corresponding to 24 February 2021G).
Investors	The Participating Parties and Individual Investors.
Kingdom	The Kingdom of Saudi Arabia.
Labour Law	The Saudi Arabian Labour Law issued under Royal Decree No M/51, dated 23 Sha'ban 1426H (corresponding to 27 September 2005G), as amended.
Lead Manager	Alinma Investment Company.
Legal Advisor	STAT Law Firm.
Listing Rules	The Listing Rules approved by the CMA Board Resolution No 3-123-2017, dated 9 Rabi' al-Thani 1439H (corresponding to 27 December 2017G), as amended by the CMA's Board Resolution No 1-108-2022 dated 23 Rabi' al-Awwal 1444H (corresponding to 19 October 2022G).
Lock-up Period	The six-month period during which the Substantial Shareholders may not dispose of any of their Shares. from the date on which trading of the Shares commences on the Exchange.
Main Market	The market in which the registered and offered shares are traded under Part IV of the Rules on the Offer of Securities and Continuing Obligations.
Market Consultant	Frost & Sullivan.
Market Report	The Market Report dated 22 Rabi' al-Thani 1445H (corresponding to 6 November 2023G) regarding the market for manufacturing aluminium profiles, powder coatings and prepared sealants prepared exclusively for the Company by the Market Consultant.
MHRSD	The Saudi Arabian Ministry of Human Resources and Social Development.
MoC	The Saudi Arabian Ministry of Commerce.
National Transformation Programme (NTP)	The programme developed to help realise Saudi Vision 2030 and define the challenges that Government agencies in the economic and development sectors face.
Net Offering Proceeds	The Offering Proceeds net of expenses related to the Offering.
Nominal Value	SAR 10 per share.
Nomination and Remuneration Committee	The Nomination and Remuneration Committee of the Company.
Offer Price	Forty three Saudi Arabian Riyals (SAR 43) per Share.
Offer Shares	Twelve million (12,000,000) Shares, representing thirty per cent. (30%) of the Company's share capital.
Offering	The initial public offering of twelve million (12,000,000) ordinary Shares with a fully paid-up nominal value of ten Saudi Arabian Riyals (SAR 10) per Share, representing thirty per cent. (30%) of the Company's share capital, and at an Offer Price of forty three Saudi Arabian Riyals (SAR 43) per Share.
Offering Period	A period of two (2) days starting on 20 Thul-Qi'dah 1445H (corresponding to 28 May 2024G) till 4 pm in 21 Thul-Qi'dah 1445H (corresponding to 29 May 2024G).
Offering Proceeds	The total value of the Shares subscribed for in the Offering.
Ordinary General Assembly	An Ordinary General Assembly of the Company's Shareholders convened in accordance with the Bylaws.
Participating Entities	Entities involved in the book-building process from amongst the Participating Parties.

Participating Parties	<p>In accordance with the Book-Building Instructions, parties entitled to participate in the book-building process, as follows:</p> <ol style="list-style-type: none"> (1) public and private funds that invest in securities listed on the Exchange, if permissible under the terms and conditions of such funds, in compliance with the provisions and restrictions set forth in the Investment Funds Regulations and the Book-Building Instructions; (2) Capital Market Institutions authorised by the CMA to trade in securities as principals, in compliance with the provisions of the Prudential Rules upon the submission of a Subscription Application Form; (3) clients of a Capital Market Institution authorised by the CMA to conduct management activities in accordance with the provisions and restrictions set forth in the Book-Building Instructions; (4) legal people allowed to open an investment account in the Kingdom, and an account with the Securities Depository Centre, including foreign legal people who are allowed to invest on the Exchange, in accordance with the Controls on Investment by Listed Companies in Exchange-Listed Securities set forth in CMA Circular No. 6/05158, dated 11 Sha'ban 1435H (corresponding to 9 June 2014G), issued pursuant to CMA Board Resolution No. 9-28-2014, dated 20 Rajab 1435H (corresponding to 19 May 2014G); (5) Governmental entities, any supranational authority recognised by the CMA, the Exchange, or any other stock exchange recognised by the CMA or the Securities Depository Centre; (6) Government-owned companies, whether investing directly or through a portfolio manager; and (7) GCC companies, and GCC funds if permissible under the terms and conditions of such funds.
Person	A natural or a legal person under the laws of the Kingdom.
Prospectus	This document prepared by the Company in relation to the Offering.
Prudential Rules	The Prudential Rules issued pursuant to the CMA Board's Resolution No. 1-40-2012, dated 17 Safar 1434H (corresponding to 30 December 2012G) and amended pursuant to CMA Board Resolution No. 1-129-2022, dated 4 Jumada al-Akhirah 1444H (corresponding to 28 December 2022G), as amended.
Public	<p>Persons other than the following:</p> <ol style="list-style-type: none"> (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 Issuer's affiliates; (5) directors and senior executives of the Issuer's Substantial Shareholders; (6) any relatives of the people referred to in paragraphs 1, 2, 3, 4, or 5 above; (7) any company controlled by any person referred to in paragraphs 1, 2, 3, 4, 5 or 6 above; and (8) people acting in concert, with a collective shareholding of five per cent. or more of the class of shares to be listed.
QFI or Qualified Foreign Investor	A qualified foreign investor who, in accordance with the Rules for Foreign Investment in Securities is qualified to invest in listed securities.
Receiving Agents	The Receiving Agents whose names appear on page (viii) of this Prospectus.
Related Party	<p>It includes, in this Prospectus, the term “Related Party” or “Related Parties” in accordance with Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority issued by the CMA's Board Resolution No. 4-11-2004 dated 20 Sha'ban 1425H (corresponding to 4 October 2004G), as amended by the CMA's Board Resolution No. 2-26-2023 dated 5 Ramadan 1444H (corresponding to 27 March 2023G) as follows:</p> <ol style="list-style-type: none"> (1) affiliates of the Issuer except for wholly owned companies by the Issuer; (2) substantial Shareholders of the Issuer; (3) directors and Senior Executives of the Issuer; (4) directors of an affiliate of the Issuer; (5) directors and senior executives of the Issuer's Substantial Shareholders; (6) any relatives of the people described in paragraphs 1, 2, 3, or 5 above; and (7) any company controlled by any person described in paragraphs 1, 2, 3, 5 or 6.
Relatives	<p>Husbands, wives and minor children. For the purposes of the Corporate Governance Regulations:</p> <ol style="list-style-type: none"> (1) fathers, mothers, grandfathers and grandmothers (and their ancestors); (2) children and grandchildren and their descendants; (3) siblings, maternal and paternal half-siblings; and (4) husbands and wives.
Risk factors	A group of potential risks that should be understood and considered prior to making an investment decision in relation to the Offer Shares.

Rules for Foreign Investment in Securities	The Rules for Foreign Investment in Securities issued pursuant to CMA Board Resolution No 2-26-2023, dated 5 Ramadan 1444H (corresponding to 27 March 2023G).
Rules on the Offer of Securities and Continuing Obligations	The Rules on the Offer of Securities and Continuing Obligations issued by the CMA's Board Resolution No 3-123-2017 dated 9 Rabi' al-Thani 1439H (corresponding to 27 December 2017G) in accordance with the Capital Market Law promulgated by Royal Decree No M/30 dated 2 Jumada al-Akhirah 1424H (corresponding to 31 July 2003G), and amended by the CMA Board's Resolution No 85-2023 dated 25 Jumada al-Akhirah 1444H (corresponding to 18 January 2023G).
SAR	The Saudi Arabian Riyal, which is the lawful currency of the Kingdom.
Saudi Central Bank (SAMA)	The Saudi Central Bank.
Secretary	The Secretary of the Board of Directors.
Selling Shareholders	The Shareholders whose names and shareholding percentages are set out in Table 4 (<i>Direct Ownership Structure of the Company Pre- and Post- Offering</i>) who will sell part of their Shares in the Offering.
Senior Executives	The members of the Company's senior management whose names appear in Table 5.5 (<i>Details of Senior Executives</i>).
Shareholder	Any holder of Shares in the Company.
Shares	Ordinary shares of the Company, with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per share in the Company's capital issued from time to time.
SOCPA	The Saudi Organisation for Chartered and Professional Accountants.
Subscribers	The Participating Entities and Individual Investors participating in the Offering.
Subscription Application Form	The subscription application form to be used by Participating Entities and Individual Investors (as the case may be) to subscribe for the Offer Shares.
Substantial Shareholder	Each Shareholder who individually owns five (5) per cent. or more of the Issuer's Shares.
Strategic Foreign Investor	A foreign legal entity that aims to own a direct percentage in the shares of a listed company for a period of no less than two years, for the purpose of contributing to enhancing the financial or operational performance of the listed company.
Swap Agreements (SWAPS)	Non-Saudi individuals residing outside the Kingdom and corporations registered outside the Kingdom, with the exception of Qualified Foreign Investors and Foreign Strategic Investors, in accordance with the Rules for Foreign Investment in Securities, to acquire the economic benefits of Shares by entering into swap agreements (SWAPS) with Capital Market Institutions licensed by the CMA to buy, own and trade in Shares listed in the capital markets for the benefit of foreign investors. Under the SWAPS, the Capital Market Institutions will be registered as legal owners of those Shares.
Underwriter	Alinma Investment Company
Underwriting Agreement	The Underwriting Agreement entered into between the Company, the Selling Shareholders and the Underwriter in connection with the Offering.
US Dollar or \$	The United States dollar, which is the lawful currency of the United States of America.
Value Added Tax (VAT)	The Council of Ministers of the Kingdom resolved on 2 Jumada Al-Awwal 1438H (corresponding to 30 January 2017G) to approve the Unified GCC Value Added Tax Agreement, which came into effect on 1 January 2018G, as a new tax to be added to the system of taxes and other duties to be applied by specific sectors in the Kingdom and in the other GCC Countries. The amount of this tax was initially five per cent., and a number of products (such as basic food, and health care and education services) are exempted from such tax. As of 1 July 2020G, VAT was further increased to 15 per cent. by the Ministry of Finance of the Kingdom.
Zakat	Zakat imposed on Muslims as the third pillar of Islam under applicable Saudi laws.
ZATCA	Zakat, Tax and Customs Authority in the Kingdom.

2. Risk Factors

Prior to making an investment decision with respect to the Offer Shares, all prospective investors should carefully consider the following risk factors and the other information contained in this Prospectus. The risks and uncertainties 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 not aware of, or that the Company currently believes 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/or investors may lose all or part of their investments.

The Company's Directors also confirm that, to the best of their knowledge and belief, there are no other material risks as of the date of this Prospectus than those mentioned in this Section that may affect investors' decisions to invest in the Offer Shares. All prospective investors willing to subscribe to the Offer Shares should assess the risks related to the Offer Shares and the Offering in general, and the economic and regulatory environment in which the Company operates.

An investment in the Offer Shares is only suitable for investors who can evaluate the risks and benefits of such investment and who have sufficient resources to bear any loss resulting from such investment. Prospective investors who have doubts about which actions to take should refer to a financial adviser duly licensed by the CMA for advice about investing in the Offer Shares.

The risks described below are not presented in any assumed order of priority that can reflect their expected impact on the Company.

2.1 Risks Related to the Activities and Operations of the Company

2.1.1 Risks Related to the Unavailability of Raw Materials

The Company's main raw materials are multi-alloy aluminium billet, polyester resins, titanium dioxide, chemicals, polyethylene, polyphenyl chloride and polypropylene. These materials represent 83.1 per cent., 88.5 per cent., 87.2 per cent. and 92.0 per cent. of the Company's total procurements in the financial years ended 31 December 2020G, 2021G and 2022G, and the six-month period ended 30 June 2023G, respectively. The Company's procurements of raw materials from its largest five suppliers accounted for 78.4 per cent., 83.7 per cent., 89.7 per cent. and 89.3 per cent. (which amounted to SAR 227.3 million, SAR 419.7 million, SAR 492.0 million and SAR 228.0 million) of the Company's total procurements of raw materials for the same periods. In particular, the Company's largest supplier, Saudi Arabian Mining Company (Ma'aden), provided 47.6 per cent., 44.7 per cent., 49.6 per cent. and 37.1 per cent. of the Company's procured raw materials for the financial years ended 31 December 2020G, 2021G and 2022G, and the six-month period ended 30 June 2023G, respectively, with a total value of SAR 114.1 million, SAR 230.5 million, SAR 374.4 million and SAR 97.9 million for the same periods. The second largest supplier of the Company provided 24.3 per cent., 20.4 per cent., 12.1 per cent. and 45.4 per cent. of the Company's procured raw materials for the same periods, with a total value of SAR 58.3 million, SAR 105.3 million, SAR 90.9 million and SAR 119.6 million, respectively. Accordingly, there is a concentration in the Company's raw material procurements from the Company's main suppliers (for further details regarding the risks related to supplier concentration, see Section 2.1.13 (*Risks Related to Raw Materials Supplier Concentration*)).

The Company's production and manufacturing processes are highly sensitive to the unavailability of raw materials. Accordingly, the unavailability of any of the raw materials, the Company's failure to obtain them due to high demand by manufacturers, or the inability of the suppliers of raw materials to provide them for any reason, whether temporarily or permanently, will lead to a reduction or suspension of the Company's production operations. Moreover, in the event of any other negative developments related to suppliers or raw materials, including but not limited to, the issuance of new laws or regulations related to the production of raw materials, the extent to which the Company's main suppliers deal with other purchasers and give them preference over the Company, the inability of suppliers to provide the required quantities at the times agreed with the Company, production stoppages for any reason, material accidents arising in the suppliers' production or supply chain, stoppages due to wars, natural disasters, political disturbances and similar events of force majeure, would fundamentally affect the Company's ability to procure raw materials in the form required for its production. This would have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.2 Risks Related to Fluctuations in the Raw Materials Prices

The Company's revenues and profits depend on several factors, the most important of which are the prices of raw materials used in the manufacturing and production process including multi-alloy aluminium billet and aluminium retainers extrusion dies, titanium dioxide, chemicals, polyethylene, polyphenyl chloride and polypropylene, all of which are subject to price fluctuations based on the prevailing prices in local and global markets driven by supply and demand both locally and globally. In the event of an increase in the price of raw materials used in the manufacturing processes of the Company's products, this will negatively affect the Company's revenues and profit margin or force it to increase the prices of its products to keep pace with the increase in the price of raw materials. This would negatively affect the demand for the Company's products as the increase in selling prices may lead to a decrease in the demand. The Company's profitability may also be affected by external factors impacting the prices of raw materials and production costs, which is beyond the Company's control. These factors include changes in supply and demand, market fluctuation and international economic factors, such as oil prices and the price of other essential

materials based on the London Metal Exchange (LME). All these factors may greatly affect raw material prices. Noting that to maintain the quality of basic raw materials, they are usually subject to time constraints in terms of the duration of storage allowed when processed depending on the nature of each item. The Company may not be able to increase product prices to sufficiently reflect the increase in production costs. As a result, sales and profit margins will decrease, which would have material adverse effect on the Company's business, prospects, results of operations, cash flows and financial position.

Further, the Company does not have a formal hedging policy in relation to the fluctuation of raw material purchase prices. Therefore, any sudden increase in prices which the Company might not be able to pass on to customers may adversely affect its revenues and profits margin. Additionally, there is no formal hedging strategy in place in relation to the selling prices to customers as the Company's pricing strategy is based on the market demand and prices. It is worth noting that the Company has a limited number of customers engaged in long-term contracts. The majority of contracts, around 80 percent, are tied to purchase orders determined by the customer's assessment and needs. These contracts do not impose any commitment or obligation on the customer to make purchases during the contract period. Under these purchase orders, the Company determines the mechanism for calculating the prices of products sold, based on a profit margin which is added to the sale cost. The contractual arrangements between the Company and its customers cannot be considered as a guarantee for the Company's future sales. Also, there is no guarantee that the Company will be able to renew contracts with major customers or renew them on similar terms. Furthermore, if the Company fails to fulfil its contractual relations with its customers, such customers may terminate or not renew their contracts with the Company. As such, the loss of any of these major customers may cause the Company to lose a significant portion of its sales without having the ability to offset the same from other customers. The occurrence of any of these factors will have a material adverse effect on the Company's business, financial position, results of operations and prospects.

It is also worth mentioning that the Company procures its raw materials on a monthly basis based on agreements with two main aluminium suppliers which include pre-determined quantities set at the beginning of each year. If the Company fails to purchase the agreed quantities, the supplier has the right to either reduce or suspend supply of the remaining quantities, adjust prices based on the reduced quantity, or cancel the relevant agreement (for further details regarding the suppliers, see Section 4.5.5 (*Suppliers*)). The Company purchases these quantities from the main supplier based on an agreed formula which includes London Metal Exchange (LME) price in addition to a premium margin and a fixed charge. Consequently, the sales price is relatively set based on the purchase price (which mainly include the variable of London Metal Exchange (LME)) in addition to a margin set by the Company which considers the market prices, competition and other external factors. In the event the purchase prices of such raw materials increased, and the Company is unable to reflect this increase through raising its products prices sold to the customers, this will have an adverse effect on the Company's revenues, profit margins, which in turn would have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.3 Risks Related to the Company's Future Revenue Growth Rates and the Company's Inability to Exploit Future Growth Opportunities

The Company has a compound revenue growth of 44.5 per cent. in the financial years ended 31 December 2020G, 2021G and 2022G. Such growth in revenues is due to the increase in sales volume and increase in the prices of raw material which was reflected in the value of sale in the second half of 2021G and the first half of 2022G. On the other hand, revenues have decreased by 10.9 per cent. in the six-month period ended 30 June 2023G compared to the six-month period ended 30 June 2022G. This decrease in revenues is due to the decrease in the price of raw materials, which was reflected in the sales value in the second half of 2023G. The aluminium segment is the largest contributor to revenue increase during the financial years ended 31 December 2021G and 2022G, with aluminium segment sales accounting for 100 per cent., 92.7 per cent., 86.9 per cent. and 87.0 per cent. of the Company's total sales during the financial years ended 31 December 2020G, 2021G and 2022G, and the six-month period ended 30 June 2023G, respectively. It is also worth noting that the Company's production lines are affected by several different factors (for further details regarding the financial and operational performance of business sectors and the factors affecting them, see Section 6 (*Management's Discussion and Analysis of Financial Position and Results of Operations*)). In addition, the production lines are subject to many of the risks that are mentioned in this section of the Prospectus. Such factors, should they occur, may affect the lines' business and thus the Company's sales growth rates. Accordingly, the Company may not continue to achieve success in its efforts to diversify its products, increase its sales, or increase the pace of growth of its business. Also, sales growth rates in previous periods should not be considered as an indicator for the Company's future growth rates. The Company may not be able to overcome the risks and difficulties it may face in the various sectors in which it operates, as the demand for its products may decrease or the Company may be forced to decrease its prices which will result in a decrease in the Company's total sales. In addition, many factors that are beyond the Company's control may occur, affecting its ability to maintain a growth equivalent to what it achieved in the past, expand the scope of its operations, or grow its business. This could have a material adverse effect on the Company's business, financial position, results of operations, and prospects.

2.1.4 Risks Related to Higher Production Costs

Production costs can rise in a negative way which could affect the Company's profitability. Currently, major production costs include the cost of raw materials used in the production process, the cost of aluminium retainers pulling moulds, the cost of diesel used in the Company's power generators, the cost of electricity consumption, labour costs, repair costs, spare parts and maintenance.

Changes to any of the abovementioned production costs may occur as a result of unexpected events beyond the Company's control, such as the high cost of electricity as a result of any increase imposed by the Government or the disparity and volatility in the prices of consumables and spare parts and its reliance on the volume of supply and demand. In addition, the price of diesel used by the Company may rise, and labour costs may be affected by changes in the minimum wage or additional Government fees for the employment of foreign workers.

Any substantial increases in the production costs would have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.5 Risks Related to Malfunctions in the Company's Plants

As of the date of this Prospectus, the Company has six plants with sophisticated and complex equipment (for further details, see Section 4.5.2 (*Manufacturing Processes*)). Essential equipment, or any other equipment involved in any of the production operations, may malfunction due to, among others, the Company failing to perform periodic or emergency maintenance, deterioration of any parts or other unexpected events, such as fires or weather fluctuations. The occurrence of any such events would impair the production capability of the Company, which in turn would lead to a decline in the volume of products that it can produce and sell, in addition to the Company's inability to fulfil its contractual obligations. The occurrence of any such event could have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.6 Risks Related to Products Quality and Manufacturing Defects in the Company's Products

The Company relies primarily on the quality of its products in the success of its business and in achieving specific sales targets. The quality of the Company's products requires compliance with applicable quality policies and standards, which in turn rely on control and quality systems and quality control training programmes. The Company's failure to maintain the quality of its products, or the effectiveness of its quality control systems, may affect the competitiveness of its products, particularly when compared to competing products. This could adversely affect the Company's reputation, which would have a material adverse effect on the Company's business, financial position, results of operations and prospects.

In addition, the occurrence of malfunctions or manufacturing accidents may lead to defects in the Company's products, which would adversely affect the Company's products quality and reputation.

2.1.7 Risks Related to the Development of a New Facility and Asset Replacement

For any new plant that the Company builds, its ability to complete construction on a timely basis and within budget is subject to certain risks and challenges. In particular, to establish a new plant, it is required to make an accurate assessment of the market size and the economic feasibility of such establishment and obtain necessary permits and approvals from the relevant governmental entities, none of which is guaranteed to be obtained by the Company. Establishment of a new plant for the Company also depends on its ability to secure the necessary financing to complete the construction process. If the Company fails to correctly assess the economic feasibility of establishing new plants, fails to obtain necessary financing in a timely manner, or fails to obtain the necessary permits and approvals to operate these new plants, this could have a material adverse effect on the Company's business, financial position, results of operations and prospects.

If the Company fails to complete construction of the new plants on schedule, find sites to expand its range of operations, find customers for the additional products manufactured by the new plant, run the plant efficiently, or otherwise achieve the expected benefits of the new plant, as well as replace or refurbish obsolete assets, the available capacity may prove to be a bottleneck in meeting customer orders in a timely manner. This would adversely affect the Company's ability to increase its sales and operating income and could have a material adverse effect on its business, financial position, results of operations and prospects.

2.1.8 Risks Related to the Company's Inability to Implement its Growth and Expansion Strategy in the Future

The Company regularly evaluates its expansion plans, including building new plants and production facilities, or expanding its projects under construction and increasing production lines. This expansion entails some risks, including, but not limited to, the extent of the Company's ability to obtain additional financing contracts and their relative potential impact on the financial position of the Company, the Company's ability to integrate new plants and facilities into its operations, managing the expansion process efficiently, responding to changes and development in the industrial methods and techniques on its business sectors in a timely and cost-effective manner, and attracting and training the Company's key managers and employees to operate the new plants, facilities and machinery, in addition to the ability to continue efficiently operating the Company's existing plants and facilities. With respect to the expansion strategy adopted by the Company, the capital investments are focused on the following: (i) modernisation of production lines; (ii) installation of accounting system "ERP"; (iii) vehicles; (iv) equipment; and (v) buildings. Capital investments amounted to SAR 8.8 million, SAR 12.6 million, SAR 16.5 million and SAR 6.1 million in the financial years ended 31 December 2020G, 2021G and 2022G, and the six-month period ended 30 June 2023G, respectively. The Company's failure to expand and implement its future growth strategy or to manage the expansion process in the required manner would have a material adverse effect on its business, financial position, results of operations and prospects.

2.1.9 Risk Related to the Company's Reputation and the Quality of Services Provided

Since its establishment, the Company sought to build a good reputation associated with its trademark and seeks to preserve its reputation and trademark in the future by enhancing the quality of services it provides to its customers. Its reputation depends on several factors, including the product quality, competitive prices, fast delivery, and after-sales services. Accordingly, the Company's failure to provide or maintain the quality of services provided to its clients will have a material adverse effect on its brand and reputation.

In addition, the Company's inability to provide high-quality services may expose it to negative publicity that may harm its reputation, which may lead to a decrease in customers' demand for the Company's products, or in some cases may expose it to lawsuits. The Company's reputation may be affected if it is not able to maintain the quality of products provided to its clients, which would have a material adverse effect on the Company's business, results of operations, financial position, and prospects.

2.1.10 Risks Related to Inventory Management

The Company depends on its inventory management for its understanding of the aluminium market, as well as its future products demand forecasts to manage its inventory. Demand for the products, however, can be significantly different from the forecasts since it may be affected negatively by new product launches in the market by the Company's competitors, changes in product cycles, pricing, changes in customer spending patterns, new entrants to the market, and other factors, which may result in lower demands for the Company's products. If the Company fails to accurately estimate the volume of products sought by its customers and otherwise adequately manage production quantities, it may produce more products than is needed by its customers, resulting in excess inventory levels. Total inventory of products/ready goods for the financial years ended 31 December 2020G, 2021G and 2022G, and the six-month period ended 30 June 2023G amounted to SAR 12.2 million, SAR 23.6 million, SAR 23.8 million and SAR 23.9 million, respectively, representing 4.3 per cent., 5.6 per cent., 4.7 per cent. and 4.5 per cent. of the total current assets of the Company for the said periods, respectively, while inventory aging's were 111 days, 78 days, 72 days and 97 days for the financial years ended 31 December 2020G, 2021G and 2022G, and the six-month period ended 30 June 2023G, respectively. Insofar as inventory allocation is concerned, the Company has allocated SAR 0.8 million as allocations for slow-moving inventory for the mentioned periods, respectively. Increase in inventory and mismanagement will adversely affect the Company's business, financial position, results of operations and prospects.

The Company maintains a minimum inventory level in relation to boxes, papers and other overhead materials, but does not maintain a minimum inventory level (safety inventory) for aluminium products (which represented 65.0 per cent. of total raw material purchases during the financial years ended 31 December 2022G). The Company maintained a safety inventory estimated at 3,000 tonnes, which is sufficient to cover one month's need for the manufacture of aluminium products during the financial years ended 31 December 2020G, 2021G and 2022G. During the year 2023G, the size of the safety inventory increased to 6,000 tonnes to cover two months' need.

In the event demand for aluminium products increase in the future and the Company is unable to meet such increase in demand, in addition to any future plans to temporarily stop operation of its plants for scheduled maintenance, this would have a material adverse effect on the Company's business, financial position, results of operations, and prospects.

2.1.11 Risks Related to the Delivery of Products

The Company is subject to risks associated with its order delivery services as it relies on it for managing its fleet of vehicles and delivery drivers to carry out delivery and distribution operations from its facilities to internal destinations in Riyadh region. For other regions inside and outside the Kingdom, the Company contracts with logistics companies to carry out land, sea or air cargo operations as necessary to deliver products to clients. The Company's contracts with the logistics companies are usually for a period of one year and are automatically renewable. Such contracts are subject to several factors that may be affected by current market conditions, such as transportation prices, which in turn are also subject to prevailing fuel prices. In addition, the performance of the logistics companies and the execution of their obligations (including obtaining adequate insurance coverage) is beyond the Company's control. Accordingly, any failure on the part of those service providers to perform their obligations towards the Company in accordance with the agreed service levels would have a material adverse effect on the Company's business, results of operations, financial position, and prospects. The Company's sales through order delivery channels (delivery service providers) represented approximately 71.0 per cent., 70.0 per cent., 74.0 per cent. and 73.0 per cent. of the Company's total sales for the financial years ended 31 December 2020G, 2021G and 2022G, and the six-month period ended 30 June 2023G, respectively. Those service providers, the drivers and their vehicles could be, and have been in the past, involved in accidents which could have caused injuries or property damage. Any such accidents expose the Company to financial liabilities and costs, which may not be sufficiently covered by any applicable insurance agreements held by the Company and may affect the Company's reputation and brand. Furthermore, the Company's operations are affected by the state of general road networks which may not be that developed in some areas. If the Company is not able to maintain its vehicle fleet or employ qualified delivery drivers in sufficient numbers, it may be unable to deliver products to its customers and may fail to improve its standard of delivery to customers in the future, which would have an adverse effect on the Company's business, results of operations, financial position and future prospects.

2.1.12 Risks Related to Concentration of Sales from Major Customers

The total sales generated by the Company from its top ten customers accounted for 50.0 per cent., 44.2 per cent., 46.3 per cent. and 46.3 per cent. of the Company's total sales in the financial years ended 31 December 2020G, 2021G and 2022G, and the six-month period ended 30 June 2023G, respectively. The total sales generated from the Company's top five customers accounted for 45.4 per cent., 38.5 per cent., 38.1 per cent. and 42.4 per cent. of the Company's total sales in the financial years ended 31 December 2020G, 2021G and 2022G, and the six-month period ended 30 June 2023G, respectively. Sales generated from the largest customer (Mohsen Saif Al Yafei & Partners Company) accounted for 22.9 per cent., 17.6 per cent. 18.4 per cent. and 23.1 per cent. of the Company's total sales in the financial years ended 31 December 2020G, 2021G and 2022G, and the six-month period ended 30 June 2023G, respectively. (for further details about the Company's major customers, see Section 4.5.6 (*Clients*)).

In relation to the sales concentration across the Company's business segments, the total sales generated by the Company's from its top five customers in the aluminium segment accounted for 52.9 per cent., 44.5 per cent., 31.9 per cent. and 44.5 per cent. of the total sales generated for the same segment in the financial years ended 31 December 2020G, 2021G and 2022G, and the six-month period ended 30 June 2023G, respectively. The sales generated from the largest customer in this segment accounted for 23.7 per cent., 19.0 per cent., 19.5 per cent. and 26.6 per cent. of the total sales of the aluminium segment in the financial years ended 31 December 2020G, 2021G and 2022G, and the six-month period ended 30 June 2023G, respectively. While the Company's top five customers in the painting powder segment accounted for 28.6 per cent. 27.9 per cent. and 20.3 per cent. of the total sales generated for the same segment in the financial years ended 31 December 2021G and 2022G and the six-month period ended 30 June 2023G, respectively. Sales generated from the largest customer in the painting powder segment accounted for 20.4 per cent. 16.0 per cent. and 8.7 per cent. of the total sales generated by the painting powder segment in the financial years ended 31 December 2021G and 2022G and the six-month period ended 30 June 2023G, respectively. (The Company did not generate any

revenues in the painting powder segment during the financial year ended 31 December 2020G). As for the accessories segment, sales from the five largest customers accounted for 39.4 per cent., 37.3 per cent. and 32.6 per cent. of the total sales generated for this segment in the financial years ended 31 December 2021G and 2022G and the six-month period ended 30 June 2023G, respectively. Sales generated from the largest customer in the accessories segment accounted for 0 per cent., 20.2 per cent., 15.7 per cent. and 13.0 per cent. of the total sales of the accessories segment in the financial years ended 31 December 2020G, 2021G and 2022G, and the six-month period ended 30 June 2023G, respectively. (The Company did not generate any revenues in the accessories segment during the financial year ended 31 December 2020G). (for further details about the Company's major customers, see Section 4.5.6 (*Clients*)).

The Company's sales and operating profits will be adversely affected if the Company loses one or more of its major customers, or if there is a significant decrease in the business contracted with those customers. It is worth noting that the Company has sales contracts concluded with 80 per cent. of its customers, according to which it determines the mechanism for calculating the prices of the products sold on the basis of a profit margin added to the cost of sale, but this cannot be considered if the Company's agreements serve as a guarantee for a Company's future sales, as contracts are purchase-order based, which represent ad hoc requests at the customer's discretion and needs and does not constitute any obligation on the customer to purchase during the contract period. Also, there is no guarantee that the Company will be able to renew contracts with major customers or renew them on similar terms. Furthermore, the Company's failure to fulfil its contractual obligations to its customers, such customers may terminate or not renew their contracts with the Company. If the Customer were to lose any of these major customers, it may lose a significant portion of its sales without having the ability to offset the same from other customers. The occurrence of any of these events would have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.13 Risks Related to Raw Materials Supplier Concentration

Saudi Arabian Mining Company (Ma'aden) is the main supplier of it's the Company's need for aluminium rods (which are used as raw materials in the manufacture of aluminium products). The Saudi Arabian Mining Company (Ma'aden) is the only supplier of aluminium rods in the Kingdom. As a result of the high concentration of key suppliers, the sustainability of the Company's operations depends heavily on the availability of raw material supplied by these key suppliers. The Company's purchase of raw materials amounted to SAR 240.0 million, SAR 516.0 million, SAR 754.2 million and SAR 263.7 million for the financial years ended 31 December 2020G, 2021G and 2022G and the six-month period ended 30 June 2023G, respectively.

The largest two suppliers of the Company collectively provided 71.9 per cent., 65.1 per cent., 61.7 per cent. and 82.5 per cent. of the Company's total purchases of raw materials, which amounted to around SAR 172.4 million, SAR 335.8 million, SAR 465.3 million and SAR 217.4 million for the financial years ended 31 December 2020G, 2021G and 2022G and the six-month period ended 30 June 2023G, respectively. Whereas: (i) Saudi Arabian Mining Company (Ma'aden) has provided 47.6 per cent., 44.7 per cent., 49.6 per cent. and 37.1 per cent. of the Company's total purchases of raw materials as of the financial years ended 31 December 2020G, 2021G and 2022G, and the six-month period ended 30 June 2023G, respectively, with a total value of SAR 58.3 million, SAR 105.3 million, SAR 90.9 million and SAR 119.6 million for the same periods; and (ii) the second biggest Company supplier, Aluminium Bahrain (Alba) has provided 24.3 per cent., 20.4 per cent., 12.1 per cent. and 45.4 per cent. of the Company's total purchases of raw materials as of the financial years ended 31 December 2020G, 2021G and 2022G, and the six-month period ended 30 June 2023G, respectively, with a total value of SAR 114.1 million, SAR 230.5 million, SAR 374.4 million and SAR 97.9 million, respectively. The Company's increased dependence on an external supplier for raw material purchases would result in additional risks related to the policies, laws and regulations applied in such countries, in addition to other risks associated with changes in the policies and governmental and economic conditions of such countries.

The loss of dealing with these suppliers or if the suppliers are unable to supply their products to the Company (as a result of interruptions to their business or supply shortages) in a timely manner and to the standards required to meet customer needs, the Company may not be able to find alternative suppliers or enter into contracts with them in a timely manner or on suitable terms and the Company's production operations may be disrupted (for further details about the suppliers, see Section 4.5.5 (*Suppliers*)). In addition, the Company's business results are affected by economic factors represented by fluctuations in commodity prices, which have a direct impact on profitability margins in addition to the impact of market demand for the Company's products. If these events were to occur, the ability of the Company to provide products to its customers will be materially and adversely affected, which would have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.14 Risks Related to Operations Outside the Kingdom

The Company exports its products (in the aluminium, powder coating and accessories segments) to customers outside the Kingdom. The foreign countries with the largest contributions to the Company's revenue as of the six-month period ended 30 June 2023G are (in order) the Sultanate of Oman, the Netherlands, Kuwait, Iraq, Bahrain, United Arab Emirates, Egypt, Lebanon, India, the Kingdom of Jordan, Qatar, Sudan, Yemen, and Syria (for further details on the value of transactions with each country, see Section 6.5.1.12 (*Revenue by Geographic Location*)). From its commercial operations carried out outside the Kingdom, the Company generated sales of around SAR 102.1 million, SAR 149.1 million, SAR 171.1 million and SAR 79.5 million in the financial years ended 31 December 2020G, 2021G and 2022G, and the six-month period ended 30 June 2023G, respectively, accounting for 28.4 per cent., 28.8 per cent., 22.8 per cent. and 23.6 per cent. of the Company's total sales, respectively. As a result, the Company is subject to risks related to doing business outside the Kingdom, such as:

- potentially adverse tax consequences, including taxes resulting from changes in taxation policies or consequences from erroneous enforcement thereof;
- compliance with the different and changing laws, regulations and court systems of jurisdictions where the Company operates and compliance with a wide variety of foreign laws, treaties and regulations, as well as unforeseen changes in regulatory requirements;
- rapid changes in governmental, economic and political policies and conditions, political or civil unrest or instability, terrorism or epidemics and other similar outbreaks or events;

- customer preferences that may differ from the customers within the Kingdom including as a result of purchasing power differences;
- lack of clarity as to whether certain contractual rights and provisions are lawful and enforceable; and
- restrictions on repatriation of profits from foreign operations to the Company.

The Company's failure to effectively manage the market and operational risks associated with the Company's operations would impede the future growth of the Company's business, increase operating costs or expose the Company to incur losses as a result thereof, which would have a material adverse effect on its business, financial position, results of operations and prospects.

2.1.15 Risks Related to Price Dumping

The Company faces significant risks related to aggressive market competition, which can resemble the effects of dumping. This competition occurs when similar products are offered at lower prices, potentially even below cost, by competitors seeking to dominate the market or disrupt the Company's market position. Such pricing strategies can lead to severe pressure on the Company's sales and profitability.

The Company operates in an environment where competitors might employ aggressive pricing strategies to gain market share or impede the growth of other players. This situation can lead to a challenging market landscape, necessitating constant vigilance and strategic responsiveness from the Company. The potential for such intense competition requires the Company to continuously innovate, enhance product quality and implement efficient cost management strategies to maintain its competitive edge.

The Company's ability to foresee, understand and effectively respond to these competitive challenges is crucial to its sustained success in the Saudi Arabian market. Should the Company fail to adapt to these competitive pressures, it could face material and adverse effects on its business, financial position, results of operations and/or prospects.

2.1.16 Risks Related to the Concentration of Company Ownership Among Current Shareholders

The current Shareholders in the Company whose names are stated on page (xi) own 100.0 per cent. of the Company's Shares prior to the Offering. After completing Admission, the current Shareholders will collectively own 70.0 per cent. of the Shares and will therefore retain a controlling stake in the Company enabling them to approve or reject decisions and matters presented at the Company's General Assemblies. This controlling stake will also enable current Shareholders to nominate the majority of the Board of Directors and provide them with the ability to elect and appoint members to the Board in proportion to the voting rights they possess. Accordingly, there is no assurance that the minority shareholders will be able to effectively participate in the making of the Company's decisions, whether in the Board of Directors or in General Assemblies after Admission. This limits the powers of minority shareholders due to the concentration of ownership among the current Shareholders, which could have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.17 Risks Related to the Treatment of Employees Bonuses

The Company's shareholders waived SAR 3.9 million, SAR 7.2 million, and SAR 7.9 million during the years 2021G, 2022G and 2023G, respectively, from dividends, which sum were allocated as bonuses to the Company's employees.

If, in the future, the Company approves the payment of bonuses to its employees and the amounts were to be treated as an expense using the accrual method (i.e., such amounts are deducted directly from expenses in the income statement), this will lead to an increase in the Company's expenses and thus a decrease in net income, which could have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.18 Risk Related to Asset Depreciation Rate

The Company has specialised machinery and equipment that it uses to manufacture its products with depreciation rates ranging from five per cent. to 25.0 per cent. annually. As of 30 June 2023G, the depreciation rate of total assets reached 81.0 per cent., while the accumulated depreciation rates of assets under property, machinery and equipment stood at 82.3 per cent. for machinery and equipment, 67.6 per cent. for buildings, 84.0 per cent. for furniture and fixtures, 90.4 per cent. for extrusion moulds, 91.5 per cent. for leasehold improvements and 91.6 per cent. for vehicles. As a result of the high rate of the accumulated depreciation of assets, it is expected that the Company will incur additional capital expenditures to maintain operation and maintenance of these assets, in addition to a technical assessment on the sufficiency of the planned capital expenditures to run and maintain these plants in the future to maintain targeted production capacity levels, along with identifying requirements for any immediate replacement of existing assets. In the event of the Company's failure to replace, renew or maintain old assets in a timely manner, the Company's available capacity would create an obstacle in meeting customers' demands on time, which would adversely affect the ability of the Company to increase its sales and operating income, thus materially and adversely affecting its business, financial position, results of operations and prospects.

2.1.19 Risk Related to the High Occupancy Rate of Production Lines for the Accessories Sector

The Company operates in three different business segments, namely (i) aluminium; (ii) powder coating products; and (iii) accessories (for further details on the Company's business segments, see Section 4.5.1 (*Business Segments*)). The Company began commercial operation of accessories products in the financial year ended 31 December 2021G. The accessories segment achieved revenues amounting to SAR 14.9 million, SAR 43.2 million and SAR 19.3 million in the financial years ended 31 December 2021G, 2022G and the six-month period ended 30 June 2023G, respectively, representing 2.9 per cent., 5.8 per cent. and 5.7 per cent. of the Company's total revenues during the same periods. The occupancy rate of production lines for the accessories segment has reached to relatively high rates. The occupancy rate of the production lines for the largest product by sales in the accessories segment (the rubber for assembling metal and wood products) reached 91.5 per cent., 87.4 per cent., and 94.5 per cent. in the financial years ended 31 December 2021G, 2022G and the six-month period ended 30 June 2023G, respectively, while the occupancy rate of the production lines for the second largest product by sales in the accessories segment (anti-dust brush) reached 79.5 per cent., 89.4 per cent., and 83.3 per cent. during the same periods, respectively. If the customers demand increases in the accessories segment in the future, the Company will not be able to cover such demand based on its current production capacity in such segment and will be forced to expand its production lines for the accessories segment, which will have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.20 Risks Related to Collecting Receivables from the Company's Customers

The Company may face difficulties in effectively collect accounts receivable. The Company's accounts receivable (including the commercial account receivables, notes receivables and cheques pending collection) that were over one year past their due date amounted to SAR 44.0 million, SAR 43.7 million, SAR 30.8 million and SAR 41.9 million, representing 20.9 per cent., 14.6 per cent., 8.9 per cent. and 12.2 per cent. of its accounts receivable for the same periods.

The following table shows the aging of accounts receivable for the financial years ended 31 December 2020G, 2021G and 2022G and the six-months period ended 30 June 2023G (for further details about the aging of accounts receivable for commercial account receivables, notes receivable and cheques pending collection, see Section 6.5.2.2 b (*Current Assets - Trade Receivables and Other Current Assets*)):

Table 2.1: Aging of Accounts Receivable for the Financial Years Ended 31 December 2020G, 2021G and 2022G and the Six-Month Period Ended 30 June 2023G

Total book value - SAR (Thousand)	31 December 2020G Audited ⁽¹⁾			31 December 2021G Audited ⁽²⁾			31 December 2022G Audited ⁽³⁾			30 June 2023G Reviewed		
	Account Receivables	Receipt notes and cheques for collection	Total	Account Receivables	Receipt notes and cheques for collection	Total	Account Receivables	Receipt notes and cheques for collection	Total	Account Receivables	Receipt notes and cheques for collection	Total
Undue	109,619	27,843	137,462	128,765	51,315	180,080	148,310	59,814	208,124	120,205	49,155	169,360
Payment overdue from zero to 90 days	13,605	6,527	20,132	27,750	19,032	46,782	42,564	16,751	59,315	54,528	19,115	73,643
Payment overdue from 91 - 180 days	3,137	323	3,460	16,787	3,719	20,506	20,556	602	21,158	18,051	6,848	24,899
Payment overdue from 181 - 270 days	2,292	303	2,595	5,004	235	5,239	7,863	8,160	16,023	15,090	4,118	19,208
Payment overdue from 271 - 365 days	2,959	25	2,984	2,687	301	2,988	9,839	-	9,839	9,654	4,674	14,328
Payment overdue for more than 365 days	30,050	13,930	43,980	30,985	12,678	43,663	19,955	10,860	30,815	29,051	12,809	41,860
Total	161,661	48,950	210,611	211,978	87,280	299,258	249,087	96,187	345,274	246,579	96,719	343,298
Allowance for expected credit losses	29,120	11,041	40,161	34,063	11,665	45,728	19,882	10,717	30,599	20,514	10,888	31,402

Source: Management's information

⁽¹⁾ Audited financial statements for the year ended 31 December 2021G.

⁽²⁾ Audited financial statements for the year ended 31 December 2022G.

⁽³⁾ Interim financial statements for the six-month period ended 30 June 2023G.

While provisions for write-down amounted to SAR 40.1 million, SAR 45.8 million, SAR 30.6 million and SAR 31.4 million as of 31 December 2020G, 2021G, 2022G and 30 June 2023G, respectively, there is no guarantee that such provisions are sufficient. If any of the Company's debtors experience difficulties in their businesses and financial position, this may lead to an increase in uncollected bills, and consequently they may fail to pay their debts or fulfil any compensation obligations to the Company when due.

The Company has a mechanism for collecting the account receivables whose due dates are in excess of 365 days, namely by appointing a specialised law firm to follow up and collect such account receivables and carry out all necessary legal procedures to follow up on the collection thereof. However, the Company cannot guarantee that it will be able to collect these account receivables, as any failure to make payments when due, the bankruptcy or insolvency of the Company's customers, especially the major customers, or the inability of the law firm to collect such debts for any reason would have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.21 Risks Related to Epidemics

The spread of infectious diseases, or any threat or fear related to public health could have a material adverse effect on the Company's business. In December 2019G, a novel strain of coronavirus disease (COVID-19) was first reported in Wuhan, Hubei Province, China. This disease has spread in most countries of the world, causing many countries, including the Kingdom, to take various measures to limit the spread of the coronavirus, including imposition of temporary restrictions, such as travel bans, curfews, banned movement between the cities within the Kingdom and restriction of activities that do not allow social distancing, along with requiring people coming from other countries to stay in quarantine for a certain period of time. The Company's supply chain was affected by the impact of COVID-19 on both domestic and external raw material suppliers, delaying the Company's receipt of raw materials from these suppliers. Such materials include aluminium pallet, polyester resin, titanium polyvinyl chloride, polyethylene and pulling moulds, which is are main components of aluminium retainers, painting powder, and aluminium accessories, with the average delivery time to the Company from the group of local and regional suppliers of 35 days in 2020G (compared to 15 days in 2019G), while the average delivery time from international suppliers was three to four months in 2020G (compared to two to three months in 2019G).

There are also risks associated with the Company's employees getting infected with the virus, which may lead to restrictions on their movements and work, and thus affect the daily operations of the Company. There are also risks related to the collection of debts owed by its clients due to the pandemic. It is also difficult to assess the magnitude of the expected impact of Coronavirus pandemic at the current time, which may have long-term implications for the relevant business segments, the supply chain in general and the Company and its resources in particular.

It is worth noting that, based on a royal decree, the Ministry of Energy provided support to commercial, industrial and agricultural activities by offering a 30.0 per cent. discount on electricity bills in the months of April and May 2020G, as the value of the discount to the Company amounted to approximately SAR 0.1 million in the financial year ended 31 December 2020G. Moreover, the government supported private sector companies through the Sanid programme, whereby 60.0 per cent. of Saudi employees' basic salaries and housing allowance are paid during a period of three months (from May 2020G to July 2020G), followed by an extension of the period by two months (from August 2020G to September 2020G). For some sectors, where the support rate was reduced to 50.0 per cent. for the wages of Saudi employees, the value of the support to the Company amounted to approximately SAR 0.3 million in the financial year ended 31 December 2020G. In addition to government support during the COVID-19 pandemic, owners of leased assets have provided the Company with a grace period for lease payments, which have been rescheduled. The impact of the value of government support for the Company during the pandemic period (which amounted to approximately SAR 0.423 million in the financial year ended 31 December 2020G) estimates the income statement for the financial year ended 31 December 2020G at a value higher than the actual value (if the Company had not benefited of government support). It is worth noting that not repeating this type of support will have a material negative impact on the Company's business, financial condition, results of its operations and future expectations.

The scale of the Coronavirus impact on the Company's operational and financial results depends on different factors that are not within the Company's control, such as the continuation of the pandemic, any other variations thereof, any new information that may appear in relation to the severity of the virus or any other measures taken by governments or companies in response to the pandemic, especially as it pertains to locations where the Company operates, and how fast and effective those measures are in fighting the virus, including vaccinations and their timings. All these factors remain uncertain for now. The Covid-19 pandemic and the global volatile economic conditions caused by it, has exacerbated some of the risk factors mentioned in this section. Respread of the virus in several countries, including new variations, and the duration of the Covid-19 pandemic or any other disease that spreads in the future could adversely affect the global economy and capital markets. In case of further spread of Covid-19 or any other disease and continued restrictions imposed to limit its spread, this will have a material and adverse impact on the Company's business, financial position, results of operations and future growth.

2.1.22 Risks Related to Related Party Transactions and Agreements

In its ordinary course of business, the Company enters into agreements with certain Related Parties, including companies which some members of the Company's Board of Directors are members of its boards or shareholders (for further details about transactions and agreements with Related Parties, see Section 2.1.22 (*Risks Related to Related Party Transactions and Agreements*)). All such transactions are entered into pursuant to written agreements governing the contractual relationship between the parties. All the Company's transactions and agreements with the Related Parties are concluded on an arm's length basis.

Related Party transactions are reflected and recorded in the financial statements in accordance with IFRS (see Section 19 (*Financial Statements and Auditor's Report*)).

The Company entered into transactions with Alwan and Alfa regarding the purchase of powder coating products and accessories, and these transactions stopped after the financial year ended 31 December 2020G, as these companies were merged as branches of the Company. In addition, the Company concluded transactions with Ral Investment Company regarding renting residential buildings for workers and point-of-sale showrooms.

The total balance of trade payables to Related Parties amounted to SAR 10.5 million, SAR 0.8 million, SAR 0.6 million and SAR 0.6 million during the financial years ended 31 December 2020G, 2021G and 2022G, and the six-month period ended 30 June 2023G, respectively, comprising 3.9 per cent., 0.5 per cent., 0.3 per cent. and 0.3 per cent., respectively, of total trade payables of the Company in the same periods.

If contracts and transactions with Related Parties are not executed in accordance with written agreements, not concluded on an arm's length basis, or not approved by the General Assembly (to the extent any Director has a direct or indirect interest), this would have an adverse effect on the Company's business, financial condition, results of operations and prospects.

2.1.23 Risks Related to Engagement of Board Directors or Senior Executives in Business Competing with the Company's Business

As of the date of this Prospectus, none of the Directors or Senior Executives participate in any activities that compete the Company's activities. Some of the Company's Directors or Senior Executives may compete with the Company, either through their membership in boards of directors or through ownership in business that fall within the framework of the Company's business, and which are similar to or competitive with the Company's business, whether directly or indirectly. In the event of a conflict of interest between the business of the Company and the business of the Directors or Senior Executives, this will have a material adverse effect on the Company's business, results of operations, financial position and prospects.

Some Directors and Senior Executives can access the internal information of the Company and may use that information for their own interests or in contradiction with the Company's interests and objectives. If the Directors and Senior Executives who have interests conflicting with the Company have a negative influence on the Company's decisions, or if they use the information available to them about the Company in a way that harms its interests, it will have a material adverse effect on the Company's business, results of operations, financial position and prospects.

As of the date of this Prospectus, none of the Directors or Senior Executives is a party to any agreement, arrangement or understanding under which they are subject to any obligation that prevents them from competing with the Company or any similar obligation in relation to the Company's business. However, to engage in businesses competing with the Company, the Directors must obtain approval from the General Assembly in accordance with Article 44 of the Corporate Governance Regulations and Article 27 of the Companies Law.

2.1.24 Risks Related to Failure to Adequately Maintain the Confidentiality and Integrity of Customer's and Employee Data

The Company collects, transfers and processes client and employee data in the normal course of its business through information systems, and such information kept by the Company, or other parties that the Company contracts with to obtain their services, includes data on clients and employees, ID numbers, dates of birth and other private data. Some of this data is private and may be a target to some external parties, such as criminals, whether individuals or organised groups, "electronic hackers", disgruntled employees, whether current or former, and others. The failure of the Company to maintain the confidentiality and integrity of client and employee data will lead to a change in the behaviour of current or potential clients in a way that affects the Company's ability to retain its current customers and attract new customers, which will have a material adverse effect on the Company's business, financial position, results of operations and prospects.

Adherence to variable privacy and security laws may also lead to an increase in costs due to the necessary changes in laws and because of the imposition of new restrictions or controls on the Company's business models and the development of new administrative processes. In addition, these laws, conditions and regulations may impose further restrictions on the Company's process of collecting identity data in one or more of the Company's databases, as well as disclosing and using them. Failure to comply with the privacy laws or general requirements of the sector or any security breach that includes embezzlement, loss or disclosure of personal, sensitive or confidential data without authorisation may result in the Company incurring fines, penalties and lawsuits, and the occurrence of any of the above would have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.25 Risks Related to Trade Payables

The balance of trade payables by the Company as of 31 December 2020G, 2021G, 2022G and as of 30 June 2023G accounted for 12.7 per cent., 8.8 per cent., 13.7 per cent. and 14.5 per cent. of the total liabilities, respectively, which amounted to SAR 14.4 million, SAR 13.9 million, SAR 25.2 million and SAR 29.4 million during the same periods, respectively. The percentage of trade payables to the Company's five largest suppliers accounted for 27.0 per cent., 60.4 per cent., 45.7 per cent. and 34.4 per cent. of the total balance of trade payables, which amounted to SAR 3.8 million, SAR 8.4 million, SAR 11.5 million and SAR 10.1 million, respectively. The repayment period granted to the Company by its suppliers ranges from one day to 90 days, in general. In case of a decrease in the days of payment terms, this would affect the liquidity position of the Company and which will negatively affect its working capital. Moreover, if the Company is not able to pay in full its trade payables or settle them during the period agreed upon with the suppliers, this may prevent the Company from obtaining advance purchase agreements on suitable terms in the future. This would have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.26 Risks Related to Financing

Certain of the Company's existing financing arrangements contain covenants that imposes operating and financial restrictions on the Company. Such restrictions include: (i) a requirement to maintain certain current, maximum leverage ratios; (ii) restrictions on a change of control of the Company; and (iii) limitations on incurring further indebtedness. Such restrictions may affect the Company's flexibility in planning for, and reacting to, changes in its business or economic conditions and otherwise prohibit or limit its ability to undertake certain business activities without the consent of its lenders. For further details on financing agreements, see Section 12.5 (*Financing Agreements*). The Company's

ability to comply with such covenants and restrictions may be affected by events beyond its control, and there is no guarantee that the Company would be able to obtain the lenders' consent to waive or amend covenants that are necessary or beneficial for the Company's business, which may have an impact on the Company's performance. Any request for waivers or amendments may result in increased costs to the Company, or also lead lenders to modify the terms of the existing financing arrangements or impose additional operating and financial restrictions. If the Company is unable to comply with any of the covenants in its current or future financing arrangements and/or are unable to obtain a waiver or amendment, a default could occur under the terms of such agreements, and could lead to acceleration or enforcement of repayment of such financing arrangements. In such circumstances, there can be no assurance that the Company would be able to access sufficient alternative funding to meet all such repayments. The Company's reliance on financing facilities to finance its business constitutes a risk in itself due to the possibility of their termination for violations of any of their conditions or expiration of their respective terms, without the same being renewed. As of the date of this Prospectus, two financing agreements concluded by the Company with Banque Saudi Fransi are still under renewal. The occurrence of any of the above events will have a material adverse effect on the Company's business, financial position, results of operations and prospects.

For its business expansion, the Company also relies, among other things on, its ability to secure additional financing, through obtaining adequate financing or refinance its existing financings depends on several factors, including its financial performance and results of operations, as well as other factors beyond its control, such as macroeconomic conditions, financial market conditions, international interest rates, the availability of financing from banks or other financiers, investor confidence in the Company and economic and political conditions in the Kingdom. If the Company is unable to obtain any required financing or refinance its existing financings in a timely manner, at a reasonable cost, on acceptable terms, or at all, it may be required to scale back, defer, curtail or abandon its investments or any planned operations. This would have a material adverse effect on the Company's future strategy, business, results of operations, financial position and prospects.

Moreover, the Company's indebtedness, combined with its other existing and any future financial obligations and contractual commitments, could have other important negative consequences, such as:

- allocating a substantial portion of the Company's cash flow from operations to payments on its indebtedness, thereby reducing funds available for working capital, capital expenditures, sales and marketing efforts, and other purposes;
- increasing the Company's vulnerability to adverse economic and industry conditions, which could place it at a competitive disadvantage compared to its competitors that have proportionately less indebtedness;
- limiting the Company's flexibility in planning for, or reacting to, changes in its business and the appropriate response to them; and
- limiting the Company's ability to sustain its operations or achieve its planned rate of growth, including limiting its ability to make investments into new geographic areas in the Kingdom.

The above factors would have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

2.1.27 Risks Related to Board Members' and Shareholders' Personal Guarantees to Obtain Credit Facilities

The Company depended on guarantees provided by Mansour Kamil Ibrahim Al-Fattouh (Shareholder and Chairman), Nasir Kamil Ibrahim Al-Fattouh Al-Biwi (Shareholder and member of the Board of Directors) and Muwaffaq Kamil Ibrahim Al-Fattouh Al-Biwi (the commercial banks with which the Company concluded financing agreements, were notified of the demise of the shareholder and member of the Board of Directors, Muwaffaq Kamil Ibrahim Al-Fattouh Al-Biwi - may God rest his soul - on 25 Jumada Al-akhirah 1445H (corresponding to 7 January 2024G)) to acquire credit facilities from a number of commercial banks. These guarantees consist of joint and several guarantees with different amounts depending on the relevant financing agreement. These guarantees are linked to promissory notes issued by the Company for the same amounts, which are as follows:

- the facilities agreement the Company entered into with the Banque Saudi Fransi dated 10 Rajab 1442H (corresponding to 22 February 2021G): personal guarantees of SAR 69.0 million;
- the facilities agreement the Company entered into with the Saudi British Bank (SABB) dated 5 Shawwal 1444H (corresponding to 25 March 2023G): personal guarantees of SAR 85.0 million; and
- the facilities agreement the Company entered into with the Alinma Bank dated 3 Thul-Qi'dah 1444H (corresponding to 23 April 2023G): personal guarantees of SAR 80 million.

Consequently, if the given guarantees were to be cancelled, and the Company were unable to acquire further support and guarantees from the aforementioned shareholders, the banks may require the submission of additional guarantees and the Company may not be able to provide them without an increase in the cost of financing or not at all, and the banks may refuse to provide financing on appropriate terms or not at all, all of which would have a material adverse effect on the Company's business, financial position, results of operations and prospects (for further information about these guarantees, see Section 12.5 (*Financing Agreements*)).

2.1.28 Risks Related to Adverse Changes in Interest Rate

In its expansion strategy, the Company relies on financing facilities obtained from commercial banks. Therefore, the Company's financing arrangements are largely affected by interest rates, which are deemed highly sensitive to a number of factors that are beyond the control of the Company, including Government, monetary and tax policies as well as domestic and international economic and political circumstances. As the Company has not concluded any hedging agreements to reduce its higher interest rate exposure risks, an increase in interest rates and related financing costs may lead to reducing the Company's profitability and cash flow, which would have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.29 Risks Related to Liability for Warranty Claims

Under its contracts with clients, the Company provides a warranty for the services it provides, guaranteeing the work performed against defects in workmanship and material. If a warranty claim occurs, it could require the Company to re-perform the services or to repair or replace the warranted item, at a cost to the Company. It could also result in other damages if it is not able to adequately satisfy its warranty obligations. In addition, the Company may be required under contractual arrangements with its clients to warrant any defects or failures in materials it provides that it purchases from third parties. While the Company generally requires suppliers to provide it warranties that are consistent with those it provides to its clients, if any of these suppliers defaults on their warranty obligations to the Company, it may incur costs to repair or replace the defective materials for which it is not reimbursed. Costs incurred as a result of warranty claims could have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.30 Risks Related to Reliance on Executive Management and Key Personnel

The Company's success depends upon the continued service and performance of its Executive Management and other key personnel on whom the Company depends upon due to their extensive experience in the sector and contribution to its operations. In particular, the Company relies on certain key individuals who have valuable experience in the industrial sector and who have made substantial contributions to the development of its operations. The Company may not be able to retain its key personnel that have the skills and technical knowledge necessary to the Company. The loss of the services of members of the Company's Executive Management or key employees could prevent or delay the implementation and completion of its strategic objectives, could divert management's attention to seek certain qualified replacements or could adversely affect its ability to manage its business effectively. Each member of the Executive Management or key employees may resign at any time. If the Company loses the ability to hire and retain key executives and employees with high levels of skills in appropriate domains, it would have an adverse effect on the Company's business, financial condition, results of operations and prospects.

2.1.31 Risks Related to Inability to Attract and Retain Qualified Employees

There is intense competition to attract qualified employees with the skills and technical knowledge in the aluminium production sector in particular, and the industrial sector in general that are required by the Company. The Company may need to invest financial and human resources to attract and retain new employees and it may not realise returns on these investments. The Company's failure to attract and retain qualified employees in the future will negatively affect its ability to effectively and efficiently manage its business, which would have an adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.32 Risks Related to Employee Misconduct or Errors

Employee misconduct or errors could result in violation of law by the Company, which would lead to sanctions being imposed on the Company by the competent authorities. They could also result in health and safety violations that could lead to contractual breaches and payment of indemnities for damages. Such monetary consequences varies based on the misconduct and errors and could also damage the Company's reputation. Such misconduct and errors may be due to misuse of Company's information or, disclosure of confidential information, dissemination of misleading information, non-compliance with applicable laws or internal controls and procedures, including failure to document transactions properly in accordance with the Company's standardised documentation and processes (or to take appropriate legal advice in relation to non-standard documentation, as required by the Company's internal policies) or to obtain proper internal authorisation or permission. If employees commit any of these misconduct or errors, it would materially and adversely affect the Company's business, financial position, results of operations and prospects.

2.1.33 Risks Related to Reliance on Information Technology Infrastructure

The Company depends on the information technology systems of its production and sales management services, for billing and financial reporting and for digital marketing and public information. For efficiency of operations, the Company depends on the effectiveness and efficiency of these systems.

The Company's information technology systems may be negatively impacted by computer viruses, natural disasters, hacker attacks, hardware or software malfunctions, electrical current fluctuation, cyberterrorism and other similar factors. Additionally, a breach of the Company's cyber security measures could result in the loss, destruction or theft of confidential or proprietary data, which could cause the Company to bear liability or incur material losses to customers, suppliers or third parties dealing with the Company.

Cyber-attacks and other cyber incidents are occurring more frequently, and are constantly evolving in nature and sophistication. The Company's failure to maintain appropriate cyber security measures and keep abreast of new and evolving threats may make its systems vulnerable. The vulnerability of the Company's information system, any failure of such system or the Company's failure to detect or respond to information system incidents in a timely manner will have a material adverse effect on the Company's business, financial condition, results of operations and prospects. Similar risks exist with respect to third parties who may possess the Company's confidential data, such as its information technology support providers, professional advisors and banks and financial institutions with whom the Company deals, which will result to material adverse effect on the Company's business, financial condition, results of operations and prospects.

2.1.34 Risks Related to the Adequacy and Availability of Insurance Coverage

The Company maintains a variety of insurance policies to cover its operations, machines, equipment and warehouses, including to cover general liability, automobile liability, workers' compensation, fire insurance, its employee group health insurance policy and other types of coverages. Furthermore, the company is currently seeking to insure customer indebtedness. The insurance coverage may not be sufficient in all cases or may not cover all the risks that the Company is exposed to. Uninsured losses may occur, or their amount may exceed the insurance coverage. In addition, the Company's insurance policies include exceptions or limitations to coverage under which certain types of losses, damages and liabilities are not covered by the insurance, such as losses resulting from deliberate errors by the Company or one of its employees. In these cases, it could incur losses that could have an adverse effect on the Company's business and results of operations. The Company's inability to renew its existing levels of coverage on commercially acceptable terms, or at all, or in case of lack of or unavailability of adequate insurance for the various areas at its business would have a material adverse effect on the Company's business, financial position, results of operations and prospects. For further information, see Section 12.6 (*Insurance Policies*).

2.1.35 Risks Related to Contracts with Third Parties

The Company entered into many contracts and agreements with suppliers, customers and other parties, and some of these agreements will expire in the next few years, as the terms of the agreements range between one year and two years (for further details about agreements entered into between the Company and its suppliers and customers, see Section 12.4 (*Material Agreements*)). There is no guarantee that these contracts will be renewed. In the event that they are renewed, there is no guarantee that they will be renewed under terms that are similar to their current terms. If the Company fails to renew any of those contracts on terms that are not favourable for the Company, or at all, this will have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.36 Risks Related to Reliance on Leased Real Estate Properties

Several of the Company's facilities (including factories, workers' accommodation/housing and points of sale) have been constructed on leased land parcels. The leases generally have terms of ten to twenty-four years and typically provide for renewal options for a variable number of years subject to agreement of both parties (for further details about properties leased by the Company, see Section 12.7.2 (*Leases*)). As a result, if the Company fails to maintain continuity of these agreements, or negotiate renewals on acceptable terms that are not less favourable than the current terms, this would have a material adverse effect on the Company's business, results of operations, financial position and prospects. Additionally, any of the leased property owners can terminate the lease agreements and request for eviction of relevant properties under short notice, which would adversely affect the Company's business, results of operations, financial position and prospects.

2.1.37 Risks Related to Health, Safety and Environment

The Company's operations are subject to a wide range of laws and regulations related to environmental protection and the preservation of the workplace in a safe condition, such as the Environment Law, which is supervised by the Ministry of Environment, Water and Agriculture. The Company's work carries many safety risks, as the industrial sector is characterised by high operational risks, including electric shocks, fires, mechanical failures and weather-related accidents, as well as transportation accidents and equipment damage. Such risks may result to injury or death to any of the Company's employees, damage to its property or equipment or suspension, as well as other relevant damages, which may result in suspension of operations, substantial claims against the Company, and may even result in the Company falling under criminal liability.

2.1.38 Risks Related to Sponsoring Non-Saudi Employees

As per the applicable laws and regulations of the Kingdom, a non-Saudi employee may only work for his/her sponsor and the relevant employer or through contracting with companies that specialise in supplying workforce based on the businesses' needs. As of the date of this Prospectus, all of the Company's employees are either under its sponsorship or are legally employed based on the needs of the businesses. Noting that the presence of employees working for the Company who are not under its sponsorship would expose the Company to fines and penalties imposed by the competent authorities, including financial or administrative penalties, such as preventing the Company from recruiting non-Saudi employees or from renewing the residencies of current employees. This may also lead to the Company losing a large number of its employees if the competent authorities decided to deport the violating employees, which would have a material adverse effect on the Company's business, financial position, results of operations and prospects.

HRSD 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 expatriate worker, effective as of 14 March 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 labour market and raise its attractiveness in line with international best practices, while activating the contractual reference in the employment relationship between employers and employees based on a documented employment contract between them through the contract documentation programme. The job mobility service also allows the expatriate workers to switch to another job upon the expiry 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 expatriate workers to travel outside the Kingdom upon submitting an application, while notifying the employer electronically. The final exit service enables expatriate workers to leave immediately upon the expiry of the contract, while notifying the employer electronically, without the employer's consent. There is also the option to leave the Kingdom where the worker bears all of the consequences of the termination of the contract. All of these services are already available through Absher and HRSD's Qiwa platform. As a result, the Company may be adversely affected in the event that a large number of employees decide to switch to other companies, and the Company is not 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 their switching to other companies and be unable to hire new employees to replace them, it would have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.39 Risks Related to Litigation

The Company may become involved in lawsuits and regulatory actions related to its business operations with multiple parties, including suppliers, customers, employees, or regulatory authorities. The Company may also be the claimant in such lawsuits or litigations. Any unfavourable outcome in such litigation and regulatory proceedings would have a material adverse effect on the Company's business, financial position, results of operations and prospects.

In addition, regardless of the outcome of any litigation or regulatory proceedings, these proceedings could result in substantial costs and may require that the Company devote substantial resources to defend against these claims, which would have a material adverse effect on the Company's business, financial position, and results of operations and prospects. As of the date of this Prospectus, the Company has initiated 35 cases against third parties with a total amount of SAR 38.3 million, and there are no cases initiated against the Company. The Company has a provision against doubtful debts (including the amounts claimed by the Company under such lawsuits) amounting to SAR 31.4 million as of 30 June 2023G (for further details regarding the Company's litigation, see Section 12.11 (*Litigation*)).

2.1.40 Risks Related to Licences and Approvals

In order to carry out and expand its business, the Company needs to maintain or obtain a variety of licences, certificates, permits and approvals from regulatory, legal, administrative, tax, and other authorities and agencies, in both the Kingdom and abroad, in particular, an operation licence from the Saudi Authority for Industrial Cities and Technology Zones for all its facilities in the Kingdom. The processes for obtaining these licences, certificates, permits and approvals are often lengthy and may be terminated or suspended if the licensee fails to comply with certain requirements. As of the date of this Prospectus, the Company has no expired licences (for further details on Government consents, licences and certificates, see Section 12.3 (*Government Consents, Licences and Certificates*)). The Company may be subject to penalties and fines if it continues to operate without obtaining the above licences. Furthermore, when renewing or modifying the scope of a licence, certificate or permit, the relevant authority may not renew or modify such licence, certificate or permit and may impose conditions that will adversely affect the Company's performance if it does renew or modify such licence, certificate or permit. If the Company is unable to maintain, obtain or renew the relevant licences, permits and approvals, its ability to achieve its strategic objectives would be impaired, it may be forced to close down its facilities that do not have licences or become subject to financial penalties imposed by the competent authority, any of which could have a material adverse effect on the Company's business, financial position, results of operations or prospects.

2.1.41 Risks Related to Developing and Maintaining Favourable Brand Recognition

The Company's business is heavily dependent upon the favourable brand recognition that its "TALCO" brand has in the Kingdom. It invests in its "TALCO" brand and incurs expenses to promote it, including through partnerships and advertising campaigns. As of the date of this Prospectus, the Company has three registered trademarks under its name. (for further details see Section 12.10.1 (*Trademarks*)). Factors affecting brand recognition are often outside the Company's control and its efforts to maintain or enhance favourable brand recognition, such as marketing and advertising campaigns, may not have their desired effects. Moreover, unfavourable publicity concerning the "TALCO" brand or the industrial sector in general, whether on the internet, social media or otherwise, could damage the brand and accordingly have a material adverse effect on the Company's business, results of operations, financial condition, or prospects.

2.1.42 Risks Related to Marketing Activities

The Company devotes resources to marketing and public relations programmes that inform consumers about the Company's products and offered services. Marketing plans usually take relatively longer time to accomplish their desired goals, which may lead the Company to increase its spending on this area. However, success or adequacy of these marketing and public relation programmes is not guaranteed, and therefore the Company may have to intensify or replace these programmes with other ones, thus incurring additional financial costs. The Company must also keep pace with a rapidly changing media environment and advertising and marketing channels. If the Company's allocated costs for marketing programmes are insufficient to realise the intended objectives or if the Company's marketing and public relations efforts are not effective and commensurate with the current media environment, then the Company's brand recognition, competitive position, reputation and market share may suffer. This, in turn, could lead to lower sales and profits, which would have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

2.1.43 Risks Related to Protection of Intellectual Property Rights

As of the date of this Prospectus, the "TALCO" trademark has been registered (for further details, see Section 12.10.1 (*Trademarks*)). However, it is difficult to control unauthorised use and other violations of the Company's intellectual property rights. If the Company fails to successfully protect its intellectual property rights for any reason, or if any third party misuses the Company's intellectual property, the value of the Company's trademark may be harmed. Any damage to the Company's reputation could result in lower demand for its products, which could have an adverse effect on its business, results of operations, financial position and prospects.

As of the date of this Prospectus, the Company has three registered trademarks. The Company may also from time to time be required to renew the registration of these trademarks and any other intellectual property right, noting that as of the date of this Prospectus, the trademarks of the Company's branches, Alwan and Alfa, have expired and have not been renewed. The Company has applied to the competent authority to renew these two trademarks, which are expected to be renewed during Q1 of 2024G. To protect its trademarks, the Company may have to initiate litigation to enforce the Company's trademarks and other intellectual property. Third parties may also assert that the Company has infringed, or misappropriated its intellectual property rights, which could lead to litigation against the Company. Litigation to validate the Company's intellectual property is inherently uncertain and could divert the attention of management, or result in substantial costs and diversion of resources, which will negatively affect the Company's revenues and profitability regardless of whether the Company is able to successfully enforce or defend its intellectual property rights. Any of the above would have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

2.1.44 Risks Related to Potential Zakat and Tax Liabilities

On 8 Rabi' al-Awwal 1443H (corresponding to 3 June 2022G), the Company submitted a request to ZATCA to merge the files of Alwan and Alfa so that it can submit a Zakat return for the year 2021G and pay the VAT, under the new name. The account of Alwan and Alfa was closed in light of the procedures for merging these companies as branches of the Company. The files of the two companies/branches were merged into the Company's account, and the Company's request to submit a unified declaration to the Company was approved as of 31 December 2021G. The Company submitted all its Zakat returns, settled Zakat charges payable, and obtained certificates from ZATCA for all years on 31 December 2022G. The Company also received Zakat assessments from ZATCA for the years starting from 1976G until 2018G. The final assessment was made by ZATCA and the Company paid the difference. According to the Company's management's assessment, the Company allocated SAR 6.0 million as total Zakat allocation as of 31 December 2020G, SAR 8.8 million as total Zakat allocation as of 31 December 2021G, SAR 10.0 million as total Zakat allocation as of 31 December 2022G and SAR 4.5 million as a total Zakat allocation as of 30 June 2023G. (see Section 11 (*Declarations*)).

The Company did not receive any Zakat assessments for all the years in which ZATCA did not decide on them, and there is no guarantee that the ZATCA will not impose additional Zakat assessments in the future. The Selling Shareholders will bear, according to their relevant shares, any additional claims that may arise from the ZATCA for the previous years until the Company is listed on the Saudi Stock Exchange, as undertakings were obtained from the selling shareholders. For further details, see Section 15 (*Undertakings Following Admission*).

2.1.45 Risks Related to Newly Implemented Corporate Governance Regulations

The Board of Directors has adopted an Internal Corporate Governance Manual, effective from 25 Rabi' al-Awwal 1445H (corresponding to 10 October 2023G). Such manual includes, rules and procedures related to corporate governance derived from the Corporate Governance Regulations issued by the CMA. The Company's success in proper implementation of corporate governance rules and procedures will depend on the extent of comprehension and understanding of these rules, and proper execution of such rules and procedures by the Board of Directors, its Committees and Senior Executives, especially with regards to training related to the Board and its Committees, independence requirements, rules related to conflict of interests and Related Party transactions. Failure to comply with the provisions of the governance rules, particularly the mandatory provisions of the Corporate Governance Regulations issued by the CMA, would subject the Company to regulatory penalties, which could have a material adverse effect on the Company's operations, financial position, results of operations and prospects.

2.1.46 Risks Related to Compliance with the New Companies Law and the Implementing Regulations

In its management and operations, the Company is subject to the provisions of the Companies Law. On 1 Thul-Hijjah 1443H (corresponding to 30 June 2022G) Royal Decree No (M/132) amending the Companies Law was issued, and the new regulation entered into force on 26 Jumada al-Akhirah 1444H (corresponding to 19 January 2023G). The new Companies Law contains new requirements, some of which are yet to be implemented and tested. Such requirements include the obligation to formally register all corporations, including unincorporated joint ventures, the regulation and codification of share option arrangements, and the imposition of certain prerequisites for distribution of dividends. The Company has not assessed the impact of the new Companies Law on its operations. If such impact is material or if the Company incurs additional costs to take the necessary steps to ensure compliance therewith, this would adversely affect its business, the results of operations, financial position and prospects.

It should be noted that the Company did not hold the annual general assembly for the financial years ended 31 December 2020G, 2021G, and 2022G according to the period specified in accordance with the Companies Law, as it was not held during the six months following the end of the Company's financial year, which is considered a violation of the provisions of Article 88 of the Companies Law. In addition, some members of the Board of Directors voted on some items in which they had an interest during the Company's general assembly meeting held on 4 Rajab 1445H (corresponding to 22 October 2023G), which is considered a violation of the provisions of paragraph 1 of Article 71 and paragraph 2 of Article 95 of the Companies Law and a violation of the Company's Internal Corporate Governance Manual. The value of such transactions that members of the Board of Directors voted on in which they have an interest amounted to SAR 1.2 million. The Companies Law imposes strict penalties for violations of its mandatory provisions and rules, whereby the Company or the relevant Directors may be subject to fines of up to SAR 5,000,000 for serious offences. Therefore, if the Company is subjected to one of these penalties as a result of its failure to comply with these provisions, this would adversely affect its business, the results of operations, financial position and prospects.

2.1.47 Risks Related to Failure by the Audit Committee and the Nomination and Remuneration Committee to Perform Their Duties as Required

The Audit Committee was formed by virtue of a resolution issued by the General Assembly on 5 Rabi' al-Thani 1443H (corresponding to 10 November 2021G), whereas the Nomination and Remuneration Committee was formed by virtue of a resolution issued by the General Assembly on 5 Rabi' al-Thani 1443H (corresponding to 10 November 2021G) and their charters were adopted in their formation resolutions in accordance with the Internal Corporate Governance Manual (for further details, see Section 5.3 (*Company's Committees*)). Any failure by members of these committees to perform their duties and adopt a work approach that ensures protection of the interest of the Company and its Shareholders may affect corporate governance compliance, the continuous disclosure requirements issued by CMA and the Board of Directors' ability to monitor the Company's business through these committees, which would have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

2.1.48 Risks Related to Lack of Experience in Managing a Publicly Listed Company

The Company has been operated as a closed joint stock company since 06 Rajab 1430H (corresponding to 29 June 2009G). Accordingly, the Senior Executives may have limited or no experience in managing a publicly listed joint stock company and complying with the laws and regulations applicable to such companies. Once listed on the Exchange, the Company will have to issue its annual financial statements within a period of no more than three months from the end of each financial year and its quarterly reviewed consolidated financial statements within 30 days from the end of each quarter, in order not to be in violation of the laws and regulations applicable to companies listed on the Exchange. The Company's financial statements for the financial year ended 31 December 2021G were issued more than 90 days after the end of the Company's financial year. Therefore, if the Company fails to issue its annual financial statements within 90 days from the end of the Company's financial year, if it fails to disclose and include material financial information in its financial statements, or if it fails to comply in a timely manner with any of the other laws, regulations and disclosure requirements applicable to listed companies, it will subject the Company to regulatory penalties and fines, and it will result in decreased investors' confidence, which will have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.49 Risks Related to the Company's Implementation of International Accounting Standards

The Company's audited financial statements and the accompanying notes are prepared by the Company's Auditor in accordance with IFRS. The relevant standards are periodically updated and changed. For example, a number of International Financial Reporting Standards that entered into force on 1 January 2020G, have been amended, including the amendments to international accounting standard No. 1 and international accounting standard No. 8 related to the use of a fixed definition of materiality in all International Financial Reporting Standards. The proper application of these standards is subject to some estimates by the relevant Auditors, which may result in a discrepancy in the results and implementation.

2.1.50 Risks Related to the New Civil Transactions Law and its Application

On 29 Thul-Qi'dah 1444H (corresponding to 19 June 2023G), the new Civil Transactions Law was enacted by Royal Decree M/191 and came into force on 3 Jumada al-Akhirah 1445H (corresponding to 16 December 2023G). The Civil Transactions Law represents a pivotal evolution in the Kingdom's legal landscape, signifying one of the most substantial reforms in recent history. This legislation brings forth a comprehensive codification of rules that are applicable to the operations and business activities of the Group, encompassing new provisions related to liquidated damages, compensations for contractual breaches (which includes loss of profits and compensation for moral damages), damages ensuing from harmful acts, prescription periods for claims, and more. Furthermore, the Civil Transactions Law will be applied retroactively, save for situations where a statutory provision or judicial principle is contradictory to its provisions exists, is upheld by one of the involved parties, and where its provisions relate to the extinctive prescription effective prior to the law's enforcement. The Company, as of the date of this Prospectus, has not conducted an evaluation of the impact that the new Civil Transactions Law might have on its operations and the extent to which it will apply retroactively to its operations. Should the impact prove to be material, or should the Company incur additional costs to undertake necessary measures to ensure compliance, it could materially and adversely affect its business, financial position, results of operations and/or prospects.

2.2 Risks Related to the Market, Industry and Regulatory Environment

2.2.1 Risks Related to Consumer Spending Due to Weak Economic Conditions

Any substantial deterioration in general economic conditions, decreases in wages, reduction in availability of consumer credit, higher interest rates including value added tax, or political events that diminish consumer spending and confidence in any of the geographical areas in which the Company operates will have a negative impact on the sales of the Company's products. In addition, certain competitors may react to such conditions by reducing prices and promoting such reductions, putting further pressure on the Company, resulting in a material adverse effect on the Company's business, financial condition, results of operations and prospects.

2.2.2 Risks Related to the Impact of Political and Economic Risks on the Company's Business

The Company carries out its commercial business in the Kingdom and in a number of countries outside it. Therefore, the Company's financial performance depends on the economic and political conditions prevailing in the countries in which the Company operates, in addition to the global economic conditions that in turn affect the economies of those countries (for further details on the foreign markets in which the Company operates and the value of transactions in each country, see Section 6.5.1.12 (*Revenue by Geographic Location*)). Therefore, any major changes or unexpected events in the political or economic environment in the countries in which the Company conducts its business or in the world as a whole may have a material negative impact on the Company's business, financial condition, results of operations and future expectations. Also, the lack of economic clarity and market fluctuation resulting from the abovementioned economic and political conditions may negatively affect the Company, whether in the short, medium or long term.

In addition, global inflation may lead to an increase in the prices of some basic commodities, such as oil, gas, nitrogen fertilisers, iron and steel, which will cause increased costs for the Company and negatively affect its sales and profit margin. In particular, it is expected there will be an increase in the prices of polyethylene and propylene, which are used in the manufacture of aluminium paint powder, polyester raw materials, titanium dioxide, aluminium rubber accessories, dust-resistant brushes and accessories. Where polyethylene, polyvinyl chloride

and polypropylene raw materials are used, the Company may be forced to increase the prices of its products. There are no guarantees that the Company's customers will continue to buy its products at the new prices, which will negatively affect the Company's sales and profits. Accordingly, any unexpected changes in political, economic or other conditions - whether in the Middle East or in the entire world - will have a material negative impact on the company's business, financial condition, results of its operations and future expectations.

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

The Company's assets, operations, and client base are situated in the Kingdom. The wider MENA Region is subject to a number of geopolitical and security risks that may impact the GCC countries, including the Kingdom.

Moreover, as the political, economic and social environments in the MENA region remain subject to continuing changes, investment in the MENA region is a high risk. Any unexpected changes in the political, social, or economic conditions in the MENA region may have a material adverse effect on the markets in which the Company operates, its ability to retain and attract clients in such regions and investments that the Company has made or may make in the future, which in turn will have a material adverse effect on the Company's business, financial position, results of operations and prospects (for further details on the transaction value in each country, see Section 6.5.1.2 (*Revenue by Geographic Location*)).

2.2.4 Risks Related to Force Majeure and Natural Disasters

Weather conditions in the Kingdom, particularly the regions where the Company operates, such as excessive cold or heat, floods, storms, or other natural disasters or calamities could result in service interruptions. Moreover, climate change could increase the severity of adverse weather events. Extreme weather, regardless of its cause, could affect the Company's business by:

- affecting the status and operation of Company facilities;
- disruption of sales channels; and
- causing the Company to incur significant capital expenditures to address any emerging damages.

Any of these factors would have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.2.5 Risks Related to Competition and Market Share of the Company

The industrial sector is characterised by multiple competitors, with the Company competing with other companies such as small local companies serving local markets and large companies serving regional, national and international markets. An organisation with sufficient financial resources and a track record of expertise required in the same range, as well as high rating and access to technical expertise, may become one of the Company's competitors in those markets. Competition in the industrial sector depends on a number of competitive factors, including price, quality, geographical presence, innovation and customer service. Some of the Company's competitors, particularly large companies, may have low structures for labour and overhead expenses, and may therefore be able to offer their products at lower prices than the Company. In addition, some of the Company's competitors may have more financial, technical and human resources than the Company. The Company does not guarantee that its competitors will not develop their expertise and resources in order to offer products that exceed the products offered by the Company in price and quality. It cannot be confirmed that the Company will be able to maintain or strengthen its competitive position within the markets where its products are sold or maintain its customer base at the existing levels. If the Company is unable to meet these competitive challenges, it would have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

2.2.6 Risks Related to Changes in the Regulatory Environment

The industrial sector is subject to numerous laws and regulations in the Kingdom, which may materially affect or restrict the Company's business and operations or may increase its associated costs of, or difficulty complying with, environmental, health and safety laws and regulations to which its operations are subject. The Company may be subject to fines or penalties, which may reach suspension or halting of work in all or any of the Company's activities in case of failure to comply with these laws or regulations or failure to fulfil its licensing requirements, which may change from time to time, resulting in the Company incurring higher costs or suffering reputational harm, which would reduce the Company's competitive position and demand for its products.

The Company's operations are also subject to regulations administered by the General Authority of Meteorology and Environment Protection, which, among other things, pertain to the impact of materials on the environment and the handling and disposition of waste. Failure to comply with these regulations can have adverse consequences, including penalties and reputational harm. Future discovery of contamination of property underlying or in the vicinity of the Company's facilities could cause it to incur additional expenses, which would have a material adverse effect on the Company's business, financial position, results of operations and prospects.

Moreover, legal requirements may change and are subject to interpretation and clarification. This may require the Company to incur significant expenditure, modify its business practices to comply with existing or future laws and regulations, or restrict the Company's ability to conduct business, any of which could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

2.2.7 Risks Related to Value Added Tax

On 2 Jumada al-Ula (corresponding to 1 January 2017G) approved the GCC's unified VAT agreement, which became effective in the Kingdom on 14 Rabi' al-Thani 1439H (corresponding to 1 January 2018G), and the value added tax was set to 5.0 per cent. on a number of products and services, as specified in the law. Furthermore, on 17 Shawwal 1441H (corresponding to 9 June 2020G), the board of directors of ZATCA issued decision No (2-3-20), increasing the VAT to reach 15.0 per cent. as of 10 Thul-Qi'dah 1442H (corresponding to 1 July 2020G). This tax is imposed on both the services the company provides and the services it receives. The Company cannot guarantee that this tax will not be increased, or that no other fees or taxes will be levied by the government in the future. Consequently, this increase and any possible increase in VAT could reduce demand for the Company's products and services or decreased profitability of the Company if it is unable to pass on such VAT increase to its customers. The occurrence of any of the above would have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

2.2.8 Risks Related to Changes in Energy Prices

Diesel, electricity and gasoline are the largest sources of energy used by the Company. The Company is sensitive to increases in diesel prices which it uses to operate all production equipment at the plant. The Ministry of Energy issued a statement on 24 Rabi' al-Awwal 1439H (corresponding to 12 December 2017G) under the Fiscal Balance Programme Plan to reform prices of energy products. It resulted in an increase in prices of gasoline 91, gasoline 95, diesel for industry and facilities and diesel for transportation and kerosene on 14 Rabi' al-Thani 1439H (corresponding to 1 January 2018G). The prices of energy products are adjusted monthly in accordance with the procedures for the adjustment of energy and water products prices. Saudi Arabian Oil Group (Saudi Aramco) announced that it will adjust the prices of diesel and asphalt producers from 27 Jumada al-Ula 1443H (corresponding to 31 December 2021G) in accordance with such procedures, which will in turn increase the Company's operating costs. Any further increases in diesel prices would have a material adverse effect on the Company's operations, financial position, results of operations and prospects.

2.2.9 Risks Related to Exchange Rates

The Company results may be affected by changes in currency exchange rates and the Company's ability to manage currency risk efficiently. As part of the Kingdom's policy, SAR, as of the date of this Prospectus, is pegged to the USD at an exchange rate of SAR 3.75 for USD 1. However, there are no guarantees that the SAR exchange rate will continue to be pegged against USD. As the Company continues to expand, (for further details on the Company's operations outside the Kingdom, see Section 4.5.8 (*Geographic Location and Operations*)), the Company's exposure to USD and other currencies may increase. Accordingly, the Company may experience a significant increase in the costs of its operations. Such an increase could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

2.2.10 Risks Related to Change in the Mechanism of Calculating Zakat and Income Tax

ZATCA issued Circular No. 6768/16/1438 dated 5 Rabi' al-Thani 1438H (corresponding to 4 December 2016G) which obliges Saudi companies listed on the Exchange to calculate income and Zakat based on the shareholders' nationality and actual ownership between Saudi and Gulf citizens and others as provided for in "Tadawulat" at the end of the year. Prior to the issuance of this Circular, companies listed in the Exchange were generally subject to the payment of Zakat or tax on the basis of ownership of their founders in accordance with their bylaws. The effect of listed shares was not taken into consideration when determining the Zakat pool. This Circular was to be applied in the financial year ended 31 December 2016G and the following years. However, ZATCA later issued Letter No. 12097/16/1438 dated 19 Rabi' al-Thani 1438H (corresponding to 17 January 2017G), requiring the postponement of the implementation of the Circular to 31 December 2017G and the coming years. Until ZATCA issues further directives regarding the mechanisms and procedures for implementing this Circular, the implementation of this Circular, including the final requirements that must be fulfilled, the Circular is still under consideration, as is the case with the rules that impose income tax on all non-Gulf residents owning shares in Saudi listed companies (which apply withholding tax to dividends of non-resident shareholders, regardless of their nationalities). The Company has not evaluated the financial impact of this Circular nor taken adequate steps to ensure compliance with it. In the event that the financial impact of this Circular, if applied, is significant, or if the Company incurs additional costs to take the necessary steps to ensure compliance with it, this will have an adverse effect on the Company's business, financial condition, results of operations and prospects.

2.2.11 Risks Related to the Increase in Government Fees Applicable to Non-Saudi Employees

The Government has approved a number of resolutions intended to implement comprehensive reforms in the Saudi Arabian labour market, with additional fees being imposed on each non-Saudi employee hired by Saudi institutions and enterprises from 14 Rabi' al-Thani 1439H (corresponding to 1 January 2018G), and increased fees for residence permit issuance and renewal fees of non-Saudi employee families with effect from 7 Shawwal 1438H (corresponding to 1 July 2017G), noting that the fees will increase gradually from SAR 4,800 to SAR 9,600 per annum during 2020G. Such announced increases will increase the Government fees paid by the Company for its non-Saudi employees in general. As a result, the Government fees paid by the Company for its non-Saudi employees were SAR 263,250, SAR 354,000, SAR 410,250 and SAR 208,500 for the financial years ended 31 December 2020G, 2021G and 2022G, and the six-month period ended 30 June 2023G, respectively, noting that the Company is granted the industrial enterprises exemption for a period of five years ending 27 Rabi' al-Awwal 1446H (corresponding to 30 September 2024G). In addition, such increase in residence permit issuance and renewal fees may increase the cost of living. This could result in a non-Saudi employee seeking an employment opportunity in other countries with a lower cost of living. In such case, it will be difficult for the Company to retain its non-Saudi employees and the Company may be forced to incur additional Government fees related to issuance and renewal of residence permits for non-Saudi employees and their family members. This would have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

2.2.12 Risks Related to Non-Compliance with the Saudisation Requirements

Compliance with Saudisation requirements is a Saudi regulatory requirement requiring all companies active in the Kingdom, including the Company, to employ and maintain a certain ratio of Saudi personnel among their staff. The percentage of Saudi workers varies depending on the Company's activities. Moreover, MHRSD approved a new amendment to the "Nitaqat" programme under the name of "Nitaqat Mawzon" (Balanced Nitaqat) in July 2016G to improve market performance and development, and to eliminate non-productive Saudisation. While such amendment was to come into effect on 12 Rabi al-Awwal 1438H (corresponding to 11 December 2016G), MHRSD postponed the programme until further notice in response to private sector demands for additional time to achieve the Saudisation rate. As of the date of this Prospectus, no new implementation date has been set. Under the "Nitaqat Mawzon" programme, points would be calculated based on five factors: (i) the Saudisation rate; (ii) the average wage for Saudi workers; (iii) the percentage of female Saudisation; (iv) job sustainability for Saudi nationals; and (v) the percentage of Saudi nationals with high wages. As of now, the existing framework of the "Nitaqat" programme remains in place, and entities continue to be ranked on the basis of a system of rolling averages which calculate average weekly "Saudisation" over a 26-week period. The Company has not taken any measures to improve its Saudisation rating in anticipation of the formal implementation of the "Nitaqat Mawzon" programme. Therefore, the Company may be unable to promptly respond to a new implementation deadline upon declaration of the "Nitaqat Mawzon" programme, which would negatively affect the Company's ability to comply with Saudisation requirements. This would have an adverse effect on the Company's financial position, result of operations and prospects. The Company is currently committed to the Saudisation requirements and is classified in "low green" category (with a Saudisation rate 27.1 per cent.) in Nitaqat as of 30 June 2023G.

Furthermore, it is not guaranteed that the Company will be able to comply with the current or modified Saudisation requirements. In case of non-compliance with the applicable Saudisation requirements, the Company would be subject to penalties by Governmental entities, such as suspension of work visa requests and of transfers of sponsorship for non-Saudi employees, exclusion from Government loans and participation in Government tenders. As a result, the Company may not be able to continue to recruit or maintain the required percentage of Saudisation. In addition, the Company may not be able to recruit the required number of Saudi nationals under favourable conditions. In particular, the Company relies on several qualified non-Saudi employees with relevant industrial sector experience running the operations of the Company, including without limitation financial management, marketing and sales management and production and maintenance management. Any changes in local regulations which adversely impact expatriates may cause departures of these expatriate employees from the Kingdom and may result in a possible disruption in the Company's operations. Moreover, the Company is sensitive to the costs of total salaries and related benefits, which amounted to SAR 37.7 million, SAR 41.3 million, SAR 56.9 million and SAR 35.0 million for the financial years ended 31 December 2020G, 2021G and 2022G, and the six-month period ended 30 June 2023G, respectively, representing approximately 11.9 per cent., 9.1 per cent., 8.6 per cent. and 12.0 per cent. of operating costs for the same periods. There may be a significant increase in costs of salaries if the Company hired larger number of Saudi employees. The occurrence of any of the above would have a material adverse effect on the Company's business, financial position, results of operations and prospects (for further details, see Section 5.9.2 (*Saudisation*)).

2.3 Risks Related to Offer Shares

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

Following the Offering, the Selling Shareholders will own 70.0 per cent. of the Company's issued Shares. As a result, the Selling Shareholders will have the ability to significantly influence the Company's business through their ability to control decisions and actions that require Shareholders' approval, including, without limitation, the election of Directors, significant corporate transactions, dividend distributions and capital adjustments. If circumstances were to arise where the interests of the Current Shareholders conflict with the interests of minority Shareholders (including the Subscribers), the minority Shareholders may be disadvantaged and the Selling Shareholders may otherwise exercise their control over the Company in a manner that will materially adversely affect the Company's business, financial condition, results of operations or prospects.

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

The Company's Shares were not previously offered or traded in a public stock market. There is currently no public market for the Company's Shares, and there is no guarantee that an active and liquid market for the Shares will develop or be sustained after the Offering. If an active and liquid market is not developed or maintained, the trading price of the Shares will be adversely affected, or this may lead to the loss of all or part of the Subscribers' investment in the Company, which would have a material adverse effect on the Subscribers' expected returns.

2.3.3 Risks Related to Selling a Large Number of Shares in the Market

Sales of a substantial number of the Shares on the Exchange following the completion of the Offering, or the perception that these sales will occur, could adversely affect the market price of the Shares. Upon the successful completion of the Offering, the Substantial Shareholders are subject to a Lock-up Period following the Offering, during which each Substantial Shareholder may not dispose of any Shares. However, the sale of a substantial number of Shares by the Substantial Shareholders following the Lock-up Period, or the perception that such sales will occur, could have an adverse effect on the price of the Shares on the Exchange.

2.3.4 Risks Related to Issuance of New Shares Post-Offering

The Company currently does not intend to issue additional Shares following the Offering. If the Company decides to raise additional capital by issuing new Shares, the newly issued Shares will adversely affect the share price in the market or will dilute the shareholder ownership percentage in the Company, if they do not subscribe to such newly issued Shares.

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

The Offer Price has been determined based upon several factors, including the past performance of the Company, the prospects for the Company's businesses, the industries in which it operates, the markets in which it competes and an assessment of the Company's management, operations and financial results. The Subscribers may not be able to sell the Offer Shares at the Offer Price or at higher price or may not be able to sell them at all. The Company's share price may be highly volatile and may not be stable due to possible occurrence of several factors, including:

- negative variations in the Company's operating performance and improvement of the performance of its competitors;
- actual or anticipated fluctuations in its quarterly or annual operating results;
- publication of negative research reports by securities analysts about the Company, its competitors or its industry;
- the public's negative reaction to its press releases and its other public announcements;
- resignation or retirement of key personnel;
- important and strategic decisions by the Company or its competitors, and changes in business strategy, in case these decisions and changes cause adverse impacts;
- changes in the regulatory environment affecting the Company or the industrial sector;
- changes in adopted accounting rules and policies;
- significant terrorist acts, acts of war or periods of civil unrest;
- natural disasters, a widespread outbreak of a contagious disease and other calamities; and
- changes in general market and economic conditions.

The realisation of any of these risks or other factors could cause the market price of the Shares to decline significantly.

From time to time, the stock market experiences extreme price and increased fluctuations in general. Regular and/or continuous market fluctuations could result in extreme volatility in the price of the Shares, which could cause a decline in the value of the Shares, with price volatility being worse if the trading volume of the Shares is low, which will have an adverse effect on the Subscribers' investments in the Company's Shares or result in the loss of all or part of their investment in the Company.

2.3.6 Risks Related to Distribution of Dividends and Restrictions Imposed on Distribution of Dividends by Lenders

Future distribution of dividends depends on, amongst other things, several factors, including future earnings, financial condition, cash flows, working capital requirements, capital expenditures and distributable reserves of the Company. Moreover, the Company may not be able to distribute dividends to the Shareholders, and the Board of Directors may not recommend or the Shareholders may not approve the distribution of dividends. In addition, dividend distribution may be subject to dividend-related restrictions set out in credit facilities and financing agreements entered into with the financial institutions in the future. The Company may incur expenses or liabilities that would reduce or lead to the absence of the cash available for the distribution of dividends. If the Company does not pay dividends to the Shareholders, the Shareholders will not receive any return on investment in the Shares unless they sell the Shares at a price higher than the price at the time of purchase, which would have a material adverse on expected returns for the Investors. For further details regarding the dividends policy of the Company, see Section 7 (*Dividend Distribution Policy*).

3. Market Overview

The data contained in this Section has been obtained from the Market Report prepared by the Market Consultant (Frost & Sullivan) for the Company on 22 Rabi' al-Thani 1445H (corresponding to 6 November 2023G) on the aluminium, powder coating and weatherstrip markets.

The Market Consultant is an independent service provider specialised in providing strategic market consulting services. The Market Consultant was established in 1961G and is located in San Antonio, USA. For more information regarding the Market Consultant, please visit the following website (www.frost.com).

The Market Consultant prepared the study report independently and objectively, aiming to ensure its accuracy and completeness. The research was conducted with a broad sector perspective, and thus it may not necessarily reflect the performance of individual companies within the sector.

The Market Consultant does not own, directly or through any of its subsidiaries, associates, partners, shareholders, directors, managers or their relatives, any shares or ownership interests of any kind in the Company. The Market Study Advisor has provided its written consent to the use of its name, logo and statements in the form contained in this Prospectus and, as of the date of this Prospectus, has not withdrawn such consent.

The Directors believe that third-party information and data contained in this Prospectus is reliable, including information derived from public sources or from the Market Consultant. However, such information and data have not been independently verified by the Company, the Directors, the Advisors or the Selling Shareholders, and thus none of them bears any liability for the accuracy or completeness of any such information or data. The research has been conducted from a broad perspective in relation to the sector and does not necessarily reflect the performance of individual companies within it. Actual results and future events could differ materially from such expectations, estimates or statements due to changes in the factors underlying assumptions and events or combinations of events. In addition, this information does not constitute the sole basis for taking or refraining from taking any investment decisions. The Market Consultant will not bear liability for losses incurred by any person due to reliance on the information contained in this section.

The findings outlined in this section are based on analysis conducted by the Market Consultant and rely in part on materials and information from external research agencies, government agencies and an internal network of experts, as well as publicly available sources.

Despite the Market Consultant's best efforts to analyse market data and explain the impact of the COVID-19 pandemic, it is not possible to predict the extent to which the ongoing pandemic will fundamentally impact all stakeholders in the economic sphere, as the pandemic has had a broad structural impact on the global economy and industrial growth trends. As a result of the uncertainty associated with the pandemic and its future impact, actual market trends may differ significantly from the forecasts.

In addition, while this Prospectus represents the Market Consultant's current view of market size, growth and trends, the achievement of forecasts depends on several other factors. These factors include, but are not limited to, timely and effective implementation of policies and initiatives, technical advancements, regulatory changes and developments, and sector-level trends and movements.

3.1 Overview of the Kingdom's Economy

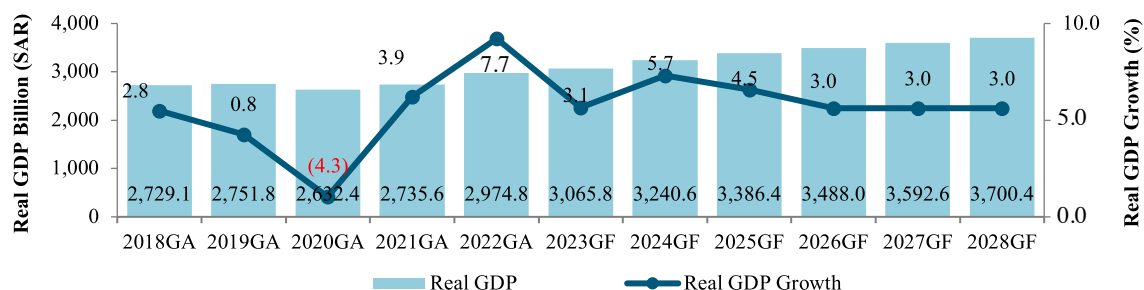
3.1.1 Macroeconomic Trends

The Kingdom, the largest economy in the GCC, contributes 50.7 per cent. of GDP and 59.4 per cent. of population, holds 17.2 per cent. of the world's proven petroleum reserves, and is the top crude oil exporter.

The Kingdom's economy contracted by 4.3 per cent. during 2020G, but recovered in 2021G with 3.9 per cent. growth, as the GDP at constant prices increased by 3.9 per cent., driven by rising crude oil prices as OPEC+ gradually reduced production. Due to the strong growth witnessed in the non-oil sector, real GDP grew by 8.7 per cent. in 2022G as a result of economic recovery and job growth, which led to an increase in GDP per capita.

The exhibit below illustrates the effects on the GDP and the recovery in the Kingdom from 2018G to 2028G:

Exhibit 3.1: Real GDP and Real GDP Growth, the Kingdom, 2018G (Actual) – 2028G (Forecast)



Source: Saudi General Authority for Statistics; Budget Statement Fiscal year 2023G Ministry of Finance; IMF.

A: Actual

F: Forecast

3.1.1.1 GDP Contribution by Industry

The VAT hike increased tax revenues by 41.8 per cent. to SAR 232 billion in 2021G, driving total revenue growth of 23.4 per cent.. Total revenue increased by 27.9 per cent. in 2022G, with oil revenues increasing by 49.8 per cent. Oil revenues are expected to decline in 2023G due to oil price decline.

The exhibit below illustrates GDP breakdown by industry in the Kingdom in 2022G:

Exhibit 3.2: GDP Breakdown by Industry, the Kingdom, 2022G⁽¹⁾



Source: General Authority for Statistics.

⁽¹⁾ Shares are calculated based on Gross Value Added.

In 2022G, Mining & Quarrying contributed 34.9 per cent. to the country's GDP, boosted by high oil prices. Government Services contributed 15.0 per cent. due to measures to stimulate the economy, while manufacturing contributed 15.5 per cent., reflecting growing manufacturing and localisation efforts.

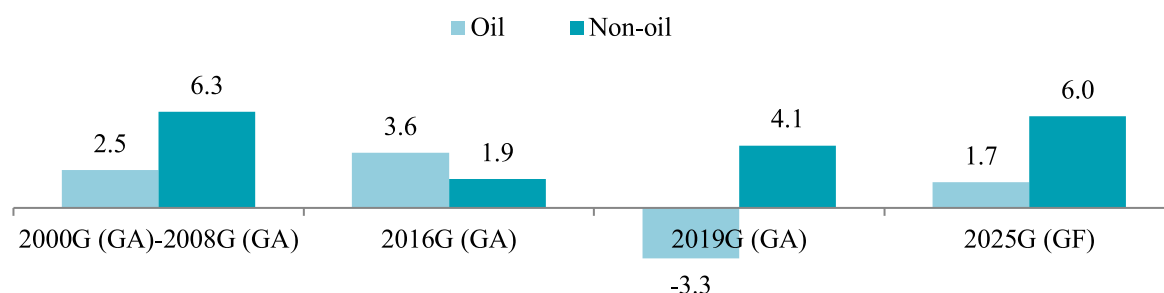
3.1.2 Economic Drivers of the Kingdom:

3.1.2.1 The Kingdom's Economic Diversification Plans

The Kingdom has been diversifying its economy, focusing on wholesale and retail trade, healthcare, infrastructure, education, and social services. However, non-oil GDP expansion has decelerated since 2010G, falling below oil GDP growth rate. The Kingdom's dependence on oil revenue makes it vulnerable to global oil price shocks. To address this, the Kingdom has been using foreign reserves, borrowing, taxes, and reducing government spending. In 2016G, the Kingdom accelerated efforts to diversify its income sources by adopting Saudi Vision 2030, with non-oil GDP growth expected to outpace oil GDP in the medium to long term, reaching 6.0 per cent. by 2025G.

The exhibit below illustrates oil and non-oil GDP growth rates from 2000G to 2025G:

Exhibit 3.3: Oil and Non-Oil GDP Growth Rates in the Kingdom, 2000G (GA) to 2025G (GF)



Source: IMF; General Authority for Statistics.

3.1.2.2 Moderate Growth in the Kingdom's Inflation Rate

The Consumer Price Index (CPI) experienced a 2.5 per cent. growth in 2018G due to VAT implementation and increased prices of essential commodities. However, negative rental prices and the exodus of expat workers led to deflationary pressure in 2019G. In 2020G, inflation jumped to 3.4 per cent. due to pandemic demand. Medium-term inflation is forecasted at 2.0 per cent. through 2028G.

3.1.2.3 FDI Inflow and Trends

The Kingdom's National Investment Strategy aims to boost net foreign direct investment inflows to over SAR 350 billion and domestic investment to SAR 1.7 trillion by 2030G, with a goal of increasing investment volume to 30.0 per cent. of GDP. The strategy also licenses four new Special Economic Zones in Riyadh, Jazan, Ras Al-Khair, and King Abdullah Economic City, which would contribute to increased demand for aluminium products.

3.1.2.4 Demographic Trends in the Kingdom

The Kingdom, the GCC's most populous country, has 32.2 million people, with a significant portion being expatriates seeking economic opportunities. With a large youth population, the Kingdom's urbanisation rate is expected to rise from 83.8 per cent. in 2018G to 86.0 per cent. by 2028G, driven by Vision 2030.

The proportion of the population below 19 in the Kingdom has declined from 35.6 per cent. in 2015G to 36.6 per cent. in 2020G, with the middle-aged population increasing to 34.4 per cent. by 2025G. The elderly dependency ratio is projected to be 5.1 per cent..

3.1.2.5 Per capita Aluminium with Other Key Countries

Aluminium consumption has experienced rapid growth due to technological advancements and increased applications. As of 2023G, global consumption is expected to range between 8.8 to 10 kgs. Countries with advanced automobile sectors, like Germany and South Korea, have the highest consumption rates, with an average annual consumption of over 26 kgs. This contrasts with the average consumption in the US, Sweden, Japan, the Kingdom, UAE, and China.

3.2 Aluminium Extrusion Market Overview

3.2.1 Product Overview Extrusion

Aluminium extruded profiles are formed by extruding aluminium billet into a hydraulic press, producing various shapes. The billet is preheated, crushed, and squeezed out, forming a profile. The profile is supported on a conveyor, cooling to ensure properties, and stretched to correct twists. Finally, it is cut to the desired length.

3.2.1.1 Advantages of Aluminium Extrusion

Aluminum extrusions offer superior performance, reliability, and efficiency in various markets like building, construction, automotive, industrial, and electronics. They offer unlimited recyclability, reduced tooling costs, and are lightweight, high strength, reliable, corrosion resistant, and easily customisable.

3.2.1.2 Aluminium Extrusion Product Description by Sector and Alloy Grades

Aluminium Extrusion is widely used in various sectors, including Building & Construction, which accounts for over 80.0 per cent. of the demand, followed by Automotive & Transportation, Industrial and other sectors such as Electrical, Infrastructure etc.

Building & Construction sector uses 6063, 6061, 6005, 6082, 5005, 6351, and 7075 alloy grade to manufacture doors, windows, façade systems, staircase structures, HVAC, curtain walls, ladder structures, structural glazing, partitions, and tube screw machine products.

Automotive & Transportation sector uses 2014, 2017, 6351, 6005 and 7075 alloy grades for producing their automotive components such as grills, connector stock, body decor, safety beams, seat racks, airbag housings, suspension parts, fasteners, frames, engine support, radiator and fan applications, and electronics boxes.

Industrial sector uses alloy grades like 1100, 5056, 6061, 6005, 6082 and 6066 for manufacturing wide range of products, including solar panels, safety fences, street signs, and machine tools.

Others include bus bars, heat sinks, motor bodies, lighting fixtures, industrial heat transfer, telecommunication panel bodies, pump components, refrigeration sections, and helicopter decks which mainly uses grades like 1050, 1060, 1100, 6101, 6201, 6005, 5052, 5086 and 7039.

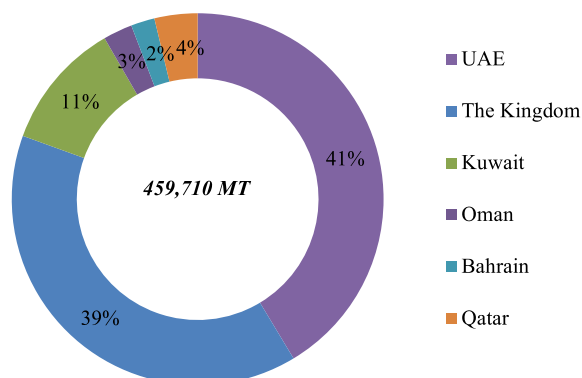
3.2.2 GCC Aluminium Extrusion Market Overview

The GCC aluminium extrusion market, estimated at 460 KT in 2022G, is projected to grow at a compound annual growth rate (“CAGR”) of 3.9 per cent. from 2023G to 2028G to reach 580 KT, primarily driven by demand from the Building & Construction segment. Emerging Industrial and Automotive segments could contribute more to demand.

The UAE and the Kingdom are expected to drive growth in aluminium extrusion demand in the Middle East, with ambitious projects like the \$500 billion NEOM mega-city boosting demand. The region is also witnessing increased residential, manufacturing, and commercial construction activities.

The exhibit below illustrates the GCC aluminium extrusion market split as of 2022G.

Exhibit 3.4: GCC Aluminium Extrusion Market Split, 2022G



Source: Market Consultant and primary research.

3.2.3 Aluminium Extrusion Market: The Kingdom

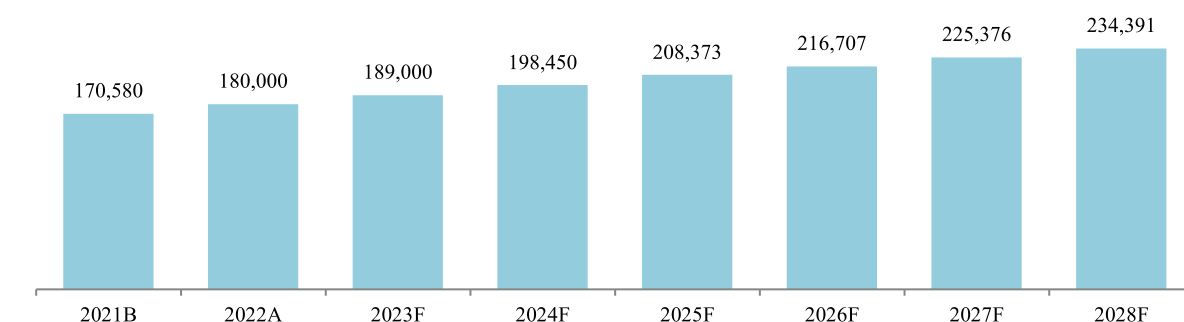
The Kingdom, a major producer of aluminium extrusion products in the Middle East, is undergoing a transformation through Saudi Vision 2030, aiming to reduce demand supply gaps.

3.2.3.1 Market Overview & Forecast

The demand for aluminium extrusion is predicted to grow at a CAGR of 3.9 per cent. from 2023G to 2028G, driven by recovery in the construction sector, investment in mega projects, and diversification to industrial and automotive segments. The Kingdom's infrastructure transformation plans are expected to increase its extrusion demand share to 40.0 per cent. by 2028G.

The exhibit below illustrates the Kingdom's aluminium extrusion market forecast from 2021G to 2028G:

Exhibit 3.5: The Kingdom's Aluminium Extrusion Market Forecast, 2021G to 2028G



Source: Market Consultant.

B: Base Year, A: Actual, F: Forecast

The following table shows the Kingdom's aluminium extrusion demand estimated for the year as of 2022G:

Table 3.1: The Kingdom's Aluminium Market Overview, 2022G

Category	2022G (MT)
Production	173,749
Export	36,949
Import	43,200
Demand (Production-Exports) + Imports	180,000

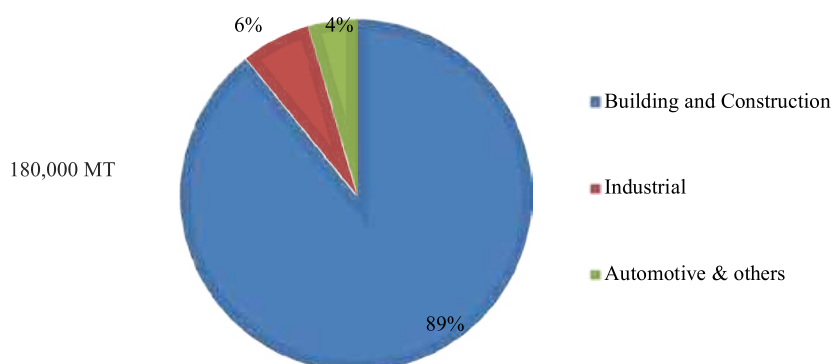
Source: Market Consultant

3.2.3.2 Market by End User

The Kingdom's aluminium extrusion demand is estimated at 180 KT for 2022G, with the building and construction sector accounting for over 89.0 per cent.. The tourism sector is a priority for the Kingdom's Vision 2030G economic diversification. The government plans to increase extrusion demand to 40.0 per cent. by 2028G.

The exhibit below illustrates the Kingdom's aluminium extrusion market by end user as of 2022G:

Exhibit 3.6: The Kingdom's Aluminium Extrusion Market by End User as of 2022G



Source: Market Consultant.

The demand for aluminium extrusion in the Kingdom is primarily driven by growth in the construction sector, industrial diversification plans, and large-scale investments in automotive and infrastructure projects. The construction sector accounts for 89.0 per cent. of demand, with residential, industrial, commercial, and infrastructure sectors being key demand drivers. The automotive industry is expected to support Saudi Vision 2030, driving long-term demand for aluminium extrusion. The Vision aims to produce 300,000+ vehicles in the Kingdom by 2030G, focusing on attracting 3 to 4 OEMs across Electric & ICE vehicles, with 40.0 per cent. Local Gross Value Add.

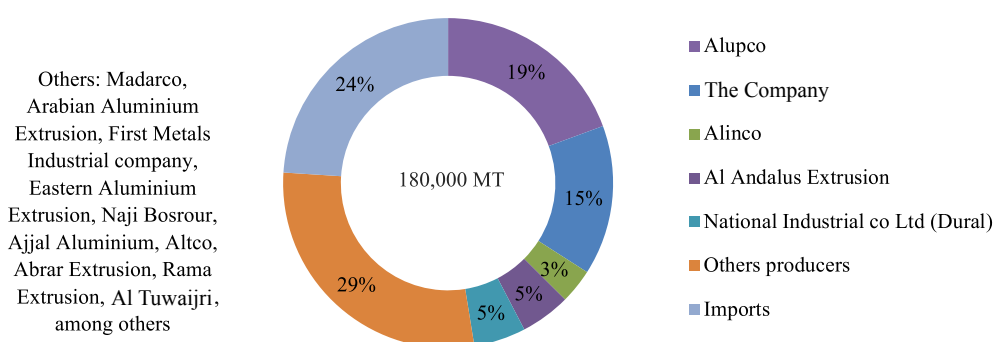
3.2.3.3 Competition Landscape

Aluminium Products Co. ("Alupco") and the Company hold a 25.0 per cent. and 23.0 per cent. production share respectively in the 2022G aluminium extrusion market in the Kingdom, with a larger export presence in GCC, MENA, and Europe.

Alupco and the Company control 34.0 per cent. of the market share, while Aluminium International Company ("Alinco") and Al Andalus Trading Co. ("Al Andalus") have a combined 8.0 per cent. market share.

The exhibit below illustrates the Kingdom's competition landscape as of 2022G:

Exhibit 3.7: Competition Landscape in the Kingdom, 2022G



Key Imports: UAE, Bahrain, Oman, China, Germany & Spain.

Source: Market Consultant – Primary Research.

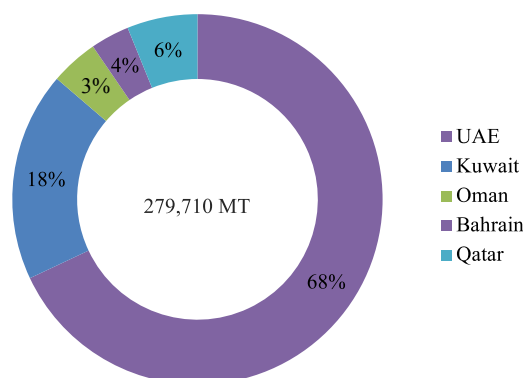
3.2.4 Aluminium Extrusion Market: Rest of GCC

The UAE, Bahrain, Qatar, Oman, and Kuwait are experiencing a surge in construction activities, with an increasing number of residential, manufacturing, and commercial buildings driving the aluminium extrusion demand.

3.2.4.1 Market Overview: Share of leading Rest of GCC countries

Exhibit 12 below illustrates the rest of GCC region's aluminium extrusion market split by country as of 2022G:

Exhibit 3.8: The Rest of GCC region's Aluminium Extrusion Market Split by Country as of 2022G



Source: Market Consultant.

The UAE is the largest market in the rest of GCC ("RoGCC"), accounting for 68.0 per cent. of demand in the region. It is self-sufficient with leading extruders catering to local and Middle Eastern markets. Aluminium profiles are increasingly popular in construction projects due to their unique designs. Leading companies like Gulf Extrusion, Taweelah Aluminium Extrusion Company, Elite Group, and OSE Industries offer building system solutions. The UAE government has allocated AED 290 billion for 2022G-2026G, with 18.0 per cent. allocated to infrastructure and economic resources. Abu Dhabi's commercial building sector is expected to contribute over \$100 billion.

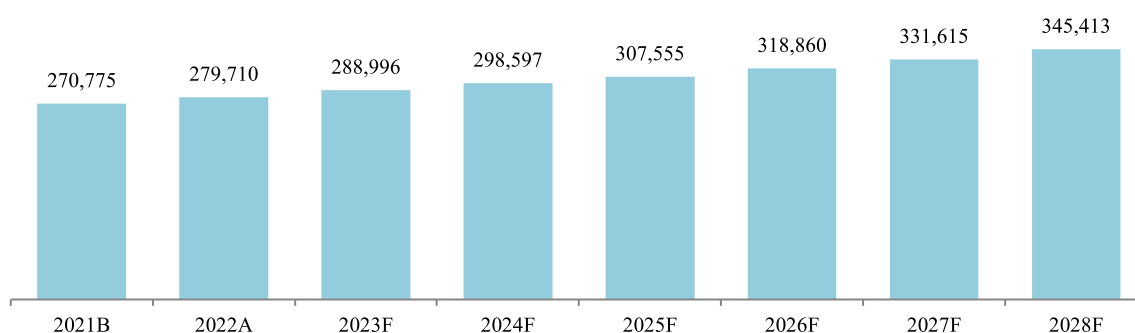
Oman, Qatar, Kuwait, and Oman are diversifying into non-oil wealth. Qatar's construction industry is expected to contribute significantly to its non-oil GDP, while Kuwait's Vision 2035G aims to transform the country into a financial, logistics, and trade hub. Oman is investing in industrial cities and infrastructure investments to become a key logistics hub in the Middle East region.

3.2.4.2 Market Overview: The Rest of GCC

The demand for aluminium extrusion is predicted to grow at a CAGR of 3.6 per cent. from 2022G to 2028G, driven by the recovery of the construction sector and diversification into industrial and automotive segments. The UAE is set to use solar-produced aluminium for high-resolution satellite imagery components.

The exhibit below illustrates the rest of GCC region's extrusion market forecast from 2021G to 2028G:

Exhibit 3.9: The Rest of GCC Aluminium Extrusion Market Forecast, 2021G to 2028G



Source: Market Consultant.

B: Base Year, A: Actual, F: Forecast.

RoGCC: UAE, Bahrain, Oman, Qatar & Kuwait.

The following table shows the UAE's aluminium extrusion demand estimated for the year as of 2022G:

Table 3.2: The UAE's Aluminium Market Overview, 2022G

Category	2021G (MT)
Production	198,300
Export	56,800
Import	48,700
Demand (Production-Exports) + Imports	190,200

Source: Market Consultant

The following table shows the Bahrain, Oman, Qatar & Kuwait's aluminium extrusion demand estimated for the year as of 2022G:

Table 3.3: Bahrain, Oman, Qatar & Kuwait Aluminium Market Overview, 2022G

Category	2022G (MT)
Production	89,815
Export	36,450
Import	36,145
Demand (Production - Exports) + Imports	89,510

Source: Market Consultant

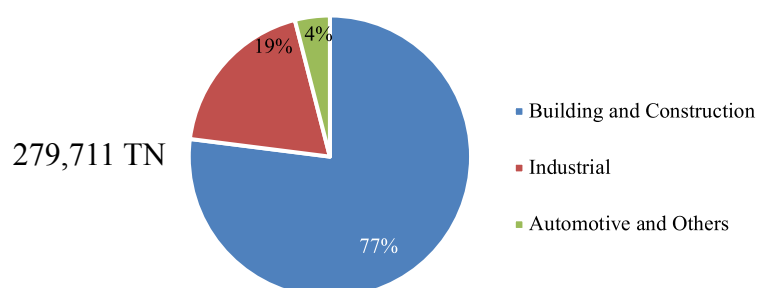
The UAE, Bahrain, Oman, and Qatar are increasingly sourcing extruded products from domestic suppliers due to their self-sufficiency and ample supply.

3.2.4.3 Market by End User

GCC's aluminium extrusion demand reached 280 KT in 2022G, with building & construction sector dominating at 77 per.0 cent., followed by industrial, automotive, and others at 23.0 per cent..

The exhibit below illustrates the rest of GCC aluminium extrusion market by end user as of 2022G.

Exhibit 3.10: The Rest of GCC's Aluminium Extrusion Market by End User as of 2022G



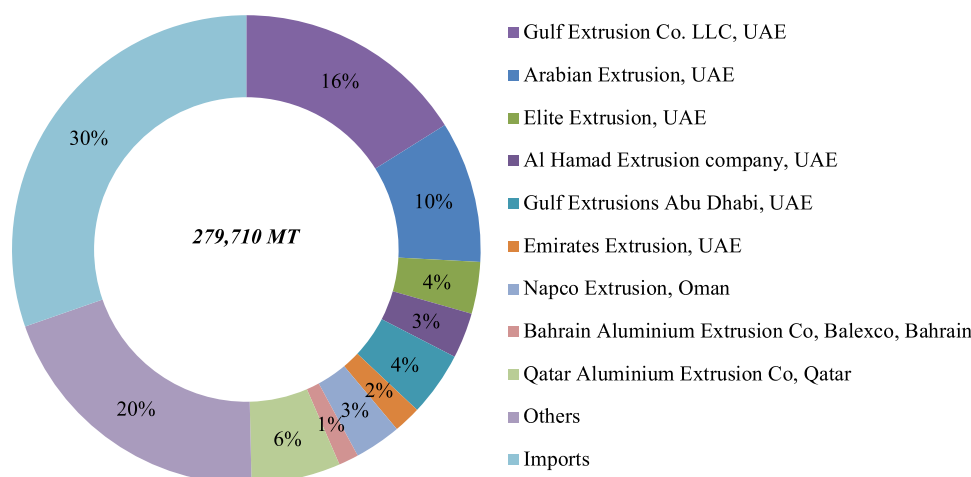
Source: Market Consultant

3.2.4.4 Competition Landscape

Companies such as Gulf Extrusion (UAE), Arabian Extrusion (UAE), Elite Extrusion, (UAE), Qatar Aluminium Extrusions (Qatar), Al Hamad (UAE) are key producers in RoGCC region. UAE dominates with 74.0 per cent. of overall demand, while Bahrain, Oman, Qatar, and Kuwait sell 60.0 per cent. each. Total imports account for 28.0 per cent. of demand.

The exhibit below illustrates the competition landscape in rest of GCC as of 2022G:

Exhibit 3.11: Competition Landscape in Rest of GCC, 2022G



Key Imports: USA, the Kingdom, China, India, Italy, Turkey, Europe, North America

Source: Market Consultant – Primary Research.

3.2.5 Aluminium Extrusion Market in the GCC: Growth Drivers

In the UAE, Abu Dhabi and Dubai are expected to drive new demand in the UAE building and construction industry, with exports shifting towards Europe, while the Kingdom is the most lucrative market in GCC.

3.2.5.1 Growth Track in the Housing Segment

The aluminium extrusion industry is influenced by housing demand, driven by factors such as urbanisation, private-public partnerships, and government stimulus programmes. The Ministry of Housing aims to increase home ownership to 70.0 per cent. by 2030G. The Sakani Housing Programme, initiated in 2017G, has provided affordable housing to over a million families, proving successful even during COVID-19. Rapid urbanisation also drives demand for public services and luxury items, affecting the industry.

With a vision to propel Riyadh as a global city by 2030G (one of the ten largest city economies globally), the Government is planning to invest \$220 billion during 2021G-2030G in the capital city through the Public Investment Fund of the Kingdom (PIF), the Royal Commission for Riyadh, and the National Development Fund. Riyadh's 20 million population growth could boost housing sector prospects, increasing demand for building materials like aluminium extrusion products, steel, and cement.

3.2.5.2 Infrastructure Expansion Initiatives to Strengthen Prospect

The Kingdom Government plans to transform its transportation infrastructure, investing \$36 billion in logistics projects, to increase GDP by \$59 billion by 2030G, with a projected 4.4 per cent. CAGR in the logistics industry.

- **Roadways:** There are more than 10 mega road projects anticipated for completion by 2030G
- **Airports:** The expansion of over 20 existing airports and the development of over 5 new airports in the region are expected to boost aviation sector construction output.
- **Railways:** Over 2,000 km of rail tracks and 20 new train stations are planned for freight and passenger transport in Riyadh, with the Riyadh metro network expected to be completed by 2025G. Key rail projects include the Landbridge Project and Haramain High Speed Rail Project.
- **Seaports:** Increase in port capacity to handle containers with more than 55 million TEU (Twenty-Foot Equivalent Unit). Increase in forward capacity of 30 million MT of dry and bulk freight and 5 million MT of general freight.

3.2.5.3 Mega Projects and Tourism Sector in the Kingdom

The Saudi Vision 2030 economic diversification plan prioritises the tourism sector, aiming to increase its GDP contribution from 4.0 per cent. to 10.0 per cent. by 2030G, and triple the number of tourists. NEOM and Al Qiddiya are expected to mark the beginning of a huge entertainment industry in Kingdom, contributing \$100 billion of economic gains by 2030G.

The Kingdom's Public Investment Fund is funding a \$500 billion project called NEOM to develop a futuristic city in nine sectors: water and energy resources, mobility, food, science, technology, advanced manufacturing, biotech, and media and entertainment. The project aims to generate \$70 billion in revenue. Qiddiya, a 334 sq. km tourism destination, is expected to attract \$30 billion in spending and attract 17 million visitors by 2030G.

3.2.5.4 Saudi Vision 2030

The Saudi Vision 2030 initiative aims to diversify the economy by focusing on non-oil sectors like construction, tourism, manufacturing, financial services, and logistics. As part of the Vision Realisation Programme (VRP) 2021G-2025G, the Public Investment Fund (PIF) plans to invest USD 266 billion in the local economy, creating over 1.8 million jobs and supporting economic non-diversification efforts.

3.2.5.5 Industrial Sector Growth Prospects

The National Industrial Development and Logistics Programme (NIDLP) aims to transform the Kingdom into a global logistics hub and industrial powerhouse, generating job opportunities, enhancing trade balance, and maximising local content. Launched in 2019G, it seeks over USD 426 billion over 10 years.

3.2.5.6 Focus on Renewable Energy

The Kingdom aims to increase private sector participation in energy generation and increase renewable energy contributions, particularly solar and wind power. The country has high wind power density in the Red Sea coastal region and northern region and has unveiled five renewable energy projects with a total capacity of 3,300 megawatts. The country aims to achieve a balanced energy mix of 50.0 per cent. renewable energy and 50.0 per cent. gas by 2030. In August 2023G, the Kingdom is considering a proposal from China National Nuclear Corporation (CNNC) to construct a nuclear power plant near its border with Qatar and the UAE.

3.2.6 Aluminium Extrusion Market New Projects

3.2.6.1 Automotive Demand in the Kingdom: Localisation Initiatives

The Kingdom, a major automotive market with over 54.0 per cent. share in the GCC, is set to increase by 740,000 units by 2032G with a CAGR of over 15.0 per cent. Lucid Group has partnered with Public Investment Fund (PIF) to establish an EV manufacturing facility, boosting aluminium extrusion demand in niche alloys like 6000 and 7000 series. Future automobile investment in the GCC region could increase demand for aluminium extrusion due to construction industry demand and potential large automobile companies entering the region.

3.2.7 Sustainability Programme: Aluminium Extrusion

The Market Consultant highlights the GCC's growing trend of vertical value chain integration through secondary production, aiming for a sustainable business model. Large extruders are focusing on responsible production, with scrap utilisation as a major feed material and high in-house scrap generation.

3.2.7.1 Al Taiseer Group TALCO Industrial Company ("TALCO")

The first company in the Middle East and Asia to be C2C® Certified Silver for main alloys in compliance with client standards (since 2021G).

The Company and stakeholders in the sector are implementing environmental and sustainability measures, reducing harmful pollutants, and streamlining recycling processes. TALCO is balancing societal, environmental, and economic needs in its operations, focusing on high aluminium content.

The Products of TALCO with C2C silver and EPD certified will contribute between 8-10 LEED points along with similar 20 other building materials of C2C certified.

The Company is implementing a systematic approach to reduce waste, increase recycling and reusability rates, and enhance product durability with the support of stakeholders.

The following TALCO products meet the C2C® certification standard established by William McDonough and Dr. Michael Braungart:

- aluminium extrusion: mill finish: 6060,6061,6063, 6082 & 19500; and
- aluminium extrusion: powder coated: 6060 & 6063, wood finish & anodised 6060 & 6063.

3.2.7.2 Gulf Extrusion (Gulfex)

X-ECO Green Aluminium:

This extruded product from Gulf Extrusion has a post-consumer scrap ratio of 90.0 to 95.0 per cent. with a reduction of 60.0 to 80.0 per cent. emissions compared to primary aluminium process.

The Use of X-ECO alloys has many advantages: compliance with European standards; high-grade quality; maximum use of recycled aluminium; lower emissions and energy consumption; far-reaching recycling options; local extrusion.

Gulf Extrusions has an in-house treatment plant to produce water from liquid wastewater through various surface treatment processes. The water produced is used to irrigate 1,500 trees within the company premises. It also has an in-house aluminium scrap re-melting plant with a recycling capacity of 12,000 MTPA.

3.3 Overview of the Weather Strip & Powder Coating Sector

3.3.1 Weatherstrip Product Overview

Weather-Strip Seal, made of EPDM rubber and PVC, is used in automotive, construction, and mechanical industries to prevent rain and water entry, redirect water, and retain indoor air, conserving energy on heating and cooling.

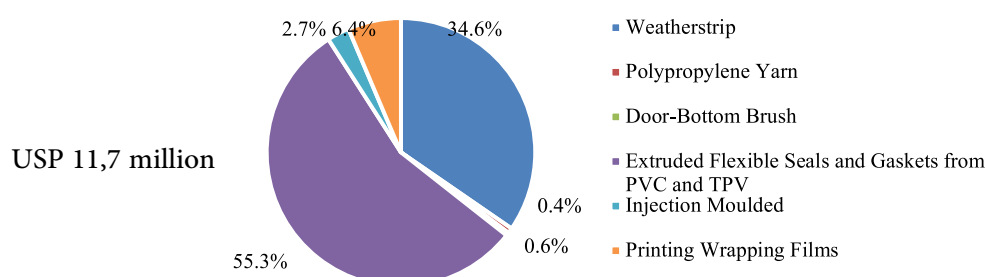
- Standard Seal – For Maximum economy, standard seals offer good sealing properties including air infiltration and water penetration.
- Fin Seal – For high weather resistance, brush incorporates a welded double layer polypropylene film at centre.
- High Fin Seal – For the ultimate in weather resistance, high fin seal incorporates a welded polypropylene centre fin which extends above the pile to provide a solid barrier against air infiltration and water penetration at reduced compression levels. These products are especially suitable for sliding window and door applications.
- Self-Stick – Typical applications include door seals, lid seals, and gaskets around windows and on electronic equipment displays.
- Door Brush - Mainly used on exterior of outswing doors. Are optimum for garages, shutter doors etc. It can be made from high-quality PP yarn or by TPV rubber.

3.3.1.1 The Company's Weather Strip Business Overview

The Company offers rubber and weatherstrip products since 1992G, adhering to ISO 9001 standards, using recyclable materials, and maintaining a Quality Management System.

The exhibit below illustrates the Company's revenue distribution by key product types from the weatherstrip sector for the year 2022G:

Exhibit 3.12: The Company's Revenue Share by Key Products: 2022G



Source: The Company.

The Company exports to various countries, with 50.0 per cent. sales coming from standard seals, 40.0 per cent. from fin-seal, and 10.0 per cent. from dust plugs.

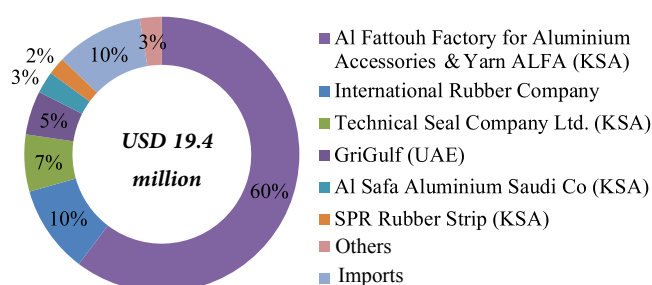
3.3.1.2 Market Share and Competitive Landscape

ALFA (a branch of the Company) is the only manufacturer in the Kingdom that specialises in pile weatherstrips. Within the GCC, there are select few manufacturers who produce technical seals, rubber gaskets, and rubber strips. The market share of top entities starting from Technical Seal Company in the Kingdom (9.0 per cent.), Al Safa Aluminium, the Kingdom (5.0 per cent.), Grigulf, UAE (8.0 per cent.) and SPR Rubber Strip, UAE (5.0 per cent.) followed by others with 3.0 per cent. share and imports contributing to 10.0 per cent..

Overall value of the market size for weather strips is estimated to be 19.4 million USD in 2022G with ALFA being a market leader with 60.0 per cent. market share.

The exhibit below illustrates the competition landscape for weather strip Companies in GCC:

Exhibit 3.13: Competition Landscape in the GCC, 2022G

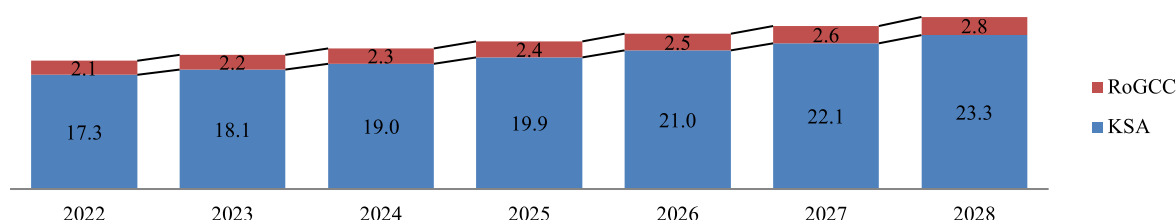


Source: Market Consultant.

GCC weather-strip market is expected to see a CAGR of 5.0 per cent. during 2022G to 2028G primarily driven by increasing demand from investment in GCC countries industrialisation and automotive sector.

The exhibit below illustrates the GCC's Weatherstrip market forecast from 2022G to 2028G:

Exhibit 3.14: GCC Weatherstrip Market Forecast, 2022G to 2028G (in USD Million)



Source: Market Consultant.

3.3.1.3 Growth Drivers

The door weatherstrip market is expected to grow due to advancements in 3D technology and the growing industrialisation and localisation of the automotive sector.

3.3.1.4 Market Restraints

International players import complete built units, while semi-finished products and components in the Kingdom have not grown. Multinational corporations enter custom solution providing, partnering with construction companies and fabricators.

3.3.2 Overview of the Powder Coating Sector

Powder coatings used by the Company are protective, decorative, or both coatings formed by applying a coating powder to a substrate and fused into continuous films by heat or radiant energy. They are applied using an electrostatic spray gun and cured at elevated temperatures to provide a stronger finish. Thermoplastic powders melt when heat is applied, while thermosetting powders melt at higher temperatures.

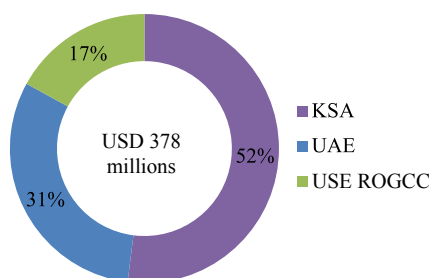
Developments in the powder coating sector have focused on low temperature powders, which have reduced weathering resistance and are used on heat-sensitive materials. These coatings also reduce energy consumption, investment costs, and curing time, increasing line speed. Challenges in powder coatings include bubbles and pin holes, which are often caused by high film weights. Manufacturers are also focusing on cost optimisation, with utilisation rates as high as 95.0 per cent.. Thin film coatings and ultra-thin film coatings are being developed for enhanced penetration into recesses and first pass transfer efficiency.

3.3.2.1 GCC Powder Coating Sector Overview

The GCC powder coating sector, valued at \$378 million in 2022G, is expected to grow significantly due to construction, energy, utilities, and general engineering needs. The Kingdom dominates with 52.0 per cent. of revenue, followed by UAE with 31.0 per cent. and rest of GCC with 17.0 per cent..

The exhibit below illustrates the powder coating sector in GCC, showcasing the share of the Kingdom and Rest of GCC:

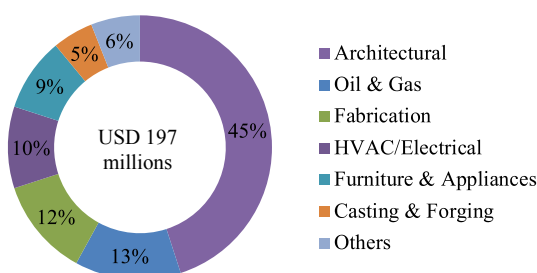
Exhibit 3.15: GCC Powder Coating Sector, the Kingdom vs RoGCC, 2022G



Source: Market Consultant

The exhibit below illustrates the powder coating market in GCC by key sectors:

Exhibit 3.16: GCC Powder Coating Market, By Sectors, 2022G

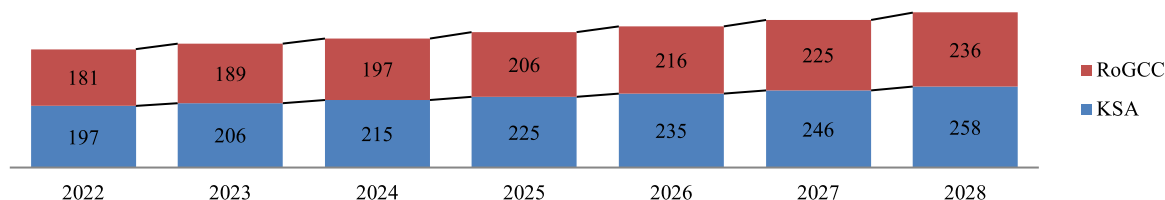


Source: Market Consultant

The GCC powder coating market is projected to grow at a CAGR of 4.6 per cent. from 2022G to 2028G, driven by increasing demand for various applications.

The exhibit below illustrates the GCC powder coating market forecast from 2022G to 2028G:

Exhibit 3.17: GCC Powder Coating Market Forecast 2022G to 2028G (in USD Million)



Source: Market Consultant

3.3.2.2 ALWAN Business Overview (a Branch of the Company)

Gulf Polyester Company (ALWAN) for Powder Coating line based in Riyadh and Jeddah, the Kingdom. In Riyadh they have total 5 powder coating lines and in Jeddah 2 powder Coating lines. Total revenue from Powder Coating line for 2022G is USD 14.7 million.

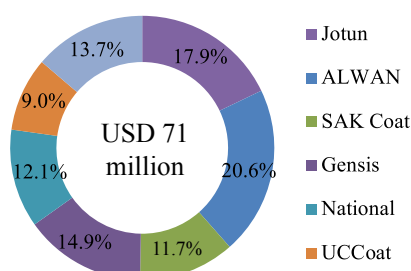
Gulf Polyester Company produces products such as standard polyester powder and hybrid powder with a total capacity of 7,400 MTPA.

3.3.2.3 Market Share and Competitive Advantage

Alwan Powder Company leads the Kingdom's powder coating sector with 21.0 per cent. revenue in 2022G, followed by Jotun with 18.0 per cent.. Polyester is the main coating, with hyper durable powder becoming popular.

The exhibit below illustrates the competition landscape for the powder coating sector in the Kingdom:

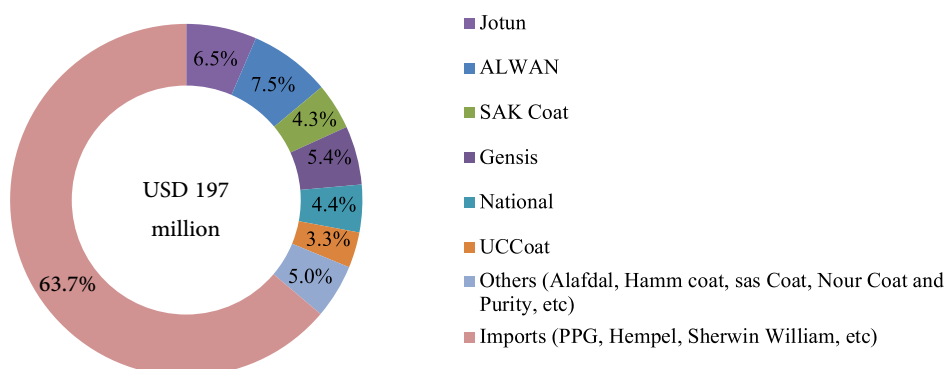
Exhibit 3.18: Competition Landscape in the Powder Coating Sector, the Kingdom, 2022G



Source: Market Consultant

The exhibit below illustrates the overall competition landscape for powder coating entities in the Kingdom:

Exhibit 3.19: Overall Competition Landscape in the Kingdom, 2022G



Source: Market Consultant

3.3.2.4 Growth Drivers:

- the IKTV programme monitors supplier value in the Kingdom, aiming for a globally competitive industrial base. It supports localisation, increased energy export, and job creation in the metal ecosystem, benefiting the entire Saudi population;
- GCC's economic growth and focus on advanced security infrastructure are driving investments in large-scale infrastructure and commercial projects, particularly in fire protection and safety systems;
- aluminium's popularity in Construction & Automotive is driven by its artistic design, green/sustainable building codes, high weight-to-strength ratio, and;
- aluminium coating is a simple, easy-to-use electrochemical process that differs between large- and small-scale anodising companies due to the consistency of producing uniform coating.

3.3.2.5 Market Restraints

- the Kingdom and RoGCC's aluminium extruders offer in-house powder coating and anodising lines, providing customers with additional value for milling finished extruded products;
- the Kingdom & RoGCC lack an end user base for advanced aluminium products in electronics, where anodising is crucial. The GCC lacks an ecosystem for plate manufacturers, similar to automotive components. Tier 1 and 2 ecosystems are underdeveloped, limiting consumables like air filter brake pads and rubber parts.

3.4 Raw Material Assessment: Billets & Extrusion Scrap

3.4.1 Aluminium Billets: GCC

Maaden is the key supplier of billets and primary products. Its smelter in Ras Al Khair processes bauxite, which is mined in the Kingdom.

TALCO partners with Aluminium Bahrain (Alba) and Saudi Arabian Mining Company (Ma'aden), diversifying its raw material base. Saudi Vision 2030 prioritises mining as the 3rd pillar of industrial revolution, ensuring consistent domestic supply of billets and contributing to the local economy.

3.4.2 Aluminium Scrap: the Kingdom

Recycling is crucial for achieving decarbonisation and NetZero goals globally. The Kingdom is a major scrap generator, with door and window scrap being the second largest traded.

The demand for aluminium scrap is expected to grow until 2030G. Europe leads the way with high extrusion recycling rates. The Kingdom is a net exporter of scrap, exporting nearly 224 KT in 2022G.

Imports for aluminium scrap have increased significantly, with key sources being South Africa, UK, Thailand, Belgium, Spain, Chile, and S. Korea generally demanded by leading downstream industries in the Kingdom.

4. Business Description

4.1 Overview

Al Taiseer Group TALCO Industrial Company is a Saudi closed joint stock company incorporated by virtue of Ministerial Resolution No. 217/Q, dated 6 Rajab 1430H (corresponding to 29 June 2009G), and registered under Commercial Registration No. 1010009737, dated 10 Jumada al-Akhirah 1396H (corresponding to 8 June 1976G), with a capital of four hundred million Saudi Arabian Riyals (SAR 400,000,000), divided into forty million (40,000,000) ordinary shares, with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per share. The Company's head and registered office is located in the Second Industrial Area, P.O. Box 6416, Riyadh 11442, Kingdom of Saudi Arabia.

According to the Company's commercial registration certificate, its main activities include non-ferrous traditional metal works, including (wires, pipes, tubes, powders, papers, plates etc.), manufacture and installation of windows and doors and manufacture of kitchens made of aluminium and wood etc.

The Company is considered a regional leader in the aluminium production and finishing sector, boasting a market share of 23.0 per cent. of total production of the aluminium sector in the Kingdom region in 2022G, as per the Market Report. Its commitment to developing cutting-edge technology for aluminium extrusion has allowed it to establish a strong presence in the market. In 1994G, the Company embarked on an ambitious plan to expand its offering by introducing aluminium production lines, initially starting with just one extrusion press and growing to six state-of-the-art extrusion presses from SMS Germany as of the date of this Prospectus. This expansion has increased its production capacity to 60,000 MT per annum. The Company's operations adhere to the quality management system ISO 9001-2008, which was upgraded to ISO 9001-2015 within just six months. All products meet international standards and tolerances, such as BSI, ASTM, EN, and Saudi Standards (SASO).

The Company employs recognised industry experts (including the German company SMS) that specialise in quality control of the production process and drawing presses, and bring decades of experience and technical know-how, enabling it to establish various product lines with quality and efficiency meeting applicable international standards. It plays a leading role in exporting aluminium and architectural products to GCC countries and the other MENA countries, including Egypt, Jordan and Yemen. Of the exports in 2022G, 72.0 per cent. were to GCC countries and 28.0 per cent. to the other MENA countries.

The Company's three principal business segments consist of the following:

- **Aluminium:** The Company designs, manufactures and markets a diverse range of aluminium products to a broad range of clients. The aluminium products segment consists of sub-segments, such as aluminium extrusions (various aluminium alloys) mill finish, anodised aluminium, powder coated aluminium, anodic treatment - powder coated aluminium (seaside), PVDF coating (liquid coating), wood finished aluminium (real wood), wood finished aluminium (Effecta), wood finished aluminium (film sublimation) and thermal break products.
- **Thermoset Powder Coating:** The Company manufactures and markets an extensive range of thermoset powder coating products catering to a broad range of clients. The thermoset powder coating products segment consists of sub-segments, such as polyester powder, epoxy powder, super durable powder and metallic powder products.
- **Accessories:** The Company designs, manufactures and markets a wide variety of accessories to a broad range of clients. The accessories segment consists of sub-segments, such as weatherstrip, polypropylene yarn, strip brush/rubber, rubber gaskets from PVC and TPV, plastic injection moulded components, plastic bags and sheets and printing wrapping films products.

By leveraging its expertise and strategic initiatives, the Company has positioned itself as a prominent player in the aluminium production and finishing sector, continually striving to maintain high-quality standards and explore new opportunities for growth.

As of 30 June 2023G, the Company had a total of 694 employees across the Kingdom (for further details, see Section 5.9 (*Employees*)).

The Company generated revenue of SAR 359.3 million in the financial year ended 31 December 2020G, compared to SAR 518.5 million in the financial year ended 31 December 2021G, SAR 749.9 million in the financial year ended 31 December 2022G, and SAR 336.6 million in the six-month period ended 30 June 2023G. The net income for the financial year ended 31 December 2020G was SAR 35.5 million, compared to SAR 56.6 million for the financial year ended 31 December 2021G, SAR 74.7 million for the financial year ended 31 December 2022G, and SAR 39.8 million in the six-month period ended 30 June 2023G. As of 31 December 2020G, the Company's total assets were SAR 385.7 million, compared to SAR 550.7 million as of 31 December 2021G, SAR 629.2 million as of 31 December 2022G, and SAR 643.5 million as of 30 June 2023G. As of 31 December 2020G, the Company's total liabilities amounted to SAR 113.2 million, compared to 158.3 million as of 31 December 2021G, SAR 184.5 million as of 31 December 2022G, and SAR 203.3 million as of 30 June 2023G (for further details regarding the Company's financial performance, see Section 6 (*Management's Discussion and Analysis of Financial Position and Results of Operations*)).

4.2 Corporate History and Evolution of Capital

The Company originally started operations on 8 Jumada al-Akhirah 1976G under a branch of a sole establishment named Al-Fattouh Commercial Establishment which was owned by Mr Kamel Ibrahim Ali Al-Fattouh with a capital of three million Saudi Arabian Riyals (SAR 3,000,000).

On 11 Jumada al-Akhirah 1429H (corresponding to 15 June 2008G), and by virtue of ministerial resolution No. 217/Q dated 6 Rajab 1430H (corresponding to 29 June 2009G), the Company was approved to be established as a closed joint stock company and the establishment branch was converted to a closed joint stock company and after which its name was changed to “Al Taiseer Aluminium Company (TALCO)” and registered under Commercial Registration No. 1010009737 dated 10 Jumada al-Akhirah 1396H (corresponding to 8 June 1976G) with a capital of one hundred million Saudi Arabian Riyals (SAR 100,000,000), divided into ten million (10,000,000) ordinary shares with a nominal value of ten Saudi Arabian Riyals (SAR 10) per share, following Mr. Kamel Ibrahim Ali Al-Fattouh transferred the Al-Fattouh sole establishment branch registered with Commercial Registration No. 1010008999 to the Company, including the rights and liabilities associated with the branch. The shares of the Company upon conversion were distributed as follows:

Table 4.1: The Shareholders of the Company as of 11 Jumada al-Akhirah 1429H (corresponding to 15 June 2008G)

Shareholder	Number of Shares	Ownership Percentage ⁽¹⁾
Kamel Ibrahim Ali Al-Fattouh	9,000,000	90.0%
Mansour Kamel Ibrahim Al-Fattouh	250,000	2.5%
Nasser Kamel Ibrahim Al-Fattouh Al-Blwi	250,000	2.5%
Khalid Kamel Ibrahim Al-Fattouh	250,000	2.5%
Abdulaziz Kamel Ibrahim Al-Fattouh	250,000	2.5%
Total	10,000,000	100.0%

Source: The Company.

⁽¹⁾ The ownership percentages are rounded.

Pursuant to the Company’s Extraordinary General Assembly resolution dated 16 Thul-Qi’dah 1435H (corresponding to 11 September 2014G), the Company’s capital was increased from one hundred million Saudi Arabian Riyals (SAR 100,000,000), divided into ten million (10,000,000) ordinary shares with a nominal value of ten Saudi Arabian Riyals (SAR 10) per share, to two hundred million Saudi Arabian Riyals (SAR 200,000,000), divided into twenty million (20,000,000) ordinary shares with a nominal value of ten Saudi Arabian Riyals (SAR 10) per share through the capitalisation of retained earnings and the Shareholders’ accounts. The ownership of the Company after the capital increase was as follows:

Table 4.2: The Shareholders of the Company as of 16 Thul-Qi’dah 1435H (corresponding to 11 September 2014G)

Shareholder	Number of Shares	Ownership Percentage ⁽¹⁾
Kamel Ibrahim Ali Al-Fattouh	18,000,000	90.0%
Mansour Kamel Ibrahim Al-Fattouh	500,000	2.5%
Nasser Kamel Ibrahim Al-Fattouh Al-Blwi	500,000	2.5%
Khalid Kamel Ibrahim Al-Fattouh	500,000	2.5%
Abdulaziz Kamel Ibrahim Al-Fattouh	500,000	2.5%
Total	20,000,000	100.0%

Source: The Company.

⁽¹⁾ The ownership percentages are rounded.

On 13 Jumada al-Akhirah 1436H (corresponding to 2 April 2015G), due to the demise of one of the partners, namely Abdulaziz Kamel Ibrahim Al-Fattouh, his share ownership in the Company was passed to his five heirs, namely: Ibrahim Abdulaziz Kamel Ibrahim Al-Fattouh Al-Blwi, Mohammed Abdulaziz Kamel Ibrahim Al-Fattouh Al-Blwi, Faris Abdulaziz Kamel Ibrahim Al-Fattouh Al-Blwi, Reem Abdulaziz Kamel Ibrahim Al-Fattouh Al-Blwi and Fatima Ali Hassan Al-Fattouh, all of whom were shareholders in the Company, and had agreed collectively to retain the shares in the capital of the Company. The ownership of the Company after the transfer of shares was as follows:

Table 4.3: The Shareholders of the Company as of 13 Jumada al-Akhirah 1436H (corresponding to 2 April 2015G)

Shareholder	Number of Shares	Ownership Percentage ⁽¹⁾
Kamel Ibrahim Ali Al-Fattouh	18,000,000	90.00%
Mansour Kamel Ibrahim Al-Fattouh	500,000	2.50%
Nasser Kamel Ibrahim Al-Fattouh Al-Blwi	500,000	2.50%
Khalid Kamel Ibrahim Al-Fattouh	500,000	2.50%
Ibrahim Abdulaziz Kamel Ibrahim Al-Fattouh Al-Blwi	125,000	0.63%
Mohammed Abdulaziz Kamel Ibrahim Al-Fattouh Al-Blwi	125,000	0.63%
Faris Abdulaziz Kamel Ibrahim Al-Fattouh Al-Blwi	125,000	0.63%
Fatima Ali Hassan Al-Fattouh	62,500	0.31%
Reem Abdulaziz Kamel Ibrahim Al-Fattouh Al-Blwi	62,500	0.31%
Total	20,000,000	100.00%

Source: The Company.

⁽¹⁾ The ownership percentages are rounded.

On 9 Sha'ban 1438H (corresponding to 5 May 2017G), due to the demise of one of the partners, namely Kamel Ibrahim Ali Al-Fattouh, his share ownership in the Company was passed to his eight heirs, namely: Mansour Kamel Ibrahim Al-Fattouh, Nasser Kamel Ibrahim Al-Fattouh Al-Blwi, Khalid Kamel Ibrahim Al-Fattouh Al-Blwi, Muwaffaq Kamel Ibrahim Al-Fattouh Al-Blwi, Elham Mahmoud Obaid Ibrahim, Amal Kamel Ibrahim Al-Fattouh Al-Blwi, Dalal Kamel Ibrahim Al-Fattouh Al-Blwi and Manal Kamel Ibrahim Al-Fattouh Al-Blwi, all of whom were shareholders in the Company, and had agreed collectively to retain the shares in the capital of the Company. The ownership of the Company after the transfer of shares was as follows:

Table 4.4: The Shareholders of the Company as of 9 Sha'ban 1438H (corresponding to 5 May 2017G)

Shareholder	Number of Shares	Ownership Percentage ⁽¹⁾
Mansour Kamel Ibrahim Al-Fattouh	3,363,636	16.82%
Nasser Kamel Ibrahim Al-Fattouh Al-Blwi	3,363,636	16.82%
Khalid Kamel Ibrahim Al-Fattouh	3,363,636	16.82%
Muwaffaq Kamel Ibrahim Al-Fattouh Al-Blwi	2,863,636	14.32%
Elham Mahmoud Obaid Ibrahim	2,250,000	11.25%
Amal Kamel Ibrahim Al-Fattouh Al-Blwi	1,431,819	7.16%
Dalal Kamel Ibrahim Al-Fattouh Al-Blwi	1,431,819	7.16%
Manal Kamel Ibrahim Al-Fattouh Al-Blwi	1,431,818	7.16%
Ibrahim Abdulaziz Kamel Ibrahim Al-Fattouh Al-Blwi	125,000	0.63%
Mohammed Abdulaziz Kamel Ibrahim Al-Fattouh Al-Blwi	125,000	0.63%
Faris Abdulaziz Kamel Ibrahim Al-Fattouh Al-Blwi	125,000	0.63%
Fatima Ali Hassan Al-Fattouh	62,500	0.31%
Reem Abdulaziz Kamel Ibrahim Al-Fattouh Al-Blwi	62,500	0.31%
Total	20,000,000	100.00%

Source: The Company.

⁽¹⁾ The ownership percentages are rounded.

On 14 Safar 1443H (corresponding to 21 September 2021G), due to the demise of one of the partners, namely Khalid Kamel Ibrahim Al-Fattouh, his share ownership in the Company was passed to his three heirs, namely: Basmah Hussain Salem Al-Fattouh Al-Blwi, Nawaf Khalid Kamel Al-Fattouh Al-Blwi and Abdulaziz Khalid Kamel Al-Fattouh Al-Blwi, all of whom were shareholders in the Company, and had agreed collectively to retain the shares in the capital of the Company. The ownership of the Company after the transfer of shares was as follows:

Table 4.5: The Shareholders of the Company as of 14 Safar 1443H (corresponding to 21 September 2021G)

Shareholder	Number of Shares	Ownership Percentage ⁽¹⁾
Mansour Kamel Ibrahim Al-Fattouh	3,363,636	16.82%
Nasser Kamel Ibrahim Al-Fattouh Al-Blwi	3,363,636	16.82%
Muwaffaq Kamel Ibrahim Al-Fattouh Al-Blwi	2,863,636	14.32%
Elham Mahmoud Obaid Ibrahim	2,250,000	11.25%
Nawaf Khalid Kamel Al-Fattouh Al-Blwi	1,471,591	7.36%
Abdulaziz Khalid Kamel Al-Fattouh Al-Blwi	1,471,591	7.36%
Amal Kamel Ibrahim Al-Fattouh Al-Blwi	1,431,819	7.16%
Dalal Kamel Ibrahim Al-Fattouh Al-Blwi	1,431,819	7.16%
Manal Kamel Ibrahim Al-Fattouh Al-Blwi	1,431,818	7.16%
Basmah Hussain Salem Al-Fattouh Al-Blwi	420,454	2.10%
Ibrahim Abdulaziz Kamel Ibrahim Al-Fattouh Al-Blwi	125,000	0.63%
Mohammed Abdulaziz Kamel Ibrahim Al-Fattouh Al-Blwi	125,000	0.63%
Faris Abdulaziz Kamel Ibrahim Al-Fattouh Al-Blwi	125,000	0.63%
Fatima Ali Hassan Al-Fattouh	62,500	0.31%
Reem Abdulaziz Kamel Ibrahim Al-Fattouh Al-Blwi	62,500	0.31%
Total	20,000,000	100.00%

Source: The Company.

⁽¹⁾ The ownership percentages are rounded.

Pursuant to the Company's Extraordinary General Assembly resolution dated 5 Rabi' al-Thani 1443H (corresponding to 10 November 2021G), the Company's name changed from Al Taiseer Aluminium Company (TALCO) to Al Taiseer Group TALCO Industrial Company, and the capital of the Company was increased from two hundred million Saudi Arabian Riyals (SAR 200,000,000), divided into twenty million (20,000,000) ordinary shares with a nominal value of ten Saudi Arabian Riyals (SAR 10) per share to three hundred fifty million Saudi Arabian Riyals (SAR 350,000,000), divided into thirty-five million (35,000,000) ordinary shares, with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per share through the capitalisation of retained earnings and the statutory reserve. The ownership of the Company after the capital increase was as follow:

Table 4.6: The Shareholders of the Company as of 5 Rabi' al-Thani 1443H (corresponding to 10 November 2021G)

Shareholder	Number of Shares	Ownership Percentage ⁽¹⁾
Mansour Kamel Ibrahim Al-Fattouh	5,889,876	16.83%
Nasser Kamel Ibrahim Al-Fattouh Al-Blwi	5,889,876	16.83%
Muwaffaq Kamel Ibrahim Al-Fattouh Al-Blwi	5,005,220	14.30%
Elham Mahmoud Obaid Ibrahim	3,932,672	11.24%
Nawaf Khalid Kamel Al-Fattouh Al-Blwi	2,576,820	7.36%
Abdulaziz Khalid Kamel Al-Fattouh Al-Blwi	2,576,820	7.36%
Amal Kamel Ibrahim Al-Fattouh Al-Blwi	2,502,611	7.15%
Dalal Kamel Ibrahim Al-Fattouh Al-Blwi	2,502,611	7.15%
Manal Kamel Ibrahim Al-Fattouh Al-Blwi	2,502,603	7.15%
Basmah Hussain Salem Al-Fattouh Al-Blwi	736,235	2.10%
Ibrahim Abdulaziz Kamel Ibrahim Al-Fattouh Al-Blwi	221,164	0.63%
Mohammed Abdulaziz Kamel Ibrahim Al-Fattouh Al-Blwi	221,164	0.63%
Faris Abdulaziz Kamel Ibrahim Al-Fattouh Al-Blwi	221,164	0.63%
Fatima Ali Hassan Al-Fattouh	110,582	0.32%
Reem Abdulaziz Kamel Ibrahim Al-Fattouh Al-Blwi	110,582	0.32%
Total	35,000,000	100.00%

Source: The Company.

⁽¹⁾ The ownership percentages are rounded.

Pursuant to the Company's Extraordinary General Assembly resolution dated 15 Rabi' al-Awwal 1444H (corresponding to 11 October 2022G), the capital of the Company was increased from three hundred fifty million Saudi Arabian Riyals (SAR 350,000,000), divided into thirty-five million (35,000,000) ordinary shares, with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per share to four hundred million Saudi Arabian Riyals (SAR 400,000,000), divided into forty million (40,000,000) ordinary shares, with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per share through the capitalisation of the part of retained earnings and the statutory reserve. The ownership of the Company after the capital increase was as follow:

Table 4.7: The Shareholders of the Company as of 15 Rabi' al-Awwal 1444H (corresponding to 11 October 2022G)

Shareholder	Number of Shares	Ownership Percentage ⁽¹⁾
Mansour Kamel Ibrahim Al-Fattouh	6,731,287	16.83%
Nasser Kamel Ibrahim Al-Fattouh Al-Blwi	6,731,287	16.83%
Muwaffaq Kamel Ibrahim Al-Fattouh Al-Blwi	5,720,251	14.30%
Elham Mahmoud Obaid Ibrahim	4,494,482	11.24%
Nawaf Khalid Kamel Al-Fattouh Al-Blwi	2,944,937	7.36%
Abdulaziz Khalid Kamel Al-Fattouh Al-Blwi	2,944,937	7.36%
Amal Kamel Ibrahim Al-Fattouh Al-Blwi	2,860,127	7.15%
Dalal Kamel Ibrahim Al-Fattouh Al-Blwi	2,860,127	7.15%
Manal Kamel Ibrahim Al-Fattouh Al-Blwi	2,860,118	7.15%
Ibrahim Abdulaziz Kamel Ibrahim Al-Fattouh Al-Blwi	252,759	0.63%
Mohammed Abdulaziz Kamel Ibrahim Al-Fattouh Al-Blwi	252,759	0.63%
Faris Abdulaziz Kamel Ibrahim Al-Fattouh Al-Blwi	252,759	0.63%
Basmah Hussain Salem Al-Fattouh Al-Blwi	841,412	2.10%
Fatima Ali Hassan Al-Fattouh	126,379	0.32%
Reem Abdulaziz Kamel Ibrahim Al-Fattouh Al-Blwi	126,379	0.32%
Total	40,000,000	100.00%

Source: The Company.

⁽¹⁾ The ownership percentages are rounded.

On 22 Sha'ban 1445H (corresponding to 3 March 2024G), due to the demise of one of the partners, namely Muwaffaq Kamel Ibrahim Al-Fotouh Al-Balawi, his share ownership in the Company was passed to his five heirs: Mansour Kamel Ibrahim Al-Fattouh, Dalal Kamel Ibrahim Al-Fattouh Al-Biwi, Manal Kamel Ibrahim Al-Fattouh Al-Biwi, Shatha Muwaffaq Kamel Al-Fattouh Al-Biwi, and Khadraa Rashid Harbi Al-Fattouh, all of whom were shareholders in the Company, and had agreed collectively to retain the shares in the capital of the Company. The ownership of the Company after the transfer of shares was as follows:

Table 4.8: The Shareholders of the Company as of 22 Sha'ban 1445H (corresponding to 3 March 2024G)

Shareholder	Number of Shares	Ownership Percentage ⁽¹⁾
Mansour Kamel Ibrahim Al-Fattouh	7,684,662	19.21%
Nasser Kamel Ibrahim Al-Fattouh Al-Biwi	6,731,287	16.83%
Elham Mahmoud Obaid Ibrahim	4,494,482	11.24%
Dalal Kamel Ibrahim Al-Fattouh Al-Biwi	3,336,815	8.34%
Manal Kamel Ibrahim Al-Fattouh Al-Biwi	3,336,805	8.34%
Nawaf Khalid Kamel Al-Fattouh Al-Biwi	2,944,937	7.36%
Abdulaziz Khalid Kamel Al-Fattouh Al-Biwi	2,944,937	7.36%
Amal Kamel Ibrahim Al-Fattouh Al-Biwi	2,860,127	7.15%
Shatha Muwaffaq Kamel Al-Fattouh Al-Biwi	2,860,126	7.15%
Ibrahim Abdulaziz Kamel Ibrahim Al-Fattouh Al-Biwi	252,759	0.63%
Mohammed Abdulaziz Kamel Ibrahim Al-Fattouh Al-Biwi	252,759	0.63%
Faris Abdulaziz Kamel Ibrahim Al-Fattouh Al-Biwi	252,759	0.63%
Khadraa Rashid Harbi Al-Fattouh	953,375	2.38%
Basmah Hussain Salem Al-Fattouh Al-Biwi	841,412	2.10%
Fatima Ali Hassan Al-Fattouh	126,379	0.32%
Reem Abdulaziz Kamel Ibrahim Al-Fattouh Al-Biwi	126,379	0.32%
Total	40,000,000	100.00%

Source: The Company.

⁽¹⁾ The ownership percentages are rounded.

The key historical changes and events are summarised below:

Table 4.9: The Key Historical Changes and Events

Date	Change
1976G	<ul style="list-style-type: none"> The Company began its work in 1976G as a branch of a sole establishment, Al-Fattouh Trading Establishment, owned by Mr Kamel Ibrahim Ali Al-Fattouh.
1994G	<ul style="list-style-type: none"> Started production for aluminium sectors.
2000G	<ul style="list-style-type: none"> Started production for anodising.
2006G	<ul style="list-style-type: none"> Increased the production capacity of powder coating products by 33.0 per cent. to 6,000 metric tonnes.
2008G	<ul style="list-style-type: none"> The Company was established as a closed joint stock company under the name of “Al Taiseer Aluminium Company (TALCO).”
2014G	<ul style="list-style-type: none"> The Company’s share capital was increased from one hundred million Saudi Arabian Riyals (SAR 100,000,000) to two hundred million Saudi Arabian Riyals (SAR 200,000,000), through the capitalisation of retained earnings and Shareholders’ accounts.
2015G	<ul style="list-style-type: none"> Increased aluminium extrusion presses from two to six presses, which helped increase the production lines of aluminium profiles.
2020G	<ul style="list-style-type: none"> Gulf Polyester Powder Production Company with all its branches, assets, rights, liabilities, and responsibilities merged with the Company and was converted into a branch of the Company.
2020G	<ul style="list-style-type: none"> Al-Fattouh Aluminium Accessories and Isolation Lines Company with all its branches, assets, rights, liabilities, and responsibilities merged with the Company and was converted into a branch of the Company.
2021G	<ul style="list-style-type: none"> The Company’s name changed to “Al Taiseer Group TALCO Industrial Company” and its capital was increased from two hundred million Saudi Arabian Riyals (SAR 200,000,000) to three hundred and fifty million Saudi Arabian Riyals (SAR 350,000,000) through the capitalisation of retained earnings and the statutory reserve.
2022G	<ul style="list-style-type: none"> The Company’s share capital was increased from three hundred and fifty million Saudi Arabian Riyals (SAR 350,000,000) to four hundred million Saudi Arabian Riyals (SAR 400,000,000) through the capitalisation of the part of retained earnings and the statutory reserve.

Source: The Company.

4.3 Company Structure

4.3.1 Overview of the Company

The current capital of the Company is four hundred million Saudi Arabian Riyals (SAR 400,000,000) divided into forty million (40,000,000) ordinary Shares with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per share.

The following table sets out the direct ownership and capital structure of the Company before and after the Offering:

Table 4.10: Direct Ownership and Capital Structure of the Company Before and After the Offering

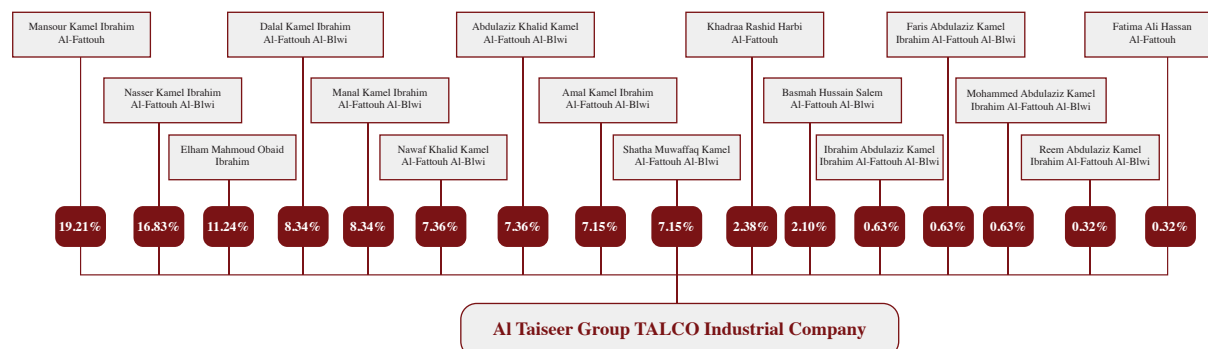
Shareholder	Pre-Offering			Post-Offering		
	Number of Shares	Ownership (%) ⁽¹⁾	Overall Nominal Value (SAR)	Number of Shares	Ownership (%) ⁽¹⁾	Overall Nominal Value (SAR)
Mansour Kamel Ibrahim Al-Fattouh	7,684,662	19.21%	76,846,620	5,379,263	13.45%	53,792,630
Nasser Kamel Ibrahim Al-Fattouh Al-Blwi	6,731,287	16.83%	67,312,870	4,711,901	11.78%	47,119,010
Elham Mahmoud Obaid Ibrahim	4,494,482	11.24%	44,944,820	3,146,137	7.87%	31,461,370
Dalal Kamel Ibrahim Al-Fattouh Al-Blwi	3,336,815	8.34%	33,368,150	2,335,771	5.84%	23,357,710
Manal Kamel Ibrahim Al-Fattouh Al-Blwi	3,336,805	8.34%	33,368,050	2,335,764	5.84%	23,357,640
Nawaf Khalid Kamel Al-Fattouh Al-Blwi	2,944,937	7.36%	29,449,370	2,061,456	5.15%	20,614,560
Abdulaziz Khalid Kamel Al-Fattouh Al-Blwi	2,944,937	7.36%	29,449,370	2,061,456	5.15%	20,614,560
Amal Kamel Ibrahim Al-Fattouh Al-Blwi	2,860,127	7.15%	28,601,270	2,002,089	5.01%	20,020,890
Shatha Muwaffaq Kamel Al-Fattouh Al-Blwi	2,860,126	7.15%	28,601,260	2,002,088	5.01%	20,020,880
Ibrahim Abdulaziz Kamel Ibrahim Al-Fattouh Al-Blwi	252,759	0.63%	2,527,590	176,931	0.44%	1,769,310
Mohammed Abdulaziz Kamel Ibrahim Al-Fattouh Al-Blwi	252,759	0.63%	2,527,590	176,931	0.44%	1,769,310
Faris Abdulaziz Kamel Ibrahim Al-Fattouh Al-Blwi	252,759	0.63%	2,527,590	176,931	0.44%	1,769,310
Khadraa Rashid Harbi Al-Fattouh	953,375	2.38%	9,533,750	667,364	1.67%	6,673,640
Basmah Hussain Salem Al-Fattouh Al-Blwi	841,412	2.10%	8,414,120	588,988	1.47%	5,889,880
Fatima Ali Hassan Al-Fattouh	126,379	0.32%	1,263,790	88,465	0.22%	884,650
Reem Abdulaziz Kamel Ibrahim Al-Fattouh Al-Blwi	126,379	0.32%	1,263,790	88,465	0.22%	884,650
Public	-	-	-	12,000,000	30.00%	120,000,000
Total	40,000,000	100.00%	400,000,000	40,000,000	100.00%	400,000,000

Source: The Company.

⁽¹⁾ The ownership percentages are rounded.

The following chart shows the Company's ownership structure as of the date of this Prospectus:

Exhibit 4.1: The Company's Ownership Structure as of the Date of this Prospectus



Source: The Company.

The following table sets out the details of Shareholders directly holding five per cent. or more of the ordinary Shares in the Company as of the date of this Prospectus:

Table 4.11: Details of Shareholders Directly Holding Five Per cent. or More of the Ordinary Shares in the Company as of the Date of this Prospectus

Shareholder	Shareholding (Pre-Offering)			Shareholding (Post-Offering)		
	Number of Shares	Ownership (%)	Overall Nominal Value (SAR)	Number of Shares	Ownership (%) ⁽¹⁾⁽²⁾	Overall Nominal Value (SAR)
Mansour Kamel Ibrahim Al-Fattouh	7,684,662	19.21%	76,846,620	5,379,263	13.45%	53,792,630
Nasser Kamel Ibrahim Al-Fattouh Al-Biwi	6,731,287	16.83%	67,312,870	4,711,901	11.78%	47,119,010
Elham Mahmoud Obaid Ibrahim	4,494,482	11.24%	44,944,820	3,146,137	7.87%	31,461,370
Dalal Kamel Ibrahim Al-Fattouh Al-Biwi	3,336,815	8.34%	33,368,150	2,335,771	5.84%	23,357,710
Manal Kamel Ibrahim Al-Fattouh Al-Biwi	3,336,805	8.34%	33,368,050	2,335,764	5.84%	23,357,640
Nawaf Khalid Kamel Al-Fattouh Al-Biwi	2,944,937	7.36%	29,449,370	2,061,456	5.15%	20,614,560
Abdulaziz Khalid Kamel Al-Fattouh Al-Biwi	2,944,937	7.36%	29,449,370	2,061,456	5.15%	20,614,560
Amal Kamel Ibrahim Al-Fattouh Al-Biwi	2,860,127	7.15%	28,601,270	2,002,089	5.01%	20,020,890
Shatha Muwaffaq Kamel Al-Fattouh Al-Biwi	2,860,126	7.15%	28,601,260	2,002,088	5.01%	20,020,880
Total	37,194,178	92.99%	371,941,780	26,035,925	65.09%	260,359,250

Source: The Company.

⁽¹⁾ The ownership percentages are rounded.

⁽²⁾ There are no Shareholders indirectly holding five per cent. or more of the ordinary shares in the Company as of the date of this Prospectus.

4.3.2 Organisational Description of the Company

The Company does not have any subsidiaries, either directly or indirectly.

4.4 Vision, Mission and Strategy

4.4.1 Vision

Expanding the supply of aluminium profiles to all parts of the world while maintaining the highest health and safety standards.

4.4.2 Mission

Providing the Company's local and international customers with their needs for various aluminium products in accordance with the highest standards of efficiency and safety.

4.4.3 Strengths and Competitive Advantages

The Company's strengths and competitive advantages are underpinned by the following key pillars:

4.4.3.1 Market Leadership in the Aluminium Production and Finishing Industry

The Company has secured a market leadership position, by commanding a significant share in a market environment controlled by a few prominent players, based on the Market Report. As one of the top producers in the aluminium production and finishing sector in the Kingdom, the Company commanded a market share exceeding 23.0 per cent. in 2022G, as per the Market Report, placing it at the forefront of the industry.

The Company's robust market position is bolstered by its ability to keep pace with industry trends, technological advancements and evolving client demands. This adaptability, coupled with a comprehensive distribution network, enables the Company to reach an extensive range of clients across the Kingdom and beyond.

4.4.3.2 Innovative Technologies and Cutting-Edge Equipment

Leveraging innovative technologies and cutting-edge equipment sourced from leading countries such as Germany, Italy and the United Kingdom, the Company is well-positioned to capitalise on its extensive industry knowledge and dedicated product development teams. This allows the Company to provide a comprehensive, one-stop-shop solution for the aluminium needs of its customers, fostering confidence in its business partners and clients.

This investment in state-of-the-art machinery enables the Company to maintain exceptional production standards, ensuring the quality and reliability of its products. As a result, the Company has greater customer confidence, enhancing its competitive advantage and attracting a loyal client base.

The continuous pursuit of technological advancements and adoption of the latest equipment allows the Company to stay ahead of industry trends and deliver innovative products and solutions. This commitment to innovation not only supports the Company's growth strategy but also ensures it remains a market leader in a highly competitive industry.

Furthermore, by embracing the latest manufacturing technologies and equipment, the Company can optimise its operational efficiency, reduce production costs and minimise its environmental impact. This strategic focus on innovation and sustainability further solidifies the Company's position as a forward-thinking and responsible market leader in the Kingdom and beyond.

4.4.3.3 Expertise and Innovation Driving Success

The Company's profound expertise in the aluminium sector, combined with an unwavering commitment from its dedicated product development teams, has enabled it to devise cutting-edge solutions, meticulously tailored to meet the ever-changing requirements of its clients. This emphasis on constant innovation and the pursuit of new product development enables the Company to remain at the forefront of industry trends, thereby reinforcing its preeminent market position.

By fostering a culture of innovation and embracing a proactive approach to research and development, the Company can promptly adapt to emerging market dynamics and anticipate future demands. This unique ability to foresee and address potential challenges has allowed the Company to maintain a competitive edge and differentiate itself from its peers.

Moreover, the Company's extensive industry knowledge facilitates the identification of growth opportunities and the formulation of strategic plans to capitalise on these prospects. This includes the exploration of potential markets, the development of strategic alliances and the continual optimisation of existing products and services.

The Company's success is also attributable to its investment in human capital, recognising the importance of attracting and retaining the best talent in the industry. Through continuous training and development programmes, the Company ensures that its teams remain up-to-date with the latest industry developments and are equipped with the necessary skills to drive the Company's growth.

4.4.3.4 Comprehensive One-Stop-Shop Solution to Meet Customer Needs for Aluminium Products

As a provider of an extensive range of products and services under a single umbrella, the Company offers a streamlined, integrated solution to its clients. This all-encompassing approach streamlines the procurement process for clients, eradicating the need to liaise with multiple suppliers. Consequently, the Company has become the preferred partner for an array of businesses in the building and construction industry - the sector that contributes most to the demand for aluminium products with more than 80.0 per cent. of the total market in 2022G according to the Market Report - which strengthened its position in the aluminium sector market, and fostering opportunities for growth.

The Company's commitment to delivering integrated solutions not only enhances client satisfaction but also promotes operational efficiency. By encompassing various stages of the supply chain, from manufacturing to distribution, the Company ensures a seamless experience for its clients. This in turn results in increased client loyalty and long-term partnerships, further reinforcing its market position as a reliable partner for its clients.

4.4.3.5 Experienced Management Team Well-Versed in the Sector

The Company benefits from the wealth of knowledge and expertise provided by its seasoned management team, which has a proven track record of success in the aluminium, powder coatings and sealants markets. Its management drives consistent growth and profitability, as the team remains dedicated to fulfilling the objectives of all stakeholders. With a clear vision and mission in mind, the Company cultivates a talent pool to support its future growth aspirations, fostering the development of leaders who can guide the business in the coming years.

In addition to the experienced management team, the Company enjoys the unwavering backing of its shareholders. This support encompasses the provision of financial resources, industry know-how, and strategic direction, which collectively contribute to the Company's ongoing success. The collaboration between the management team and shareholders empowers the Company to overcome challenges and capitalise on opportunities, further reinforcing its competitive edge.

The combination of a skilled management team and strong shareholder support positions the Company as a reliable and pioneer in the aluminium, powder coatings and sealants market. This alliance fosters a resilient foundation, enabling the Company to navigate the ever-evolving market landscape and maintain its leading position in the Kingdom and beyond.

4.4.3.6 Strong Brand Recognition and Outstanding Reputation

The Company's unwavering dedication to maintaining high standards of quality, fostering innovation, and delivering exceptional client service has led to the development of a strong brand reputation within the aluminium, powder coatings and sealants market. Renowned for their dependability and excellence, the Company's well-regarded brands (TALCO, Alwan and Alfa) have become a benchmark for success, significantly contributing to its prominent market position.

This notable brand recognition, along with the Company's relentless commitment to understanding and fulfilling the needs of its clients, has facilitated a pattern of sustained growth and market dominance. As a result, the Company's reputation has grown exponentially, attracting new clients and enhancing its industry standing.

4.4.3.7 Client Loyalty and Long-Term Partnerships

The Company's strong brand recognition and outstanding reputation have fostered a strong sense of client loyalty. By prioritising the nurturing of long-term relationships with its clients, the Company has successfully retained many clients for over 20 years. This unwavering loyalty has spurred the development of new products and services, instilling the top management with the confidence to expand capacity and broaden its reach. By consistently ensuring mutually beneficial outcomes for its clients, the Company has secured their trust and loyalty, further reinforcing its market position.

At the heart of these enduring relationships is the Company's dedication to delivering exceptional client service. By remaining attentive to its clients' needs and striving to surpass their expectations, the Company has been able to maintain long-standing relationships built on client satisfaction and repeat business. This client-centric approach not only cements the Company's reputation within the industry but also generates invaluable word-of-mouth marketing. Consequently, the Company continues to attract new clients while fostering its ongoing growth and success.

4.4.3.8 Robust Distribution Network and Strategic Partnerships in the MENA Region

The Company's comprehensive distribution network, encompassing both domestic and MENA markets, has been a crucial factor in securing its leading market position. This extensive reach empowers the Company to accommodate a diverse range of clients and seamlessly penetrate new markets. As a result, the Company remains agile and adaptive in the face of evolving market demands, ensuring continued growth and success.

Moreover, the Company has cultivated strategic partnerships with suppliers, contractors, and various stakeholders within the industry. These collaborative relationships have not only facilitated a steady stream of business but also bolstered the Company's reputation within its target markets. By fostering strong alliances, the Company can leverage the collective expertise and resources of its partners to offer unparalleled services and maintain a competitive edge.

4.4.3.9 Global Expansion and Export Excellence

The Company has achieved a remarkable footprint in the MENA Region, with approximately 26.4 per cent. of total sales in the year 2022G, while the six-month period ended 30 June 2023G amounted to 22.8 per cent., contributed by export clients. Catering to the aluminium product needs of its customers, the Company has made rapid strides in recent times, which have helped maintain growth and profitability. The Company plays a leading role in exporting aluminium extrusions, thermoset coating powders, and accessories to the MENA Region countries.

Equipped with a highly experienced team proficient in handling export clients from initial enquiry to logistics, the Company has developed a strong export client base and a reputation for manufacturing high-quality products. As a result, the Company is exploring new markets, positioning itself as a global player in the industry. The 2030 Vision and the Kingdom's Saudi Made programme inspire the Company to extend its export pipeline beyond the MENA Region, including to Europe and North America.

4.4.3.10 Sustainable Operations Driving Progress

The Company, along with its stakeholders, has made a concerted effort to implement a series of measures focusing on environmental protection and product sustainability. Complying with relevant legislation, the Company actively strives to reduce pollutants that may be harmful to both human health and the environment. By prioritising sustainability and considering the ecological impact of its materials and products, the Company has streamlined its recycling processes and developed a new product line featuring the highest possible pre-consumer and post-consumer aluminium content.

To accomplish this, the Company has focused on striking a balance between the needs of society, the environment, and the economy across its operations and value chain. This commitment to sustainability has led the Company to become the first aluminium extrusion company in Asia and the Middle East to achieve the Cradle to Cradle Certified® (C2C) Silver certification issued by the Cradle to Cradle Products Innovation Institute, an independent non-profit organisation working with manufacturers and assessing products based on their environmental and social performance across five key categories (material health, material reuse, renewable energy and carbon management, water stewardship, and social fairness). The C2C Silver certification is awarded to products that meet specific criteria within these categories, indicating a high level of sustainability and environmental responsibility. As a pioneering aluminium extruder, the Company continues to concentrate its efforts on areas where it can make the most significant impact, such as facilitating a low-carbon society by reducing greenhouse gas emissions, conserving resources, and promoting social progress.

Additionally, the Company's dedication to sustainability aligns with the broader goals set forth by the Saudi Vision 2030. By placing a strong emphasis on environmentally friendly practices and sustainable growth, the Company not only positions itself as a responsible corporate citizen but also contributes to the achievement of the Kingdom's long-term objectives. In doing so, the Company reinforces its commitment to a more sustainable future while simultaneously enhancing its appeal to environmentally conscious investors and clients.

4.4.3.11 Solid Financial Performance

The Company has demonstrated a solid financial performance over the past three financial years ended 31 December 2020G, 2021G and 2022G, and the six-month period ended 30 June 2023G. During this period, the bottom line experienced a compound annual growth rate (CAGR) of 32.7 per cent., increasing from SAR 35.5 million in the financial year ended 31 December 2020G to SAR 74.7 million in the financial year ended 31 December 2022G and to SAR 39.8 million in the six-month period ended 30 June 2023G. This robust growth can be attributed to several key factors that have contributed to the Company's success in the marketplace.

One of the primary drivers of this growth has been the increase in production, which was facilitated by the expansion of contracts and the Company's ability to meet rising market demand. The Company's ongoing commitment to innovation and the development of new products and services has enabled it to remain at the forefront of the industry, thereby securing a steady stream of business opportunities.

Effective cost management has also played a significant role in the Company's financial success. By implementing strategic cost-saving measures and continuously optimising operational efficiency, the Company has managed to lower its production costs. This, in turn, has contributed to the improvement of profit margins and the overall financial performance.

Additionally, the Company's utilisation of its assets has been highly efficient, ensuring that resources are used optimally to maximise returns. This effective utilisation has not only facilitated growth but also bolstered the Company's financial stability, ultimately benefiting both the Company and its Shareholders.

4.4.4 Strategy

The Company's corporate strategy is built on a foundation of continuous growth and value creation for its stakeholders. This strategy is guided by a clear vision, mission, and core values that emphasise innovation, client satisfaction, and long-term success. The key strategic pillars of the Company's corporate strategy are:

4.4.4.1 Enhancing Operational Efficiency and Cost Management

The Company places great importance on enhancing operational efficiency and cost management to maintain a competitive edge in the market while delivering high-quality products and services to its clients. Streamlining processes and optimising resource utilisation are two key aspects that enable the Company to reduce operational costs and improve overall performance. The Company invests in state-of-the-art technology and equipment to support these endeavours, ensuring that teams have access to tools and resources that allow them to work efficiently and effectively.

Additionally, the Company regularly reviews its supply chain to identify opportunities for cost reduction and improved efficiency. By forging strategic partnerships with suppliers and manufacturers, the Company can leverage economies of scale and secure favourable pricing for raw materials and services. Internally, the Company promotes a culture of continuous improvement by encouraging employees to identify areas for cost savings and process optimisation.

The strategy also involves pursuing high grading and shifting the product portfolio towards higher margin segments. By increasing the share of value-added products, the Company can create greater opportunities for profitability and sustainable growth.

By fostering an environment that values collaboration and open communication, the Company can quickly identify and address potential inefficiencies, leading to a more streamlined and cost-effective operation. This focus on operational efficiency and cost management, combined with the pursuit of higher margin segments and value-added products, ultimately supports the Company's long-term success.

4.4.4.2 Expansion and Diversification

The Company aims to expand and diversify its product and service offerings to capitalise on new market opportunities and mitigate risks associated with overreliance on a single sector. By exploring new market segments, entering new geographies, and identifying strategic partnerships, the Company can strengthen its position in the building and construction industry while also exploring adjacent markets that offer growth potential.

To achieve this expansion and diversification, the Company conducts thorough market research and analysis to identify potential areas of growth, both domestically and internationally. This includes understanding emerging trends, consumer preferences and market dynamics that can inform the Company's strategic direction.

Moreover, the Company actively seeks strategic alliances and partnerships with other industry players to leverage their expertise and market presence. By collaborating with these partners, the Company can benefit from shared resources, knowledge, and networks, enabling it to better serve clients and expand its reach.

4.4.4.3 Fostering a Culture of Innovation and Continuous Improvement

The Company is dedicated to nurturing a culture of innovation and continuous improvement, ensuring that its teams are equipped with the latest industry knowledge and skills. By investing in research and development (R&D), the Company aims to stay ahead of market trends, maintain its leadership position in the industry, and drive growth through the development of new products and services.

The Company's R&D initiatives focus on areas that result in niche products, enhance the client experience and improve operational efficiency. By fostering an environment that encourages experimentation, collaboration and learning, the Company empowers its employees to think creatively and contribute to the development of innovative solutions.

In addition to R&D, the Company also emphasises the importance of continuous learning and development for its employees. By providing access to training programmes, industry conferences, and other learning opportunities, the Company ensures that its workforce remains up-to-date with the latest industry developments and is equipped with the necessary skills to drive the company's growth.

4.4.4.4 Emphasis on Client Satisfaction and Long-term Relationships

The Company prioritises client satisfaction and long-term relationships with its clients, recognising that these factors are crucial to the Company's success and growth. By understanding and anticipating the needs of clients, the Company can tailor its products and services to deliver solutions that not only meet but exceed expectations.

To achieve this, the Company invests in developing a deep understanding of its clients through ongoing communication, feedback and market research. By actively engaging with clients and listening to their concerns, the Company can identify areas for improvement and opportunities for innovation. This approach enables the Company to make data-driven decisions and adapt its offerings to better suit client needs.

In addition to focusing on product and service quality, the Company also emphasises the importance of building strong, long-lasting relationships with clients. By offering exceptional client service and after-sales support, the Company demonstrates its commitment to the success of its clients and partners. This dedication to client satisfaction not only fosters loyalty but also creates opportunities for repeat business and positive word-of-mouth referrals.

Furthermore, the Company continually seeks to enhance the client experience through digital solutions and technology, streamlining processes to make it easier for clients to do business with the Company. By prioritising client satisfaction and long-term relationships, the Company can ensure its ongoing success and growth in the building and construction industry.

4.4.4.5 Securing Raw Materials through Annual Agreements

The Company is committed to securing raw materials at favourable prices through annual agreements, ensuring a stable supply even during volatile market conditions and crises. By forging long-lasting partnerships with suppliers, the Company can negotiate more advantageous terms and pricing, minimising the impact of market fluctuations on its operations.

This approach is complemented by the Company's in-house recycled billets production, which further strengthens its position in the market by providing a reliable source of raw materials. The combination of long-term agreements and in-house production capabilities enables the Company to maintain consistent quality and availability of its products, offering clients greater assurance and peace of mind.

Furthermore, these strategic initiatives help the Company to mitigate risks associated with fluctuating costs of raw materials, contributing to more predictable financial performance and better cost management. In turn, this allows the Company to maintain competitive pricing for its clients while ensuring the profitability and sustainability of its operations.

By prioritising client satisfaction and long-term relationships, along with securing raw materials through long-term agreements and in-house production, the Company can ensure its ongoing success and growth in its various industries.

4.4.4.6 Focus on Sustainable Practices and Environmental Stewardship

The Company is committed to sustainable practices and environmental stewardship, recognising the importance of reducing its environmental impact and promoting responsible business practices within its various industrial processes. This commitment aligns with the Saudi Vision 2030 and positions the Company as a leader in environmental responsibility.

To achieve this, the Company continually evaluates and improves its processes, seeking ways to minimise waste, conserve resources, and reduce energy consumption. By adopting advanced technologies and incorporating eco-friendly materials and processes, the Company aims to reduce its carbon footprint and contribute to a more sustainable future.

The Company also collaborates with suppliers, partners, and stakeholders to promote sustainable practices throughout its supply chain. By actively engaging with its partners and sharing best practices, the Company can foster a culture of environmental responsibility and drive positive change within the industry.

Through its focus on sustainable practices and environmental stewardship, the Company not only enhances its reputation as a responsible corporate citizen but also attracts environmentally conscious clients and investors, thereby ensuring its continued success and growth.

4.4.4.7 Global Expansion and Export Excellence with a Focus on New Products and Markets

The Company is committed to global expansion and export excellence, continually seeking opportunities to extend its reach and enter new markets. This strategy not only enables the Company to diversify its revenue streams but also enhances its competitiveness on the international stage.

One aspect of the Company's global expansion strategy is to support upcoming manufacturing industries in the Kingdom by adding higher capacity machinery to cater to extruded aluminium profiles requirements of industrial segments and offering a wide range of grades/alloys. To serve more clients and acquire additional production capacity for thermoset powder coating and aluminium accessories, the Company plans to establish new facilities in the Kingdom and overseas.

In addition to expanding its manufacturing capabilities, the Company aims to innovate and bring solutions to current challenges in metal powder coatings based on market research and trends. This approach will open new finishing market areas and enable the Company to diversify its product offerings.

To further its global expansion efforts, the Company actively explores and identifies new markets with growth potential, such as the USA and Europe. This involves conducting comprehensive market research, building relationships with local stakeholders, and tailoring its products and services to meet the unique needs of each market.

Currently, the Company has a strong presence in the MENA region, with approximately 26.0 per cent. of its total sales coming from export clients in 2022G. By leveraging its highly experienced team, who are proficient in handling export clients from initial inquiry to logistics, the Company has developed a strong export client base and a reputation for manufacturing high-quality products.

The Company remains focused on maintaining export excellence by adhering to international quality standards, ensuring timely deliveries and providing exceptional client service. By concentrating on these key areas, the Company can sustain its export growth, attract new clients, and solidify its position as a global player in the aluminium products market.

4.4.4.8 Talent Development and Employee Retention

Recognising the importance of human capital in driving the Company's success, the Company invests in talent development and employee retention. By attracting and retaining the best talent in the industry, it can maintain its competitive edge and ensure continued growth.

To achieve this, the Company offers comprehensive training and development programmes for its employees, providing them with the skills and knowledge necessary to excel in their roles. These programmes cover a wide range of topics, including technical skills, management and leadership development. By fostering a culture of continuous learning, the Company ensures that its workforce remains up-to-date with the latest industry developments and best practices.

Furthermore, the Company prioritises employee engagement and satisfaction, regularly seeking feedback and implementing measures to improve the working environment. This includes offering competitive compensation packages, fostering a positive company culture, and providing opportunities for career growth and advancement.

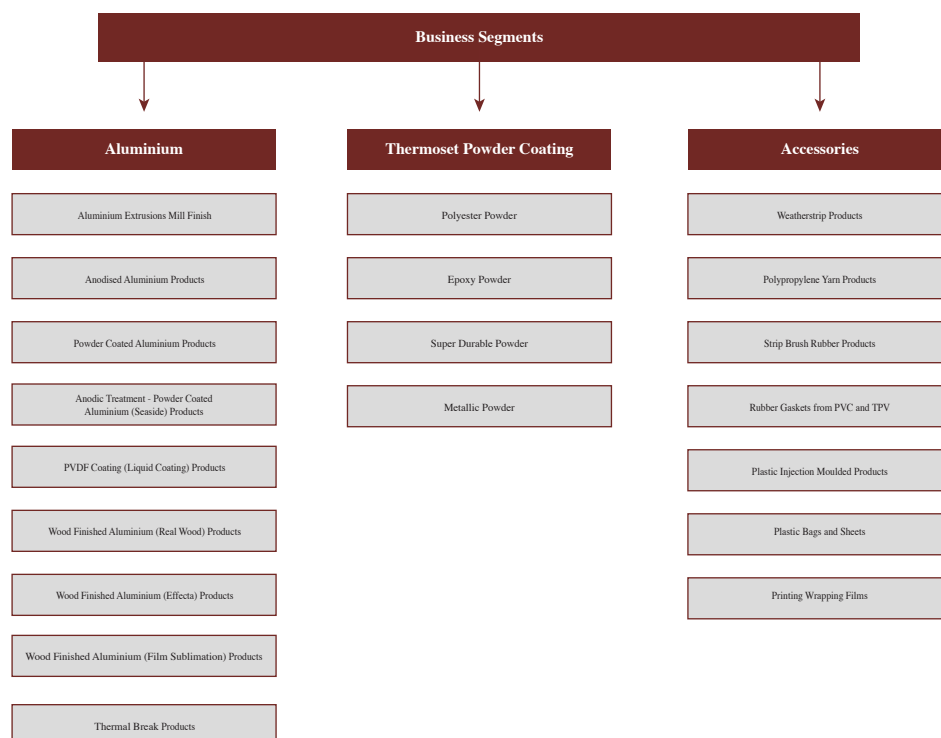
4.5 Overview of the Company's Business

4.5.1 Business Segments

The Company's core activities consist of three principal business segments and several subsegments.

The following chart shows the Company's various business segments and subsegments as of the date of this Prospectus:

Exhibit 4.2: Business Segments and Subsegments of the Company as of the Date of this Prospectus



Source: The Company.

The Company's three principal business segments consist of the following:

- Aluminium:** The Company designs, manufactures and markets a diverse range of aluminium products to a broad range of clients. The aluminium products segment consists of sub-segments, such as aluminium extrusions (various aluminium alloys) mill finish, anodised aluminium, powder coated aluminium, anodic treatment - powder coated aluminium (seaside), PVDF coating (liquid coating), wood finished aluminium (real wood), wood finished aluminium (Effecta), wood finished aluminium (film sublimation) and thermal break products. Aluminium products are manufactured by the Company.
- Thermoset Powder Coating:** The Company manufactures and markets an extensive range of thermoset powder coating products catering to a broad range of clients. The thermoset powder coating products segment consists of sub-segments, such as polyester powder, epoxy powder, super durable powder and metallic powder products. Thermoset powder coating products are manufactured by Alwan.
- Accessories:** The Company designs, manufactures and markets a wide variety of accessories to a broad range of clients. The accessories segment consists of sub-segments, such as weatherstrip, polypropylene yarn, strip brush/rubber, rubber gaskets from PVC and TPV, plastic injection moulded components, plastic bags and sheets and printing wrapping films products. Accessories are manufactured by Alfa.

The following table highlights the products manufactured by the Company. For each product and service category, the name of the relevant branch that manufactures them and the average share of each product in the revenue of the Company in the financial years ended 31 December 2020G, 2021G and 2022G, and the six-month period ended 30 June 2023G are provided below:

Table 4.12: List of Company's Products in the Financial Years Ended 31 December 2020G, 2021G and 2022G, and the Six-Month Period Ended 30 June 2023G

Business Segments/ Subsegments	Product Description	Relevant Branch/Entity	Average share of revenue (%) ⁽¹⁾
Aluminium			
Aluminium Extrusions Mill Finish	Extruded aluminium profiles in various alloys, through an extrusion process and used in architectural, engineering, electrical and industrial applications without further surface treatment.	Manufactured by the Company	42.80%
Anodised Aluminium	An electrochemical process that forms a porous aluminium oxide layer and incorporates colour, producing a durable, aesthetic, and weather-resistant finish for a wide range of industrial and architectural applications.		6.20%
Powder Coated Aluminium	A protective and decorative finish applied to aluminium profiles using an electrostatically sprayed polyester powder, after pretreatment of the aluminium surface commonly used for architectural systems and industrial applications.		32.66%
Anodic Treatment - Powder Coated Aluminium (Seaside)	A pre-treatment process of anodising technology done prior to powder coating that enhances durability and corrosion protection, particularly suited for seaside architectural systems and industrial aluminium profiles.		-
PVDF Coating (Liquid Coating)	A multi-step liquid spray coating process for superior weather resistance used in architectural aluminium applications along with surface treatment of the substrate prior to liquid spray.		0.02%
Wood Finished Aluminium (Real Wood)	A decorative finish providing a highly durable, easy-to-clean, and maintenance-free product with excellent resistance to heat, humidity, salt, detergents, and ultraviolet rays, suitable for indoor and outdoor residential and commercial building applications.		2.19%
Wood Finished Aluminium (Effecta)	An innovative wood finished aluminium product that draws its specialty from mimicking the intricate details of real wood while also providing the robustness and low maintenance of aluminium		3.01%
Wood Finished Aluminium (Film Sublimation)	An impressive aesthetic appeal paired with the rigidity and longevity of aluminium. Particularly used for interior applications.		0.10%
Thermal Break	A material inserted within an aluminium window frame to minimise temperature transfer, separating the frame into separate interior and exterior sections, and reducing heat or cold transfer to enhance energy efficiency and comfort.		0.96%

Business Segments/ Subsegments	Product Description	Relevant Branch/Entity	Average share of revenue (%) ⁽¹⁾	
Thermoset Powder Coating				
Polyester Powder	A thermoset powder coating derived from saturated polyester resins, providing outdoor durability, decorative properties, and environmental friendliness, primarily used for thermoset applications like appliances and architectural elements.	Manufactured by Alwan	5.24%	5.54%
Epoxy Powder	A protective coating with superior adhesion, chemical and corrosion resistance, and customisable finishes, designed for optimal mechanical performance on substrates such as steel and aluminium, suitable for applications without long-term UV light or exterior weathering exposure.		0.12%	
Super Durable Powder	An advanced powder coating designed for exceptional longevity and resistance to harsh environmental conditions, including UV exposure, humidity, and chemicals.		0.17%	
Metallic Powder	A specialised powder coating with a metallic appearance, enhancing the visual appeal of surfaces. It combines the benefits of a durable powder coating with a reflective, metallic finish, making it an excellent choice for decorative applications on various substrates, including metal.		-	
Accessories				
Weatherstrip	Pile weatherstrips, made of 100.0 per cent. polypropylene, are applied to doors, windows and furniture to seal against sound, dust, water, light, and insects.	Manufactured by Alfa	1.48%	4.24%
Polypropylene Yarn	PP Yarn is a versatile material used as both a finished product for stitching bags and a raw material for creating webbings, ropes, and belts.		0.03%	
Strip Brush/Rubber	Strip brushes and rubbers seal gaps, primarily on the exterior of outswing doors, to protect against air, water, and noise.		0.02%	
Rubber Gaskets from PVC and TPV	These products seals and gaskets provide effective sealing solutions for windows, doors, and other architectural elements by filling surface irregularities.		2.33%	
Plastic Injection Moulded	These products, mainly made from PP and HDPE, are used in various applications such as kitchenware, flowerpots, end caps, and toys.		0.13%	
Plastic Bags and Sheets	Primarily made from PE, these products are used as carry bags, wrapping films, waste collection bags, and protective films.		-	
Printing Wrapping Films	These customisable film rolls are used for protecting and advertising heavy and bulk items like aluminium profiles during transportation and storage.		0.25%	

Source: The Company.

⁽¹⁾ The percentages are rounded.

4.5.1.1 Aluminium Segment

The Company is a leader in the manufacture of aluminium products, supplying its products to over 26 countries, including the GCC countries, the MENA region, East Asia, Australia, the United States and Europe. Operations in the aluminium segment commenced in 1974G upon the establishment of a factory in Riyadh (Al Taiseer Aluminium Factory). Subsequently, several expansions were carried out and the annual production capacity of the factory increased from 10,000 MT in 1994G to 20,000 MT in 2000G and to 60,000 MT as of 30 June 2023G. In 1974G, a second factory – fabrication plant – was established in Riyadh with a production capacity of 10,000 MT as of 30 June 2023G. In 2007G, a third factory was established in Jeddah (Al Taiseer Aluminium Factory) with a production capacity of 20,000 MT as of 30 June 2023G. As of the date of this Prospectus, the Company operates its two factories in Riyadh and the one in Jeddah on an area of 81,200 m². The Company has grown significantly in the aluminium segment and is now able to compete technically and commercially alongside major regional aluminium companies.

In the financial years ended 31 December 2020G, 2021G and 2022G, and the six-month period ended 30 June 2023G, the aluminium segment generated SAR 359.3 million, SAR 481 million, SAR 652 million and SAR 292.7 million, respectively, in revenue, representing 100.0 per cent., 92.8 per cent., 86.9 per cent. and 87.0 per cent., respectively, of the Company's total revenue for the same period.

(a) Aluminium Products

The Company designs, manufactures and markets a wide range of aluminium products in various alloys, to a broad range of clients. The aluminium products segment consists of the following nine sub-segments:

(i) Aluminium Extrusions Mill Finish Products

The construction and various other industries constantly seek versatile, cost-effective and adaptable materials. Aluminium extrusions with a mill finish are an ideal solution that meets these requirements. The Company excels in producing high-quality extruded aluminium products for diverse market needs and applications.

Mill finish refers to the natural surface appearance of materials as they leave the mill, without any additional finishing processes to improve the surface aesthetically. This finish is particularly cost-effective and fit for purpose, making it a popular choice for construction and manufacturing. However, it may not be ideal for applications that require a sleek, polished appearance. Aluminium extrusions are versatile, coming in various shapes and sizes, which makes them a popular choice across different sectors. The Company produces these extrusions using a range of high-quality alloys to ensure they meet diverse market needs. State-of-the-art production lines, supplied by SMS Company Germany, enable the Company to manufacture a broad spectrum of products.

The Company's aluminium extrusion mill finish products cater to various sectors, including architectural applications such as building facades, doors, windows and curtain walls for structures. Additionally, the Company serves the decorative and industrial sectors with applications ranging from kitchens, truck bodies, scaffolding and formwork to solar components, electrical cable carriers and air conditioning channels, among other industrial products.

In the financial years ended 31 December 2020G, 2021G and 2022G, and the six-month period ended 30 June 2023G, the aluminium extrusions mill finish products generated SAR 128.3 million, SAR 229.8 million, SAR 335.6 million and SAR 137.7 million, respectively, in revenue, representing 35.7 per cent., 44.3 per cent., 44.8 per cent. and 40.9 per cent., respectively, of the Company's total revenue for the same periods.

(ii) Anodised Aluminium Products

Anodised aluminium products have become essential for various industries requiring a durable and attractive finish on aluminium surfaces. The Company is at the forefront of providing high-quality anodising colouring services, catering to a wide range of applications and offering an extensive selection of colours and finishes.

The anodising process involves an electrochemical technique that colours aluminium while forming a protective layer on the metal's surface. By submerging the metal in an electrolyte solution and applying an electric current, an oxidised surface is created that exhibits enhanced resistance to corrosion and wear. This method of colouring aluminium is both durable and long-lasting, resisting fading, chipping and peeling. It increases surface hardness and corrosion resilience while also improving lubrication and adhesion.

The versatility of the anodising technique allows for the production of a wide array of colours and finishes to suit various applications and aesthetic preferences. The Company prides itself on its anodising and electro colouring facilities, which are known for delivering consistent and uniform distribution of colours on surfaces. This consistency is achieved through the use of advanced equipment and technology.

Available colour options provided by the Company include silver, champagne, light bronze, medium bronze, dark bronze, black, and gold, with thicknesses ranging from 8 to 25 microns. To further enhance the appearance of the product, mechanical polishing can be employed to apply the desired gloss. This level of customisation ensures that the Company's anodised aluminium products can cater to a diverse array of client requirements and preferences.

In the financial years ended 31 December 2020G, 2021G and 2022G, and the six-month period ended 30 June 2023G, the anodised aluminium products generated SAR 27.3 million, SAR 34.8 million, SAR 43.3 million and SAR 19.4 million, respectively, in revenue, representing 7.6 per cent., 6.7 per cent., 5.6 per cent. and 5.8 per cent., respectively, of the Company's total revenue for the same periods.

(iii) Powder Coated Aluminium Products

Powder coating is a unique method of applying a coating to surfaces, after the surface is pre-treated with chemical process for corrosion resistance. It involves the use of dry, powdered material instead of a liquid coating suspension. The powder is then cured under heat, resulting in a robust, durable finish. This process is employed to protect and decorate a wide range of products, such as metal furniture, appliances, automotive components and architectural elements.

The Company produces high-quality, durable finishes that exhibit resistance to wear and corrosion. Powder coating is a prevalent technique for protecting and embellishing various products, and its popularity is expected to persist as more businesses and clients seek resilient, long-lasting finishes for their items.

In compliance with industry-approved quality standards, the Company operates four vertical lines and two horizontal lines. The standard treated surface length is 7 metres, though the lines can accommodate lengths of up to 9.5 metres upon request. The lines are capable of processing a diverse array of coatings, including polyester powder coatings, super-durable powder coatings, hyper durable powder coatings, metallic finishes and PVDF coatings (liquid coatings).

In the financial years ended 31 December 2020G, 2021G and 2022G, and the six-month period ended 30 June 2023G, the powder coated aluminium products generated SAR 155.3 million, SAR 170.2 million, SAR 214.1 million and SAR 113.8 million, respectively, in revenue, representing 43.2 per cent., 32.8 per cent., 28.5 per cent. and 33.8 per cent., respectively, of the Company's total revenue for the same periods.

(iv) Anodic Treatment - Powder Coated Aluminium (Seaside) Products

Anodic treatment – powder coated aluminium (seaside) is a surface treatment technique employed to enhance the corrosion and wear resistance of aluminium and its alloys. This type of anodising is characterised by an exceptionally thin anodic oxide layer, typically measuring 3 to 8 microns thick, which ensures complete surface coverage, both inside and outside. As a simple and effective method, anodic treatment bolsters the corrosion and wear resistance of aluminium and its alloys. This cost-effective process is widely used across various industries and has been adopted by the Company to support the architectural aluminium sector.

The Company's anodic treatment - powder coated aluminium (seaside) products are one of the first of their kind in the MENA region. The aluminium extrusions on the anodising line are processed to give a consistent anodising layer on the entire inner and outer surface of the treated aluminium. Once the anodising is complete, the materials are transferred to the powder coating automatically, without human intervention. Lengths of up to seven metres can be processed, using powders such as polyester, super durable, and hyper durable.

The Company's anodic treatment - powder coated aluminium (seaside) products cater to a wide range of applications, particularly in the architectural aluminium sector, where durability and resistance are crucial. By offering a warranty of up to 30 years for its anodic treatment - powder coated aluminium (seaside) products, the Company demonstrates its commitment to providing high-quality, long-lasting solutions that meet the diverse needs of its clients. As a result, the Company continues to strengthen its market position and contribute to the growth and development of various industries that rely on aluminium and its alloys.

In the financial years ended 31 December 2020G, 2021G and 2022G, and the six-month period ended 30 June 2023G, the anodic treatment - powder coated aluminium (seaside) products did not generate any revenues but contributed to providing the Company with its competitive advantage of being one-stop solution for its clients.

(v) PVDF Coating (Liquid Coating) Products

Polyvinylidene fluoride (PVDF) coating (liquid coating) has emerged as a preferred choice for various industrial and commercial applications due to its durability, chemical resistance, and weatherability. This high-performance coating offers a range of advantages that make it ideal for protecting and enhancing the appearance of numerous products.

One of the primary benefits of PVDF spray coating is its 2-coat, 3-coat system with thin coating. This attribute, combined with its strong weather resistance, ensures that PVDF-coated products do not easily fade or discolour, making it a popular option across a wide array of industries and seaside applications for enhanced corrosion resistance.

The Company, recognising the myriad benefits of PVDF coating (liquid coating), has incorporated this advanced technology into its product offerings. By utilising PVDF coatings (liquid coatings), the Company can provide high-quality, durable and aesthetically appealing products that cater to diverse industrial and commercial requirements. This innovative approach allows the Company to offer a broad range of solutions, including architectural components and other metal products that require long-lasting protection and an attractive finish.

The adoption of PVDF coatings (liquid coatings) further underscores the Company's commitment to delivering innovative, reliable, and environmentally conscious solutions to its clients. As a result, the Company continues to strengthen its market position and contribute to the growth and development of various industries that rely on these advanced coating technologies.

In the financial years ended 31 December 2020G and 2021G, the PVDF coatings (liquid coatings) products generated SAR 0.1 million and SAR 0.3 million, respectively, in revenue, representing 0.03 per cent. and 0.06 per cent., respectively, of the Company's total revenue for the same periods, and PVDF coatings (liquid coatings) products did not generate any revenues in the financial year ended 31 December 2022G and the six-month period ended 30 June 2023G. While the revenue generated by the PVDF coatings (liquid coatings) products was quite insignificant, they contributed to providing the Company with its competitive advantage of being one-stop solution for its customers.

(vi) Wood Finished Aluminium (Real Wood) Products

The Company distinguishes itself as a pivotal provider of exquisite wood finishing products, seamlessly merging aesthetic appeal with functional durability across varied applications and settings. Offering a versatile and innovative range of decorative wood coatings, it ensures it meets diverse needs in both external and internal environments, with a catalogue featuring three prominent types of wood finishes. Real wood and Effecta finishes specialise in enhancing external applications like windows and doors with natural, wood grain patterns, while the film sublimation provides a multi-coloured, thin layer suitable for internal use, offering an exclusive aesthetic touch to interiors. Beyond mere visual enhancement, these meticulously crafted finishes provide an element of protection to the underlying surfaces, ensuring that they remain resistant to wear and tear, even in demanding settings, affirming the Company's commitment to providing innovative, reliable and aesthetically appealing solutions that reinforce its robust market position and facilitate the growth and development of various industries that rely on these advanced wood finishing technologies.

The "real wood" finished aluminium products are celebrated for their capability to amalgamate the authentic, rich and warm aesthetics of real wood with the strength, resilience and low maintenance of aluminium. Through a meticulous process that involves adhering a layer of genuine wood to the aluminium substrate, these products offer a bona fide wooden appearance while reaping the benefits of aluminium's longevity and resistance to diverse environmental conditions. Designed for both internal and external applications, these offerings find extensive usage in structures where the charm of real wood is desired without compromising on durability and maintenance, such as in windows, facades, doors and architectural detailing. The application of real wood affords a visually enchanting and tactile experience, making it a preferred choice for projects that require a luxurious and natural aesthetic touch.

In the financial years ended 31 December 2020G, 2021G and 2022G, and the six-month period ended 30 June 2023G, the wood finished aluminium (real wood) products generated SAR 12.2 million, SAR 11.1 million, SAR 14.4 million and SAR 6.1 million, respectively, in revenue, representing 3.4 per cent., 2.1 per cent., 1.9 per cent. and 1.8 per cent., respectively, of the Company's total revenue for the same periods.

(vii) Wood Finished Aluminium (Effecta) Products

Effecta is an innovative wood finished aluminium product that draws its specialty from mimicking the intricate details of real wood while also providing the robustness and low maintenance of aluminium. Ideal for external applications where durability is pivotal, such as cladding, shutters, and fences, Effecta offers a stunning visual appeal along with an assurance of long-lasting performance, even under harsh environmental conditions. It gives an authentic wood feel, ensuring a rich aesthetic appeal, while its aluminium core ensures that the products are sturdy, weather-resistant, and require minimal maintenance. Moreover, this finish is not only eco-friendly but also ensures that the designs remain vibrant and untarnished over an extended period. Effecta, therefore, combines the best of both worlds - the timeless aesthetic appeal of wood and the strength and durability of aluminium.

In the financial years ended 31 December 2020G, 2021G and 2022G, and the six-month period ended 30 June 2023G, the wood finished aluminium (Effecta) products generated SAR 20 million, SAR 18.3 million, SAR 18.2 million and SAR 5.5 million, respectively, in revenue, representing 5.6 per cent., 3.5 per cent., 2.4 per cent. and 1.6 per cent., respectively, of the Company's total revenue for the same periods.

(viii) Wood Finished Aluminium (Film Sublimation) Products

The wood finished aluminium products utilising film sublimation technology offer an impressive aesthetic appeal paired with the rigidity and longevity of aluminium. Particularly used for interior applications, this method employs a heat process to transfer dye onto the aluminium, resulting in a vibrant, detailed, and durable wood-like finish. The film sublimation products find their use predominantly in indoor applications, such as interior wall cladding, furniture, and partition walls, where the aesthetic appeal is paramount. Their ability to replicate the minutiae of natural wood grains, while offering a plethora of design options and a significantly reduced need for maintenance, makes them an attractive choice for designers and architects aiming to balance aesthetics with practicality.

In the financial years ended 31 December 2020G, 2021G and 2022G, and the six-month period ended 30 June 2023G, the wood finished aluminium (film sublimation) products generated SAR 0.5 million, SAR 0.5 million, SAR 0.7 million and SAR 0.4 million, respectively, in revenue, representing 0.1 per cent., 0.1 per cent., 0.1 per cent. and 0.1 per cent., respectively, of the Company's total revenue for the same periods. While the revenue generated by the wood finished aluminium products (film sublimation) was quite insignificant, they contributed to providing the Company with its competitive advantage in providing integrated and comprehensive solutions to its customers.

(ix) Thermal Break Products

In modern society, energy efficiency and comfort are top priorities when it comes to the construction of buildings. The Company, keeping these factors in mind, offers thermal break products that address these concerns effectively. These products not only contribute to energy conservation but also enhance the overall comfort and aesthetic appeal of buildings.

Thermal break products involve the joining of two extruded aluminium sections using insulators that act as a barrier to prevent heat or cold transfer between the sections. This innovative solution is commonly employed on the external surfaces of buildings, particularly high-rise structures, to optimise energy efficiency. By reducing the transfer of heat or cold, these products contribute to lowering air-conditioning costs and, consequently, energy consumption.

Another advantage of the Company's thermal break system is the flexibility it offers in terms of finishes. These heat-insulated sections can be tailored with different finishes for both interior and exterior surfaces, providing a customised appearance that enhances the overall aesthetic appeal of a building. Furthermore, the thermal break system can also aid in noise reduction, potentially decreasing noise levels by up to 30.0 per cent., which greatly improves the comfort of building occupants.

In addition to their energy-saving and comfort-enhancing benefits, the Company's thermal break products also demonstrate a commitment to sustainability. By promoting the efficient use of resources and reducing the carbon footprint associated with building construction and operation, these products contribute to a greener and more sustainable built environment.

In the financial years ended 31 December 2020G, 2021G and 2022G, and the six-month period ended 30 June 2023G, the thermal break products generated SAR 3.8 million, SAR 3.7 million, SAR 9.2 million and SAR 3.0 million, respectively, in revenue, representing 1.1 per cent., 0.7 per cent., 1.2 per cent. and 0.9 per cent., respectively, of the Company's total revenue for the same periods. While the revenue generated by the thermal break products was quite insignificant, they contributed to providing the Company with its competitive advantage of being one-stop solution for the building and construction industry.

(b) Manufacturing of Aluminium Products

(i) Manufacturing Facilities and Capacity for Aluminium Products

The Company has three aluminium product manufacturing facilities, two in Riyadh and one in Jeddah.

Al Taiseer Group TALCO Industrial Company, Riyadh, Kingdom of Saudi Arabia

The Company operates a manufacturing facility in the Second Industrial City in Riyadh. Established in 1974G, it had 600 employees and consists of 45,000 m² of covered manufacturing space and 20,000 m² of yard and warehouse space as of 30 June 2023G. It is dedicated to the manufacture of aluminium extrusions including surface functional and decorative finishes and recycling of aluminium scrap and has the following certifications: ISO 9001: 2015 Quality Management System, ISO 14001: 2015 Environmental Management System and ISO 45001: 2018 Occupational Health, and Safety Management System and SASO certification. It also has SA 8000 certification for social accountability, Qualicoat certification for powder coating, Qualanod certification for anodising, and Environment product Declaration (EPD), Cradle to Cradle Certified® (C2C) Silver certification, ISO/IEC 27001:2013 Information Security Management System ISO/IEC 27009:2020 Information Security, Cyber Security, and Privacy protection-sector- specific application of ISO/IEC 27001. There is office space for administration and management and a training centre that can accommodate 25 people.

Al Taiseer Group TALCO Industrial Company (powder coating division), Jeddah, Kingdom of Saudi Arabia

The Company operates a manufacturing facility in the Industrial City in Jeddah. Established in 2007G, it had 13 employees and consists of 3,900 m² of covered manufacturing space and 400 m² of yard and warehouse space as of 30 June 2023G. It is dedicated to the manufacture of application of powder coating.

Al Taiseer Group TALCO Industrial Company (fabrication division), Riyadh, Kingdom of Saudi Arabia

The Company operates a manufacturing facility in the Second Industrial City in Riyadh. Established in 1974G, it had 21 employees and consists of 7,000 m² of covered manufacturing space and 3,000 m² of yard and warehouse space as of 30 June 2023G. It is dedicated to the manufacture of aluminium doors, windows and kitchen cabinets and has the following certifications: ISO 9001:2015 QMS certification.

The following table illustrates the actual and maximum production capacity of the Company's factories in the aluminium products segment in the financial years ended 31 December 2020G, 2021G and 2022G, and the six-month period ended 30 June 2023G:

Table 4.13: Actual and Maximum Production Capacity of the Company's Factories in the Financial Years Ended 31 December 2020G, 2021G and 2022G, and the Six-Month Period Ended 30 June 2023G

Products	Financial Years Ended 31 December						Six-Month Period Ended 30 June	
	2020G		2021G		2022G		2023G	
	Actual	Maximum	Actual	Maximum	Actual	Maximum	Actual	Maximum
Aluminium Extrusions Mill Finish (in MT)	29,402	60,000	33,717	60,000	40,159	60,000	18,905	30,000
Anodised Aluminium (in MT)	2,637	6,000	2,839	6,000	2,899	6,000	1,205	3,000
Powder Coated Aluminium (in MT)	16,725	33,000	14,784	33,000	17,290	33,000	8,225	16,500
Anodic Treatment - Powder Coated Aluminium (Seaside) (in MT)	-	4,800	-	4,800	-	4,800	-	2,400
PVDF Coating (Liquid Coating) (in MT)	43	350	19	350	25	350	-	175

Products	Financial Years Ended 31 December						Six-Month Period Ended 30 June	
	2020G		2021G		2022G		2023G	
	Actual	Maximum	Actual	Maximum	Actual	Maximum	Actual	Maximum
Wood Finished Aluminium (Real Wood) (in MT)	932	1,300	725	1,300	431	1,300	391	650
Wood Finished Aluminium (Effecta) (in MT)	1,510	2,500	1,274	2,500	500	2,500	359	1,250
Wood Finished Aluminium (Film Sublimation) (in MT)	30	600	33	600	24	600	22	300
Thermal Break (in MT)	329	1,500	303	1,500	622	1,500	164	750

Source: The Company.

(ii) Manufacturing Process for Aluminium Products

The following are the main manufacturing processes for aluminium products (see also Section 4.5.2 (*Manufacturing Processes*) for an overall discussion of the manufacturing process, including warehousing and distribution):

Manufacturing Process for Aluminium Extrusions Mill Finish

These are the following primary steps in the manufacturing process for aluminium extrusions mill finish:

- **Preparation of Extrusion Die:** A die is a hollow, metal block with the desired shape of the extrusion cut out of it. The die is typically made of high-strength steel or other hard, durable material.
- **Preheating the Aluminium Billet:** An aluminium billet is a thick cylindrical block of aluminium alloy. It is preheated in a furnace or oven to a high temperature, typically around 400 to 500 °C to make the aluminium pliable enough to be extruded through the die. It is then transferred to a holding furnace, where it is kept at the proper temperature for extrusion.
- **Extrusion:** Aluminium is placed into a chamber called the container, which is connected to the die. The container is equipped with a hydraulic ram, which applies pressure (around 25/27 MN) to the aluminium, forcing it through the die and into the desired shape.
- **Cooling:** Aluminium is allowed to cool and solidify with the help of cooling fans and an air quenching unit (to harden the surface through rapid cooling to improve its strength and durability) as it attains room temperature. At this point, the extruded aluminium is in its mill finish state, which means that it has not been subjected to any additional processing or finishing.
- **Stretching:** To bring the extruded aluminium to the required specifications, a stretcher is used to hold each profile mechanically on both ends and pull them until they are fully straight.
- **Cutting, Additional Processing and Packaging:** Finally, the aluminium extrusions are cut to the desired length and packaged for shipping. They may also be subjected to additional processing, such as heat treatment (ageing) to boost their properties, or finishing, such as anodising or painting, depending on the intended use of the final products to enhance their strength, appearance or corrosion protection.

Manufacturing Process for Anodised Aluminium

These are the following primary steps involved in the anodised aluminium process:

- **Cleaning:** The surface of the aluminium product must be thoroughly cleaned to remove any dirt, grease, or other contaminants. This is usually done with a solution of warm water and acid or alkaline cleaning agents, followed by a rinse with clean water.
- **Etching:** The metal is then etched with a solution of sodium hydroxide and additives to create a smooth matt surface that is more receptive to the anodising process.
- **Anodising:** The metal is immersed in an electrolyte bath, which is typically made of diluted sulfuric acid and the bath is controlled within definite temperature range. An electric current is applied to the bath, which causes the surface of the metal to deposit an artificial oxide layer. The thickness of the oxide layer can be controlled by adjusting the voltage and duration of the anodising process.
- **Dyeing/elector colouring:** The oxide layer can be dyed a variety of colours using a dye solution (where the dye is absorbed into the pores of the oxide layer, creating a permanent colour that will not fade or peel) or electro colouring (a combination of AC/DC current and chemicals) used for various lighter or darker shades.
- **Hot Sealing:** Finally, the anodised elector colouring or dyed oxide layer is sealed with a solution of hot water and chemicals to prevent the colour from fading or bleeding. Sealing closes the anodised pores and improves the corrosion resistance of the anodised aluminium product.

Manufacturing Process for Powder Coated Aluminium

These are the following primary steps involved in powder coated aluminium:

- **Surface Preparation:** The surface to be coated must be thoroughly cleaned and treated to ensure that the powder coated aluminium will adhere properly. Any remaining residues and deposits could affect the adhesion of the powder and the quality of the final finish. This may involve sandblasting, degreasing, and etching the surface. After etching and rinsing, desmutting (removal of the surface layer to improve the quality of the surface and to prepare the metal for further processing) and chrome free layer deposition is done followed by deionised water (water with mineral ions removed) rinsing and drying the material in the oven at controlled temperatures.
- **Application of Polyester Powder:** The powder is applied to the surface using electrostatic spray deposition. This application method employs a powder spray booth, powder feeder, electrostatic spray gun, and, depending on the type of gun used, a power unit. During this process, the particles of powder are charged and attracted to the surface to be coated. The powder is applied in a thin, even layer and then cured under heat and any overspray material can be collected by the recovery and retrieval systems and reused in future coating applications.
- **Curing:** The coated surface is placed in an oven and heated to a temperature that is high enough to melt the powder and cause it to flow and form a continuous film. The surface is then heated and the temperature at which it is cured for a specific part is mostly dependent on its size, shape, and thickness, as well as the specific type of powder being used. Generally, a curing oven operating between 200 to 220°C will result in cure times that range between 10 to 20 minutes, during which the powder particles melt and flow together to form a continuous film over the part's surface.
- **Quality Control:** After the powder has been applied and cured, the coated surface is inspected to ensure that it meets the required standards for quality and appearance. Any defects or imperfections will be identified and corrected as needed.
- **Packaging:** The final product is packaged, as necessary.

Manufacturing Process for Anodic Treatment - Powder Coated Aluminium (Seaside)

These are the following primary steps involved in anodic treatment - powder coated aluminium (seaside):

- **Preparation:** The first step in the process is to prepare the surface of the metal to be anodised. This typically involves cleaning the surface to remove any contaminants or impurities, and then etching the surface to smoothen it up.
- **Anodising:** This is done by immersing the metal in an electrolytic solution and applying a direct current voltage to the solution. The metal acts as the anode, and the electrolytic solution acts as the cathode. As a result, oxygen ions from the electrolytic solution are attracted to the anode and form an oxide layer on the surface of the metal of 3 to 8 microns.
- **Powder Coating and Curing:** After rinse and deionised water rinse, the material is dried and then it is powder coated and cured similar to the process used for powder coating.
- **Quality Control:** This step is similar to quality control for powder coating discussed in the manufacturing process for powder coating.
- **Packaging:** The final product is packaged, as necessary.

Manufacturing Process for PVDF Coating (Liquid Coating)

These are the following primary steps involved in PVDF coating (liquid coating):

- **Surface Preparation:** This step is similar to surface preparation for powder coating discussed in the manufacturing process for powder coating.
- **Applying Primer Coating:** The primer is a special paint that is used to stabilise the metal surface and improve the adhesion of the PVDF coating (liquid coating) to the surface. It is typically applied using a spray gun and is allowed to dry partially before the next step.
- **Applying PVDF Coating (Liquid Coating) (or Colour Top Coating):** This is typically done using a spray gun, which atomises the coating into a fine mist that is applied to the surface. The PVDF coating (liquid coating) is typically applied in multiple thin layers, with each layer being allowed to dry before the next one is applied. This process is called electrostatic spraying. Colour pigment is applied on the surface with the application of the top layer of coating, providing the decorative colour required for the aluminium to meet the design requirements and protect the metal surface from the external environment, acid rain and pollution. This is the thickest layer of paint in the spray.
- **Applying Clear Top Coating:** It is the topmost layer or the final coating of the aluminium products. It is a must to cure the products to protect them from weather changes and ensure the durability that comes with their resistance to damage during exposure to tough environments.
- **Curing:** The coated surface is typically heated to a high temperature of 230 to 250°C for 10 to 15 minutes generally to cure it. This process, called baking, causes the coating to harden and become more durable. The baking temperature and time will vary depending on the specific PVDF coating (liquid coating) being used.
- **Quality Control:** This step is similar to quality control for powder coating discussed in the manufacturing process for powder coating.

Manufacturing Process for Wood Finished Aluminium

These are the following primary steps involved in the manufacturing processes for wood finished aluminium products encompassing real wood, Effecta, and film sublimation finishes:

- **Surface Preparation:** In accordance with standard practices, the aluminium surface undergoes thorough cleaning and pretreatment to ensure optimal adhesion for subsequent coatings, similar to the preparations for powder-coated aluminium.
- **Base Coat Application and Partial Curing:** A base coat, typically a polyester powder, is applied and then partially cured at an intermediary temperature (100 to 115°C) for a set period (10 to 15 minutes) to create a partially set surface that is ready for additional coating or treatment.
- **Specific Design Application:** Depending on the specific finish type: (i) for Effecta, a minimal powder mist is applied on the surface as second coating, and design rollers imprint the desired pattern onto the surface; (ii) for real wood finish, powder is passed through the design rubber and allowed to fall on the partially cured base coat creating a distinct design on the aluminium surface, followed by partial curing; or (iii) for film sublimation, a film printed with desired patterns and sublimation inks is placed upon the surface, and under high temperatures, the inks vaporise and permeate the base coat.
- **Final Curing:** Post-design application, the aluminium is exposed to a full cure, typically occurring at around 200°C for approximately 10 minutes, though this may vary based on specific product and design needs to ensure stability and longevity of the finish.
- **Quality Control:** Upon completion of the curing process, stringent quality checks are performed to verify that the final product adheres to predetermined standards of quality, durability, and aesthetic appeal, ensuring a robust and visually appealing wood-like finish on the aluminium products.

The specific techniques and materials used in the wood finish powder on powder on aluminium process will vary depending on the specific product being finished and the desired end result. However, the goal is always to create a durable and attractive wood-like finish on aluminium products.

Manufacturing Process for Thermal Break

These are the following primary steps involved in the manufacturing process for thermal break manufacturing (the same process is used for mill finish, powder coated or anodised materials):

- **Selection of Materials:** The most common materials used for thermal breaks are plastic and foam, which are chosen for their low thermal conductivity and ability to withstand the rigours of the manufacturing process. The plastic or foam is then cut into strips and shaped to fit within the metal frame.
- **Surface Preparation:** The material to be assembled with the thermal strip is cut with teeth known as knurling, a metalworking process that creates a series of small ridges to create a better grip for the thermal strips. The thermal break strips are then inserted into the frame, with care taken to ensure that they are properly aligned and securely in place.
- **Assembly:** The metal frame and thermal break material are joined together using a technique called crimping or barrage, which involves compressing the thermal break material between the two sides of the metal frame. This creates a tight, secure bond that prevents air infiltration and improves the thermal performance of the frame.
- **Testing:** The products are tested to ensure that they meet the desired performance specifications. This is done with a sample cut of the assembled piece of 100 mm and check of the shear force value which it can withstand. The test results are recorded for verification.

(iii) Raw Materials for Aluminium Products

The manufacturing process of aluminium products requires a diverse range of raw materials to ensure that the final products meet the stringent quality and performance standards demanded by clients. The raw materials for each category of aluminium products are set out below. These materials are stored in the Company's warehouses (for further details see Section 4.5.2.7 (*Warehousing and Distribution*) for further details).

Aluminium Extrusions

The primary raw materials used in the production of aluminium extrusions are aluminium ingots and billets. Aluminium ingots are large blocks of aluminium that are created through the smelting of aluminium ores. They are then cast into smaller billets, which are then heated and extruded through a die to create the desired shape. The purity of the aluminium ingots and billets is critical to the quality of the final product. The standard for aluminium extrusions is a minimum of 97.0 per cent. pure aluminium. This high level of purity is necessary to ensure that the extrusions have the desired strength and corrosion resistance. Another raw material used in the production of aluminium extrusions is alloying elements, such as magnesium, silicon, and zinc. These elements are added to the aluminium ingots and billets to improve the strength, corrosion resistance and other properties of the final product. In addition, lubricants are used to reduce friction during the extrusion process and pigments which are used to add colour to the extrusions. These materials are chosen based on their compliance with international standards and are sourced from accredited and reliable suppliers in the Kingdom, such as Saudi Arabian Mining Company (Ma'aden), in Bahrain, such as Aluminium Bahrain (Alba), and in Qatar, Qatalum. The selection of high-quality raw materials ensures the durability and performance of the finished aluminium extrusions.

Anodised Aluminium

The primary raw materials for anodised aluminium are aluminium and acid. The aluminium is typically in the form of extrusions or sheets. The acid is typically an electrolyte solution, which is used to create the oxide layer on the surface of the aluminium. The most common electrolyte solutions used in anodising are sulfuric acid, chromic acid and hard coat. The choice of electrolyte solution depends on the desired properties of the anodised finish, such as thickness, corrosion resistance and colour. To maintain a high-quality finish, these materials are selected based on their adherence to international standards and procured from accredited and reliable suppliers in the Kingdom and Germany.

Powder Coated Aluminium

The primary raw material for powder coated aluminium is the polyester powder sprayed electrostatically to the aluminium surface to be coated. The powder coated aluminium is a dry, finely ground mixture of pigments, resins, and other materials. The powder coated aluminium is available in a wide range of colours and finishes, including gloss, matte, and textured. The Company sources this material from accredited and reliable suppliers within the Kingdom and from international market to ensure the highest possible quality.

Anodic Treatment – Powder Coated Aluminium (Seaside)

The primary raw materials for anodic treatment – powder coated aluminium (seaside) are aluminium and acid. The aluminium is typically in the form of extrusions or sheets. The acid is typically an electrolyte solution, which is used to create the oxide layer on the surface of the aluminium. The most common electrolyte solutions used in anodic treatment are sulfuric acid and hard coat. The choice of electrolyte solution depends on the desired properties of the anodised finish, such as thickness, corrosion resistance, and colour. The Company procures these raw materials from accredited and reliable suppliers in the Kingdom and Germany to maintain the highest quality standards.

PVDF Coating (Liquid Coating)

The primary raw materials for PVDF coating (liquid coating) are polyvinylidene fluoride (PVDF) resin and various additives. PVDF resin is a thermoplastic polymer that is synthesised from the monomer vinylidene fluoride (VDF). The PVDF resin is then processed into a powder form, which is the starting material for the production of PVDF coating (liquid coating). The other primary raw material used in PVDF coating (liquid coating) is the various additives that are added to the PVDF resin powder. These additives include pigments, fillers, lubricants and stabilisers. Pigments are added to give the coating its desired colour, fillers are added to improve the mechanical properties of the coating, lubricants are added to improve the flow properties of the coating and stabilisers are added to improve the thermal and ultraviolet (UV) stability of the coating. In addition to PVDF resin and additives, other materials are also used in the production of PVDF coating (liquid coating), such as solvents, which are used to dissolve the PVDF resin, additives and catalysts, which are used to promote the polymerisation of the PVDF resin. The Company sources these raw materials from accredited and reliable suppliers in the Kingdom and UAE to guarantee superior quality and performance.

Wood Finished Aluminium

The primary raw materials for wood finished aluminium (real wood) are aluminium, wood finish powder and various additives. Aluminium is the base material that is coated with wood finish powder. The wood finish powder is the main component of the coating. It is a type of thermoset powder that is made from a combination of polymers, pigments, and fillers that mimic the look and feel of natural wood. The powder is available in a variety of different wood finishes, including Effecta, real wood and more. The additives that are mixed with the wood finish powder are used to improve the performance of the coating. These additives include flow agents, levelling agents, and UV stabilisers. Flow agents are added to help the powder flow evenly over the surface of the aluminium, levelling agents are added to help the powder lay flat and smooth, and UV stabilisers are added to protect the coating from fading and discoloration due to exposure to sunlight. These materials are sourced from accredited and reliable suppliers in the Kingdom and Italy, ensuring that the finished products meet international standards.

Thermal Break

The primary raw materials for thermal break are aluminium profiles, chosen for their excellent thermal conductivity and their lightweight properties, and polyamide strips, chosen for their excellent insulation properties and their ability to withstand high temperatures. They are also lightweight and easy to work with, making them well-suited for use in thermal breaks. Aluminium is also corrosion-resistant, making it a durable and long-lasting material for use in thermal breaks. In addition, other materials may also be used in the production of thermal breaks. These include adhesives, sealants and other types of insulation materials, such as foams and fibres, which may be used to enhance the insulation properties of the thermal break. The Company acquires these materials from accredited and reliable and reliable suppliers in San Marino and China, adhering to international quality standards.

4.5.1.2 Thermoset Powder Coating Products Segment

The thermoset powder coating products segment plays a critical role in various industries, with applications in building and construction, marine, and consumer goods. The Company's activities in the thermoset powder coating products segment are conducted through Alwan. The Company is a regional leader in the manufacture of thermoset powder coating products specialised in the field of manufacturing industries and the manufacture of thermoset powder coating products. The thermoset powder coating operations commenced in 1993G through the establishment of a factory in Riyadh (Gulf Polyester Powder Coating Company). In 2017G, a second factory was established in Jeddah. The Company started first with the production of thermoset powder coating. It then progressively diversified by introducing various industrial

methods for thermoset powder coating products, which included, among others, the manufacture of polyester powder, epoxy powder, super durable powder and metallic powder and many more.

As of the date of this Prospectus, the Company contributes to the thermoset powder coating market with an annual production of approximately 4,500 tonnes from its various product lines from two factories in Riyadh and Jeddah on an area of 20,000 m².

In the financial years ended 31 December 2021G and 2022G, and the six-month period ended 30 June 2023G, the thermoset powder coating segment has experienced consistent growth and generated nil, SAR 27.7 million, SAR 54.6 million and SAR 24.5 million, respectively, in revenue, representing nil, 4.4 per cent., 7.3 per cent. and 7.3 per cent., respectively, of the Company's total revenue for the same period. This growth can be attributed to the increasing demand for durable, smooth and cost-effective thermoset powder coatings across various industries, driven by their diverse applications and benefits.

(a) Thermoset Powder Coating Products

The Company manufactures and markets a wide range of thermoset powder coating products to a broad range of clients, benefiting from the surge in demand in the marine, building and construction, consumer goods and appliances industries. The thermoset powder coating products segment consists of the following three sub-segments:

(i) Polyester Powder

Polyester powder coatings have emerged as a popular choice in various industries due to their unique properties and extensive applications. They are thermoset coatings derived from saturated polyester resins, specifically chosen for their exceptional resistance to atmospheric aging, ultraviolet (UV) light and saponification. As a result, coatings made from polyester powder exhibit impressive outdoor durability, making them ideal for a wide range of applications.

There are several benefits associated with polyester powder coatings, contributing to their growing popularity among various industries:

- **Outdoor Durability:** Polyester powder coatings are highly resistant to harsh weather conditions, UV light and atmospheric pollutants. This makes them suitable for applications where outdoor exposure is inevitable, such as outdoor furniture, and architectural elements.
- **Decorative Properties:** Apart from their durability, polyester powder coatings also offer outstanding decorative properties. They are available in a wide array of colours and finishes, making them an attractive option for enhancing the visual appeal of various products.
- **Environmentally Friendly:** Polyester powder coatings are considered more environmentally friendly than traditional liquid coatings due to their low volatile organic compound content. Additionally, the powder coating process generates minimal waste, as the overspray can be collected and reused.
- **Cost-Effectiveness:** The application process of polyester powder coatings is typically more efficient than that of liquid coatings, resulting in reduced labour costs and shorter production times. Furthermore, their durability reduces the need for frequent maintenance and replacement, contributing to long-term cost savings.

In the financial years ended 31 December 2021G and 2022G, and the six-month period ended 30 June 2023G, the polyester powder products generated SAR 22 million, SAR 51.5 million and SAR 23.5 million, respectively, in revenue, representing 4.3 per cent., 6.9 per cent. and 7.0 per cent., respectively, of the Company's total revenue for the same periods.

(ii) Epoxy Powder

Epoxy powder coatings have gained considerable attention in recent years due to their unique combination of mechanical performance, protective properties, and versatility. They are produced using epoxy resins, known for their excellent adhesion, corrosion resistance and chemical resistance. These coatings are designed to provide optimal mechanical performance and exceptional protective qualities on a wide range of substrates, including steel and aluminium. Epoxy powder coatings are particularly well-suited for applications where long-term exposure to ultraviolet light or exterior weathering is not expected.

There are several important attributes associated with epoxy powder coatings, contributing to their growing popularity across various industries:

- **Superior Adhesion:** Epoxy powder coatings exhibit excellent adhesion to various substrates, ensuring a strong bond between the coating and the underlying material. This results in a durable and long-lasting finish.
- **Chemical and Corrosion Resistance:** Epoxy resins possess exceptional chemical and corrosion resistance, making them ideal for applications where the coated surface may come into contact with harsh chemicals or challenging environments.
- **Customisable Finishes:** Epoxy powder coatings are available in a range of finishes, including gloss, semi-gloss, matt or structured, offering manufacturers the flexibility to achieve the desired appearance for their products.
- **Colour Versatility:** Epoxy powder coatings can be matched to all RAL colours (a widely used set of standardised colours for paints and coatings), or customised according to specific requirements, enabling manufacturers to create aesthetically appealing products tailored to individual preferences.

In the financial years ended 31 December 2021G and 2022G, and the six-month period ended 30 June 2023G, the epoxy powder products generated SAR 0.1 million, SAR 1.3 million and SAR 0.7 million, respectively, in revenue, representing 0.03 per cent., 0.2 per cent. and 0.2 per cent., for the same periods. The Company will start generating revenue from the epoxy powder products by the third quarter of 2023G. While the revenue generated by the epoxy powder products was quite insignificant, they contributed to expanding and diversifying

its product and service offerings to capitalise on new market opportunities and mitigate risks associated with overreliance on a single sector.

(iii) Super Durable Powder

Super durable powder coatings are designed to meet the highest standards of durability and performance. They are ideally suited for architectural applications, offering durability and a life expectancy three times longer than that of standard high-quality polyester coatings. Super durable powder coatings are also suitable for applications demanding extreme weather resistance. These coatings carry a 25-year warranty when properly applied and fully cured.

There are several benefits associated with super durable powder coatings, contributing to their growing popularity among various industries:

- **Exceptional Durability:** Super durable powder coatings are designed to be highly durable, able to withstand exposure to harsh weather conditions, UV radiation, and other environmental factors without degrading or losing their colour.
- **Longevity:** These coatings often come with extended warranties, such as the mentioned 25-year warranty when properly applied and cured. This longevity can reduce the need for frequent maintenance or recoating, saving both time and money.
- **Weather Resistance:** Super durable powder coatings are extremely resistant to weather conditions, including rain, snow, sleet, and sunlight. They are ideal for outdoor applications where exposure to the elements is a concern.
- **Colour and Texture Variety:** They are available in a wide range of colours and textures, allowing for customisation and aesthetic flexibility. This makes them suitable for various architectural and design purposes.
- **Environmentally Friendly:** Super durable powder coatings are formulated to minimise or eliminate the use of harmful chemicals and solvents commonly found in liquid coatings, decreasing the release of hazardous substances into the environment during application.

In the financial years ended 31 December 2021G and 2022G, and the six-month period ended 30 June 2023G, the super durable powder products generated SAR 0.5 million and SAR 1.9 million, respectively, in revenue, representing 0.1 per cent., 0.3 per cent. and 0.1 per cent., respectively, of the Company's total revenue for the same periods.

(iv) Metallic Powder

Metallic powder coatings have gained widespread popularity across diverse industries for their distinct characteristics and versatile applications. These coatings are formulated using metallic pigments and thermoset resins, resulting in a finish that imparts a visually striking metallic or pearlescent appearance. Metallic powder coatings are known for their ability to add depth and dimension to surfaces, enhancing aesthetics and providing a unique visual appeal. With a wide range of metallic colours and effects available, metallic powder coatings offer flexibility and customisation options to meet specific design and branding requirements.

There are several important attributes associated with metallic powder coatings, contributing to their growing popularity across various industries:

- **Optimum Metallic Effects:** Metallic powder coatings are designed to provide optimal metallic effects, offering surfaces a visually striking appearance with depth and dimension. This unique aesthetic can enhance the overall look of coated objects, adding sophistication and visual interest.
- **Consistent Batch-to-Batch Appearance:** Metallic powder coatings maintain a high level of consistency in their appearance from one batch to another. This consistency ensures that products or components coated at different times will have the same metallic finish, helping maintain uniformity in manufacturing and design.
- **Excellent Application Characteristics:** Metallic powder coatings exhibit excellent application characteristics, including reduced gun-blocking and picture framing. This means that during the application process, the coatings are less likely to clog spray guns or result in uneven finishes, ensuring a smoother and more efficient coating process.
- **Improved Safety Characteristics During Application:** The application of metallic powder coatings is generally considered safe. Compared to some liquid coatings, powder coatings typically involve fewer hazardous chemicals and solvents, making them safer for both workers and the environment during the application process.
- **Wide Choice of Appearance Capabilities:** Metallic powder coatings offer a wide range of appearance capabilities, allowing for customisation in terms of metallic colours and effects.
- **Compatible with a Wide Variety of Application Equipment:** Metallic powder coatings are compatible with various types of application equipment, providing flexibility and ease of use for manufacturers and coaters. This compatibility allows for efficient application on a variety of surfaces and products.

In the financial years ended 31 December 2020G, 2021G and 2022G, and the six-month period ended 30 June 2023G, the Company did not generate any revenue from the metallic powder products. While the revenue generated by the metallic powder products was quite insignificant, they contributed to expanding and diversifying its product and service offerings to capitalise on new market opportunities and mitigate risks associated with overreliance on a single sector.

(b) Manufacturing of Thermoset Powder Coating Products

(i) Manufacturing Facilities and Capacity for Thermoset Powder Coating Products

The Company has four thermoset powder coating manufacturing facilities in Riyadh, Jeddah, Dammam and Dubai.

Gulf Company for Polyester Powder production, Riyadh, Kingdom of Saudi Arabia.

The Company operates a manufacturing facility in the Second Industrial City in Riyadh. Established in 1993G, it had 80 employees and consists of 8,500 m2 of covered manufacturing space and 1,500 m2 of yard and warehouse space as of 30 June 2023G. It is dedicated to the manufacture of polyester powder and has the following certifications: ISO 9001: 2015 Quality Management System and Qualicoat certificate. There is office space for administration and management and a training centre that can accommodate 20 people.

Gulf Company for Polyester Powder Production, Jeddah, Kingdom of Saudi Arabia.

The Company operates a manufacturing facility in Jeddah. Established in 2017G, it had 10 employees and consists of 9,500 m2 of covered manufacturing space and 2,500 m2 of yard and warehouse space as of 30 June 2023G. It is dedicated to the manufacture of polyester powder and has the following certifications: ISO 9001: 2015 Quality Management System. There is office space for administration and management and a training centre that can accommodate 15 people.

The following table illustrates the actual and maximum production capacity of the Company's factories in the thermoset powder coating products segment in the financial years ended 31 December 2020G, 2021G and 2022G, and the six-month period ended 30 June 2023G:

Table 4.14: Actual and Maximum Production Capacity of the Company's Factories in the Financial Years Ended 31 December 2020G, 2021G and 2022G, and the Six-Month Period Ended 30 June 2023G

Products	Financial Years Ended 31 December						Six-Month Period Ended 30 June	
	2020G		2021G		2022G		2023G	
	Actual	Maximum	Actual	Maximum	Actual	Maximum	Actual	Maximum
Polyester Powder (in MT)	4,183	5,360	4,410	5,360	4,170	5,360	2,101	2,680
Epoxy Powder (in MT)	-	360	5	360	41	360	19	180
Super Durable Powder (in MT)	152	1,544	35	1,544	140	1,544	17	772
Metallic Powder (in MT)	-	2,040	-	2,040	-	2,040	3	1,020

Source: The Company.

(ii) Manufacturing Process for Thermoset Powder Coating Products

The manufacturing processes for the polyester powder, epoxy powder, super durable powder and metallic powder are similar and involve the following main steps:

- **Mixing:** Polyester resin, pigments, fillers, and other additives, the primary raw materials used to produce polyester powder, are mixed together in a high-speed mixer to create a homogenous mixture. Different types of polyester resins and additives can be used to produce different types of polyester powder, such as epoxy-polyester, polyester-epoxy, and polyester-polyurethane, which have different properties and are suitable for different applications.
- **Extrusion:** The mixture is extruded into long, thin strands, which are then cooled and cut into small pellets.
- **Grinding:** The pellets are then fed into a grinding machine, where they are ground into pre-determined grinding settings to achieve the best suitable particle size distribution for the client's application process.
- **Sieving:** The powder is sieved to remove any large particles or impurities. The sieved powder is then passed through a series of air classifiers to separate the particles by size and shape. This process helps to ensure that the powder has a consistent particle size distribution, which is important for the final coating performance.
- **Packaging:** The final product is packaged in 20 KG boxes.

(iii) Raw Materials for Thermoset Powder Coating Products

The quality of thermoset powder coatings heavily depends on the raw materials used in their production, which vary for each thermoset powder coating products category as follows:

Polyester Powder Raw Materials

The main raw materials for polyester powder coatings include polyester resins, titanium dioxide, TGIC and pigments. Polyester resins provide the foundation for these coatings, while titanium dioxide and pigments impart the desired colour and opacity. TGIC, or Triglycidyl Isocyanurate, serves as a cross-linking agent that enhances the coating's durability and weather resistance. To ensure the best quality and performance, it is crucial to select raw materials that comply with international standards. The Company sources these materials from accredited and reliable suppliers located in China, Italy, Malaysia, the Kingdom and Germany.

Epoxy Powder Raw Materials

Epoxy powder coatings rely on epoxy resins as their main raw material. These resins are known for their excellent adhesion, corrosion resistance and chemical resistance, making them ideal for creating protective coatings. It is essential to select top-quality epoxy resins that adhere to international standards to ensure the coatings' superior performance. The Company procures these raw materials from accredited and trustworthy suppliers in the Kingdom and China.

Super Durable Powder Raw Materials

The main raw materials for super durable powder coatings include polyester resins, cross-linking agents and additives. To ensure the best quality and performance, it is crucial to select raw materials that comply with international standards. The Company sources these materials from accredited and reliable suppliers located in Europe.

Metallic Powder Raw Materials

The main raw materials for metallic powder coatings include metallic pigments, resin binders and curing agents. To ensure the best quality and performance, it is crucial to select raw materials that comply with international standards. The Company sources these materials from accredited and reliable suppliers located in Germany.

To maintain the quality of raw materials and ensure their optimal use in the production process, it is crucial to store them correctly. The Company stores these materials in factory warehouses, ensuring a controlled environment that preserves their integrity and quality. This practice not only guarantees the consistent performance of the thermoset powder coating products but also contributes to the Company's reputation for excellence. For further details on storage, see Section 4.5.2.7 (*Warehousing and Distribution*).

4.5.1.3 Accessories Products Segment

The Company's activities in the accessories products segment are conducted through Al-Fattouh Aluminium Accessories and Yarn Company, a branch of the Company, also known in its commercial name "Alfa" The Company is a regional leader in the manufacture of accessories serving local and international markets. Operations in the accessories segment commenced in 1981G with the establishment of its factory in Riyadh (Al-Fattouh Factory for Accessories). In 1992G the Company established a new factory initially for production of weatherstrips and then manufacturing of polypropylene yarn, which is one of the major raw materials for weatherstrips.

The Company began commercial operation of accessory products in the financial year ended 31 December 2021G. In the financial years ended 31 December 2020G, 2021G and 2022G, and the six-month period ended 30 June 2023G, the accessories segment generated SAR 14.9 million, SAR 43.2 million and SAR 19.3 million, respectively, in revenue, representing 2.9 per cent., 5.8 per cent. and 5.7 per cent., respectively, of the Company's total revenue for the same period.

(a) Accessories Products

The Company designs, manufactures, and markets a diverse range of accessories products catering to a broad client base. The accessories products segment comprises eight sub-segments:

(i) Weatherstrip Products

Weatherstrips are essential components for sealing gaps around doors and windows, providing protection against air infiltration, water penetration, and noise transmission. They play a crucial role in enhancing the energy efficiency, comfort, and durability of residential and commercial spaces. The Company offers various weatherstrip products, each with distinct features and benefits and catering to the diverse needs of clients across various industries:

Self-Stick Weatherstrips

Self-stick weatherstrips feature a high-tack pressure-sensitive adhesive with a release paper covering applied to the backing for easy installation on existing surfaces. This product is particularly suitable for retrofit and upgrading applications, as it allows for efficient and cost-effective sealing of gaps without the need for professional installation.

Standard Seal Weatherstrips

Designed for maximum economy, standard seal weatherstrips provide good resistance to air infiltration and water penetration. These weatherstrips are available in three grades: economy (2P), standard (3P), and heavy density (4) pile construction. Depending on the specific requirements and desired compression levels, clients can choose the most appropriate grade for their application. Standard seals are recommended for medium compression levels.

Fin Seal Weatherstrips

The fin seal weatherstrips offer the ultimate weather-resistant solution. These products incorporate a welded polypropylene centre fin, which provides a solid barrier against air infiltration and water penetration, significantly reducing noise transmission. The fin seal can be produced with the central fin below the pile height, making it suitable for low compression levels.

High Fin Seal Weatherstrips

High fin seal weatherstrips offer the best weather resistance, featuring a welded polypropylene centre fin that extends above the pile. This design provides a solid barrier against air infiltration and water penetration at reduced compression levels. High fin seal products are especially suitable for sliding window and door applications, making them an excellent choice for very low compression levels.

Waterproofing Effect Weatherstrips

In special applications where water repellence is the primary requirement, the Company offers weatherstrips with a waterproofing effect. These products have pile yarns treated with a special spin finish to ensure water repellence, making them ideal for use in environments where moisture protection is essential.

In the financial years ended 31 December 2020G, 2021G and 2022G, and the six-month period ended 30 June 2023G, the weatherstrips products generated SAR 14.4 million, SAR 15.0 million and SAR 7.3 million, respectively, in revenue, representing 0.9 per cent., 2.0 per cent. and 2.2 per cent., respectively, of the Company's total revenue for the same periods.

(ii) Polypropylene Yarn Products

Polypropylene yarn, a versatile and innovative material, has emerged as a popular choice for numerous industries due to its unique properties and wide range of applications. The Company has recognised the potential of this material and has specialised in producing polypropylene multifilament yarn, allowing it to tap into the growing demand for this versatile material. By focusing on manufacturing medium to high tenacity yarns with a denier range of 200-2000 s, the Company has effectively positioned itself as a key player in the polypropylene yarn market.

Polypropylene yarn offers several benefits that make it a highly sought-after material across various industries. Some of these advantages include it being lightweight, strong and durable, resistant to most chemicals and moisture, as well as being relatively inexpensive to produce. These unique properties of polypropylene yarn have led to its widespread use across various industries, including for sewing thread used in the textile and garment industries, webbing for applications such as luggage straps, safety harnesses, and cargo nets, manufacturing elastic bands and belts used in apparel, sports equipment, and industrial settings, production of geo-textiles, and for packaging materials, such as ropes, twines, and woven sacks.

In the financial years ended 31 December 2021G, 2022G and the six-month period ended 30 June 2023G, the polypropylene yarn products generated SAR 0.1 million, SAR 0.3 million and SAR 0.2 million, respectively, in revenue, representing 0.02 per cent., 0.04 per cent. and 0.05 per cent., respectively, of the Company's total revenue for the same periods. While the revenue generated by the polypropylene yarn products was quite insignificant, they contributed to expanding and diversifying its product and service offerings to capitalise on new market opportunities and mitigate risks associated with overreliance on a single sector.

(iii) Strip Brush/Rubber Products

Strip brush/rubber products play a crucial role in sealing gaps and maintaining the energy efficiency of buildings, offering protection against external elements, such as air, water, and noise. The market for these products is steadily growing due to the increasing demand for energy-efficient solutions and the focus on creating comfortable indoor environments. The Company has positioned itself as a key player in this market by offering high-quality strip brush/rubber products that cater to a variety of applications.

Door-bottom sweeps are made from densely compressed nylon or PP filaments, which are encased in high-quality aluminium retainers. These materials are known for their durability and resistance to wear and tear. The design of these products allows them to conform to the contours of various sealing surfaces, ensuring a superior seal with minimal closing force. They are available in both brush and rubber

materials, catering to different preferences and requirements, and they are suitable for use on hollow metal and wood door applications, particularly on the exterior of outswing doors.

In the financial years ended 31 December 2021G and 2022G, and the six-month period ended 30 June 2023G, the strip brush/rubber products generated SAR 0.1 million, SAR 0.2 million and SAR 0.1 million, respectively, in revenue, representing 0.02 per cent., 0.02 per cent. and 0.03 per cent., respectively, of the Company's total revenue for the same periods. While the revenue generated by the strip brush/rubber products was quite insignificant, they contributed to expanding and diversifying its product and service offerings to capitalise on new market opportunities and mitigate risks associated with overreliance on a single sector.

(iv) Rubber Gaskets

Rubber gaskets made from PVC (Polyvinyl Chloride) and TPV (Thermoplastic Vulcanizate) are essential components in the building industry, providing effective sealing solutions for windows, doors, and other architectural elements. The Company manufactures a comprehensive range of PVC and TPV rubber gaskets, catering to various applications and performance requirements.

The Company's rubber gaskets offer several advantages, including being flexible, durable and resistant to weathering, making them ideal for sealing windows and doors. Hard PVC profiles, on the other hand, are used in various interior and exterior applications due to their rigidity and versatility. TPV seals are known for their low specific gravity and excellent performance across a wide temperature range, from -30 to +80 degrees Celsius, making them suitable for diverse environmental conditions. The Company's TPV seals are compatible with EPDM (Ethylene Propylene Diene Monomer) seals, a widely used material in the building industry, allowing for seamless integration into existing systems.

In the financial years ended 31 December 2021G and 2022G, and the six-month period ended 30 June 2023G, the rubber gaskets products generated SAR 9 million, SAR 23.9 million and SAR 10 million, respectively, in revenue, representing 1.7 per cent., 3.2 per cent. and 3.0 per cent., respectively, of the Company's total revenue for the same periods.

(v) Plastic Injection Moulded Products

Plastic Injection moulding is a versatile manufacturing process that involves injecting molten material into a mould to produce various plastic products. The Company's plastic injection moulded products cater to an array of applications, offering high-quality and durable solutions for various industries, such as: (i) aluminium profile jointers that are used to connect aluminium profiles in doors, windows and other architectural elements; (ii) plant and flower pots that offer durability, lightweight design and resistance to weathering; and (iii) buckets and cable reels that cater to the household and industrial sectors, offering practical solutions for storage and cable management. Plastic injection moulding is known for its efficiency and ability to produce large volumes of products at relatively low costs, making it an attractive option for manufacturers and investors alike. Moreover, the increased focus on sustainable manufacturing practices has led to the development of eco-friendly materials and recycling methods for plastic injection moulded products, further driving market growth.

In the financial years ended 31 December 2020G, 2021G and 2022G, and the six-month period ended 30 June 2023G, the plastic injection moulded products generated nil, SAR 0.6 million, SAR 1.2 million and SAR 0.7 million, respectively, in revenue, representing nil, 0.11 per cent., 0.16 per cent. and 0.2 per cent., respectively, of the Company's total revenue for the same periods. While the revenue generated by the plastic injection moulded products was quite insignificant, they contributed to expanding and diversifying its product and service offerings to capitalise on new market opportunities and mitigate risks associated with overreliance on a single sector.

(vi) Plastic Bags and Sheets

Plastic bags and sheets are essential products with widespread use in various industries such as retail, packaging, waste management, and agriculture. They are highly versatile and can be customised to meet specific requirements, making them suitable for various applications. Their production is relatively inexpensive compared to other materials, leading to their widespread adoption across industries. As they are produced based on polyethylene (PE), they offer durability, flexibility, and resistance to moisture and chemicals, making these products suitable for different environments and purposes. Due to growing environmental concerns associated with the use of single-use plastics, eco-friendly alternatives are being developed.

In the financial years ended 31 December 2021G and 2022G, and the six-month period ended 30 June 2023G, the plastic bags and sheets generated SAR 0.6 million, SAR 1.2 million and SAR 0.7 million, respectively, in revenue, representing 0.1 per cent., 0.2 per cent. and 0.2 per cent., of the Company's total revenue for the same periods. While the revenue generated by the plastic bags and sheets products was quite insignificant, they contributed to expanding and diversifying its product and service offerings to capitalise on new market opportunities and mitigate risks associated with overreliance on a single sector.

(vii) Printed Wrapping Films

Printed wrapping films are versatile packaging materials that cater to the demands of various industries for product protection and branding. The ability to tailor wrapping films according to clients' requirements, including design, size, and material, makes them highly adaptable for diverse applications. Printed wrapping films offer an opportunity for businesses to showcase their brand identity and enhance product presentation, thereby boosting consumer appeal. Wrapping films provide a protective barrier against damage, contamination and tampering during storage and transportation, ensuring product integrity.

In the financial years ended 31 December 2021G and 2022G, and the six-month period ended 30 June 2023G, the printed wrapping films products generated SAR 0.8 million, SAR 2.8 million and SAR 1.2 million, respectively, in revenue, representing nil, 0.2 per cent., 0.4 per cent. and 0.4 per cent., respectively, of the Company's total revenue for the same periods. While the revenue generated by the printed

wrapping films products was quite insignificant, they contributed to expanding and diversifying its product and service offerings to capitalise on new market opportunities and mitigate risks associated with overreliance on a single sector.

(b) Manufacturing of Accessories Products

(i) Manufacturing Facilities and Capacity for Accessories Products

The Company has two accessories products manufacturing facility in Riyadh.

Al-Fattouh Company for Aluminium accessories and Yarn, Riyadh, Kingdom of Saudi Arabia

The Company operates a manufacturing facility in the Second Industrial City in Riyadh. Established in 1992G, it had 53 employees and consists of 3,310 m2 of covered manufacturing space and 5,465 m2 of yard and warehouse space as of 30 June 2023G. It is dedicated to the manufacture of weatherstrips and strip brush and has the following certifications: ISO 9001: 2015 Quality Management System. There is office space for administration and management and a training centre that can accommodate 15 people.

Al-Fattouh Company for Aluminium Accessories and Yarn (Rubber), Riyadh, Kingdom of Saudi Arabia

The Company operates a manufacturing facility in the Second Industrial City in Riyadh. Established in 1981G, it had 70 employees and consists of 3,000 m2 of covered manufacturing space and 1,500 m2 of yard and warehouse space as of 30 June 2023G. It is dedicated to the manufacture of rubber gaskets and HDPE and LDPE products and has the following certifications: ISO 9001: 2015 Quality Management System. There is office space for administration and management and a training centre that can accommodate 15 people.

The following table illustrates the actual and maximum production capacity of the Company's factories in the accessories segment in the financial years ended 31 December 2020G, 2021G and 2022G, and the six-month period ended 30 June 2023G:

Table 4.15: Actual and Maximum Production Capacity of the Company's Factories in the Financial Years Ended 31 December 2020G, 2021G and 2022G, and the Six-Month Period Ended 30 June 2023G

Products	Financial Years Ended 31 December						Six-Month Period Ended 30 June	
	2020G		2021G		2022G		2023G	
	Actual	Maximum	Actual	Maximum	Actual	Maximum	Actual	Maximum
Weatherstrip (in Million MT)	76,781	88,000	80,484	88,000	76,942	88,000	39,519	44,000
Polypropylene Yarn (in MT)	389	660	362	660	316	660	177	330
Strip Brush/Rubber (in piece)	62,700	264,000	33,720	264,000	48,343	264,000	24,124	132,000
Rubber Gaskets from PVC and TPV (in MT)	3,500	3,960	3,148	3,960	3,542	3,960	1,500	1,980
Plastic Injection Moulded (in T)	300	2,000	254	2,000	237	2,000	134	1,000
Plastic Bags and Sheets (in MT)	837	1,000	687	1,000	800	1,000	-	-
Printed Wrapping Films (in MT)	725	880	688	880	739	880	143	440

Source: The Company.

(ii) Manufacturing Process for Accessories Products

The following are the main manufacturing processes for accessories products (see also Section 4.5.2 (*Manufacturing Processes*) for an overall discussion of the manufacturing process, including warehousing and distribution):

Manufacturing Process for Weatherstrip

These are the following primary steps involved in the manufacturing process for weatherstrip:

- **Production of the Textured Polypropylene Yarn:** This is done by using a process called texturing, where the yarn is heated and crimped to create a textured surface. This textured surface helps to increase the yarn's bulkiness and processability. For further details, see the manufacturing process for polypropylene yarn.
- **Weaving:** Once the yarn is produced, it is then used to make the brush or hair of the weatherstrip. Brush density and brush heights are fixed by design regulation and brush yarn feeding mechanism. This is done by using a specialised machine that is designed to create the brush or hair shape. The height of the brush can be varied to suit different gap sizes. Brush yarns are in various colours, as per clients demand.
- **Coating:** The backside of fabric is laminated by molten polypropylene film which is coming through extrusion die. Proper guides and

deeply grooved rollers are used to avoid any damage or compression to brush. After laminating, fabric is cooled by a cooling drum and then passed to slitting stations to cut the laminated fabric with brush to required widths.

- **Fin application:** If the order is for brush with centre fin, then bins with material from extruder go to fin seal area and there, cast polypropylene film is fixed in between the brush by ultrasonic welding technology. After the welding process, strips are wound on paper rolls and then packed in cartons. If the product is a self-sticking type, then double sided tape is applied to the back side of the brush and rolled then packed in cartons according to client demand.
- **Packaging:** The final product is packaged in boxes.

Manufacturing Process for Polypropylene Yarn

These are the following primary steps involved in the manufacturing process for polypropylene yarn:

- **Extrusion:** It involves melting the pelletised polypropylene and extruding it through a spinneret, which is a device with small holes that forms the polymer into fibres, which are then cooled and solidified, and then wound onto bobbins.
- **Stretching and Finishing:** The fibres are heated to soften them, stretched to align the molecules and increase the strength of the fibres and then cooled.
- **Winding:** The yarn is wound onto cones or spools.
- **Packaging:** The final product is packaged in boxes

Manufacturing Process for Strip Brush/Rubber

There are the following primary steps involved in the manufacturing process for strip brush or rubber:

- **Production of the Brush or Rubber:** A specialised machine is used to create the brush or rubber shape. The brush is made of polypropylene or nylon monofilament and rubber of polyvinyl chloride (PVC) or thermoplastic vulcanizate (TPV), which is known for its durability and resistance to moisture, chemicals and UV light. The height of the brush or rubber can be varied to suit different gap sizes.
- **Production of Carrier:** The carrier is typically made of aluminium, which is known for its strength and durability. The aluminium carrier is cut to the appropriate size and shape to match the brush or rubber.
- **Assemblage:** The brush or rubber and carrier are assembled together. The brush or rubber is attached to the carrier through carrier grooves (a mechanical component that is used to support or hold another component in place).
- **Packaging:** The final product is packaged in bags or boxes.

Manufacturing Process for Rubber Gaskets from PVC and TPV

These are the following primary steps involved in the manufacturing process for rubber gaskets from PVC and TPV:

- **Material Preparation:** This involves the preparation of the raw materials (PVC or TPV) that are pre-mixed together in specific proportions to create the desired properties, such as flexibility, durability and resistance to weathering.
- **Heating and Mixing:** The mixture is heated and extruded into a continuous length of material.
- **Extrusion:** This is the process of shaping the plastic materials into the desired shape and size. The extruded material is fed into an extruder, which melts and shapes the material into the desired cross-sectional shape. The extruded material is then cooled and cut into the desired length. The Company also does co-extrusion process involving multiple extruders to create multi-layered profiles. This extrusion process requires a multi-manifold die system that properly bonds the different materials.
- **Packaging:** The final product is packaged in bags/boxes.

Manufacturing Process for Plastic Injection Moulded Products

There are the following primary steps involved in the manufacturing process for plastic injection moulded products:

- **Selection of Material:** Two primary types of plastic materials are used for plastic injection moulded products, polystyrene (PS) and polypropylene (PP). These materials are selected for their durability, flexibility, and resistance to heat, chemicals and other environmental factors. They also have good flow characteristics and can be easily moulded into complex shapes.
- **Mould Preparation:** A mould is typically made of steel or aluminium and is precision-machined to the shape of the final product. The mould is also coated with a release agent to ensure that the finished product can be easily removed from the mould.
- **Injection:** This involves injecting the molten plastic into the mould. This is done using an injection moulding machine, which heats and melts the plastic, and then injects it into the mould under high pressure. It is then held under pressure for a set period. This is known as “holding time” and can range from milliseconds to minutes depending on the type of thermoplastic and complexity of the part. This holding time is key to ensuring that the plastic packs out the tool and is formed correctly.
- **Cooling:** After the holding phase, pressure is released allowing the part to cool and solidify to take the shape of the mould. This is known as “cooling time,” it can also range from a few seconds to several minutes and ensures that the component sets correctly before being ejected and finished on the production line.

- **Finishing:** This involves trimming, polishing, and painting (if required) the product to give it a smooth and attractive surface.
- **Packaging:** The final product is packaged in bags.

Manufacturing Process for Plastic Bags and Sheets

These are the following primary steps involved in the manufacturing process for plastic bags and sheets:

- **Preparation of Resin:** The polypropylene resin is typically in the form of pellets, which are melted and heated to a specific temperature to create a liquid polymer. The melted polymer is then mixed with various additives such as pigments, UV stabilisers, and anti-block agents to enhance its properties and improve its performance.
- **Extrusion:** The resin is fed into an extruder that heats and melts the resin and pushes it through a die, a tool that shapes the melted resin into the desired shape, such as a flat sheet or a tube.
- **Cooling:** After the resin is extruded, it is cooled and converted into the final product, typically by passing the extruded material through a series of rollers, which flatten and shape it into a flat sheet. The sheet can then be cut into smaller pieces to create bags or sheets of various sizes.
- **Packaging:** The final product is packaged in bags or boxes.

Manufacturing Process for Printed Wrapping Films

These are the following primary steps involved in the manufacturing process for printed wrapping films:

- **Preparation of Plates:** A flexible, photopolymer plate is wrapped around a rotating cylinder for each colour. The graphics and text for each colour are raised from the surface of the plate, just like in the letterpress printing process. Only the raised areas of the plate are inked, creating a sharp and precise image.
- **Printing Process:** The fountain roller delivers ink from an ink pan to a steel ink-metering “anilox” roller with finely engraved cells that have a specific ink capacity and then to the plate cylinder. The ink is applied to the substrate as the film passes between the plate cylinder and a polished metal impression cylinder. The impression cylinder applies the pressure required to transfer the ink from the plate to the substrate. As the substrate moves through the press, a different colour or coating is applied at each printing deck. Drying units between the printing decks help ensure that each colour of ink is fully dried before moving on to the next colour.
- **Packaging:** The final product is wound on a paper tube. It can be stored as it is or slit into the required width in a slitting machine as per client demand.

(iii) Raw Materials for Accessories Products

The selection and sourcing of high-quality raw materials are essential components in the manufacturing of various accessories products. The Company ensures that these materials adhere to international standards and are obtained from accredited and reliable suppliers within the Kingdom and other countries.

Weatherstrip Products

The primary raw material for weatherstrip products is polypropylene, a versatile material known for its durability, resistance to moisture and chemicals, and excellent sealing properties. The Company is committed to using only the highest quality polypropylene, which complies with international standards, to manufacture their weatherstrip products. To guarantee the quality of the raw materials used, the Company sources their polypropylene from accredited and reliable suppliers within the Kingdom.

In addition to polypropylene, there are other raw materials that are essential for creating weatherstrip products with specific properties. For instance, adhesives are used in self-sticking weatherstrip products to enable easy installation on existing surfaces. Furthermore, polypropylene or nylon filaments are used in door-bottom brush products to create a dense, flexible seal, while aluminium retainers provide a sturdy structure for these filaments.

Other materials, such as PVC compounds and thermoplastic vulcanizates (TPV), are used in the production of rubber gaskets, providing a range of properties to suit various applications. These materials offer excellent performance across a wide temperature range, making them suitable for use in diverse environments.

Polypropylene Yarn Products

The primary raw material for the production of polypropylene yarn is polypropylene, a versatile and widely used thermoplastic polymer known for its excellent properties such as strength, durability, and resistance to moisture and chemicals. In the context of the Company’s manufacturing processes, the highest quality polypropylene is of paramount importance to ensure the final products meet and exceed international standards.

To achieve this level of quality, the Company carefully sources its polypropylene from accredited and reliable suppliers within the Kingdom, ensuring that the raw material consistently adheres to stringent quality requirements.

Strip Brush/Rubber Products

The primary raw materials for strip brush/rubber products are aluminium profiles and polypropylene (PP) yarn. By utilising these materials, the Company can create effective seals that prevent air, water and sound penetration, thereby providing a superior product to clients.

Aluminium profiles are used in strip brush and rubber products to provide a robust structure and support for the sealing elements. This material is known for its lightweight nature, excellent strength and resistance to corrosion, making it an ideal choice for use in these products. The Company sources its aluminium profiles from accredited and reliable suppliers in the Kingdom and China, ensuring that they adhere to international standards and provide the desired quality for the end product.

Polypropylene yarn is another essential raw material used in strip brush products, as discussed above. By using high-quality polypropylene yarn, the Company can produce strip brush products that conform to the contours of various sealing surfaces, providing superior protection with low closing force.

Rubber Gaskets

The primary raw materials used for manufacturing rubber gaskets are PVC compounds and TPV. PVC compounds are known for their flexibility, strength and resistance to weathering, making them an excellent choice for creating long-lasting rubber gaskets. TPV, on the other hand, is a high-performance elastomer (rubber-like material that can stretch and return to its original shape) that combines the beneficial properties of rubber with the processing ease of thermoplastics. To guarantee the quality of its rubber gaskets, the Company selects and purchases only the best quality raw materials that comply with international standards. It sources its PVC compounds and TPV from accredited and reliable suppliers in the Kingdom, Turkey and China. These suppliers are known for their commitment to quality and adherence to stringent manufacturing practices, ensuring that the raw materials used by the Company meet the highest industry standards.

Plastic Injection Moulded Products

The primary raw materials used for manufacturing plastic injection moulded products are polypropylene, a widely used thermoplastic polymer that offers excellent durability, chemical resistance and flexibility making it an ideal material for producing long-lasting plastic injection moulded products, and polystyrene, another popular thermoplastic known for its rigidity, lightweight nature and insulating properties. When used in plastic injection moulded products, polystyrene provides a cost-effective solution that meets the demands of various applications. To maintain the superior quality of their plastic injection moulded products, the Company is committed to sourcing and purchasing only the best raw materials that comply with international standards. It collaborates with accredited and reliable suppliers from the Kingdom, who are known for their adherence to strict manufacturing processes and quality control measures. This ensures that the polypropylene and polystyrene used in the Company's plastic injection moulded products meet the highest industry benchmarks.

Plastic Bags and Sheets

The primary raw materials used for manufacturing plastic bags sheets and printed wrapping films is polyethylene, a versatile and widely used plastic. This thermoplastic polymer offers a range of beneficial properties, making it the material of choice for plastic bags, sheets and printed wrapping films. Its durability and flexibility allow it to be used in a multitude of applications, from grocery bags to protective packaging for delicate items. To ensure the highest quality in its products, the Company is committed to sourcing and purchasing only the best polyethylene that complies with international standards. By partnering with accredited and reliable suppliers from the Kingdom, the Company guarantees that the raw materials used in their products meet the highest industry benchmarks. These suppliers are known for their strict manufacturing processes and quality control measures, which contribute to the superior performance and reliability of the Company's plastic bags, sheets and printed wrapping films.

The Company understands the importance of properly storing raw materials for accessory products to ensure their quality and performance. Once procured, these raw materials are stored in dedicated factory warehouses to maintain their integrity and prevent potential contamination. By adhering to strict storage protocols, the Company can guarantee that the raw materials used in their accessory products continue to meet international standards and deliver exceptional quality and value for their clients. For further details on storage, see Section 4.5.2.7 (*Warehousing and Distribution*).

4.5.2 Manufacturing Processes

The Company's manufacturing facilities are fully equipped to design, manufacture, inspect and test its complete range of products, including aluminium, aluminium extrusion, mill finish profiles, anodic treatment - powder coated aluminium (seaside), PVDF coating (liquid coating), wood finish, thermal break, thermoset powder coating, polypropylene yarn and weatherstrip products. The Company uses advanced technologies and designs all its products in-house. In addition to investing in facilities and technology, the Company actively recruits and develops a large local workforce within the Kingdom and other countries. Recognised industry experts staff its factories, bringing decades of experience and technical know-how, enabling the Company to quickly establish its various product lines.

4.5.2.1 Design

The Company has a team of experienced designers who collaborate closely with clients to create optimal designs, maximising product life using advanced technologies and dedicated research. Once an order is prepared, it undergoes a technical review in manufacturing for full compliance with the clients' requirements.

4.5.2.2 Procurement

The primary role of the procurement function is to facilitate the acquisition, delivery and quality support of all necessary materials needed for production or daily operations within the organisation. This includes raw materials, chemicals, spare parts, services and consumable items, such as tools, machinery, logistics and office supplies needed for the plant's day-to-day operations.

4.5.2.3 Raw Materials and Equipment

Since its inception, the Company has focused on the quality of the raw materials it uses in manufacturing its products. It selects the best available raw materials that comply with international standards from accredited and reliable suppliers, as part of its commitment to providing high-quality products that fulfil the wishes and aspirations of its clients.

As of 30 June 2023G, the top five raw materials consumed by the Company in its manufacturing process in all of its segments consisted of aluminium billet alloys (representing about 78.0 per cent. of the Company's purchases), polyester resins (representing about 5.0 per cent. of the Company's purchases), PVC compounds (representing about 3.41 per cent. of the Company's purchases), titanium dioxide (representing about 2.0 per cent. of the Company's purchases) and polypropylene (representing about 0.70 per cent. of the Company's purchases). Due to its size, the Company is one of the largest consumers of aluminium profiles, polyester resins, titanium dioxide and PVC compounds in the Kingdom and, as a result, has established relationships with a wide range of suppliers from different geographies. The Company is thus able to access large quantities of raw materials when required, and at the most competitive rates.

The following table shows the value of raw materials and parts/equipment purchased by the Company in connection with the manufacturing activities and its percentage of the Company's purchases in the financial years ended 31 December 2020G, 2021G and 2022G, and the six-month period ended 30 June 2023G:

Table 4.16: Value of Raw Materials Purchased by the Company and Its Percentage of the Company's Purchases Relating to the Manufacturing Activities and its Percentage of the Company's Purchases in the Financial Years Ended 31 December 2020G, 2021G and 2022G, and the Six-Month Period Ended 30 June 2023G

Purchases (per year)	Financial Years Ended 31 December						Six-Month Period Ended 30 June	
	2020G	% of total purchases	2021G	% of total purchases	2022G	% of total purchases	2023G	% of total purchases
Aluminium Billets (SAR)	202,000,000	72.0%	347,000,000	78.0%	466,000,000	85.0%	218,682,000	85.0%
Polyester Resins (SAR)	12,000,000	4.3%	22,500,000	5.0%	24,900,000	4.5%	8,735,000	3.4%
Titanium Dioxide (SAR)	9,300,000	3.3%	9,400,000	2.1%	7,000,000	1.3%	3,041,000	1.2%
PVC Compound (SAR)	9,700,000	3.3%	12,500,000	2.8%	14,450,000	2.6%	4,460,000	1.7%
Polypropylene (SAR)	2,220,000	0.8%	3,100,000	0.7%	3,100,000	0.6%	1,325,000	0.5%

Source: The Company.

⁽¹⁾ The percentages are rounded.

⁽²⁾ Most of the Company's raw materials, which comprised 84.0 per cent., 89.0 per cent., 94.0 per cent. and 92.0 per cent. of the cost of revenue in the financial years ended 31 December 2020G, 2021G and 2022G, and the six-month period ended 30 June 2023G, respectively, are commodities in nature and subject to price fluctuations.

See also Sections 4.5.1.1(b)(iii) (*Raw Materials for Aluminium Products*), 4.5.1.2(b)(iii) (*Raw Materials for Thermoset Powder Coating Products*) and 4.5.1.1(b)(iii) (*Raw Materials for Accessories Products*) above for a more detailed discussion on the specific raw materials used for each of the Company's principal business segments.

4.5.2.4 Manufacturing

Raw materials are refined using established techniques that guarantee consistency in the quality and reliability of finished goods. All processes align with the "Lean Manufacturing" philosophy.

The Company's manufacturing facilities have certifications, such as ISO 9001: 2015 Quality Management System, ISO 14001: 2015 Environmental Management System and ISO 45001: 2018 Occupational Health and Safety Management System, SASO and Qualicoat, Qualanod, AAMA, C2C, EPD and SA 8000 certificates and are fully equipped to design, manufacture, inspect and test the Company's complete range of products. See also Sections 4.5.1.1(b)(ii) (*Manufacturing Process for Aluminium Products*), 4.5.1.2(b)(ii) (*Manufacturing Process for Thermoset Powder Coating Products*) and 4.5.1.3(b)(ii) (*Manufacturing Process for Accessories Products*) above for a more detailed discussion of the specific raw materials used for each of the Company's principal business segments.

4.5.2.5 Quality Control

The Company has implemented a Quality Management System (“QMS”) that is integral to every aspect of the business process under the Quality Plan. The Quality Plan is based on the Quality Manual which is supported by detailed quality procedures, quality control instructions and process instructions. Every stage in the business process is monitored and evaluated to ensure that the Company is providing a product that conforms to both client expectations and underlying product standards. For example, incoming materials and products undergo inspection to ensure that they conform to the requirements specified by the Quality Control Procedure. The Quality Management System is strictly followed during the manufacturing process with completed products undergoing stringent testing to ensure compliance with design specifications and industry standard performance benchmarks. Each of the Company’s assembly areas is equipped with a corresponding testing area that contributes to quality reporting and the traceability of individual products. Quality assurance is the fundamental requirement for all work undertaken by the Company and is practiced by all personnel in their daily activities. The objective of the Company in using this management system is to pursue continual improvement in all aspects of the business process.

The Company’s Quality Management System is certified by TUV from Austria. See also Section 4.5.9 (*Certifications*) below for a discussion on the various certifications obtained by the Company.

4.5.2.6 Packaging

The quality assurance process extends to packing manufactured products for shipment. The Company understands the importance of careful handling to ensure that products are delivered to clients undamaged and in good condition. Products are packed as per clients’ specifications, using boxes designed to fit the dimensions of the manufactured products.

4.5.2.7 Warehousing and Distribution

The Company uses the latest enterprise resource management systems (ERP) to efficiently manage all operational and administrative processes in its factories and to accurately schedule all supply, production and shipment dates.

The products are stored in a finished goods warehouse and carefully shipped by a fleet of containers and trucks. The Company has a Kingdom-wide logistics network facilitating shipping and distribution from its facilities to any destination in the Kingdom within an acceptable timeframe. The mode of shipment and delivery terms are agreed upon with clients and can be customised as required. As of 30 June 2023G, the Company had its own fleet of 22 trucks in the Kingdom with which to transport manufactured products to the clients’ locations. Internationally, the Company relies on a shipping agent who organises land, sea or air freight depending on business needs.

In addition to finished goods, the Company ensures that raw materials are stored effectively to maintain their quality and prevent any damage. A designated area within the warehouse is allocated for the storage of raw materials, such as polypropylene, PVC compounds and aluminium, among others. This area is maintained in a clean, organised, and temperature-controlled environment to preserve the integrity of the materials. The Company follows strict inventory management practices to monitor the availability of raw materials and to maintain an efficient supply chain. This ensures that production processes run smoothly without any delays or interruptions, thereby maintaining client satisfaction.

See also Section 4.6 (*Future Plans and Initiatives*) for a discussion of a fully automated centralised warehouse system that the Company is developing.

4.5.3 Security, Health, Safety and Environment

4.5.3.1 Security

The Company employs well trained professional security guards to protect its premises, assets and personnel, and to prevent all illegal or inappropriate actions. Moreover, the Company utilises a CCTV system operating continuously to ensure the security and safety of its facilities.

4.5.3.2 Safety

The Company Management and its employees are fully committed to meeting all regulatory requirements related to health, safety and environment, as well as satisfying client health and safety requirements. The Company recognises that its employees are exposed to various industrial environments, which could be hazardous, and it ensures safe working conditions by implementing international standard health, safety and environment procedures and protocols. These measures are based on the nature, scale and complexity of the operational and process project activities that need to be undertaken.

The Company has developed a Health, Safety and Environmental Management System (documented in its Health, Safety and Environment Manual) that is integral to every aspect of the business process. This system guarantees safe and reliable daytoday operations in a secure work environment for employees, contractors and visitors. Company employees are trained and required to adhere to the procedures and instructions of the HSE Management System. Every stage of the business process is monitored and evaluated to ensure the provision of products and services that conform to client expectations, underlying product standards and Company rules and regulations.

4.5.3.3 Environment

The Company has also established, implemented and maintained a procedure for identifying the environmental aspects of its activities, products and services within the defined scope of its HSEMS. This procedure takes into account the aspects it can control and those it can influence, considering planned or new developments, new or modified activities, products and services. The procedure also determines those aspects that have or can have a significant impact on the environment. This information is kept up to date, and significant environmental aspects are considered in establishing, implementing and maintaining its HSEMS.

The Company is committed to protecting the environment by implementing various initiatives. For example, aluminium scrap output from extrusion lines is recycled and processed at the remelt plant and used again as primary raw materials. This recycling process reduces waste and promotes sustainable practices within the Company's operations. The Company is also dedicated to implementing various other environmentally friendly practices to reduce its overall carbon footprint and promote sustainability. By utilising energy-efficient machinery and equipment, the Company aims to minimise its energy consumption and reduce greenhouse gas emissions. Furthermore, the Company is committed to promoting the efficient use of water resources and reducing waste generation through improved waste management practices. It also encourages its employees to engage in environmentally responsible behaviours by providing regular training and raising awareness about the importance of environmental stewardship. By actively seeking to minimise its environmental impact, the Company not only ensures compliance with relevant regulations but also demonstrates its commitment to social responsibility and sustainable development within the industry.

4.5.4 Information Technology

The Company's information technology (IT) system is crucial to the success of its operations. It has made, and continues to make, significant investments in the development of these systems, which integrate marketing, sales, inventory control, purchasing, financial control, and both internal and external communications. The IT system includes a client database. The information contained in the IT system is available in real-time to all authorised employees as needed and is utilised in every area of its operations.

The main components of the Company's information technology systems and infrastructure include the following:

- **Visual Dolphin Enterprise Resource Planning (ERP) and Management System:** a comprehensive ERP solution for the Company. It encompasses financial modules such as general ledger, accounts payable, accounts receivable, fixed assets, retail stores, client relations management (CRM), human resources (HR) and manufacturing system.
- **Cloud Hosting:** The Company's ERP system is hosted in the cloud for business flexibility, security and mobility. The Company has partnered with Atheer Global Solutions to manage its ERP hosting and infrastructure, allowing it to devote more time to other aspects of its business.

The Company's IT infrastructure and operations are built using industry-leading hardware manufacturers to ensure consistent availability and coverage for the scale of the Company's operations. The Company has adopted a policy of providing staff with regular IT security awareness and training sessions to ensure all employees are aware of the latest procedures and requirements, and to guarantee that the Company's data and resources are well protected. Additionally, the Company has implemented a policy of conducting regular IT security tests to help ensure that its IT network and infrastructure are not susceptible to IT security threats.

4.5.5 Suppliers

The Company sources its essential raw materials, including aluminium billets, polyester resins, and various polymers (such as PVC, PP, and PE), from a diverse range of local and international suppliers. With a strong commitment to quality, the Company continuously seeks to purchase top-grade products at the most competitive prices, ensuring that its clients receive the best possible end products.

Owing to its substantial size, distinguished history, and impressive track record, the Company has cultivated long-standing, mutually beneficial relationships with suppliers across the globe. These relationships not only enable the Company to secure raw materials at attractive prices but also guarantee consistent access to high-quality materials, even during times of market shortages or supply chain disruptions.

In addition, the Company's robust supplier network ensures that it remains agile and responsive to evolving market conditions and client requirements. By maintaining strong connections with a variety of suppliers, the Company can swiftly adapt to changes in demand, source alternative materials when necessary and explore new product opportunities. This comprehensive approach to supplier management ultimately contributes to the Company's ongoing success and growth in the competitive global marketplace. It is also able to secure supply in times of shortages. For example, during the COVID-19 pandemic when most competitors were struggling to secure raw materials, due to disruptions in global supply chain, the Company successfully mitigated the risk of supply chain disruptions with their diversified base of local and international suppliers and optimised inventory management practices by monitoring stock levels closely and forecasting demands to ensure adequate supply levels.

The following table shows information about the Company's key suppliers accounting for more than five per cent. of the Company's purchases in the financial years ended 31 December 2020G, 2021G and 2022G, and the six-month period ended 30 June 2023G:

Table 4.17: Company's Key Suppliers Accounting for More Than Five Per cent. of the Company's Purchases in the Financial Years Ended 31 December 2020G, 2021G and 2022G, and the Six-Month Period Ended 30 June 2023G

Supplier	% of Total Purchases ⁽¹⁾				Class	Description of Supplier
	Financial Years Ended 31 December			Six-Month period ended 30 June 2023G		
	2020G	2021G	2022G			
Saudi Arabian Mining Company (Ma’aden)	47.6%	44.7%	49.6%	37.1%	Aluminium billets	It is a Saudi joint stock company specialised in mining and metals company in the Middle East. Founded in 1997G.
Aluminium Bahrain (Alba)	24.3%	20.4%	12.1%	45.4%	Aluminium billets	It is a Bahraini joint stock company specialised in aluminium smelters and is one of the largest companies in the world in its field. Founded in 1968G.

Source: The Company.

⁽¹⁾ The percentages are rounded.

4.5.6 Clients

As of 30 June 2023G, the Company had more than 1,537 clients which represented high sales diversity. It established its strong and years-long relationships with many of its clients by providing high quality products and outstanding client service and building upon its broad range of products. The Company also provides exclusive services to its clients that consist of processing customer-supplied materials, such as powder coating, anodising, thermal-break. In the financial years ended 31 December 2020G, 2021G and 2022G, and the six-month period ended 30 June 2023G, such services provided by the Company generated SAR 3.9 million, SAR 3.7 million, SAR 6.5 million and SAR 2.8 million, respectively, in revenue, representing 1.1 per cent., 0.4 per cent., 0.9 per cent. and 0.8 per cent., respectively, of the Company's total revenue for the same period. The following table sets out sales to the Company's top clients during the financial years ended 31 December 2020G, 2021G and 2022G, and the six-month period ended 30 June 2023G:

Table 4.18: Company's top clients during the financial years ended 31 December 2020G, 2021G and 2022G, and the six-month period ended 30 June 2023G

SAR (Thousand)	As of 31 December			30 June 2023G
	2020G	2021G	2022G	2023G
Client 1	82,499	91,470	137,881	77,795
Client 2	81,018	69,401	73,981	40,728
Client 3	N/A	38,635	32,904	9,936
Client 4	N/A	N/A	25,047	7,523
Client 5	N/A	N/A	15,608	6,719
Client 6	13,945	13,139	14,556	6,267
Client 7	N/A	N/A	12,953	5,504
Client 8	2,480	9,621	12,366	5,403
Client 9	N/A	N/A	10,970	4,984
Client 10	N/A	6,742	10,958	4,560
Other	179,853	289,536	402,649	167,173
Total	359,795	518,543	749,874	336,591
Top Client %	22.9%	17.6%	18.4%	23.10%
Top Five Clients %	45.4%	38.5%	38.1%	42.40%
Top Ten Clients %	50.0%	44.2%	46.3%	50.30%
Other	50.0%	55.8%	53.7%	49.70%

Source: The Company.

The Company's clients are private sector companies from the following industries where it has relationships that exceed more than 20 years:

- **Building and Construction:** System houses, trading, contracting, fabrication and family business companies that specialise in the design, development, and implementation of buildings, construction and infrastructure projects. These companies typically work on a range of projects, from residential and commercial buildings to highways and bridges. Depending on the size of the company, they may employ engineers, architects, project managers, contractors, and a range of other skilled professionals to complete projects. In addition to traditional building projects, some construction companies may also specialise in infrastructure projects such as highways, bridges, tunnels and dams. These types of projects often require specialised expertise and equipment, and may involve working closely with Government agencies and other stakeholders.
- **Industrial:** Companies that specialise in the production and distribution of aluminium related products for industrial use. These companies typically produce a range of aluminium products in gas, energy, electricity, maintenance, and may also provide value-added services like machining, fabrication, and finishing.
- **Other Industries:** Companies and workshops that are working in the field of formwork, cabinets, furniture and home appliances.

Approximately 28.4 per cent., 28.7 per cent., 22.8 per cent. and 23.6 per cent. of the Company sales in the financial years ended 31 December 2020G, 2021G and 2022G, and the six-month period ended 30 June 2023G were exported to various countries including the Sultanate of Oman, the Netherlands, Kuwait, Iraq, Bahrain, United Arab Emirates, Egypt, Lebanon, India, Kingdom of Jordan, Qatar, Sudan, Yemen and Syria, but also to other markets such as the United Kingdom, Hong Kong and New Zealand. This is a testament to the quality of the Company's products which meet global market standards.

4.5.7 Marketing

The Company's philosophy, "Excellence and leadership in the field of industry," focuses on developing long-term, successful relationships with all stakeholders and establishing a brand identity based on the key values of "high-quality products." These values are reinforced in every communication. The Company adopts a comprehensive approach to reaching clients through various channels. The main marketing channels of the Company include the following:

- interactive website;
- featuring quoting and pricing modules;
- media and advertisement, encompassing social media, newspapers, and sector-specific magazines;
- sector-specific events, such as international exhibitions and trade shows;
- client surveys, visit reports, opinions and feedback as major sources of information for understanding client perceptions and taking necessary actions to rectify weaknesses where necessary; and
- product and brand awareness catalogues.

The Company manages its Saudi and international sales operations from the Riyadh headquarters. It has sales offices in Riyadh, Jeddah, Dammam and Dubai. These regional sales offices help shape and implement the Company's strategy for accomplishing sales and operational objectives within their respective geographic markets. They achieve this by contributing regional sales information, identifying new client and product opportunities, and forecasting market trends to make projections and set sales plans and quotas. A local presence enables the development and maintenance of rapport with key clients, allowing the Company to better understand their changing needs and requirements, and ensuring that service standards are met.

A yearly marketing plan is prepared in consultation with Executive Management and approved by the Marketing Director. This plan includes, among other things: (i) planned marketing activities; (ii) sales goals and objectives; (iii) sales forecasts; (iv) marketing research; (v) proposed communication tools; (vi) client feedback; (vii) product awareness surveys; and (viii) marketing budget and required resources.

Regional managers prepare and submit quarterly marketing reports to the Marketing Manager, detailing their marketing activities and the results associated with their performance, including suggestions and recommendations for improvement. The Marketing Manager compares the actual results (as reported from the Finance Department) and the forecast results as planned in the previous year's forecast.

Prior to being invited to tender for new contracts, the Company undergoes a pre-qualification assessment whereby its policies, procedures, and records are evaluated to ensure that it is able, eligible and qualified to enter the tendering process. Maintaining this pre-qualified status with clients is critical. The Company's products have been pre-qualified and approved by many national and international companies, including AAMA 2605-20, AMMA 611-14, ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, SA 8000:2014, ISO/IEC 27001:2013, ISO/IEC 27009:2020 QUALANOD, QUALICOAT, Cradle to Cradle Certified® (C2C) Silver certification, Environmental Product Declaration EPD and SASO.

4.5.8 Geographic Location and Operations

The Company's head office is located in the city of Riyadh. As of 30 June 2023G, the Company operated from nine locations within the Kingdom, and one location in the UAE. The following table shows the geographic presence of the Company as of 30 June 2023G:

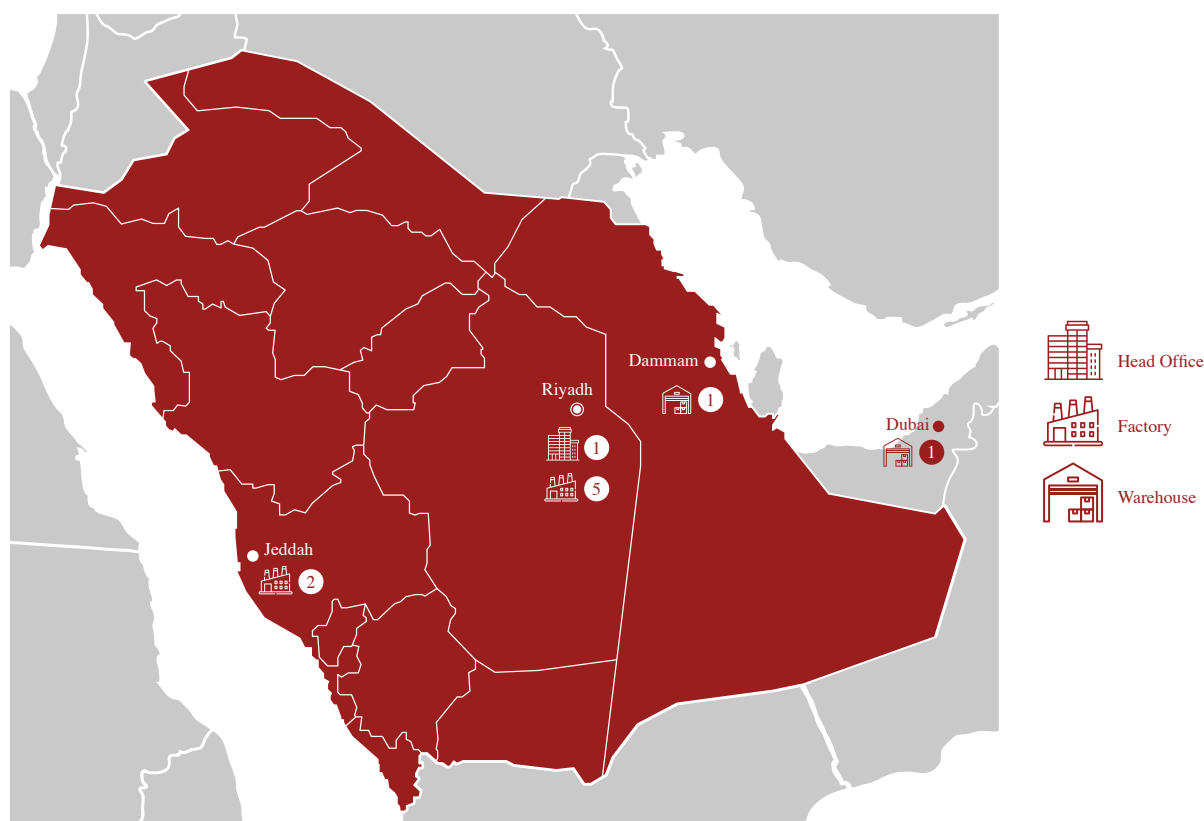
Table 4.19: Details of the Company's Operations Geographical Presence as of 30 June 2023G

No	Country	City	Geographical Presence	Number of Branches
1.	The Kingdom of Saudi Arabia	Riyadh	Factories Head Office	Five One
2.	The Kingdom of Saudi Arabia	Jeddah	Factories	Two
3.	The Kingdom of Saudi Arabia	Dammam	Warehouse	One
4.	UAE	Dubai	Warehouse	One

Source: The Company.

The following map shows the geographic location of the Company's operations as of 30 June 2023G:

Exhibit 4.3: Geographic Location of the Company's Operations as of 30 June 2023G



Source: The Company.

As of the six-month period ended 30 June 2023G, the Company's core geographic market is the Kingdom, which is also the largest contributor to its revenue, followed by the Sultanate of Oman, Netherlands, Kuwait, Iraq, Bahrain, United Arab Emirate, Egypt, Lebanon, India, Kingdom of Jordan, Qatar, Sudan, Yemen and Syria, as well as numerous other markets such as the United Kingdom, Hong Kong and New Zealand. From its sales in the Kingdom, the Company generated revenues of around SAR 102.1 million, SAR 149.1 million, SAR 171.1 million and SAR 79.5 million in the financial years ended 31 December 2020G, 2021G and 2022G, and the six-month period ended 30 June 2023G, respectively, accounting for 28.4 per cent., 28.8 per cent., 22.8 per cent. and 23.6 per cent., respectively, of the Company's total revenue. For further details regarding the risks related to the Company's operations outside the Kingdom, see Section 2.1.14 (*Risks Related to Operations Outside the Kingdom*).

4.5.9 Certifications

One of the most important priorities of the Company is to adhere to the highest quality and safety standards while protecting the environment. The Company is committed to implementing international standards across all its products and operations associated with its factories, striving to demonstrate production efficiency and quality. These efforts have resulted in the Company obtaining numerous certifications from local and international organisations concerning its manufacturing facilities and products, as summarised in the table below. The Company continuously works on renewing these certificates by meeting all relevant requirements and standards for renewal.

Table 4.20: Certificates and Awards Obtained by the Company as of the Date of this Prospectus

Certification	Entity	Details	Approval period
ISO 9001:2015 QMS	TUV Austria	QMS-Quality Management System	Commenced in 1998G and renewed every three years (latest renewal is valid until 19 Thul-Hijjah 1445H (corresponding to 25 June 2024G).
ISO 45001:2018 OHSA	Intertek	Occupational Health and Safety Management	Commenced in 2022G and renewed every three years.
ISO 14001:2015 EMS	SIS Certifications	EMS-Environment Management System	Commenced in 2021G and renewed every three years.
Qualicoat (Seaside)	Qualicoat, Zurich	Powder Coating Certification	Commenced in 2005G and renewed every year (latest renewal is valid until 18 Jumada al-Akhirah 1445H (corresponding to 31 December 2023G).
Qualanod	Qualanod Zurich	Anodising Certification	Commenced in 2005G and renewed every year (latest renewal is valid until 18 Jumada al-Akhirah 1445H (corresponding to 31 December 2023G).
C2C	C2C institute	Cradle to Cradle Certified® (C2C) Silver certification	Commenced in 2021G and renewed every two years.
EPD	EPD International	Environment Product Declaration	Commenced in 2021G and renewal in 2026G.
AAMA 2605-20	FGIA	Verified Component List	Commenced in 2017G and renewal every three years (latest renewal is valid until 9 Muharram 1445H (corresponding to 27 July 2023G).
AAMA 611-14	FGIA	Verified Component List	Commenced in 2017G and renewal every three years (latest renewal is valid until 9 Thul-Qi'dah 1444H (corresponding to 29 May 2023G).
SA 8000	KCS	Social Fairness certification	Commenced in 2021G renewal every year (latest renewal is valid until 17 Sha'ban 1445H (corresponding to 27 February 2024G).
SASO	Saudi Standards	Saudi standard Quality Mark	Commenced in 2015G and renewal every three years (latest renewal is valid until 19 Rabi' al-Thani 1447H (corresponding to 11 October 2025G).
ISO/IEC 27001:2013	TNV	Information Security Management System	Commenced in 2023G and renewal every year (latest renewal is valid until 10 Thul-Qi'dah 1447H (corresponding to 26 April 2024G).
ISO/IEC 27009:2020	Universal Registrars	Information Security, Cybersecurity and Privacy Protection-Sector-specific Application of ISO/IEC 27001	Commenced in 2023G and renewal every year (latest renewal is valid until 8 Thul-Qi'dah 1447H (corresponding to 24 April 2024G).

Source: The Company.

4.5.10 Research and Development

The Company recognises research and development (R&D) as a vital component for growth and enhancement of its business, particularly in the context of the increasing importance of sustainability and the need to remain competitive in a dynamic market. It thoroughly investigates target markets and client needs, focusing on developing new and improved products to cater to those requirements, while also considering the environmental impact and resource efficiency.

The Company's R&D team comprise of a balanced mix of six experienced professionals with years of experience in engineering and design, production, quality control, as well as marketing and market research. Together, they have the know-how and technical capabilities required to continue to innovate. Key strengths of the Company's R&D team include possessing a diverse range of skills and experience, cultivating a culture of collaboration and knowledge-sharing, enabling them to work together to solve complex problems and generate new ideas. They are equipped with the necessary tools and resources to conduct research, analyse data and conceptualise new ideas.

The role of the research and development team is to maintain the Company's competitive edge by providing valuable insights into the market, as well as developing innovative services and products or improving existing ones. The main objectives of the research and development team are to:

- emphasise on not only improving existing products but also expanding product versatility across various fields, ensuring the Company stays relevant and meets the evolving needs of its clients, while taking into account the importance of environmental protection and resource conservation;
- concentrate on process improvements that indirectly reduce the cost of products, thereby benefiting both the manufacturer and the client, while also increasing efficiency, overall product quality and reducing environmental impact;
- work on energy and water conservation, and reduction of carbon footprints through recycling and innovation, reflecting the Company's commitment to sustainability and environmental responsibility;
- stay ahead of its competition by continually adapting to market needs, anticipating future trends and incorporating cutting-edge technologies to improve products and services;
- foster a culture of innovation within the Company, encouraging employees to contribute ideas and solutions that enhance the product offerings and streamline internal processes, while also prioritising environmental considerations;
- collaborate with external partners, including academic institutions and industry experts, to conduct joint research projects and gain access to the latest advancements in the field, particularly in relation to sustainable materials, processes, and practices; and
- monitor and assess the intellectual property landscape, protecting the Company's innovations through patents, trademarks, and copyrights, and ensuring compliance with existing intellectual property rights.

By dedicating resources to R&D, the Company aims to maintain its position as a market leader and continuously adapt to the ever-changing demands of its clients, industry trends and environmental concerns. Expenditures for the Company's R&D activities were SAR 2.1 million, SAR 3.6 million, SAR 3.2 million and SAR 3.3 million in the financial years ended 31 December 2020G, 2021G, and 2022G, and the six-month period ended 30 June 2023G.

4.6 Future Plans and Initiatives

The following are the main initiatives underway within the Company which are planned to be launched within the next 12 months:

4.6.1 Expansion of Product Portfolio

The Company aims to broaden its product portfolio by introducing innovative and sustainable products that cater to the evolving needs of its clients, especially niche markets such as aluminium automotive parts, defence industry products, mesh or polyamide. This will be achieved through continuous research and development efforts, as well as collaborating with industry experts and academic institutions to access the latest advancements in materials and processes. By doing so, the Company will maintain its competitive edge and address the growing demand for environmentally friendly solutions.

4.6.2 Enhancing Client Experience

The Company is committed to providing exceptional client service and building strong, long-lasting relationships with its clients. To achieve this, the Company plans to invest in digital transformation, improving its online presence, and offering user-friendly tools such as interactive websites, quoting and pricing modules. Additionally, the Company will continue to gather client feedback, conduct surveys, and use the insights to further enhance the overall client experience.

4.6.3 Geographic Expansion

The Company plans to expand its presence in both domestic and international markets, with a focus on regions demonstrating significant growth potential. This expansion strategy will be carried out through establishing new sales offices, entering strategic partnerships and participating in industry events, exhibitions and trade shows. By doing so, the Company aims to increase its market share, diversify its revenue streams, and reduce dependency on any single market. The Company is targeting two major international markets, the USA and Europe, either by opening

sales offices in these locations or by partnering with reliable agent that will collaborate closely with the Company to develop a comprehensive sales strategy that will enable the Company to succeed in such highly competitive markets.

4.6.4 Strengthening Sustainability Initiatives

Building upon its commitment to environmental protection, the Company plans to implement further sustainability initiatives in its operations. These include further investment in energy and water conservation measures, reducing carbon footprint, increasing recycling efforts, and exploring the use of renewable energy sources. The Company also intends to obtain additional certifications and accreditations to demonstrate its commitment to sustainability and environmental responsibility.

4.6.5 Workforce Development

The Company recognises the importance of a skilled and motivated workforce in achieving its objectives. It plans to further invest in employee training and development programmes, ensuring that staff are well-equipped to adapt to new technologies and industry trends. Additionally, the Company will focus on promoting a culture of innovation and collaboration, encouraging employees to contribute ideas and solutions that drive growth and efficiency.

4.6.6 Acquisition and Strategic Partnerships

The Company will actively explore opportunities for strategic acquisitions and partnerships that align with its growth objectives and complement its existing product offerings. By doing so, the Company can expand its market presence, access new technologies and expertise, and diversify its revenue sources.

By implementing these plans and initiatives, the Company aims to enhance its position as a market leader, better serve its clients and create long-term value for its stakeholders.

4.7 Administrative Support Departments

The Company has a number of administrative departments that support its various business activities. Below is a brief description of the activities of the Company's departments as of the date of this Prospectus:

4.7.1 Finance Department

The Finance Department plays a crucial role in the Company by providing accurate and timely financial information to support decision-making processes, ensuring proper internal controls to safeguard assets, and maintaining compliance with financial regulations and policies. Its responsibilities encompass centralised strategy, policy, procedure and treasury management, as well as localised accounting functions. Key tasks include developing and implementing financial policies and controls, fostering innovation and continuous improvement, conducting daily audits and producing periodic financial reports, preparing financial statements and KPIs, overseeing the financial flow cycle, managing the treasury function, handling relationships with financial institutions, using internal and external auditors, preparing and filing Zakat and tax returns, and providing ad hoc financial support to committees and departments within the Company.

4.7.2 Procurement Department

The Procurement Department plays a vital role in supporting the Company's core production and acquisition of raw materials and services required for smooth operations. It ensures precise and accurate expectations for final products, capacity, materials and time by sourcing necessary materials, consumables, spare parts, machinery, equipment, and other items within the required timeframe, quality, price, and terms. Key tasks include developing detailed material supply and procurement plans in line with sales and production requirements, creating a criteria matrix for contractor and supplier selection and evaluation, maintaining a list of preferred suppliers for each category, negotiating the best commercial terms and agreements, issuing orders and tracking them until items procured are received in compliance with agreed terms, performing regular market checks and surveys for new suppliers and materials, and closely coordinating with the Sales and Marketing Department to manage storage and fleet requirements throughout the value chain.

4.7.3 Sales and Marketing Department

The Sales and Marketing Department is responsible for creating and implementing marketing strategies aimed at enhancing the Company's brand and reputation while increasing its client base. Key responsibilities include planning and executing marketing campaigns, evaluating the success and failure of previous campaigns, appointing third-party marketing agencies to ensure cost-effectiveness, quality, and sufficient return on investment, and managing the Company's branding and promotional materials. Additionally, the department safeguards the correct usage of the Company's identity, designs, and intellectual property, and generates revenue through advertising or promotional activities using Company property. Other tasks involve understanding client needs and requirements, attracting new clients, expanding into new markets and products, providing sales and marketing information such as periodic sales and inventory reports, assessing the effectiveness of promotional activities, and ensuring client satisfaction and a positive post-purchase experience.

4.7.4 Legal, Governance and Compliance Department

The Legal, Governance and Compliance Department plays a crucial role in managing the Company by ensuring proper adherence to legal and regulatory requirements. Key responsibilities include preparing contracts and agreements, representing the Company in legal matters before judicial bodies, advising other departments on the interpretation of applicable laws and regulations, and monitoring changes to relevant laws, regulations, circulars, and directives. Additionally, the department supervises the holding of General Assembly meetings, liaises with governmental authorities, develops a corporate governance manual to ensure compliance, and maintains commitment to applying all manuals, procedures, policies, and instructions issued by regulatory authorities. Furthermore, it is responsible for preparing and drafting the Board's annual report, addressing conflict of interest situations, managing relationships with regulators and shareholders, and reviewing legal, constitutional, and contractual documents. The department also provides legal advice to the Board of Directors and the Company's Executive Management on the Company's legal affairs.

4.7.5 Supply Chain Department

The Supply Chain Department plays a vital role in the Company's operations, with key responsibilities that include evaluating suppliers and negotiating favourable terms and conditions, strengthening relationships with suppliers, and defining detailed procurement requirements to align with production schedules and client delivery deadlines. Additionally, the department is responsible for coordinating shipment and receiving operations, maintaining the quality level of inventory and procurement cycle procedures, and ensuring that supplies of raw materials and final goods reach the Company's supply chain without interruption, thus contributing to the overall efficiency and effectiveness of the Company's operations.

4.7.6 Production Department

The Production Department is responsible for overseeing and managing manufacturing operations, ensuring an efficient and productive process across all production lines, while maintaining the quality of the products. This involves liaising with other departments to align the Company's objectives in terms of products, estimating manufacturing costs and budgeting. Additionally, the department organises workflow to meet specifications and deadlines, supervises and evaluates the performance of personnel and equipment, determines the required resources (such as workforce and raw materials) and controls product quality. Furthermore, the Production Department supervises the implementation of research and development programmes aimed at introducing new products and processes to save costs, ultimately reporting on manufacturing operations to Executive Management.

4.7.7 Safety Department

The Safety Department is primarily focused on ensuring the safety of workplaces, employees and equipment within the Company. Key responsibilities include inspecting workplace and site conditions to develop and implement policies and procedures to mitigate hazardous situations. This involves identifying broken equipment, defective tools and potential hazards, as well as establishing and enforcing health and safety precautions. Additionally, the Safety Department plays a crucial role in ensuring that workers receive appropriate safety training to maintain a secure and protected working environment for all employees.

4.7.8 Maintenance Department

The Maintenance Department is primarily responsible for ensuring the proper upkeep and functioning of the Company's premises and equipment through the use of suitable tools and methods. Key responsibilities include carrying out routine inspections of premises and equipment, performing preventative maintenance to reduce the likelihood of issues arising and addressing basic repairs and maintenance tasks. The Maintenance Department also oversees contractors for professional repairs, when necessary, diagnoses and resolves mechanical issues, and repairs machines, equipment, or structures as required, ensuring the Company's infrastructure and assets remain in optimal working condition.

4.7.9 Quality Control Department

The Quality Control Department serves as an independent and objective assurance and consulting function, designed to enhance and refine the Company's operations. By adopting a systematic, disciplined approach, the department evaluates and improves the effectiveness of risk management, control and governance across all business segments. Key responsibilities include complete control of quality checks in all department of manufacturing, as well as evaluating risk management, control and governance systems to ensure they function as intended and support the organisation's objectives and goals. The department reports risk management issues and internal control deficiencies directly to the Audit Committee, providing recommendations for enhancing operational efficiency and effectiveness. Additionally, the Quality Control Department evaluates information security, risk exposures, regulatory compliance programmes and organisational readiness for business interruptions. The department also collaborates with internal and external resources as needed and supports the Company's anti-fraud efforts.

4.7.10 Human Resources Department

The Human Resources Department manages all aspects of the Company's human assets, including talent acquisition, recruitment, personnel training, development and retention initiatives, with the aim of helping the Company achieve its objectives. It also oversees employee compensation and benefits programmes. Key functions include: assisting in talent acquisition by finding, screening, and recruiting highly qualified candidates; developing and maintaining job descriptions, classifications, and competencies; and ensuring compliance with human resource policies, procedures and applicable laws. The department also reviews and administers salary scales and structures, assists with performance assessments and appraisals, and implements training and development programmes. Additionally, it manages orientation for new employees, ensures compliance with Saudisation requirements and leverages technology to enhance HR management. The department

maintains the security and confidentiality of employee data and information and continually aligns HR practices with the latest developments in the Kingdom and globally.

4.7.11 Information Technology Department

The Information Technology Department is responsible for ensuring the Company employs suitable technologies to support its activities, future expansion plans, and secure its information and systems. The department's functions include understanding the Company's strategic objectives and determining the appropriate IT resources and infrastructure according to approved instructions, procedures, and standards. It also maintains the Company's systems, servers, storage units and networks in optimal working condition, manages access and restrictions for IT resources and infrastructure users, and oversees the management, maintenance and upgrading of the Company's enterprise resource planning system. Additionally, the department automates processes and reports to provide timely information to the appropriate users and ensures the safety and security of the Company's information, particularly by implementing effective disaster recovery plans and safeguarding against potential cyberattacks on the Company's systems.

4.8 Corporate Social Responsibility

The Company's carries out its activities and businesses in accordance with principles and values that align with the Company's overall values, while protecting the interests of society. In addition to adhering to laws and regulations set forth by official authorities, the Company ensures that the Company proactively takes measures to enhance the living conditions of employees and their families, contributing to community well-being and lasting economic and social development.

Social responsibility aims to achieve the following:

- adopting and implementing the principles of justice in the workplace, and addressing all the various problems related to employees such as: wages, health, safety and work-life balance, as well as involving employees in training programmes with the aim of developing capabilities and refining skills, which enables the Company to attract, appoint, and develop its human resources and maintain it;
- improving the social and market impact of its activities, in addition to adopting the principle of transparency in dealing with customers and service providers;
- conduct its activities in a responsible manner, while complying with relevant applicable policies, with the aim of consolidating public relations across various marketing and media activities, and avoiding monopolistic and anti-competitive practices in the market;
- building a mutually beneficial relationship with local communities;
- balancing between the Company's objectives and the interests of society in general. This includes strengthening relationships through sustainable development of society in general, including employee volunteer activities, providing free services and in-kind donations, in addition to charitable donations; and
- adopting environmental measures as stipulated in applicable regulations and working to reduce waste or pollutants that harm human health and the environment, in addition to rationalising electricity consumption and using recyclable and remanufactured materials. In addition, the Company aims to develop environmentally friendly working methods.

4.9 Business Continuity

During the twelve-month period preceding the date of this Prospectus, there has been no suspension or interruption in the Company's business that would affect or have a significant impact on its financial position and no material change in the nature of its business is contemplated.

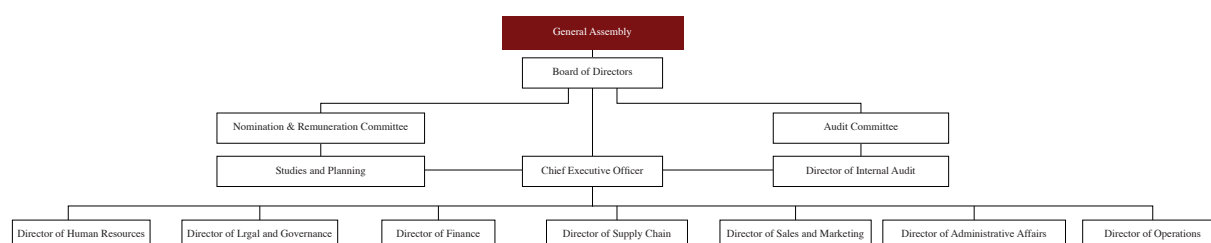
5. Organisational Structure and Corporate Governance

5.1 Organisational 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 Executive Management of the Company and, in particular, the Chief Executive Officer.

The following chart sets out the organisational structure of the Company:

Exhibit 5.1: Organisational Structure of the Company



Source: The Company.

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

Table 5.1: Direct Ownership Structure of the Company Pre- and Post-Offering

Shareholder	Shareholding (Pre-Offering)			Shareholding (Post-Offering)		
	Number of Shares	Direct Ownership (%)	Nominal Value (SAR)	Number of Shares	Direct Ownership (%)	Nominal Value (SAR)
Mansour Kamel Ibrahim Al-Fattouh	7,684,662	19.21%	76,846,620	5,379,263	13.45%	53,792,630
Nasser Kamel Ibrahim Al-Fattouh Al-BIwi	6,731,287	16.83%	67,312,870	4,711,901	11.78%	47,119,010
Elham Mahmoud Obaid Ibrahim	4,494,482	11.24%	44,944,820	3,146,137	7.87%	31,461,370
Nawaf Khalid Kamel Al-Fattouh Al-BIwi	2,944,937	7.36%	29,449,370	2,061,456	5.15%	20,614,560
Abdulaziz Khalid Kamel Al-Fattouh Al-BIwi	2,944,937	7.36%	29,449,370	2,061,456	5.15%	20,614,560
Amal Kamel Ibrahim Al-Fattouh Al-BIwi	2,860,127	7.15%	28,601,270	2,002,089	5.01%	20,020,890
Dalal Kamel Ibrahim Al-Fattouh Al-BIwi	3,336,815	8.34%	33,368,150	2,335,771	5.84%	23,357,710
Manal Kamel Ibrahim Al-Fattouh Al-BIwi	3,336,805	8.34%	33,368,050	2,335,764	5.84%	23,357,640
Basmah Hussain Salem Al-Fattouh Al-BIwi	841,412	2.10%	8,414,120	588,988	1.47%	5,889,880
Ibrahim Abdulaziz Kamel Ibrahim Al-Fattouh Al-BIwi	252,759	0.63%	2,527,590	176,931	0.44%	1,769,310
Mohammed Abdulaziz Kamel Ibrahim Al-Fattouh Al-BIwi	252,759	0.63%	2,527,590	176,931	0.44%	1,769,310
Faris Abdulaziz Kamel Ibrahim Al-Fattouh Al-BIwi	252,759	0.63%	2,527,590	176,931	0.44%	1,769,310
Fatima Ali Hassan Al-Fattouh	126,379	0.32%	1,263,790	88,465	0.22%	884,650

Shareholder	Shareholding (Pre-Offering)			Shareholding (Post-Offering)		
	Number of Shares	Direct Ownership (%)	Nominal Value (SAR)	Number of Shares	Direct Ownership (%)	Nominal Value (SAR)
Reem Abdulaziz Kamel Ibrahim Al-Fattouh Al-Blwi	126,379	0.32%	1,263,790	88,465	0.22%	884,650
Shatha Muwaffaq Kamel Al-Fattouh Al-Blwi	2,860,126	7.15%	28,601,260	2,002,088	5.01%	20,020,880
Khadraa Rashid Harbi Al-Fattouh	953,375	2.38%	9,533,750	667,364	1.67%	6,673,640
Public	-	-	-	12,000,000	30%	120,000,000
Total	40,000,000	100 %	400,000,000	40,000,000	100 %	400,000,000

Source: The Company.

⁽¹⁾ Shareholding percentages are rounded.

5.2 Board of Directors and Secretary of the Board of Directors

5.2.1 Composition of the Board of Directors

The Board of Directors consists of seven Directors who are appointed by the General Assembly by means of cumulative vote (for further details, see Section 12.12 (*Summary of Bylaws*)). The Companies Law, the Corporate Governance Regulations, the Bylaws and the internal corporate governance regulations of the Company determine the duties and responsibilities of the Board of Directors. The term of the Directors' membership in the Board of Directors, including the Chairman, shall be for a maximum period of four years for each term.

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

Table 5.2: Company's Board of Directors

Name	Position	Nationality	Status ⁽⁴⁾	Direct Share Ownership ⁽¹⁾		Indirect Share Ownership		Date of Appointment ⁽²⁾
				Pre-Offering	Post-Offering	Pre-Offering	Post-Offering	
Mansour Kamel Ibrahim Al-Fattouh	Chairman	Saudi	Non-Executive	19.21%	13.45%	-	-	24 Muharram 1443H (corresponding to 2 September 2021G)
Nasser Kamel Ibrahim Al-Fattouh Al-Blwi	Vice Chairman	Saudi	Non-Executive	16.83%	11.78%	-	-	24 Muharram 1443H (corresponding to 2 September 2021G)
Suliman Saleh Nasser Al-Oufi	Director	Saudi	Executive	-	-	-	-	5 Rabi' al-Thani 1443H (corresponding to 10 November 2021G)
Vacant ⁽³⁾	Director	-	Independent	-	-	-	-	-
Waleed Hamad Sulaiman Al-Bathe	Director	Saudi	Independent	-	-	-	-	15 Rabi' al-Awwal 1444H (corresponding to 11 October 2022G)
Vacant ⁽³⁾	Director	-	Independent	-	-	-	-	-

Name	Position	Nationality	Status ⁽⁴⁾	Direct Share Ownership ⁽¹⁾		Indirect Share Ownership		Date of Appointment ⁽²⁾
				Pre-Offering	Post-Offering	Pre-Offering	Post-Offering	
Vacant ⁽³⁾	Director	-	Independent	-	-	-	-	-

Source: The Company.

⁽¹⁾ Shareholding percentages are rounded.

⁽²⁾ Dates listed in this table are the dates of appointment of the current positions in the Board of Directors. Their respective biographies in Section 5.2.4 (*Biographies of the Directors and the Secretary*) describe the dates of their appointment, whether in the Board of Directors or in any other position.

⁽³⁾ There are three vacant seats on the Company's Board of Directors and they will be appointed after Admission.

⁽⁴⁾ An independent Director is one who fulfils the following conditions: he/she is a non-executive member of the Board of Directors with complete independence in their position and decisions and none of the issues affecting independence stipulated below apply to them:

- he/she hold five per cent. or more of the shares of the Company or any other company within its Group, or are a relative of someone who owns such percentage;
- he/she is a relative of any Company Director, or of any other company director within the Company's Group;
- he/she is a relative of any Senior Executive of the Company, or of any other company within the Company's Group;
- he/she is nominated to be a director for any company within the Company's Group;
- he/she is an employee, or were a former employee during the previous two years, of the Company or a company within its Group, or held a controlling interest in the Company or any party dealing with the Company or any company within its Group, such as external auditors or key suppliers, during the preceding two years;
- he/she have a direct or indirect interest in the business and contracts conducted for the Company;
- he/she receive financial consideration from the Company in addition to remuneration for their membership of the Board or any of its committees in excess of SAR 200,000 or 50.0 per cent. of their remuneration for the previous year of their membership of the Board or any of its committees, whichever is less;
- he/she engages in businesses that competes with the Company, or conduct business in any of the Company's lines of activities; or
- he/she serve for more than nine years, whether consecutive or not, as a Director of the Company.

The Secretary of the Board of Directors is AlBaraa Abdullah Saleh Al-Salamah, who was appointed pursuant to a resolution by the Board of Directors dated 16 Safar 1444H (corresponding to 12 September 2022G) (For a summary of his biography, see Section 5.2.4.5 (*AlBaraa Abdullah Saleh Al-Salamah, Board Secretary*)).

5.2.2 Responsibilities of the Board of Directors

The Company is supervised by a Board of Directors consisting of professional and highly experienced people. Further to powers set by the General Assembly in the Companies Law and its implementing regulations, as well as the Company's Bylaws, the Board of Directors is vested with full powers to manage the business of the Company and supervise its affairs. The Board of Directors delegates responsibility for overall day-to-day management of the Company to the Company's Executive Management.

Some powers are delegated to the Company's Committees, consisting of the Audit Committee, the Nomination and Remuneration Committee and the Executive Committee (collectively, the "**Committees**") and a number of administrative departments with responsibility for dealing with a range of operational and business matters (for further details, see Section 4.5 (*Overview of the Company's Business*)). In addition, the Board of Directors has the power to form any number of committees it considers necessary for effective governance, oversight and operations of the Company or to delegate some of its powers to one or more of the Directors or to third parties. However, despite any delegation, the ultimate responsibility for the Company rests with the Board of Directors.

The responsibilities of the Board of Directors, the Chairman and the Secretary can be summarised as follows:

5.2.2.1 Board of Directors

The responsibilities of the Board of Directors include the following:

- participating in the overall direction and management of the Company;
- acting on behalf of the Company in an agent-like capacity;
- overseeing the Committees in line with the policies and objectives of the Company;
- approving the appointment of the Chief Executive Officer, the Chief Financial Officer and the Head of Internal Audit Department;
- laying down a comprehensive strategy for the Company, the main work plans and the policy related to risk management;
- determining the appropriate capital structure of the Company, its strategies and financial objectives and approving its annual budgets;
- supervising the main capital expenditures of the Company and acquisition/disposal of assets;
- determining the performance objectives to be achieved and supervising implementation thereof;
- monitoring the overall performance of the Company;

- reviewing and approving the organisational and functional structures of the Company;
- developing a written policy regulating conflicts of interest and remedy of any possible cases of conflict by the Directors, Executive Management and Shareholders;
- developing written policies regulating the Company's relationship with the Shareholders, including policies in connection with the indemnification of Shareholders and settlement of complaints or disputes between the Company and Shareholders;
- developing policies in connection with maintaining relationships with customers and suppliers and protecting the confidentiality of information in relation thereto;
- establishing a code of conduct for the Executive Management and employees in line with the proper professional and ethical standards;
- developing policies in connection with the Company's social contributions;
- establishing policies and procedures to ensure the Company's compliance with the relevant laws and regulations and the Company's continuous obligation to disclose material information to the Shareholders and other relevant parties;
- laying down policies, standards and procedures in connection with the membership of the Board of Directors and implementation thereof;
- ensuring alignment of strategy and plan with the Company's existing resources, risks, economic and market conditions and growth;
- entering into financial transactions on behalf of the Company;
- ensuring the integrity of the financial and accounting procedures including procedures related to the preparation of the financial reports;
- ensuring the implementation of control procedures appropriate for risk management by forecasting the risks that the Company could encounter and disclosing them with transparency;
- holding a meeting in the last quarter of each year to approve the budget for the following year;
- establishing Committees of the Board of Directors with specific mandates, approving its charters and appointing its members;
- evaluating the performance of the Company's Senior Executives in connection with the achievement of strategy;
- ensuring that a sound system of internal control (supported by the Audit Committee) is established, implemented and maintained at all levels;
- reviewing the effectiveness of the Company's internal control systems;
- ensuring compliance with the Company's corporate governance regulations and the Company's policies and procedures;
- approving the delegation of authority matrix, budgets and financial statements;
- determining the powers to be delegated to the Company's Senior Executives;
- approving new business initiatives and business closures;
- reviewing the performance of the Committees established by the Board of Directors;
- reviewing compliance with the authority matrix;
- ensuring disclosure of key business transactions and Related Party transactions in the Board of Directors' annual report;
- calling for a meeting of the General Assembly at least once a year during the six months following the end of the Company's financial year;
- reviewing the Company's corporate governance regulations periodically, evaluating whether any changes are required in light of updated regulations, changes in practices and communicating such changes to the Secretary; and
- providing recommendations to the Shareholders for the dividends to be distributed in accordance with the Company's dividend distribution policy and for any retention of profits.

5.2.2.2 Chairman

The Chairman shall assume the following responsibilities:

- promoting constructive relationships between the Board of Directors and the Senior Executives, and between the executive Directors and the non-executive Directors;
- ensuring that the Board of Directors agenda is focused on the Company's strategy, performance, value creation for Shareholders and accountability at all levels;
- promoting a culture in the boardroom that supports constructive criticism and alternative views on issues under consideration and encourages discussion and voting on these issues;
- ensuring that both the Directors and the Shareholders receive adequate and timely information;
- delegating tasks to individual Directors and following up on their progress; and
- ensuring that the Directors disclose their business and conflict of interest in any matter discussed in Board of Directors meetings.

5.2.2.3 Secretary

The responsibilities of the Secretary include the following:

- managing all the administrative, technical and logistics relating to the affairs of the Board of Directors and the General Assembly meetings;
- managing and coordinating the meeting agendas of the Board of Directors and the Committees;
- attending the meetings of the Board of Directors;
- preparing visual presentations, preparing and distributing minutes of meetings, archiving all data, information and records relating to the Board of Directors and the Committees and monitoring the implementation of resolutions of the Board of Directors and the Committees;
- ensuring the flow of information within the Board of Directors and between the Board of Directors and the Company's Executive Management;
- preparing and maintaining a register of proceedings and resolutions of the Board of Directors and the Committees and safekeeping the Company's official records;
- managing and developing the Board of Directors' secretariat division;
- acting as a liaison officer with the CMA and other official entities and ensuring compliance with the Corporate Governance Regulations and other related regulations;
- assisting in the modernisation and implementation of the Company's corporate governance;
- assisting the Nomination and Remuneration Committee in preparing and implementing the orientation programme for incoming Directors;
- preparing status reports on the resolutions of the Board of Directors and implementation thereof;
- ensuring that the procedures, rules and regulations applicable to the Board of Directors are followed by the Directors;
- maintaining and updating the Company's Corporate Governance Manual as per the instructions of the Board of Directors; and
- performing other tasks as delegated by the Board of Directors.

5.2.3 Service Contracts with Directors

With the exception of the employment contract with Suliman Saleh Nasser Al-Oufi, no service or employment contracts were concluded between the Directors and the Company.

5.2.4 Biographies of the Directors and the Secretary

The experience, qualifications and the current and other positions of each of the Directors and the Secretary are set out below:

5.2.4.1 Mansour Kamel Ibrahim Al-Fattouh, Chairman

Nationality:	Saudi
Age:	64 years
Position	Company Chairman.
Capacity	Non-Executive.
Academic and Professional Qualifications:	High School Certificate, Al Yarmouk School, Riyadh, Kingdom of Saudi Arabia, 1981G.
Appointment Date (Current Term):	24 Muharram 1443H (corresponding to 2 September 2021G).
Current Positions:	<ul style="list-style-type: none"> • Company Chairman, since 2018G; and • Chairman of the Board of Directors, Ral Investment Company, a closed joint stock company, real estate and agricultural investment sector, since 2017G.
Key Past Professional Experience:	<ul style="list-style-type: none"> • Company Vice chairman, from 1983G until 2017G; • Factory Director, Gulf Polyester Powder Production Company, a public joint stock company (converted into a branch and merged with the company), industrial sector, from 2002G until 2018G; and • General Manager, Al-Fattouh Aluminium Accessories and Isolation Lines Company, a closed joint stock company (converted into a branch and merged with the company), industrial sector, from 1983G until 2002G.

5.2.4.2 Nasser Kamel Ibrahim Al-Fattouh Al-Blwi, Vice Chairman

Nationality:	Saudi
Age:	61 years
Position	Company Vice Chairman.
Capacity	Non-Executive.
Academic and Professional Qualifications:	Diploma in Business Administration, Exeter Educational College, Exeter, United Kingdom, 1987G.
Appointment Date (Current Term):	24 Muharram 1443H (corresponding to 2 September 2021G).
Current Positions:	<ul style="list-style-type: none"> • Company Vice Chairman, since 2017G; • Member of the Board of Directors, Ral Investment Company, a closed joint stock company, real estate and agricultural investment sector, since 2017G; and • Member of the Nomination and Remuneration Committee, since 2022G.
Key Past Professional Experience:	<ul style="list-style-type: none"> • Board Member, Natural Gas Distribution Company, a public joint stock company, gas distribution sector, from 2010G until 2015G; • Factory Director in the Company, from 1998G until 2018G; • General Manager, Al-Fattouh Trading Establishment, and sole proprietorship, wholesale sector and retail trade in aluminium and building material, from 1990G until 1990G.

5.2.4.3 Suliman Saleh Al-Oufi, Director

Nationality:	Saudi
Age:	46 years
Position	Company Director.
Capacity	Executive.
Academic and Professional Qualifications:	<ul style="list-style-type: none"> • Master's Degree in Business Management, Open University Malaysia, Manama, Bahrain, 2009G; and • Bachelor's Degree in Marketing, Arab Academy for Science, Technology and Maritime Transport, Manama, Bahrain, 2004G.
Appointment Date (Current Term):	5 Rabi' al-Thani 1443H (corresponding to 10 November 2021G).
Current Positions:	<ul style="list-style-type: none"> • Company Director, since 2021G; and • Chief Executive Officer of the Company, since 2020G.
Key Past Professional Experience:	<ul style="list-style-type: none"> • Chief Executive Officer, Al Taiseer Aluminium Company (TALCO), from 2018G until 2020G. • Executive Vice President for human resources and administration and Secretary of the Nomination and Remuneration Committee, Arabian Pipes, a public joint stock company, industrial sector, from 2011G until 2014G; • Director of Human Resources, Takween Advanced Industries, a public joint stock company, industrial sector, from 2011G until 2014G; • Director of Human Resources and Administration, Gulf Packaging Industries (one of Al-Rajhi Holding Company subsidiaries), a limited liability company, industrial sector and packaging services, from 2008G until 2011G; and • Senior Planner in the Studies and Planning Department, National Industrial Gases Company (GAS) (a SABIC subsidiary), a closed joint stock company, industrial sector, from 1997G until 2008G.

5.2.4.4 Waleed Hamad Suliman Al-Bathe, Director

Nationality:	Saudi
Age:	53 years
Position:	Company Director.
Capacity:	Non-Executive.
Academic and Professional Qualifications:	Bachelor's Degree of Mechanical Engineering, King Saud University, Riyadh, Kingdom of Saudi Arabia, 1992G.
Appointment Date (Current Term):	15 Rabi' al-Awwal 1444H (corresponding to 11 October 2022G).
Current Positions:	<ul style="list-style-type: none"> • Company Director, since 2022G; • Member of the Audit Committee, since 2022G; • Chairman of the Nomination and Remuneration Committee, since 2022G; and • Chief Executive Officer, Al Ayuni Investment and Contracting Company, a closed joint stock company, investment and contracting sector, since 2022G.
Key Past Professional Experience:	<ul style="list-style-type: none"> • Chief Executive Officer, Saudi Fishery Company, a public joint stock company, fishing and aquaculture sector, from 2017G until 2022G; • Chief Executive Officer, Arabian Pipes, a public joint stock company, industrial sector, from 2014G until 2017G; • Executive General Manager, Saudi Basic Industries Corporation (SABIC), a public joint stock company, industrial petrochemical sector, from 2012G until 2014G; and • Acting General Manager, Saudi Basic Industries Corporation (SABIC), a public joint stock company, industrial petrochemical sector, from 2011G until 2012G; • General Manager of Planning and Control, Saudi Basic Industries Corporation (SABIC), a public joint stock company, industrial petrochemical sector, from 2009G until 2012G; • Director of Engineering and Maintenance, Saudi Basic Industries Corporation (SABIC), a public joint stock company, industrial petrochemical sector, from 2002G until 2009G; • Application Team Member (SAP), Saudi Basic Industries Corporation (SABIC), a public joint stock company, industrial petrochemical sector, from 2001G until 2002G; • Director of Maintenance, Saudi Basic Industries Corporation (SABIC), a public joint stock company, industrial petrochemical sector, from 1997G until 2001G; • Maintenance Engineer, Saudi Basic Industries Corporation (SABIC), a public joint stock company, industrial petrochemical sector, from 1992G until 1997G; and • Patent Examiner, King Abdulaziz City for Science and Technology, a Saudi governmental entity, from 1992G until 1993G.

5.2.4.5 AlBaraa Abdullah Saleh Al-Salamah, Board Secretary

Nationality:	Saudi
Age:	30 years
Position:	Secretary of the Board.
Academic and Professional Qualifications:	Bachelor's Degree in Business Administration, Imam Mohammad Ibn Saud Islamic University, Riyadh, Kingdom of Saudi Arabia, 2018G.
Appointment Date (Current Term):	16 Safar 1444H (corresponding to 12 September 2022G).
Current Positions:	<ul style="list-style-type: none"> Secretary of the Company's Board of Directors, since 2022G; and Director of Administrative Affairs, since 2022G.
Key Past Professional Experience:	<ul style="list-style-type: none"> Supervisor of Administrative Affairs, Arabian Pipes Company, a public joint stock company, industrial sector, from 2019G until 2022G; Secretary of the Board, Arabian Pipes Company, a public joint stock company, industrial sector, from 2019G until 2022G; Administrative Affairs Specialist, Arabian Pipes Company, a public joint stock company, industrial sector, from 2018G until 2019G; Administrative Assistant, Arabian Pipes Company, a public joint stock company, industrial sector, from 2016G until 2018G; Administrative Assistant, Al Mawarid Group, a limited liability company, operations sector, from 2015G until 2016G; Contact Officer, Dar Al Arkan Company, a public joint stock, real estate development sector, from 2014G until 2015G; and Administrative Assistant, Al Fouzan Trading and General Construction, a limited liability company, real estate development sector, from 2013G until 2014G.

5.3 Company's Committees

The Company has a number of Committees that were established to optimise the management of the Company and to meet relevant regulatory requirements. All such committees are compliant with the Corporate Governance Regulations issued by the CMA on 16 Jumada al-Ula 1438H (corresponding to 13 February 2017G), as amended on 25 Jumada al-Akhirah 1444H (corresponding to 18 January 2023G). Each Committee is required to have clear rules identifying their role, powers and responsibilities. Minutes must be prepared for each meeting of each Committee (which are reviewed and approved by the Board of Directors).

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

5.3.1 Audit Committee

5.3.1.1 Responsibilities of the Audit Committee

The Audit Committee assists the Board with oversight of: (i) the integrity, effectiveness and accuracy of the Company's financial statements, reports and internal control system; (ii) the Company's compliance with legal and regulatory requirements, and the rules of professional conduct; (iii) the qualifications and independence of the Company's external auditors; (iv) the performance of the Company's internal audit and external auditors; and (v) evaluating and supervising the risk management system in the Company and the relevant procedures in this regard. The Audit Committee's Manual was approved pursuant to the General Assembly's resolution dated 7 Rabi' al-Thani 1445H (corresponding to 22 October 2023G). The responsibilities of the Audit Committee further include the following:

(a) Financial Statements and Reports

- review significant issues related to accounting and reporting matters, including complex or unusual transactions, critical discretionary areas, emerging professional and organisational announcements and assess their impact on the financial statements;
- review material or unusual issues included in the Company's financial statements and reports, and review issues raised by the Chief Financial Officer (or his/her delegate), compliance officer, or the external auditor;
- review the results of the external audit, along with the management and the external auditor, including any difficulties encountered;
- study the Company's interim and annual financial statements, express an opinion thereon and make recommendations in this regard to the Board prior to their submission to the Board to ensure the validity, integrity and transparency thereof; and consider whether they are complete and consistent with information that the members are aware of and whether they reflect appropriate accounting principles and policies;

- review other sections of the annual report and related organisational files before they are issued and consider the accuracy and completeness of the information;
- review all issues required to be referred to the Committee in light of the generally accepted auditing standards, in cooperation with the management and the external auditor;
- consider the accounting policies followed by the Company, express an opinion thereon and make recommendations to the Board in respect of the same;
- identify how the management develops preliminary financial information and the nature and extent of involvement of the Internal Audit Department and the external auditor;
- provide a technical opinion, at the request of the Board, regarding whether the Board's report and Company's financial statements are fair, balanced and understandable and contain information that enables the Shareholders and investors to assess the Company's financial position, performance, business model and strategy; and
- examine accounting estimates with regard to significant matters contained in the Company's financial statements and reports.

(b) Internal Control

- consider and review the Company's internal and financial control and risk management systems and the effectiveness thereof, including IT security and controls; and
- understand the scope of the internal audit of financial reports by the Internal Audit Department, obtain reports that include important findings and recommendations, and management's observations and comments.

(c) Internal Audit

- adopt the internal audit charter;
- review the performance and activities of the Head of the Internal Audit Department, ensure that there are no unjustified restrictions on his/her activities and make recommendations to the Board with respect to his/her appointment, dismissal, annual remuneration and salary;
- oversee and supervise the performance and activities of the Company's Internal Audit Department to verify the availability of the necessary resources and the effectiveness thereof in performing the tasks and duties assigned thereto in accordance with appropriate professional standards;
- approve the annual audit plan and all changes to the plan, and review the performance and activities of the Internal Audit Department compared to the plan set therefor;
- work with the Head of the Internal Audit Department to review the internal audit budget, resource plan, activities and organisational structure for the internal audit duties;
- review the Company's internal audit procedures;
- consider internal audit reports and follow up on the implementation of corrective measures with regard to the observations contained therein; and
- meet separately with the Head of the Internal Audit Department on a regular basis to discuss any matters that the Committee or Internal Audit Department deem necessary to be discussed in private sessions.

(d) External Auditors

- review the external auditors' proposed audit scope, approach and plan and provide an opinion thereon, including coordinating audit efforts with internal audit activities;
- recommend to the Board to nominate, dismiss and determine the fees of the external auditor, and review the scope of the work thereof and the terms of contract with the same, provided that the recommendation takes into account the independence of the external auditor;
- review the performance of the external auditor, supervise the activities thereof and approve any activity outside the scope of audit work assigned thereto during the performance of the duties thereof;
- study the external auditor's report, observations and reservations on the Company's financial statements and follow up on the relevant actions;
- verify the independence, objectivity and fairness of the external auditor and the effectiveness of auditing, taking into account the relevant rules and standards make recommendations to the Board in this regard;
- verify that the external auditor is not providing technical or management services outside the scope of the audit work and make recommendations to the Board in this regard;
- meet separately with the external auditor on a regular basis to discuss any matters that the Committee or Auditor deems necessary to be discussed in private sessions;
- respond to the inquiries of the external auditor; and
- settle any disputes that arise between the management and the external auditor regarding financial reporting.

(e) Compliance

- verify and monitor the Company's compliance with the applicable laws, regulations, policies and instructions;
- review the effectiveness of the control system, ensure compliance with applicable laws and regulations, the results of investigations conducted by management and follow up on any non-compliance (including taking disciplinary action);
- review reports and results of investigations conducted by competent auditors or supervisors in addition to any remarks given by the external auditor or internal auditors and verify that the Company is taking the required measures in this regard.
- review the process of communicating the rules of professional conduct to the Company's employees and observe the compliance with the same;
- review the contracts and transactions to be entered into by the Company with any Related Party and make recommendations to the Board in relation to the same;
- ensure that appropriate arrangements are put in place and implemented to allow for the confidential and anonymous submission by the Company's employees of concerns regarding any financial, accounting or auditing matters or any cases of non-compliance through a reasonable mechanism; and
- obtain regular updates from the Company's management and legal advisor regarding compliance issues.

(f) Reporting

- submit periodic reports to the Board regarding the Committee's activities and issues identified and provide recommendations to the Board that it deems appropriate in any matter within its competencies, as necessary;
- provide an open avenue of communication amongst the Internal Audit Management, the external auditor and the Board;
- provide an annual report to Shareholders describing the Committee's formation, duties and performance of such duties in addition to such other information as may be required by applicable rules, including approving services outside the auditing scope;
- review any other reports on the Committee's responsibilities, issued by the Company;
- prepare an annual written report assessing the adequacy and efficiency of the Company's internal control, financial and risk management systems - including information technology security and controls - and its recommendations in respect thereof, as well as the tasks undertaken by the Committee within its competence. Copies of the report should be made available for collection by the Company's Shareholders at the Company's head office and published on the website of the Company and the Exchange at the time of publishing the invitation to convene the relevant annual General Assembly meeting, at least 21 days prior to such General Assembly meeting. A copy of the report should be read out at that meeting; and
- prepare a written report to the Board regarding the Company's internal audit procedures and the Committee's recommendations in this regard.

(g) Miscellaneous

- perform such other activities relating to the Audit Committee Charter, as requested by the Board;
- institute and oversee special investigations as needed;
- review and assess the adequacy and propriety of the Audit Committee Charter on a yearly basis, provide recommendation to the Board in this regard and guarantee that necessary disclosures are made according to relevant laws and regulations;
- confirm, on a yearly basis, all responsibilities set forth in the Audit Committee Charter are performed; and
- regularly assess the performance of the Committee and every member thereof.

5.3.1.2 Audit Committee Members

The Audit Committee shall be formed by an Board resolution and consist of at least three and no more than five members from among the Shareholders or others; provided that: (i) at least one member is an Independent Director; (ii) no Executive Director is a member or Chairman; (iii) the number of members is not less than three members and not more than five members; (iv) one of its members is specialised in finance and accounting; and (v) a person who worked during the two previous years in the executive or financial management of the Company or who has audited the Company's accounts may not be a member of the Audit Committee. The Audit Committee convenes periodically; provided that at least four meetings are held during the Company's financial year. The internal auditor and the external auditor may call for a meeting with the Audit Committee at any time as may be necessary.

The Audit Committee was formed and its members were appointed by a General Assembly resolution dated 15 Rabi' al-Awwal 1444H (corresponding to 11 October 2022G), for a term of three years. The Audit Committee comprises the following members as of the date of this Prospectus:

Table 5.3: Audit Committee Members

Name	Role
Ahmad Abdullah Msfr Al-Zahrani	Chairman
Waleed Hamad Suliman Al-Bathe	Member
Nasser Kamel Ibrahim Al-Fattouh Al-Blwi	Member

Source: The Company.

5.3.1.3 Biographies of the Members of the Audit Committee

The experience, qualifications and the current and other positions of the members of the Audit Committee are set out below:

(a) Ahmad Abdullah Msfr Al-Zahrani, Audit Committee Chairman

Nationality:	Saudi
Age:	46 years
Position:	Company Audit Committee Chairman.
Appointment Date (Current Term):	15 Rabi' al-Awwal 1444H (corresponding to 11 October 2022G).
Academic and Professional Qualifications:	Bachelors Degree in Business Management, King Faisal University, Al Ahsa, Kingdom of Saudi Arabia, 2013G.
Current Positions:	<ul style="list-style-type: none"> Chairman of the Audit Committee, since 2022G; Member of the Nomination and Remuneration Committee, since 2022G; and Vice President, General Commission for the Guardianship of Trust Funds for Minors and Their Counterparts, a Saudi governmental entity, since 2021G.
Key Past Professional Experience:	<ul style="list-style-type: none"> Member of the Board of Directors from 2021G until 2022G; Chief Executive Officer, Saudi Kuwaiti Finance House, a closed joint stock company, investments sector, from 2017G until 2020G; Director of Operations and Conservation and Acting Chief Executive Officer, Gulf Finance House, a closed joint stock company, investments sector, from 2015G until 2017G; Director of Operations, Arbah Capital, a closed joint stock company, investments sector, from 2008G until 2015G; Operations Coordinator, Alawwal Bank (Saudi Hollandi Bank previously), a public joint stock company, banking and financial services sector, from 2006G until 2008G; and Member of the Board of Directors and Member of the investment Committee and Member of the risk Committee, Al Nadeg Restaurants, a limited liability company, food services sector, from 2019G until 2020G.

(b) Waleed Hamad Suliman Al-Bathe, Audit Committee Member

See Section 5.2.4.4 (*Waleed Hamad Suliman Al-Bathe, Director*) for further details regarding experience, qualifications and the current and previous positions of Waleed Hamad Suliman Al-Buthi.

(c) Nasser Kamel Ibrahim Al-Fattouh Al-Blwi, Audit Committee Member

See Section 5.2.4.2 (*Nasser Kamel Ibrahim Al-Fattouh Al-Blwi, Vice Chairman*) for further details regarding experience, qualifications and the current and previous positions of Nasser Kamel Ibrahim Al-Fattouh Al-Blwi.

5.3.1.4 Responsibilities of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee oversees the nomination of Directors to the Board of Directors and the remuneration of Directors and Senior Executives. The duties and responsibilities of the Nomination and Remuneration Committee are mainly to: (i) lead the process of nominating and evaluating the Directors, Senior Executives and employees of the Company; (ii) ensure the effectiveness and soundness of the Company's Board and Executive Management structures and the relevant internal policies and procedures; and (iii) assist the Board in the review and determination of the remuneration of Directors, members of the committees of the Company, Senior Executives and employees of the Company. The Nomination and Remuneration Committee's Manual was approved pursuant to the General Assembly's resolution dated 7 Rabi' al-Thani 1445H (corresponding to 22 October 2023G). The responsibilities of the Nomination and Remuneration Committee further include the following:

(a) Nomination

- prepare, recommend to the Board and oversee policies and criteria in relation to the appointment of Directors and members of the Company's Executive Management (the "**Nomination Policy**");
- ensure that all necessary and appropriate inquiries are made into the backgrounds and qualifications of such candidates before recommending them to the Board for nomination;
- recommend to the Board candidates for nomination (or re-nomination) to the Board in accordance with the applicable law and the Nomination and Remuneration Committee Charter;
- at least annually review, assess and recommend to the Board the skills, qualifications and credentials required for membership in the Board and the Company's Executive Management, including setting the time commitment required for such membership and the job specifications for executive, non-executive and independent Directors and members of the Company's Executive Management;
- verify on an annual basis the independence of each independent Director in accordance with the applicable law and the absence of any conflict of interest, in case a Director also serves as a member of the board of directors of another company;
- periodically review and make recommendations to the Board concerning the succession plans for Directors and Senior Executives, taking into account the challenges and opportunities facing the Company, as well as the skills and expertise required in the future;
- evaluate and recommend to the Board potential candidates for Executive Management positions in the Company and, in particular, assist the Board in selecting, developing and evaluating potential candidates for the position of Chief Executive Officer; and
- develop and periodically review, procedures for filling vacancies in the Board and the Company's Executive Management and make recommendations to the Board regarding the selection and approval of candidates to fill such vacancies.

(b) Review and Assessment

- regularly review the structure, size, composition, strengths and weaknesses of the Board (including the skills, knowledge, and experience) and the Company's Executive Management, and make appropriate recommendations to the Board that are compatible with the interests of the Company;
- develop and oversee an orientation programme for new Directors; and
- develop, recommend and oversee an annual self-evaluation process for the Directors and certain Senior Executives of the Company.

(c) Remuneration

- prepare, recommend and oversee the implementation and disclosure of a policy for the remuneration of Directors, Senior Executives and members of the Committees (the "**Remuneration Policy**"), which shall be presented before the General Assembly for approval. The Remuneration Policy was approved by the Company's General Assembly on 7 Rabi' al-Thani 1445H (corresponding to 22 October 2023G);
- prepare an annual report on the remuneration and other payments (in cash or in kind) received by the Directors, Executive Management and members of the Committees and the basis for the remuneration received with respect to the Remuneration Policy (including a description of any significant departures from the Remuneration Policy) (the "**Annual Report on Remuneration**"), for presentation before the Board for consideration;
- regularly review and assess the effectiveness and appropriateness of the Remuneration Policy and make recommendations to the Board in relation to the same;
- recommend to the Board the form and amount of remuneration to be granted to the Directors, Senior Executives of the Company and members of the Committees, in accordance with the approved Remuneration Policy;
- review and make recommendations to the Board regarding the Company's incentive plans for Directors and employees, including in relation to adopting, amending and terminating such plans;
- prepare and oversee a career progression framework for the Company's employees detailing, among other things, the general range of professional ranks and levels, salary scale, benefits and allowances (in cash or in kind) for the relevant professional rank and level; and

- prepare all disclosures required under the policies of the Company and any laws, regulations, or rules to which the Company is subject, including, at a minimum, disclosures relating to the Remuneration Policy and the Annual Report on Remuneration and disclosures regarding remuneration in the annual report of the Board.

(d) Miscellaneous

- perform such other related activities as requested by the Board.

5.3.1.5 Nomination and Remuneration Committee Members

The Nomination and Remuneration Committee consists of at least three and no more than five members. Members of the Nomination and Remuneration Committee must not be executive members of the Board of Directors; provided that there shall be at least one independent director among them. The Chairman of the Nomination and Remuneration Committee must be an Independent Director. The Nomination and Remuneration Committee shall convene periodically at least once every six months. Additional meetings may be held from time to time at the request of the Board or any of the members.

The Nomination and Remuneration Committee was formed and its members were appointed pursuant to the Company's General Assembly resolution dated 15 Rabi' al-Awwal 1444H (corresponding to 11 October 2022G), for a term of three years. The Nomination and Remuneration Committee comprises the following members as of the date of this Prospectus:

Table 5.4: Nomination and Remuneration Committee Members

Name	Role
Waleed Hamad Suliman Al-Bathe	Chairman
Nasser Kamel Ibrahim Al-Fattouh Al-Blwi	Member
Ahmad Abdullah Msfr Al-Zahrani	Member

Source: The Company.

5.3.1.6 Biographies of the Members of the Nomination and Remuneration Committee

The experience, qualifications and the current and other positions of the members of the Nomination and Remuneration Committee are set out below:

(a) Waleed Hamad Suliman Al-Bathe, Chairman of the Nomination and Remuneration Committee

See Section 5.2.4.4 (*Waleed Hamad Suliman Al-Bathe, Director*) for further details regarding experience, qualifications and the current and previous positions of Waleed Hamad Suliman Al-Bathe.

(b) Nasser Kamel Ibrahim Al-Fattouh Al-Blwi, Member of the Nomination and Remuneration Committee

See Section 5.2.4.2 (*Nasser Kamel Ibrahim Al-Fattouh Al-Blwi, Vice Chairman*) for further details regarding experience, qualifications and the current and previous positions of Nasser Kamel Ibrahim Al-Fattouh Al-Blwi.

(c) Ahmad Abdullah Msfr Al-Zahrani, Member of the Nomination and Remuneration Committee

See Section 5.3.1.3(a) (*Ahmad Abdullah Msfr Al-Zahrani, Audit Committee Chairman*) for further details regarding experience, qualifications and the current and previous positions of Ahmad Abdullah Msfr Al-Zahrani.

5.4 Executive Management

5.4.1 Overview of Executive Management

The Executive Management of the Company comprises qualified and experienced members with the necessary knowledge and expertise to run the Company's business in line with the objectives and directives of the Board of Directors and the Shareholders. The Company has been successful in recruiting and retaining its Executive Management team, developing qualified employees and promoting them to senior positions in the Company.

5.4.2 Members of the Executive Management

The following table sets out the details of the Company's Senior Executives:

Table 5.5: Details of Senior Executives

Name	Position	Appointment Date	Nationality	Age (Years)	Number of Shares Held Pre-Offering	Number of Shares Held Post-Offering
Suliman Saleh Nasser Al-Oufi	Chief Executive Officer	8 Jumada al-Ula 1442 (corresponding to 23 December 2020G)	Saudi	45	-	-
Assem EzzElarab Abdulsalam	Director of Finance	17 Jumada al-Ula 1442H (corresponding to 1 January 2021G)	Egyptian	55	-	-
Jagadish Basavaraj	Director of Operations	29 Sha'ban 1443H (corresponding to 1 April 2022G)	Indian	60	-	-
Faisal Hussain Mohammad Al-Qahtani	Director of Sales and Marketing	21 Thul-Qi'dah 1442H (corresponding to 1 July 2021G)	Saudi	46	-	-
Abdulaziz Saleh Ali Al-Barakat	Director of Human Resources	21 Muharram 1440H (corresponding to 1 October 2018G)	Saudi	31	-	-
Akbar Mohammad Ali	Director of Supply Chain Section Head	8 Muharram 1440H (corresponding to 18 September 2018G)	Pakistani	46	-	-
Adham Taha Fadly	Director of Legal and Governance	17 Jumada al-Ula 1442H (corresponding to 1 January 2021G)	Egyptian	58	-	-
Albaraa Abdullah Saleh Al-Salamah	Director of Administrative Affairs	9 Muharram 1444H (corresponding to 7 August 2022G)	Saudi	30	-	-

Source: The Company.

5.4.3 Biographies of Senior Executives

The experience, qualifications and the current and other positions of each Executive are set out below:

5.4.3.1 Suliman Saleh Al-Oufi, Chairman of the Executive Committee

See Section 5.2.4.3 (*Suliman Saleh Al-Oufi, Director*) for further details regarding experience, qualifications and the current and previous positions of Suliman Saleh Al-Oufi.

5.4.3.2 Assem EzzElarab Abdulsalam, Chief Financial Officer

Nationality:	Egyptian
Age:	55 years
Academic and Professional Qualifications:	Bachelor's Degree in Accounting, Cairo University, Cairo, Arab Republic of Egypt, 1989G.
Appointment Date:	17 Jumada al-Ula 1442H (corresponding to 1 January 2021G).
Current Positions:	Company Chief Financial Officer, since 2021G.
Key Past Professional Experience:	<ul style="list-style-type: none"> • Company Director of Accounts, from 2018G until 2020G; • Company Senior Accountant, from 1997G until 2017G; and • Company Accountant, from 1991G until 1996G.

5.4.3.3 Jagadish Basavaraj, Technical Director

Nationality:	Indian
Age:	60 years
Academic and Professional Qualifications:	Bachelor's Degree in Electrical Engineering, University of Mysore, Mysore, India, 1989G.
Appointment Date:	29 Sha'ban 1443H (corresponding to 1 April 2022G).
Current Positions:	Company Technical Director, since 2022G.
Key Past Professional Experience:	<ul style="list-style-type: none"> • Company Production Manager, from 1998G until 2022G; and • Company Electronic Engineer, from 1994G until 1997G.

5.4.3.4 Faisal Hussain Mohammad AlQahtani, Sales and Marketing Manager

Nationality:	Saudi
Age:	46 years
Academic and Professional Qualifications:	Bachelor's Degree in Translation, King Saud University, Riyadh, Kingdom of Saudi Arabia, 2002G.
Appointment Date:	21 Thul-Qi'dah 1442H (corresponding to 1 July 2021G).
Current Positions:	Company Sales and Marketing Manager, since 2021G.
Key Past Professional Experience:	<ul style="list-style-type: none"> • Company Sales Manager, from 2019G until 2021G; • Company Branch Sales Manager, from 2018G until 2019G; • Company Sales Representative, from 2005G until 2018G; and • Company Government Relations Officer, from 2002G until 2004G.

5.4.3.5 Abdulaziz Saleh Ali Al Barakat, Director of Human Resources

Nationality:	Saudi
Age:	31 years
Academic and Professional Qualifications:	Bachelor's Degree in Human Resources, King Saud University, Riyadh, Kingdom of Saudi Arabia, 2014G.
Appointment Date	21 Muharram 1440H (corresponding to 1 October 2018G).
Current Positions:	Company Human Resources Director, since 2018G.
Key Past Professional Experience:	<ul style="list-style-type: none"> • Head of Recruitment and Training, Arabian Pipes, a public joint stock company, industrial sector, from 2017G until 2018G; • Senior Human Resources Specialist, Arabian Pipes, a public joint stock company, industrial sector, from 2017G until 2017G; and • Human Resources Specialist, Arabian Pipes, a public joint stock company, industrial sector, from 2014G until 2017G.

5.4.3.6 Akbar Mohammad Ali, Director of Supply Chain

Nationality:	Pakistani
Age:	46 years
Academic and Professional Qualifications:	Bachelor's Degree in Economics, University of Karachi, Karachi, Pakistan, 1999G.
Appointment Date	8 Muharram 1440H (corresponding to 18 September 2018G).
Current Positions:	Company Supply Chain Director, since 2018G.
Key Past Professional Experience:	<ul style="list-style-type: none"> • Company Credit Monitor, from 2010G until 2017G; and • Company Credit Coordinator, from 2005G until 2009G.

5.4.3.7 Adham Taha Fadaly, Director of Legal and Governance

Nationality:	Egyptian
Age:	58 years
Academic and Professional Qualifications:	Bachelor's Degree in Commerce, University of Cairo, Cairo, 1997G.
Appointment Date	17 Jumada al-Ula 1442H (corresponding to 1 January 2021G).
Current Positions:	Company Legal and Governance Director, since 2021G.
Key Past Professional Experience:	<ul style="list-style-type: none"> • Board secretary in the Company, from 2021G until 2022G; • Financial Director in the Company, from 2017G until 2020G; • Financial Director, united furniture, a limited liability company, furnishing and furniture sector, from 2015G until 2017G; • Financial Director, Al Fanoos Holding, a limited liability company, industrial sector, from 2013G until 2015G; • Financial Director, Al Mutlaq Furniture, a closed joint stock company, furnishing and furniture sector, from 2003G until 2013G; • Accounts manager, Al Mutlaq Furniture, a closed joint stock company, furnishing and furniture sector, from 2000G until 2003G; • Accountant, Middle Egypt Electricity Company, a private joint stock company registered in the Arab Republic of Egypt, food products sector, from 1995G until 1999G; and • Accountant, Arab Accountants Office, a private joint stock company registered in the Arab Republic of Egypt, consulting services sector, from 1988G until 1995G.

5.4.3.8 Albaraa Abdullah Saleh Al-Salamah, Board Secretary

See Section 5.2.4.5 (*AlBaraa Abdullah Saleh Al-Salamah, Board Secretary*) for further details regarding experience, qualifications and the current and previous positions of Albaraa Abdullah Saleh Al-Salamah.

5.4.4 Employment Contracts with the CEO and CFO

The following table shows a summary of the employment contracts between the Company and the CEO and CFO:

Table 5.6: Summary of Employment Contracts Concluded with the Company and the CEO and CFO

Name	Title	Appointment Dated	Date of Contract Conclusion	Contract Term
Suliman Saleh Nasser Al-Oufi	Chief Executive Officer	8 Jumada al-Ula 1442H (corresponding to 23 December 2020G)	28 Jumada al-Ula 1443H (corresponding to 1 January 2022G)	3 Jumada al-Akhirah 1446H (corresponding to 31 December 2024G)
Assem EzzElarab Abdulsalam	Acting Chief Financial Officer	17 Jumada al-Ula 1442H (corresponding to 1 January 2021G)	29 Sha'ban 1443H (corresponding to 1 April 2022G)	21 Ramadan 1445H (corresponding to 31 March 2024G)

The duties and responsibilities of the Chief Executive Officer can be summarised as follows:

- managing the day-to-day affairs and business of the Company;
- proposing and developing the Company's short- and long-term strategy and overall commercial objectives, in close consultation with the Board of Directors;
- implementing the resolutions of the Board of Directors and the Committees;
- providing input to the Chairman on the Board of Directors meeting agenda;
- ensuring the provision of accurate and clear information to the Board of Directors in a timely manner; and
- ensuring that all material matters affecting the Company are brought to the attention of the Board of Directors.

The duties and responsibilities of the Chief Financial Officer can be summarised as follows:

- assisting in the formulation of the Company's objectives and lead the Company's financial planning process;
- leading the financial reporting process and strengthening the Company's internal control systems;
- optimising the Company's cash flow, liquidity and working capital facilities; and
- managing the financial forecast and budget processes and supervising the preparation of the Company's financial statements.

5.5 Remuneration of Directors, Senior Executives and Employees

Pursuant to the Company's Bylaws, the remuneration of Directors shall be determined in accordance with the Ministry of Commerce's relevant official resolutions and instructions, the provisions of the Companies Law, any other complementary laws thereto, the Company's Bylaws and Remuneration Policy. In addition, attendance and transportation allowances shall be determined by the Board of Directors in accordance with the applicable laws, resolutions and instructions in the Kingdom as passed by the concerned authorities.

The following table sets out the remuneration of the Directors, Committees members and top five Senior Executives (including the Chief Executive Officer and the Chief Financial Officer) granted by the Company for the financial years ended 31 December 2020G, 2021G and 2022G, and the six-month period ended 30 June 2023G. The Company did not have committees prior to the conversion from a limited liability company to a joint stock company. Neither the Directors, nor Committee Members, nor Senior Executives received any in-kind rewards or benefits.

Table 5.7: Directors and Top Five Senior Executives Remuneration in the Financial Years Ended 31 December 2020G, 2021G and 2022G, and the Six-Month Period Ended 30 June 2023G

	Financial Year Ended 31 December			Six-month Period Ended 30 June
	2020G	2021G	2022G	2023G
	Thousand (SAR)			
Directors	-	-	838	637.5
Members of the Committees	-	-	375	72
Senior Executives (including CEO and CFO)	3,308	4,616	5,988	-
Total	3,308	4,616	7,201	709.5

Source: The Company.

5.6 Corporate Governance

The Company's policy is to adopt high standards of corporate governance. The Company's Board of Directors undertakes to comply with the Corporate Governance Regulations issued by the CMA on 16 Jumada al-Ula 1438H (corresponding to 13 February 2017G), as amended on 25 Jumada al-Akhirah 1444H (corresponding to 18 January 2023G).

The Corporate Governance Regulations set out the rules and standards that regulate the management of the Company to ensure compliance with the best corporate governance practices to protect the rights of Shareholders and other stakeholders. The provisions of the Corporate Governance Regulations are mandatory, except for certain provisions that are designated as guiding provisions.

The Company's internal corporate governance manual, which was adopted by the Board on 25 Rabi' al-Awwal 1445H (corresponding to 10 October 2023G), includes provisions in relation to the following:

- rights of the Shareholders;
- the Board of Directors (including the Board formation, membership, meetings, working procedures, competencies, duties and powers, development, support, evaluation and remuneration);
- the Committees;
- management;
- internal control and audit; and
- internal policies.

Further, the Company's Disclosure Policy was approved by the Board of Directors on 25 Rabi' al-Awwal 1445H (corresponding to 10 October 2023G) and as of the date of this Prospectus, the Company complies with the mandatory provisions of the Corporate Governance Regulations, except for the following articles:

- Article 8(a) on the Company announcing information about the nominees for the membership in the Board of Directors on the Exchange's website upon the invitation or calling for the General Assembly;
- Article 8(b) on limiting the General Assembly voting to candidates whose information was announced according to Article 8(a);
- Article 13(d) on publishing the invitation to the General Assembly on the websites of the Exchange and Company;
- Article 14(c) on making information related to the General Assembly's agenda available to the Shareholders through the websites of the Exchange and Company;
- Article 15(e) on announcing to the public and notifying the CMA and Exchange of the results of the General Assembly as soon as it ends;

- Article 16 relating to the minimum number of independent directors members;
- Article 17(d) on notifying the CMA of the names of the members of the Board of Directors, a description of their memberships, as well as any changes in their memberships;
- Article 19(b) on the Board of Directors annually evaluating the extent of the Board member's independence and ensuring that there are no relationships or circumstances that affect or may affect his/her independence; and
- Article 65 on the Company publishing the Board membership nomination announcement on the websites of the Company and the Exchange to invite those interested in being nominated for Board membership, provided that the nomination period shall remain open for at least a month from the date of the announcement.

The Company is currently not complying with the above requirements of the Corporate Governance Regulations applicable to listed companies because it is not yet a listed company as of the date of this Prospectus. The Directors undertake to comply with such requirements, with effect from Admission, as soon as the approval is issued for the listing of the Shares. In addition, the Directors confirm that the Company is currently complying with all the other provisions of the Corporate Governance Regulations and the Companies Law.

The Company has three Board Committees (the Audit Committee, the Nomination and Remuneration Committee and the Executive Committee), which are responsible for reviewing the Company's operations within their particular areas of expertise and presenting their findings and recommendations to the Board of Directors (for further details, see Section 5.3 (*Company's Committees*)).

The Board of Directors ensures, among other things, that:

- all the Committees have clear competencies and that the roles and responsibilities of each Committee shall be detailed; and
- minutes of all meetings will be prepared, reviewed and signed by the Board of Directors in accordance with the Bylaws.

5.7 Conflicts of Interest

Neither the Company's Bylaws nor the Company's internal regulations and policies grant a Director the power to vote on any contract or transaction in which he/she has a direct or indirect interest. This is in compliance with Article 71 of the Companies Law. The Company's conflict of interest and business ethics policy was approved by the Board of Directors on 25 Rabi' al-Awwal 1445H (corresponding to 10 October 2023G). The Directors confirm that:

- they will comply with the Articles 27 and 71 of the Companies Law and the Articles 42 and 44 of the Corporate Governance Regulations;
- they will not vote on General Assembly resolutions that relate to any Related Party transaction or contract in which the Directors have a direct or indirect interest; and
- they will not compete with the Company's business without the approval of the Ordinary General Assembly in accordance with the Article 27 of the Companies Law.

As of the date of this Prospectus, none of the Directors, Senior Executives, Board Secretary nor any of their relatives have any direct or indirect interest in the Shares of the Company or any matter that may in any way affect the business of the Company, except for the following:

Table 5.8: Summary of Interests of the Directors in the Shares of the Company as of the Date of this Prospectus

Conflicting Party	Interest in	Ownership Percentage	Description
Mansour Kamel Ibrahim Al-Fattouh	The Company	16.83%	As of the date of this Prospectus, Mansour Kamel Ibrahim Al-Fattouh, directly owns 16.83 per cent. of the Shares in the Company.
Nasser Kamel Ibrahim Al-Fattouh Al-Blwi	The Company	16.83%	As of the date of this Prospectus, Nasser Kamel Ibrahim Al-Fattouh Al-Blwi, directly owns 16.83 per cent. of the Shares in the Company.

Source: The Company.

As of the date of this Prospectus, none of the Directors, Senior Executives or the Current Shareholder is a party to any agreement, arrangement or understanding under which they are subject to any obligation that prevents them from competing with the Company or any similar obligation in relation to the Company's business.

The Directors also declare that, as of the date of this Prospectus, the Directors do not conduct any business competing with the Company's business and to engage in businesses competing with the Company, the Directors must obtain approval from the General Assembly in accordance with Article 44 of the Corporate Governance Regulations and Article 27 of the Companies Law.

The following table provides a summary of the contracts and arrangements in effect or contemplated with any member of the Company in which a Director or Senior Executive or any of their relatives have a direct or indirect interest as of the date of this Prospectus:

Table 5.9: Summary of Contracts and Transactions in which a Director or Senior Executive or Any of Their Relatives Has a Direct or Indirect Interest as of the Date of this Prospectus

Parties	Nature of the Contract or Transaction	Total Value of the Contract/ Transaction	Direct or Indirect Interest
The Company (as Lessee) and Ral Investment Company (as Lessor)	Lease Agreement	SAR 86,250	<ul style="list-style-type: none"> Mansour Kamel Ibrahim Al-Fattouh Nasser Kamel Ibrahim Al-Fattouh Al-BIwi
The Company (as Lessee) and Ral Investment Company (as Lessor)	Lease Agreement	SAR 201,250	<ul style="list-style-type: none"> Mansour Kamel Ibrahim Al-Fattouh Nasser Kamel Ibrahim Al-Fattouh Al-BIwi
The Company (as Lessee) and Ral Investment Company (as Lessor)	Lease Agreement	SAR 143,750	<ul style="list-style-type: none"> Mansour Kamel Ibrahim Al-Fattouh Nasser Kamel Ibrahim Al-Fattouh Al-BIwi
The Company (as Lessee) and Ral Investment Company (as Lessor)	Lease Agreement	SAR 143,750	<ul style="list-style-type: none"> Mansour Kamel Ibrahim Al-Fattouh Nasser Kamel Ibrahim Al-Fattouh Al-BIwi
The Company (as Lessee) and Ral Investment Company (as Lessor)	Lease Agreement	SAR 143,750	<ul style="list-style-type: none"> Mansour Kamel Ibrahim Al-Fattouh Nasser Kamel Ibrahim Al-Fattouh Al-BIwi
The Company (as Lessee) and Ral Investment Company (as Lessor)	Lease Agreement	SAR 143,750	<ul style="list-style-type: none"> Mansour Kamel Ibrahim Al-Fattouh Nasser Kamel Ibrahim Al-Fattouh Al-BIwi
The Company (as Lessee) and Ral Investment Company (as Lessor)	Lease Agreement	SAR 143,750	<ul style="list-style-type: none"> Mansour Kamel Ibrahim Al-Fattouh Nasser Kamel Ibrahim Al-Fattouh Al-BIwi
The Company (as Lessee) and Ral Investment Company (as Lessor)	Lease Agreement	SAR 143,750	<ul style="list-style-type: none"> Mansour Kamel Ibrahim Al-Fattouh Nasser Kamel Ibrahim Al-Fattouh Al-BIwi
The Company (as Lessee) and Ral Investment Company (as Lessor)	Lease Agreement	SAR 57,500	<ul style="list-style-type: none"> Mansour Kamel Ibrahim Al-Fattouh Nasser Kamel Ibrahim Al-Fattouh Al-BIwi

Source: The Company.

5.8 Bankruptcy/Insolvency

None of the Directors, Senior Executives or the Secretary has at any time been declared bankrupt or been subject to bankruptcy proceedings.

None of the companies in which any of the Directors, Senior Executives or Secretary was employed in a managerial or supervisory capacity, was declared insolvent or bankrupt during the past five years preceding the date of this Prospectus.

5.9 Employees

The Company adopted an employment policy aimed at building and enhancing relations between the Company and its employees. This policy covers all aspects of recruitment, work hours, insurance, social insurance benefits, salaries and other allowances, including accommodation and transportation allowances and rewards.

5.9.1 Number of Employees

The Company had 694 employees (27.1 per cent. of whom were Saudi nationals) as of 30 June 2023G.

The following table shows the number of employees of the Company by business departments as of 31 December 2020G, 2021G and 2022G, and as of 30 June 2023G:

Table 5.10: Number of Employees of the Company by Business Departments as of 31 December 2020G, 2021G and 2022G, and as of 30 June 2023G

Business Departments	31 December												30 June			
	2020G				2021G				2022G				2023G			
	Saudi	Non-Saudi	Total	Saudisation Percentage	Saudi	Non-Saudi	Total	Saudisation Percentage	Saudi	Non-Saudi	Total	Saudisation Percentage	Saudi	Non-Saudi	Total	Saudisation Percentage
Human Resources	7	-	7	100%	8	-	8	100%	8	-	8	100%	21	-	21	100%
Financial	3	5	8	37.50%	3	5	8	37.50%	5	7	12	41.7%	5	7	12	41.7%
Sales	8	13	21	38.10%	8	13	21	38.10%	8	11	19	42.10%	13	14	27	48.1%
Production	5	333	338	1.5%	9	297	306	2.94%	8	372	380	2.11%	7	311	318	2.2%
Other	88	-	88	100%	90	-	90	100%	49	-	49	100%	76	-	76	100%
Branch (Alwan)	-	-	-	-	24	63	87	27.6%	27	63	90	30%	32	76	108	29.6%
Branch (Alfa)	-	-	-	-	31	94	125	24.80%	45	94	139	32.4%	34	98	132	25.8%
Total	111	351	462	24%	173	472	645	26.82%	150	547	697	21.52%	188	506	694	27.1%

Source: The Company.

The following table shows the number of employees of the Company and the achieved Saudisation percentages as of 31 December 2020G, 2021G and 2022G and as of 30 June 2023G:

Table 5.11: Number of Employees of the Company and the Achieved Saudisation Percentages as of 31 December 2020G, 2021G and 2022G and as of 30 June 2023G

Entity	31 December												30 June			
	2020G				2021G				2022G				2023G			
	Saudi	Non-Saudi	Total	Saudisation Percentage	Saudi	Non-Saudi	Total	Saudisation Percentage	Saudi	Non-Saudi	Total	Saudisation Percentage	Saudi	Non-Saudi	Total	Saudisation Percentage
Al Taiseer Group TALCO Industrial Company	111	351	462	24%/ Medium Green	173	472	645	26.8%/ Medium Green	150	547	697	21.5%/ Low Green	188	506	694	27.1% (Low Green)
Total	111	351	462	24%/ Medium Green	173	472	645	26.8%/ Medium Green	150	547	697	21.5%/ Low Green	188	506	694	27.1% (Low Green)

Source: The Company.

The number of Company's employees was 462 employees as of 31 December 2020G, it increased by 39.6 per cent. to 645 employees as of 31 December 2021G, and further increased by 8.1 per cent. to 697 employees as of 31 December 2022G, and then decreased to 694 employees as of 30 June 2023G. The cause of the big increase in the number of employees as of 31 December 2021G, was the merger of Alwan and Alfa, converting them into Company branches, which led to an increase in the number of employees.

5.9.2 Saudisation

The "Nitaqat" Saudisation Programme was approved pursuant to the Minister of Human Resources and Social Development (formerly Minister of Labour) Resolution No. 4040 issued on 12 Shawwal 1432H (corresponding to 10 September 2011G), based on the Council of Ministers Resolution No 50 issued on 21 Jumada al-Ula 1415H (corresponding to 27 October 1994G), which was applied as of 12 Shawwal 1432H (corresponding to 10 September 2011G). MHRSD established the "Nitaqat" programme to provide establishments with incentives to hire Saudi nationals. The programme assesses an establishment's performance based on specific ranges, which are platinum and green (which is further divided into three categories low green, middle green and high green), yellow and red. Establishments that are classified within the platinum and green categories are deemed to be compliant with the Saudisation requirements and receive certain specified benefits, such as the ability to obtain and renew work visas for foreign employees or the ability to change the profession of foreign employees (except for professions reserved exclusively for Saudi nationals). Establishments that are classified as yellow or red (depending on the extent to which they are non-compliant) are deemed to be non-compliant with the Saudisation requirements and are subject to certain punitive measures, such as a limited ability to renew work visas for foreign employees or complete inability to obtain or renew work visas for foreign employees.

For the Nitaqat classification of the Company, see Table 5.11 (*Number of Employees of the Company and the Achieved Saudisation Percentages as of 31 December 2020G, 2021G and 2022G and as of 30 June 2023G*) above.

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

6.1 Introduction

This section includes an analytical review of the Company's operational performance and financial position during the financial years ended 31 December 2020G, 2021G and 2022G, and the six-month periods ended 30 June 2022G and 30 June 2023G.

This section has been prepared based on: (i) the audited financial statements for the financial years ended 31 December 2021G, which includes the financial statements for the comparative period 31 December 2020G; (ii) the audited financial statements for the financial year ended 31 December 2022G; and (iii) the reviewed financial statements for the six-month periods ended 30 June 2022G and 2023G, which were prepared by the Company's management and audited / reviewed in accordance with IFRS for the financial years ended 31 December 2020G, 2021G and 2022G and the six-month periods ended 30 June 2022G and 30 June 2023G by the independent auditor, KPMG Professional Services, in accordance with international auditing standards endorsed in the Kingdom of Saudi Arabia.

The financial statements have been prepared in accordance with IFRS.

Neither KPMG Professional Services, 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 auditor of the Company for the above periods.

The financial statements mentioned above are an essential part of this Prospectus and should be read along with these statements and their supplementary explanations. The financial statements can be found in Section 19 (*Financial Statements and Auditor's Report*).

This section may include statements in connection with the Company's future prospects, based on the Executive Management's current plans and expectations regarding the Group's growth and results of operations and financial conditions, and therefore such statements may involve risks and unconfirmed expectations that may lead to material differences from the Group's actual results as a result of multiple factors and events, including the factors discussed in Section 2 (*Risk Factors*).

All amounts in this section are presented in Saudi Arabian Riyals, unless stated otherwise. The amounts and percentages have been rounded to the nearest decimal place. Therefore, the sum of these numbers may differ from what is stated in the tables.

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:

- the financial information contained in this section has been extracted without any material amendments from: (1) the audited financial statements for the years ended 31 December 2021G which includes the financial statements for the comparative period 31 December 2020G; (2) the audited financial statements for the financial year ended 31 December 2022G; and (3) the reviewed financial statements for the six-month periods ended 30 June 2022G and 2023G and the accompanying notes, which have been prepared by the Company in accordance with IFRS;
- the Board of Directors declares that the Company has working capital sufficient for a period of at least (12) months from the date of this Prospectus;
- other than as stated in this Prospectus, neither the members of the Board of Directors nor any of their relatives have any shares or interest of any kind in the Issuer;
- the Board of Directors declares that there have been no material adverse changes to the Company's financial or business position in the three (3) 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 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;
- the Board of Directors declares that there is no intention to introduce any material changes to the nature of the Company's activities;
- the Board of Directors confirms that operations have not discontinued in a way that could affect or has affected the Company's financial position materially during the past 12 months;
- the Board of Directors declares that all material facts relating to the Company and its financial performance have been disclosed in this Prospectus, and that there is no other information, documents or facts whose failure to include could make any statement misleading;

- 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;
- the Board of Directors declares that there have been no structural changes in the Issuer during the three (3) financial years immediately preceding the date of filing the application for the registration and offer of securities that are the subject of this Prospectus;
- 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;
- 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;
- the Board of Directors declares that the Company 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;
- the Board of Directors declares that no commissions, discounts, brokerage fees or non-cash compensation have been granted by the Company to any of the members of the Board of Directors, senior executives, or those offering or offering securities or experts during the three (3) financial years directly preceding the date the application for admission and offering of the securities subject to this Prospectus was submitted;
- except as disclosed in Section 12.5 (*Financing Agreements*) the Company had not issued debt instruments, term loans, secured or unsecured mortgages, or current or approved but not issued, and that the Company does not have any loans or other debts, including overdrafts from bank accounts. The Board of Directors further declares that there are no guarantee obligations (including those covered by personal guarantee and not covered by personal guarantee or secured by a mortgage or not secured by a mortgage), obligations pending approval, acceptance credits or lease purchase commitments;
- the Board of Directors declares that - to their knowledge - there are no mortgages, rights, or any encumbrances or costs on the Company's property as of the date of this Prospectus;
- the Board of Directors declares that the Company share capital are not under option;
- the Board of Directors declares that the Company's share capital is not subject to any option contracts;
- the Board of Directors declares that the Company has no contingent liabilities, guarantees or any significant fixed assets to be purchased or leased, other than what was disclosed in Section 6.5.4 (*Contingent Liabilities*) of this Prospectus;
- except as disclosed in Section 6.5.2.3 (*Equity*), the Company has not made any amendments in the share capital during the three (3) financial years immediately preceding the date of filing the application for registration and offering of securities subject to this Prospectus;
- the Board of directors declare that the Company 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 operations, except as disclosed in Section 2 (*Risk Factors*) of this Prospectus; and
- the Board of Directors declares that the Company is not aware of any seasonal factors or economic cycles related to the activity that may have an impact on the Company's business or financial condition.

6.3 Basis of Preparation

6.3.1 Statement of Compliance

The financial statements have been prepared in accordance with IFRS and Company's by-laws.

The financial statements have been prepared on a historical cost basis except for employees' defined benefits plans that are measured at present value of future obligations using the projected unit credit method. Further, the financial statements are prepared using the accrual basis of accounting and going concern concept.

Referring to the paragraph related to proceeding with the procedures for offering and listing the Company's shares, two new policies that apply to the Company in terms of segment reporting and earnings per share have been added.

6.4 Summary of Significant Accounting Policies

The Company has applied the following accounting policies to all periods presented in the first financial statements in accordance with IFRS.

6.4.1 Current Versus Non-Current Classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. Assets are classified as current when:

- expected to be realised or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; and
- cash or cash equivalents unless restricted from being exchanged or used to settle liabilities for at least twelve months after the reporting period date.

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; and
- 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.

6.4.2 Property, Plant and Equipment

6.4.2.1 Recognition and Measurement

Items of property, plant, and equipment are measured at cost, less accumulated depreciation, and any accumulated impairment losses.

If significant parts of items of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Gains or losses arising from the disposal of an item of property, plant and equipment are determined on the basis of the difference between the net proceeds of sale and the carrying amount of the disposed items of property, plant and equipment and are included in the statement of profit or loss and other comprehensive income in the period in which the disposal occurs.

6.4.2.2 Subsequent Expenditure

Subsequent expenditure is capitalised only if it is probable that future economic benefits associated with the expenditure will flow to the Company.

6.4.2.3 Depreciation

The depreciation method used should reflect the pattern in which the economic benefits of the asset are expected to be depreciated by the Company. The management used the following method to calculate the depreciation:

6.4.2.4 Straight-Line Method

Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives. Depreciation charge is recognised in the statement of profit or loss and other comprehensive income. Land is not depreciated.

The estimated useful lives of principal items of property and equipment are as follows:

Assets	Useful life (Years)
Building	13:3
Motor vehicles	4
Plant and equipment	4:20

Assets	Useful life (Years)
Leasehold improvements	5
Extrusion Dies	2
Furniture & fixtures	7:4

Land and capital work-in-progress are not depreciated. The residual value, useful lives and methods of depreciation of the property, plant and equipment are reviewed at the end of each year, and adjusted prospectively, when appropriate.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal, or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of the retired, sold or derecognised property, plant and equipment are determined by comparing the proceeds with the carrying amount of the asset, and are included under "Other Income" in the statement of profit or loss and other comprehensive income.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

6.4.3 Intangible Assets

Intangible assets acquired separately are measured at cost upon initial recognition. Subsequent to initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

The useful lives of intangible assets are categorised as either finite or indefinite. Intangible assets with definite useful lives are amortised over the estimated useful life and the impairment of indefinite assets is assessed whenever there is an indication that the intangible asset has been impaired. The amortisation period and method for intangible assets with definite useful lives are reviewed at least at each financial year. Changes in the expected useful life or the expected pattern of amortisation of future economic benefits embodied in the asset, are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. Amortisation expense on intangible assets with finite lives is carried in the statement of income under expenses in line with the objective of the intangible asset. Amortisation of intangible assets is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Computer Software	4-7 years
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The useful lives of intangible assets with finite lives are reviewed regularly "at each reporting date" to determine whether there is any indication that their current life assessment is correct. If not, the useful lives' assessment is changed. Intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that the intangible asset may be impaired, either individually or at the cash-generating unit level.

Gains or losses resulting from the disposal of an intangible asset resulting from the difference between the net proceeds from the sale and the carrying amount of the asset are recognised. Gain or loss on disposal is recognised in the statement of income in the year in which the disposal is made.

6.4.4 Right of Use Assets and Lease Liabilities

The Company assesses at contract inception 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.

6.4.4.1 Company as a Lessee

At inception or on reassessment of an arrangement that contains a lease component, the Company allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, with regard to property leases, the Company elected not to separate the non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises right-of-use assets and lease liabilities at the lease commencement date. The right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of the costs of dismantling and removing the underlying asset and cost of restoring the underlying asset or the site on which it is located (if any), less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease liabilities are initially measured at the present value of the lease payments that were not paid at the commencement date and are discounted using the implicit interest rate in the lease, or if that rate cannot be readily determined, the Company uses its incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liabilities comprise the following:

- fixed payments (including in-substance fixed payments);
- variable lease payments that depend on an index or a rate, that are initially measured using the index or rate as of the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option if the Company is reasonably certain to exercise the option, the lease payments in the optional renewal period if the Company is reasonably certain to exercise the extension option, and payments for penalties for early terminating the lease unless the Company is reasonably certain not to exercise the option of early termination.

Lease liabilities are measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in index or 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 it will choose the purchase, extension or termination.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use assets, or is recorded in the statement of profit or loss and other comprehensive income if the carrying amount of the right-of-use assets has been reduced to Nil.

6.4.4.2 Short-Term Leases and Leases of Low-Value Assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a term of 12 months or less and leases of low value assets. The Company recognises the lease payments associated with these leases as expenses on a straight-line basis over the lease term in the statement of profit or loss and other comprehensive income.

6.4.5 Impairment of Non-Financial Assets

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating unit). Non-financial assets, except for goodwill that have been fully or partially impaired are reviewed for possible reversal of all or part of the impairment loss at the end of each reporting period.

Intangible assets that have an indefinite useful life are not subject to amortisation and are instead tested annually for impairment. Assets subject to amortisation/depreciation are reviewed for impairment whenever events or change in circumstances indicate that the carrying amount may not be recoverable.

6.4.6 Foreign Currencies

6.4.6.1 Transactions and Balances

Foreign currency transactions are initially recorded by the Company's entities denominated in the functional currency of each of them according to the exchange rate prevailing on the date when the transaction becomes qualified for recognition for the first time. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the reporting date.

The differences arising on the settlement or translation of monetary items are recognised in the statement of profit and loss and other comprehensive income of the Company.

Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate prevailing at the date of the initial transaction.

6.4.7 Financial Instruments

6.4.7.1 Recognition and Initial Measurement

Trade receivables issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. Trade receivables without a significant financing component is initially measured at the transaction price.

(a) Financial Assets

(i) Classification of Financial Assets

On initial recognition, a financial asset is classified as: measured at amortised cost, fair value through other comprehensive income or fair value through profit and loss.

A financial asset is measured at amortised cost if it meets both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:

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

A financial asset shall be measured at fair value through profit and loss unless it is measured at amortised cost or at fair value through other comprehensive income.

Financial assets	Classification under IFRS9
Cash and bank balances	Amortised cost
Trade receivables and other current assets	Amortised cost

(ii) Subsequent Measurement

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

Financial assets at fair value through profit and loss	These assets are subsequently measured at fair value. Net gains and losses including interest income and dividends are recognised in the statement of profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest rate method. Amortised value is reduced by impairment losses. Interest revenue, foreign exchange gains and losses and impairment are recognised in the statement of income. Any gain or loss on derecognition of an investment is recognised in the statement of profit or loss.
Financial assets through other comprehensive income (debt investments)	Subsequently measured at fair value. Interest revenue calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, accumulated gains and losses in OCI are reclassified to the statement of profit or loss.
Financial assets through other comprehensive income (investments in equity instruments)	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss. Any gains or losses on derecognition or recognition of investment is recognised in equity, and may not be reclassified to the statement of profit or loss.

(iii) Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

(iv) Derecognition

A financial asset is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement, and either:
 - a. the Company has transferred substantially all the risks and rewards of the asset, or
 - b. the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

(v) Impairment of Financial Assets

IFRS 9 impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit losses (ECL) model'. This replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and fair value through other comprehensive income, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the Issuer) that are not measured at fair value through profit and loss.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead, the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- Financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

(vi) Presentaion of Impairment

Loss provisions for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impairment losses related to receivables from customers are presented separately in the statement of profit or loss and other comprehensive income.

(vii) Expected Credit Losses Assessment for Trade and Other Receivables

The Company applies IFRS 9 simplified approach for measuring expected credit losses, which uses a lifetime expected losses allowance.

The expected loss rates are based on the payment profiles of receivables over a period of 12 months before each reported period and corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability the customers to settle the receivables. The Company has identified GDP of Kingdom of Saudi Arabia, inflation rate and Saudi government spending (the country in which it renders the services) to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The expected loss approach breaks the total loss amount modelling into following parts: probability of default, loss given default and exposure at default. These are briefly described below:

- **Loss given default:** This is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It is usually expressed as a percentage of the exposure at default.
- **Probability of default:** the likelihood of a default over a particular time horizon.
- **Exposure At Default:** This is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities.

The Company uses a point in time probability of default model to measure impairment on financial assets. Point-in-time probability of default models incorporate information from a current credit cycle and assess risk at a point-in-time. The point-in-time probability of default term structure can be used to measure credit deterioration and starting probability of default when performing the provision calculations. Also, when calculating lifetime expected credit losses, after the inputs are correctly converted, cash flows can be projected and gross carrying amount, loss provision, and amortised cost for the financial instrument are then calculated.

Macroeconomic weighted average scenarios

The Company incorporates macroeconomic factor of GDP to develop multiple scenarios, the purpose is towards the realisation of most likely outcome using worst and best case scenarios. The scenario-based analysis includes forward-looking information into the impairment estimation using multiple forward-looking macroeconomic scenarios. The estimate of expected credit losses reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes.

After the inputs to the model are adjusted for above mentioned macroeconomic scenarios, PD of each scenario is calculated and then weighted average PD based on likelihood of scenarios is calculated. In the last step, a weighted average lifetime ECL based on the likelihood of the scenarios is determined.

Definition of 'Default'

In the above context, the Company considers default when:

- the customer is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or

- the customer is more than 360 days past due on any material credit obligation to the Company. As the industry norm suggests that such a period fairly represents default scenario for the Company, this rebuts the presumption of 90 day mentioned in IFRS 9.

The carrying amount of the asset is reduced using the above model and the loss is recognised in the statement of comprehensive income. Accounts receivable, together with the associated allowance are written off when there is no realistic prospect of future recovery, and all collateral has been realised or transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced. If a write-off is later recovered, the recovery is recognised under other income in the statement of profit or loss.

Specific provision

Specific provision is recognised for each customer separately at each reporting date. The Company recognises specific provision against receivables from certain customers. Provisions are reversed only when the outstanding amounts are recovered from the customers.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

(viii) Financial Liabilities

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Company's financial liabilities mainly include trade payables, accrued expenses, other current liabilities, Islamic finance facilities and due to related parties.

After initial recognition, loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities	IFRS classification
Trade payables and other current liabilities	Amortised cost
Lease commitments	Amortised cost
Due to related parties	Amortised cost

(ix) Derecognition

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

(x) Modifications of Financial Assets and Financial Liabilities

If the terms of a financial assets are modified, the Company evaluates whether the cash flows of the modified assets are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not resulting de-recognition of the financial asset. In this case, the Company recalculates the gross carrying amount of the financial asset and recognises the amount adjusting the gross carrying amount as modification gain or loss in the consolidated statement of profit or loss.

(xi) Financial Liabilities

The Company derecognises a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. In this case, new financial liabilities based on the modified terms are recognised at fair value. The difference between the carrying amount of the financial liability distinguished and the new financial liability with modified terms is recognised in the statement of profit or loss.

(xii) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Non-current assets classified as held for sale are presented separately and are measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some held for sale assets such as financial assets, continue to be measured in accordance with the Company's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortisation.

Any profit or loss arising from the sale of a discontinued operation or its remeasurement to fair value less costs to sell is presented as part of a single line item, profit or loss from discontinued operations.

6.4.8 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, demand deposits with banks, and other short-term, highly liquid investments whose maturity dates are within three months or less of the original investment date and available to the Company without restrictions.

6.4.9 Statutory Reserve

In compliance with the Regulations for Companies in the Kingdom of Saudi Arabia, the Company is required to transfer 10 per cent. of the annual net profits to the statutory reserve (after absorbing the accumulated losses balance). This transfer ceases when the balance of this reserve reaches 30 per cent. of the share capital.

6.4.10 Dividends

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

6.4.11 Employees' Benefits

6.4.11.1 Short Term Employees' Benefits

Short term employees' benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Employees' benefits are payable to all employees under the terms and conditions of the labour law applicable on the Company, on termination of their employment contracts.

6.4.11.2 Defined Contribution Plan

Retirement benefit in the form of General Organisation of Social Insurance (GOSI) is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the GOSI. The Company recognises contribution payable to GOSI as an expense when due.

6.4.11.3 Defined Benefits Plans (Employees' End-of-Service Benefits)

The Company operates defined benefits plans, under the Saudi Labour Law applicable based on employees' accumulated periods of service as of the date of statement of financial position.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method. Previously, "employees' end-of-service benefits' obligation" was calculated at the present value of the vested benefits to which the employee was entitled, should his service be terminated at the reporting date.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in the statement of profit or loss on the earlier of:

- the date of the plan amendment or curtailment, and
- the date on which the Company recognises related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Company recognises the following changes in the defined benefit obligation in the statement of profit or loss:

- services costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements, and
- net interest expense or income.

6.4.12 Accrued Expenses and Other Current Liabilities

Trade payables are obligations on the basis of normal credit terms and do not bear interest. Trade payables denominated in a foreign currency are translated into Saudi Arabian Riyals using the exchange rate at the reporting date. Foreign exchange gains or losses are included in other income or other expenses.

6.4.13 Zakat and Value Added Tax (VAT)

6.4.13.1 Zakat

Provision for Zakat is calculated at the date of the statement of financial position in accordance with regulations of ZATCA.

The resulting provision is recorded in the statement of profit or loss and other comprehensive income. Additional Zakat liabilities, if any, related to prior years' assessments arising from ZATCA are recognised in the period in which the final assessments are finalised.

6.4.13.2 Value Added Tax (VAT)

The Company is subject to a VAT on a monthly basis. VAT is paid and settled through the monthly statements submitted by the Company to ZATCA.

6.4.14 Revenue from Contracts with Customers

The Company has adopted IFRS 15 'Revenue from Contracts with Customers' which was effective from 1 January 2018G.

Revenue is measured based on consideration specified in a contract with a customer, includes unbilled revenue (contract asset) and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control over a product or service to a customer.

The Company assess the services promised in a contract with a customer and identifies as a performance obligation either:

- service that is distinct; or
- series of distinct services that are substantially the same and that have the same pattern of transfer to the customer (i.e., each distinct service is satisfied over the time and the same method is used to measure progress).

The Company recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15:

- **Step 1:** Identify contract(s) with a 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 in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- **Step 3:** Determine the transaction price: The transaction price is the amount of consideration to which 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 to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate 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:** Recognise revenue when (or as) the entity satisfies a performance obligation.

The Company satisfies a performance obligation and recognises revenue overtime basis, if one of the following criteria is met:

- The Company's performance does not create an asset with an alternate use to the Company and the Company has an enforceable right to payment for performance completed to date.
- The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs.

As the performance obligations, where one of the above conditions are met, revenue is recognised overtime basis at which time the performance obligation is satisfied.

When the Company satisfies a performance obligation by delivering the promised services it creates a contract-based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to advances from customer (contract liability).

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably.

The application of IFRS 15 requires management to make the following judgments:

6.4.14.1 Satisfaction of Performance Obligations

The Company is required to assess each of its contracts with customers to determine whether performance obligations are satisfied overtime basis or at a point in time in order to determine the appropriate method of recognising revenue. The Company has assessed that based on the

agreement entered into with the customers, the Company does not create an asset with an alternative use to the Company and usually has an enforceable right to payment for performance completed to date. In these circumstances the Company recognises revenue overtime basis. Where this is not the case revenue is recognised at a point in time. For sale of goods, revenue is generally recognised at a point in time.

6.4.14.2 Determination of Transaction Prices

The Company is required to determine the transaction price in respect of each of its agreements with customers. In making such judgment, the Company assess the impact of any variable consideration in the contract, due to discount or penalties, the existence of any significant financing component in the contract and any non-cash consideration in the contract.

(a) Transfers of Control in Contracts with Customers

In case where the Company determines that performance obligations are satisfied at a point in time, revenue is recognised when control over the assets that is subject of contract is transferred to the customer.

In addition, the application of IFRS 15 has resulted in the following estimation process:

(i) Allocation of Transaction Price to Performance Obligation in the Contracts with Customers

The Company has elected to apply the input method in allocating the transaction price to performance obligations where revenue is recognised at a point in time. The Company considers that the use of the input method, which requires revenue recognition on the basis of the Company's efforts to the satisfaction of performance obligation, provides the best reference of revenue actually earned. In applying the input method, the Company estimates the efforts or inputs to the satisfaction of a performance obligation. In addition to the cost of satisfying contractual obligation to the customers, these estimates mainly include the time elapsed for service contracts.

(ii) Other Matters to Consider

Variable consideration

If the consideration promised in a contract includes a variable amount, the Company estimates the amount of consideration to which it is entitled in exchange for transferring the promised goods or services to the customer. The Company estimates the transaction price on contracts with variable consideration using the expected value or most likely amount method. The method is applied consistently throughout the contract and to similar types of contracts.

Significant financing component

The Company shall adjust the promised amount of consideration for the time value of money if the contract contains a significant financing component.

(iii) Revenue Streams

The Company earns revenue from following streams:

Revenue streams	Revenue recognition
Revenue from Aluminium activity formation and sale of goods at a point in time	At a point of time
Revenue from the Aluminium Accessories activity sales of goods at a point in time	At a point of time
Revenue from the Aluminium Accessories activity sales of goods at a point in time	At a point of time

Revenue from sale of goods

Revenue is measured based on consideration specified in the contracts with customers and excludes amounts collected on behalf of third parties. The Company recognises revenue when control of the product is transferred to the customer, which happens on delivery to the customer.

If the consideration promised in a contract includes a variable amount, the Company estimates the fees to which it is entitled in exchange for transferring the promised goods or services to the customer.

6.4.15 Other Income

All other income are recognised on an accrual basis when the Company's right to earn the income is established.

6.4.16 Cost of Sales

Production costs and direct manufacturing expenses are classified as cost of sales. This includes raw material, direct labours, depreciation and other related general indirect costs. This also includes share of the related common overheads.

6.4.17 Selling and Distribution Expenses

This includes any costs incurred to execute or facilitate all sale transactions in the Company. These costs typically include salaries of the sales employees, costs of managing the exhibitions, marketing and distribution expenses, and logistics expenses as well as commissions, fees and the like. This includes share of the related general common costs.

6.4.18 General and Administrative Expenses

This relates to operating expenses that are not directly related to the production or sale of the Company's products. This includes share of the related general common costs. Common expenses are distributed between direct cost, selling and distribution expenses, and general and administrative expenses, when required, are allocated on a consistent basis.

6.4.19 Finance Cost

The finance cost consists of the interests and other costs that an entity incurs in connection with borrowing of allocated funds through the Company, the interest on the employee's end-of-service benefits according to IAS 19 'Employees' Benefits', and interest expenses on lease liabilities in accordance with IFRS 16 'Leases'.

All other borrowing costs are recognised in the statement of income in the year in which they are incurred.

6.4.20 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of finance and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalised is calculated using the Company weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amount capitalised is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalised as from the commencement of the development work until the date of practical completion, when substantially all of the development work is completed. The capitalisation of borrowing costs is suspended if there are prolonged periods when development activity is interrupted.

6.4.21 Contingent Liabilities

They are liabilities that are likely to arise from past events and will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events and do not fall within the full control of the Company, or a present obligation arising from past events that are not recorded because it is unlikely that there will be a need for flow of resources embodying economic benefits to settle the obligation.

If the amount of the obligation cannot be measured with sufficient reliability, then the Company does not recognise contingent liabilities but discloses them in the financial statements.

6.4.22 Foreign Currency Translation

Transactions in foreign currency are translated into Saudi Arabian Riyal at the rate of exchange ruling at the date of those transactions. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are retranslated into Saudi Arabian Riyal at the rate of exchange ruling at the year-end. Gains or losses arising from foreign currency payment or translations are carried at the statement of comprehensive income.

6.4.23 Inventory

Inventory includes raw materials, work in progress, finished goods, supplies and spare parts that are recorded at the lower of cost or net realisable value. Work in progress and finished goods inventory include direct materials, direct labours and an appropriate proportion of fixed and variable indirect expenses.

Costs are assigned to the items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is considered as the estimated selling price in ordinary course of business, less estimated costs to completion and the estimated costs necessary to complete the sale.

6.4.24 Segment Reporting

An operating segment is a component of the Company:

- that engages in business activities from which it may earn revenues and incur expenses;
- results of its operations are continuously analysed by the chief operating decision maker in order to make decisions related to resources allocation and performance assessment; and
- for which discrete financial information is available.

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

IFRS 8 requires operating segments to be identified based on internal reports that are regularly reviewed by the Group executive management and used to allocate resources to segments and assess their performance. These operating segments described below in note (24) has been prepared in accordance with IFRS 8. Most of the Group's revenue, profits and assets arise by its operations in Saudi Arabia and arise from these specific business segments. The executive management monitors the operational results of these operating segments continuously for making decisions about resource allocation and performance evaluation. Segment performance is evaluated based on profit or loss and other performance measurement indicators.

6.4.25 Earnings Per Share

The Company presents basic earnings per share for its ordinary Shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary Shareholders of the Company by the number of ordinary Shares outstanding during the year.

6.5 Results of Operations

6.5.1 Statement of Profit or Loss and Other Comprehensive Income

Table 6.1: Statement of Profit or Loss and Other Comprehensive Income for the Financial Years Ended 31 December 2020G, 2021G and 2022G and the Six-Month Periods ended 30 June 2022G and 2023G

SAR in 000s	FY 2020G (Audited)	FY 2021G (Audited)	FY 2022G (Audited)	Var. 2020G-2021G	Var. 2021G-2022G	CAGR 2020G-2022G	Six-month period ended 30 June 2022G (Reviewed)	Six-month period ended 30 June 2023G (Reviewed)	Var. 2022G-2023G
Revenue	359,254	518,543	749,874	44.3%	44.6%	44.5%	377,881	336,591	(10.9%)
Cost of revenue	(291,404)	(424,691)	(622,566)	45.7%	46.6%	46.2%	(318,795)	(267,628)	(16.1%)
Gross profit	67,850	93,852	127,309	38.3%	35.6%	37.0%	59,086	68,962	16.7%
Selling and distribution expenses	(7,594)	(10,416)	(13,993)	37.1%	34.3%	35.7%	(7,294)	(7,236)	(0.8%)
General and administrative expenses	(15,893)	(18,503)	(30,976)	16.4%	67.4%	39.6%	(14,200)	(18,679)	31.5%
Provision for expected credit losses	(2,422)	(1,621)	(209)	(33.1%)	(87.1%)	(70.6%)	(447)	(803)	79.6%
Other income	1,291	3,241	4,255	151.0%	31.3%	81.5%	2,118	2,481	17.1%
Operating income	43,232	66,554	86,386	53.9%	29.8%	41.4%	39,263	44,726	13.9%
Finance cost	(1,616)	(1,143)	(1,661)	(29.3%)	45.3%	1.4%	(413)	(345)	(16.5%)
Net income before Zakat	41,616	65,411	84,725	5702%	29.5%	42.7%	38,850	44,381	14.2%
Zakat	(6,072)	(8,792)	(10,023)	4408%	14.0%	28.5%	(5,012)	(4,545)	(9.3%)
Net income for the year	35,544	56,619	74,702	5903%	31.9%	45.0%	33,838	39,836	17.7%

SAR in 000s	FY 2020G (Audited)	FY 2021G (Audited)	FY 2022G (Audited)	Var. 2020G-2021G	Var. 2021G-2022G	CAGR 2020G-2022G	Six-month period ended 30 June 2022G (Reviewed)	Six-month period ended 30 June 2023G (Reviewed)	Var. 2022G -2023G
Other comprehensive income statement									
Items that will not be reclassified to profit or loss									
Re-measurement of employees' end-of-service benefits	1,080	(738)	(1,874)	(168.3%)	153.9%	N.A.	(937)	(522)	(44.3%)
Total other comprehensive income	1,080	(738)	(1,874)	(168.3%)	153.9%	N.A.	(937)	(522)	(44.3%)
Total comprehensive income for the year	36,624	55,881	72,828	52.6%	30.3%	41.0%	32,902	39,314	(19.5%)
	As a percentage of revenue			Percentage point			As a percentage of revenue		Percentage point
Gross margin	18.9%	18.1%	17.0%	(0.8)	(1.1)	(1.9)	15.6%	20.5%	4.9
Selling and distribution expenses	2.1%	2.0%	1.9%	(0.1)	(0.1)	(0.2)	1.9%	2.1%	0.2
General and administrative expenses	4.4%	3.6%	4.1%	(0.9)	0.5	(0.3)	3.8%	5.5%	1.8
Provision on trade receivables	0.7%	0.3%	0.0%	(0.4)	(0.3)	(0.7)	0.1%	0.2%	0.1
Other income	0.4%	0.6%	0.6%	0.2	0.0	0.2	0.6%	0.7%	0.1
Operating income	12.0%	12.8%	11.5%	0.8	(1.3)	(0.5)	10.4%	13.3%	2.9
Finance cost	0.4%	0.2%	0.2%	(0.2)	0.0	(0.2)	0.1%	0.1%	0.0
Profit before Zakat	11.6%	12.6%	11.3%	1.0	(1.3)	(0.3)	10.3%	13.2%	2.9
Zakat provision	1.7%	1.7%	1.3%	0.0	(0.4)	(0.4)	1.3%	1.4%	0.1
Net income for the year	9.9%	10.9%	10.0%	1.0	(0.9)	0.1	9.0%	11.8%	2.8
Key performance indicators									
Revenue by segment:									
Aluminium	359.254	480.981	652.003	33.9%	35.6%	34.7%	328.031	292.732	(10.8%)
Aluminium Accessories	-	14.889	43.226	N.A.	190.3%	N.A.	21.947	19.340	(11.9%)
Thermo-set coating	-	22.673	54.645	N.A.	141.0%	N.A.	27.903	24.519	(12.1%)
Quantities sold:									
Aluminium (MT)	31.008	34.724	41.163	12.0%	18.5%	15.2%	19.585	19.316	(1.4%)
Aluminium Accessories (L/KM Pc MT)	-	29.821	85.429	N.A.	186.5%	N.A.	47.073	42.184	(10.4%)
Thermo-set coating (MT)	-	1.477	3.558	N.A.	140.8%	N.A.	1.813	1.523	(16.0%)
Average selling price: (SAR)									
Aluminium	11.586	13.851	15.839	19.6%	14.4%	16.9%	16.749	15.155	(9.5%)

SAR in 000s	FY 2020G (Audited)	FY 2021G (Audited)	FY 2022G (Audited)	Var. 2020G-2021G	Var. 2021G-2022G	CAGR 2020G-2022G	Six-month period ended 30 June 2022G (Reviewed)	Six-month period ended 30 June 2023G (Reviewed)	Var. 2022G -2023G
Aluminium Accessories	N.A.	499	506	N.A.	1.3%	N.A.	466	458	(1.7%)
Thermo-set coating	N.A.	15.349	15.360	N.A.	0.1%	N.A.	15.391	16.104	4.6%

Source: Audited financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the reviewed financial statements for the six-month periods ended 30 June 2022G and 2023G and management information.

6.5.1.1 Revenue

The Company primarily generates its revenues through the manufacturing and sale of:

- Aluminium products, representing 86.9% of the total revenue in 2022G and 87.0% of the total revenue in the six-month period ending 30 June 2023G.
- Aluminium accessories, representing 5.8% of the total revenue in 2022G and 5.7% of the total revenue in the six-month period ending 30 June 2023G.
- Thermo-set coating, representing 7.4% of the total revenue in 2022G and 7.3% of the total revenues in the six-month period ending on 30 June 2023G.

Revenue increased by 44.3% from SAR 359.3 million in 2020G to SAR 518.5 million in 2021G, attributable to the increase in revenue generated from Aluminium products by SAR 121.7 million, mainly following the increase in Aluminium extrusions mill finish sales by SAR 101.5 million, as a result of an increase in quantities sold by 46.4% from 12.2 thousand tonnes to 17.9 thousand tonnes, due to the increase in market demand post the COVID-19 pandemic. This was coupled with the merger with Alfa and Alwan, on 11 August 2021G, which contributed by SAR 37.6 million during the same period.

Revenue increased by 44.6% from SAR 518.5 million in 2021G to SAR 749.9 million in 2022G, in line with the increase Aluminium sales mainly from (1) Aluminium extrusions mill finish quantities sold by 5.1 thousand tonnes resulting in an increase in revenue by SAR 105.8 million and (2) an increase in powder coated quantities sold by 1.2 thousand tonnes leading to an increase in revenue by SAR 43.9m. Furthermore, the increase in Aluminium extrusions mill finish revenue was fuelled by the acquisition of new customers, coupled with the increase in revenue from current customers driven by increase in quantities sold, in addition to the increase in average selling price in line with the increase in raw material prices. Additionally, revenue increased from Aluminium Accessories and Thermo-set coating products due to the fact that the revenue reported in the financial year 2021G pertains to five months (i.e. after the merger date), compared to 12 months in the financial year 2022G.

Revenue decreased by 10.9% from SAR 377.9 million in the six-month period ending 30 June 2022G to SAR336.6 million in the six-month period in 30 June 2023G attributable to: (1) the decrease in Aluminium sales by SAR 35.3 million, as a result of the decrease in the average selling price by 9.5% from SAR 16.7 thousand/ton to SAR 15.2 thousand/ton, trailing the decline in the Aluminium market prices in line with the London Metal Exchange (LME) over the same period; (2) the decrease in Aluminium Accessories sales by SAR 2.6 million due to a decline in quantities sold by 10.4% after the decrease in market demand, in addition to the decrease in average selling price by 1.7% over the same period; and (3) the decrease in Thermo-set coating sales by SAR 3.4 million driven by the decrease in quantities sold by 16.0% from 1.8 thousand tonnes to 1.5 thousand tonnes. This was offset by the increase in average selling price per ton by 4.6% from SAR 15.4 thousand/ton to SAR 16.1 thousand/tonne. The decrease in the quantities sold in the six-month period ending in 30 June 2023G compared to 2022G was due to Eid Al-Adha holiday falling within the six-month period ending 30 June 2023G, which affected the quantities sold.

6.5.1.2 Cost of revenue

Cost of revenues primarily consists of: (1) raw materials; (2) employee costs; (3) depreciation of property; plant and equipment and (4) manufacturing costs, among others.

Cost of revenue increased by 45.7% from SAR 291.4 million in 2020G to SAR 424.7 million in 2021G, as a result of the increase in the cost of raw materials from SAR 240.0 million in 2020G to SAR 363.3 million in 2021G, in line with the increase in quantities sold during the same period. This was coupled with an increase in the purchase prices of raw materials during the same period.

Cost of revenue increased by 46.6% from SAR 424.7 million in 2021G to SAR 622.6 million in 2022G as a result of the increase in the cost of raw materials from SAR 363.3 million in 2021G to SAR 542.8 million in 2022G, in line with the increase in quantities sold during the same period. This was coupled with an increase in the purchase prices of raw materials during the same period.

Cost of revenue decreased by 16.1% from SAR 318.8 million in the six-month period ending 30 June 2022G to SAR 267.6 million in the six-month period ending 30 June 2023G due to a decline in raw material prices during the six-month period ending 30 June 2023G, in line with the Aluminium prices on the London Metal Exchange, which in turn impacted Aluminium raw material prices, contributing to the reduction in raw material costs.

6.5.1.3 Gross profit (Gross profit margin)

Gross profit increased by 38.3% from SAR 67.9 million in 2020G to SAR 93.9 million in 2021G (gross profit margin decreased from 18.9% to 18.1%) and then by 35.6% bringing the total profit to SAR 127.3 million in 2022G (gross profit margin decreased from 18.1% to 17.0%), whereby the decrease in the gross profit margin between 2020G to 2022G was mainly due to the increase in purchasing prices of raw materials at a rate higher than the average selling prices, as this was due to: (1) the prices set by competitors in the market; (2) the utilisation ratio and the Company's production; and (3) contracts with suppliers which are based on Aluminium prices on the London Metal Exchange market.

Gross profit increased by 16.7% from SAR 59.1 million in the six-month period ending 30 June 2022G to SAR 69.0 million in the six-month period ending 30 June 2023G, despite the decrease in revenue (gross profit margin increased from 15.6% to 20.5%) mainly due to the decrease in cost of revenue at a higher rate than revenue, driven by a decrease in raw materials charged to cost of revenues during the period trailing the London Metal Exchange market prices of Aluminium prices in. Additionally, the Management maintained the selling prices at higher levels than the prevailing market prices (in the Aluminium segment) to improve profitability.

6.5.1.4 Selling and distribution expenses

Selling and distribution expenses consist primarily of: (1) staff cost; and (2) distribution and advertising costs, among others.

Selling and distribution expenses increased by 37.1% from SAR 7.6 million in 2020G to SAR 10.4 million in 2021G due to the increase in staff costs by SAR 1.7 million in line with the increase in the number of employees from 29 employees to 60 employees which resulted from the merger, coupled with the increase in distribution costs by SAR 250.0 thousand in line with the increase in export sales in light of the merger.

Selling and distribution expenses increased by 34.3% from SAR 10.4 million in 2021G to SAR 14.0 million in 2022G due to: (1) staff costs (by SAR 2.3 million); (2) advertisement (by SAR 835 thousand); and (3) distribution costs (by SAR 364 thousand). The expenses increased as a result of the merger, whereby the financial year 2021G figures reflected a five-month period compared to a 12-month period in the financial year 2022G.

Selling and distribution expenses decreased by 0.8% from SAR 7.3 million in the six-month period ending 30 June 2022G to SAR 7.2 million in the six-month period ending 30 June 2023G.

6.5.1.5 General and administrative expenses

General and administrative expenses consist primarily of: (1) staff cost; (2) Initial Public Offering ("IPO") expenses; and (3) professional fees, among others.

General and administrative expenses increased by 16.4% from SAR 15.9 million in 2020G to SAR 18.5 million in 2021G due to an increase in staff costs by SAR 1.9 million as a result of an increase in the number of the Company's headcount by 72 employees (68 additional employees resulted from the merger). This was coupled with an increase in professional fees by SAR 365 thousand due to an increase in audit fees by SAR 163 thousand as a result of converting to IFRS.

General and administrative expenses increased by 67.4% from SAR 18.5 million in 2021G to SAR 31.0 million in 2022G as a result of: (1) an increase in staff costs by SAR 5.6 million in line with the increase in the number of headcount from 163 employees to 174 employees during the same period, in addition to; (2) an increase in the average monthly cost per employee during this period; and (3) an increase in professional fees by SAR 2.2 million. General and administrative expenses also increased for the financial year 2022G as a result of the IPO expenses, which amounted to SAR 3.2 million, as well as the Board of Directors' remuneration and session allowances for the financial year 2022G amounting to SAR 1.3 million, in addition to the expenses of the merged companies whereby the financial year 2021G figures reflected a five-month period compared to a 12-month period in the financial year 2022G.

General and administrative expenses increased by 31.5% from SAR 14.2 million in the six-month period ending 30 June 2022G to SAR 18.7 million in the six-month period ending 30 June 2023G, mainly due to: (1) an increase in staff costs by SAR 2.9 million, as a result of the increase in the Company's headcount by 12 employees during the same period, in addition to the Company hiring an increasing number of interns who received wages relatively higher than the average (amounted to SAR 8 thousand per month); (2) increase in the expenses related to the IPO consulting by SAR 655 thousand; and (3) an increase in professional fees by SAR 275 thousand incurred during the six-month period ending 30 June 2023G, among others. It is worth noting that the Company was able to recover 75% of the costs pertaining to the interns from the Human Resources Development Fund during the six-month period ended 31 December 2023G.

6.5.1.6 Provision for expected credit loss

Expected credit losses provision represents provisions for doubtful receivables and cheques under collection which are calculated based on IFRS 9.

Provision for expected credit losses decreased by 33.1% from SAR 2.4 million in 2020G to SAR 1.6 million in 2021G driven by the decrease in non-recoverable balances due from Aluminium customers (TALCO).

Provision for expected credit losses decreased by 87.1% from SAR 1.6 million in 2021G to SAR 209 thousand in 2022G, as a result of the cancellation of provisions related to cheques under collection which decreased by SAR 640 thousand as the Company recovered some of due checks, for which a provision has previously been made.

Provision for expected credit losses increased by 79.7% from SAR 447 thousand in the six-month period ending 30 June 2022G to SAR 803 thousand in the six-month period ending 30 June 2023G due to an increase in the provisions recorded against trade receivables and cheques under collection by SAR 171 thousand and SAR 632 thousand, respectively during the same period, in line with the Company's expected credit loss policy.

6.5.1.7 Other income

Other income consists of income generated from payments received from customers, in relation to extrusion dies used in the production of customised Aluminium products, according to customer specifications (SAR 3.9 million in 2022G representing 92% of total other income). It is worth noting that payments are non-refundable in the event customers do not meet minimum production quantities and the time period according to the agreement set between the Company and the customer. Additionally, other income consists of: (1) profit from the sale of extrusion dies, cars, wood waste, cardboard and others; and (2) income from bank deposits.

Other income increased by 151.0% from SAR 1.3 million in 2020G to SAR 3.2 million in 2021G, mainly due to an increase in income generated from payments received from customers from SAR 43 thousand to SAR 3.0 million, as the minimum production quantities and time periods were not met in accordance with the agreement set between the Company and the customer, which prompted the Company to reverse the payments received from the customer and recognise them as other income.

Other income increased by 31.3% from SAR 3.2 million in 2021G to SAR 4.3 million in 2022G due to the increase in income generated from non-refundable deposits received from customers by SAR 877 thousand.

Other income increased by 17.1% from SAR 2.1 million in the six-month period ending 30 June 2022G to SAR 2.5 million in the six-month period ending 30 June 2023G mainly due to the revenue recognised in relation to customer deposits made against extrusion dies which are used in production of customised aluminium products according to customer specifications amounting to SAR 2.3 million, among others.

6.5.1.8 Finance cost

Finance costs primarily consist of: (1) bank charges; (2) end-of-service benefits balances; and (3) finance costs of lease liabilities.

Finance costs decreased by 29.3% from SAR 1.6 million in 2020G to SAR 1.1 million in 2021G mainly due to: (1) a decrease in finance costs related to bank charges by SAR 361 thousand, as a result of the decrease in bank charges (related to bank transfers) and letters of credit fees; in addition to (2) a decrease in the finance cost related to end-of-service benefits by SAR 178 thousand.

Finance costs increased by 45.3% from SAR 1.1 million in 2021G to SAR 1.7 million in 2022G in line with: (1) an increase in bank charges by SAR 244 thousand as a result of the merger during 2021G; and (2) an increase in finance cost related to end-of-service benefits by SAR 245 thousand.

Finance costs decreased by 16.5% from SAR 413 thousand in the six-month period ending 30 June 2022G to SAR 345 thousand in the six-month period ending 30 June 2023G due to the decrease in finance costs on borrowings (by SAR 44 thousand) and finance costs of lease liabilities (by SAR 24 thousand) during the same period.

6.5.1.9 Zakat provision

Zakat provision increased by 44.8% from SAR 6.1 million in 2020G to SAR 8.8 million in 2021G in line with the increase in the Company's zakat base during the same period affected by the increase in share capital and the transfer of shareholders' equity of the merged companies.

Zakat provision increased by 14.0% from SAR 8.8 million in 2021G to SAR 10.0 million in 2022G in line with the increase in the Company's zakat base during the same period affected by the results of the merged companies which pertained to a 12-month period in 2022G.

Zakat provision decreased by 9.3% from SAR 5.0 million in the six-month period ending 30 June 2022G to SAR 4.5 million in the six-month period ending 30 June 2023G in line with the decrease in the Company's zakat base during the same period driven by the dividends paid.

6.5.1.10 Net profit for the year

Net profit for the year increased by 59.3% from SAR 35.5 million in 2020G to SAR 56.6 million in 2021G, mainly due to: (1) an increase in gross profit by 38.3% from SAR 67.9 million in 2020G to SAR 93.9 million in 2021G, where the gross margin decreased from 18.9% to 18.1%, as a result of purchasing raw materials at a rate higher than the average selling prices; (2) an increase in other income by 151.0% from SAR 1.3 million in 2020G to SAR 3.2 million in 2021G, mainly due to an increase in revenue generated from payments received from customers from SAR 43 thousand to SAR 3.0 million; (3) a decrease in finance costs by 29.3% from SAR 1.6 million in 2020G to SAR 1.1 million in 2021G; and (4) a decrease in provision for expected credit losses by 33.1% from SAR 2.4 million in 2020G to SAR 1.6 million in 2021G. This was offset by: (1) the increase in general and administrative expenses by 16.4% from SAR 15.9 million in 2020G to SAR 18.5 million in 2021G, which was mainly due to an increase in staff costs by SAR 1.9 million as a result of an increase in the headcount by 72 employees; and (2) the increase in selling and distribution expenses by 37.1% from SAR 7.6 million in 2020G to SAR 10.4 million in 2021G, which was mainly due to an increase in staff costs by SAR 1.7 million in line with the increase in the headcount from 29 employees to 60 employees as a result of the merger.

Net profit for the year increased by 31.9% from SAR 56.6 million in 2021G to SAR 74.7 million in 2022G mainly due to: (1) an increase in gross profit by 35.6% from SAR 93.9 million in 2021G to SAR 127.3 million in 2022G and the impact of the merger of Alwan and Alfa Companies, where the gross margin decreased from 18.1% to 17.0% as a result of purchasing raw materials at a rate higher than average

selling price; (2) other income increased by 31.3% from SAR 3.2 million in 2021G to SAR 4.3 million in 2022G due to the increase in income generated from non-refundable payments received from customers; and (3) provision for expected credit losses decreased by 87.1% from SAR 1.6 million in 2021G to SAR 209 thousand in 2022G. This was offset by: (1) an increase in finance cost by 45.3% from SAR 1.1 million in 2021G to SAR 1.7 million in 2022G; (2) an increase in general and administrative expenses by 67.4% from SAR 18.5 million in 2021G to SAR 31.0 million in 2022G mainly due to an increase in staff costs; and (3) an increase in selling and distribution expenses by 34.3% from SAR 10.4 million in 2021G to SAR 14.0 million in 2022G mainly due to an increase in staff costs.

Net profit for the year increased by 17.7% from SAR 33.8 million in the six-month period ending 30 June 2022G to SAR 39.8 million in the six-month period ending 30 June 2023G mainly due to: (1) increase in the gross profit by 16.7% from SAR 59.1 million in the six-month period ending 30 June 2022G to SAR 69.0 million in the six-month period ending 30 June 2023G, despite a decrease in revenue (gross margin increased from 15.6% to 20.5%), which was mainly due to a decrease in cost of revenue at a higher rate than revenue, driven by a decrease in raw materials charged to cost of revenue during the period, in line with Aluminium prices in the London Metal Exchange. In addition, Management maintained selling prices at higher levels than prevailing market prices (in the Aluminium segment) to improve profitability; and (2) increase in other income by 17.2% from SAR 2.1 million in the six-month period ending 30 June 2022G to SAR 2.5 million in the six-month period ending 30 June 2023G, mainly due to revenue recognised in relation to customer deposits made against extrusion dies which are used in production of customised aluminium products according to customer specifications amounting to SAR 2.3 million; and (3) a decrease in finance costs by 16.5% from SAR 413 thousand in the six-month period ending 30 June 2022G to SAR 345 thousand in the six-month period ending 30 June 2023G. This was offset by: (1) an increase in the provision for expected credit losses by 79.7% from SAR 447 thousand in the six-month period ending 30 June 2022G to SAR 803 thousand in the six-month period ending 30 June 2023G; and (2) an increase in general and administrative expenses by 31.5% from SAR 14.2 million in the six-month period ending 30 June 2022G to SAR 18.7 million in the six-month period ending 30 June 2023G, mainly due to an increase in staff costs.

6.5.1.11 Revenue by Business Segment

Table 6.2: Revenue by Business Segment for the Financial Years Ended 31 December 2020G, 2021G and 2022G and the Six-Month Periods Ended 30 June 2022G and 2023G

SAR in 000s	FY 2020G (Audited)	FY 2021G (Audited)	FY 2022G (Audited)	Var. 2020G-2021G	Var. 2021G-2022G	CAGR 2020G-2022G	Six-month period ended 30 June 2022G (Reviewed)	Six-month period ended 30 June 2023G (Reviewed)	Var. 2022G -2023G
Revenue from Aluminium	359,254	480,981	652,003	33.9%	35.6%	34.7%	328,031	292,732	(10.8%)
Revenue from Aluminium Accessories	-	22,673	54,645	N.A.	141.0%	N.A.	27,903	24,519	(12.1%)
Revenue from Thermo-set coating	-	14,889	43,227	N.A.	190.3%	N.A.	21,947	19,340	(11.9%)
Total	359,254	518,543	749,874	44.3%	44.6%	45.0%	377,881	336,591	(10.9%)
As a percentage of revenue				Percentage point			As a percentage of revenue		Percentage point
Revenue from Aluminium	100.0%	92.8%	86.9%	(7.2)	(5.8)	(13.1)	86.8%	87.0%	0.2
Revenue from Aluminium Accessories	0.0%	4.4%	7.3%	4.4	2.9	7.3	7.4%	7.3%	(0.1)
Revenue from Thermo-set coating	0.0%	2.9%	5.8%	2.9	2.9	5.8	5.8%	5.7%	(0.1)
Key performance indicators				Percentage point			Key performance indicators		Percentage point
Quantities sold:									
Aluminium (MT)	31,008	34,724	41,163	12.0%	18.5%	15.2%	19,585	19,316	(1.4%)
Aluminium Accessories (L/K, Pc, MT)	-	1,477	3,558	N.A.	140.8%	N.A.	1,813	1,523	(16.0%)

SAR in 000s	FY 2020G (Audited)	FY 2021G (Audited)	FY 2022G (Audited)	Var. 2020G-2021G	Var. 2021G-2022G	CAGR 2020G-2022G	Six-month period ended 30 June 2022G (Reviewed)	Six-month period ended 30 June 2023G (Reviewed)	Var. 2022G -2023G
Thermo-set coating (MT)	-	29,821	85,429	N.A.	186.5%	N.A.	47,073	42,184	(10.4%)
Average selling price: (SAR)									
Aluminium	11,586	13,851	15,839	19.6%	14.4%	16.9%	16,749	15,155	(9.5%)
Thermo-set coating	N.A.	15,349	15,360	N.A.	0.1%	N.A.	15,391	16,104	(1.7%)
Aluminium Accessories	N.A.	499	506	N.A.	1.3%	N.A.	466	458	4.6%

Source: Audited financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the reviewed financial statements for the six-month periods ended 30 June 2022G and 2023G and management information.

(a) Revenue from Aluminium

Revenue is mainly generated through manufacturing and sale of Aluminium products which represented 86.9% of total revenue in 2022G and 87.0% of total revenue in the six-month period ending 30 June 2023G.

Revenue from Aluminium increased by 33.9% from SAR 359.3 million in 2020G to SAR 481.0 million in 2021G, primarily from Aluminium extrusions mill finish by SAR 101.5 million, as a result of the increase in quantities sold by 46.4%, from 12.2 thousand tonnes to 17.9 thousand tonnes, due to the increase in market demand after the Corona pandemic (Covid-19). Revenue from Aluminium continued to increase by 35.6% from SAR 481.0 million in 2021G to SAR 652.0 million in 2022G in line with: (1) an increase in the quantities of Aluminium extrusions mill finish by 5.1 thousand tonnes, which led to an increase in revenue by SAR 105.8 million; and (2) an increase in powder coated Aluminium quantities sold by 1.2 thousand tonnes, which led to an increase in revenues by SAR 43.9 million. Moreover, revenue from the Aluminium extrusions mill finish increased due to an increase new customers number and an increase in revenue from current customers driven by higher quantities sold, coupled with increase average selling price.

Revenue from Aluminium decreased by 10.8% from SAR 328.0 million in the six-month period ending 30 June 2022G to SAR292.7 million in the six-month period ending 30 June 2023G, as a result of the decrease in average selling price by 9.5% from SAR 16.7 thousand/tonne to SAR 15.2 thousand/tonne, stemming from the decline in the raw material market price during the six-month period ending 30 June 2023G in line with London Metal Exchange and due to Eid Al-Adha holiday falling within the six-month period ending 30 June 2023G, which affected sales quantities.

(b) Revenue from Thermos-Set Coating

The Company generated revenue from the manufacture and sale of Thermos-set coating, which represented 7.4% of total revenue in 2022G and 7.3% of total revenue in the six-month period ending 30 June 2023G.

Revenue from Thermos-set coating increased from zero in 2020G to SAR 22.7 million in 2021G, as a result of the merger of Alwan Company into Al Taiseer Group TALCO Industrial Company on 11 August 2021G. Revenues continued to increase by 141.0% from SAR 22.7 million in 2021G to SAR 54.6 million in 2022G, as the revenue recognised in the financial year 2021G related to the five-month period (i.e., after the merger date), compared to the 12-month period in the financial year 2022G.

Revenue from Thermos-set coating decreased by 12.1% from SAR 27.9 million in the six-month period ending 30 June 2022G to SAR 24.5 million in the six-month period ending 30 June 2023G, driven by a decrease of 16.0% in quantities sold during the same period. This was offset by an increase average selling price per ton by 4.6% from SAR 15.4 thousand/ton to SAR 16.1 thousand/ton during the same period, after the Management's decision to maintain selling prices at a higher rate, in order to maintain the highest percentage of profitability as well as the decrease in quantities sold which was affected by the Eid Al-Adha holiday during June 2023G.

(c) Revenue from Aluminium Accessories

The Company generated revenue from the manufacture and sale of Aluminium Accessories products which represented 5.8% of total revenue in 2022G and 5.7% of total revenue in the six-month period ending 30 June 2023G.

Revenue from Aluminium Accessories increased from zero in 2020G to SAR 14.9 million in 2021G as a result of the merger of Alfa into Al Taiseer Group TALCO Industrial Company on 11 August 2021G. Revenue continued to increase by 190.3% from SAR 14.9 million in 2021G to SAR 43.2 million in 2022G, as the revenue recognised in 2021G related to the five-month period (i.e., after the merger date), compared to the 12-month period in the financial year 2022G.

Revenue from Aluminium Accessories decreased by 11.9% from SAR 21.9 million in the six-month period ending 30 June 2022G to SAR 19.3 million in the six-month period ending 30 June 2023G, mainly due to a decrease in quantities sold by 10.4% from 47.1 thousand metric tonnes to 42.2 thousand metric tonnes during the same period as a result of the decrease in market demand. This was coupled by a decrease in the selling price per unit by 1.7% during the same period and decrease in quantity which affected by Eid al-Adha holiday during June 2023G.

6.5.1.12 Revenue by Geographic Location

Table 6.3: Revenue by Geographic Location for the Financial Years Ended 31 December 2020G, 2021G and 2022G and the Six-Month Periods Ended 30 June 2022G and 2023G

SAR in 000s	FY 2020G (Management information)	FY 2021G (Management information)	FY 2022G (Management information)	Var. 2020G-2021G	Var. 2021G-2022G	CAGR 2020G-2022G	Six-month period ended 30 June 2022G (Management information)	Six-month period ended 30 June 2023G (Management information)	Var. 2022G -2023G
Local sales:									
Riyadh	242,776	340,362	500,789	40.2%	47.1%	43.6%	248,422	243,940	(1.8%)
Jeddah	6,961	13,817	30,229	98.5%	118.8%	108.4%	15,531	4,490	(71.1%)
Alkhobar	1,204	1,527	21,617	26.8%	1315.4%	323.7%	4,166	3	(99.9%)
Dammam	1,962	7,979	12,125	306.7%	52.0%	148.6%	5,604	4,486	(19.9%)
Jubail	-	-	7,493	N.A.	N.A.	0.0%	1,727	-	(100.0%)
Al-Ahsa	52	61	1,934	16.2%	3079.3%	507.7%	602	435	(27.7%)
Khamis Mushait	-	-	1,632	N.A.	N.A.	0.0%	249	368	47.5%
Hail	8	262	1,001	3230.2%	282.3%	1028.4%	-	-	N.A.
Madinah	18	20	616	8.9%	3019.0%	482.8%	1,919	1,205	(37.2%)
Al-Qassim	3,791	4,207	601	11.0%	(85.7%)	(60.2%)	117	231	97.4%
Makkah	346	452	542	30.7%	20.0%	25.3%	338	144	(57.3%)
Najran	-	-	176	N.A.	N.A.	0.0%	97	83	(14.3%)
Taif	-	-	17	N.A.	N.A.	0.0%	10	11	6.3%
Jezan	-	764	14	N.A.	(98.1%)	0.0%	1,940	1,696	(12.6%)
Tabouk	-	-	3	N.A.	N.A.	0.0%	-	-	N.A.
Total Local Sales	257,118	369,451	578,790	43.7%	56.7%	50.0%	280,721	257,091	(8.4%)
Export Sales									
Oman	-	-	73,981	N.A.	N.A.	0.0%	40,196	38,351	(4.6%)
Bahrain	10,211	17,391	12,142	70.3%	(30.2%)	9.0%	7,408	4,003	(46.0%)
Kuwait	3,803	5,268	10,425	38.5%	97.9%	65.6%	5,298	6,653	25.6%
Egypt	190	44,739	42,974	23426.2%	(3.9%)	1403.3%	26,689	4,914	(81.6%)
Netherland	296	329	8,174	11.2%	2382.5%	425.5%	4,371	13,936	218.8%
Iraq	1,944	2,363	7,514	21.5%	218.0%	96.6%	1,725	4,302	149.4%
India	4,394	6,127	5,904	39.5%	(3.6%)	15.9%	2,827	1,259	(55.5%)
UAE	114	3,199	5,609	2715.4%	75.4%	602.6%	6,817	3,529	(48.2%)
United Kingdom	142	184	1,234	29.8%	570.5%	195.0%	1,080	-	(100%)

SAR in 000s	FY 2020G (Management information)	FY 2021G (Management information)	FY 2022G (Management information)	Var. 2020G-2021G	Var. 2021G-2022G	CAGR 2020G-2022G	Six-month period ended 30 June 2022G (Management information)	Six-month period ended 30 June 2023G (Management information)	Var. 2022G -2023G
Jordan	-	-	907	N.A.	N.A.	0.0%	519	465	(10.4%)
Lebanon	-	-	892	N.A.	N.A.	0.0%	82	1,563	1804.7%
Qatar	-	-	663	N.A.	N.A.	0.0%	80	238	196.7%
South Africa	-	-	369	N.A.	N.A.	0.0%	-	-	N.A.
Sudan	-	-	187	N.A.	N.A.	0.0%	2	101	4930.2%
Syria	-	-	-	N.A.	N.A.	0.0%	-	84	N.A.
Italy	-	-	67	N.A.	N.A.	0.0%	67	-	(100%)
Yemen	81,043	69,492	43	(14.3%)	(99.9%)	(97.9%)	-	100	N.A.
Total Export Sales	102,136	149,093	171,085	46.0%	14.8%	29.4%	97,160	79,499	(18.2%)
Total Sales	359,254	518,543	749,874	44.3%	44.6%	44.5%	377,881	336,591	(10.9%)

Source: Management information.

6.5.1.13 Revenue by Type

Table 6.4: Revenue by Type for the Financial Years Ended 31 December 2020G, 2021G and 2022G and the Six-Month Periods Ended 30 June 2022G and 2023G

SAR in 000s	FY 2020G (Management information)	FY 2021G (Management information)	FY 2022G (Management information)	Var. 2020G-2021G	Var. 2021G-2022G	CAGR 2020G-2022G	Six-month period ended 30 June 2022G (Management information)	Six-month period ended 30 June 2023G (Management information)	Var. 2022G -2023G
Aluminium extrusions mill finish	128,269	229,811	335,626	79.2%	46.0%	61.8%	170,971	137,553	(19.5%)
Powder Coated Aluminium	155,332	170,216	214,107	9.6%	25.8%	17.4%	111,414	113,819	2.2%
Anodised Aluminium	27,344	34,845	42,356	27.4%	21.6%	24.5%	21,361	19,393	(9.2%)
Wood Finished Aluminium (Effecta)	19,997	18,274	18,164	(8.6%)	(0.6%)	(4.7%)	8,491	5,483	35.4%
Wood Finished Aluminium (Real wood)	12,195	11,060	14,426	(9.3%)	30.4%	8.8%	7,416	6,139	(17.2%)
Aluminium Fabrication Service	7,749	8,439	10,875	8.9%	28.9%	18.5%	2,141	4,040	88.7%
Thermal break	3,807	3,719	9,189	(2.3%)	147.1%	55.4%	2,801	2,988	6.7%
Services offered to customers	3,969	3,783	6,583	(4.7%)	74.0%	28.8%	3,206	2,814	(12.2%)
Others	593	834	676	40.6%	(18.9%)	6.8%	229	393	71.6%

SAR in 000s	FY 2020G (Management information)	FY 2021G (Management information)	FY 2022G (Management information)	Var. 2020G-2021G	Var. 2021G-2022G	CAGR 2020G-2022G	Six-month period ended 30 June 2022G (Management information)	Six-month period ended 30 June 2023G (Management information)	Var. 2022G-2023G
Total Aluminium	359,254	480,981	652,003	33.9%	35.6%	34.7%	328,031	292,732	(10.8%)
Polyester Powder Coating	-	22,035	51,473	N.A.	133.6%	N.A.	25,790	23,510	(8.8%)
Super durable powder coating	-	495	1,862	N.A.	276.5%	N.A.	1,392	306	(78.0%)
Epoxy powder	-	143	1,310	N.A.	813.5%	N.A.	720	651	(9.7%)
Metallic powder coating	-	-	-	N.A.	N.A.	N.A.	-	52	N.A.
Total Thermo-set Coating	-	22,673	54,645	N.A.	141.0%	N.A.	27,903	24,519	(12.1%)
Rubber gaskets from PVC and TPV	-	8,960	23,907	N.A.	166.8%	N.A.	11,773	9,992	(15.1%)
Weatherstrip	-	4,401	14,957	N.A.	239.9%	N.A.	8,123	7,269	(10.5%)
Printed wrapping films	-	760	2,766	N.A.	263.9%	N.A.	1,172	1,181	0.8%
Others	-	768	1,596	N.A.	107.8%	N.A.	880	901	2.4%
Total Accessories	-	14,889	43,226	N.A.	190.3%	N.A.	21,947	19,340	(11.9%)
Total Sales	359,254	518,543	749,874	44.3%	44.6%	44.5%	377,881	336,591	(10.9%)
As a percentage of revenue				Percentage point				As a percentage of revenue	Percentage point
Aluminium extrusions mill finish	35.7%	44.3%	44.8%	8.6	0.4	9.1	45.2%	40.9%	(4.3)
Powder Coated Aluminium	43.2%	32.8%	28.6%	(10.4)	(4.3)	(14.7)	29.5%	33.8%	4.3
Anodised Aluminium	7.6%	6.7%	5.6%	(0.9)	(1.1)	(2.0)	5.7%	5.8%	0.1
Wood Finished Aluminium (Effecta)	5.6%	3.5%	2.4%	(2.0)	(1.1)	(3.1)	2.2%	1.6%	(0.6)
Wood Finished Aluminium (Real wood)	3.4%	2.1%	1.9%	(1.3)	(0.2)	(1.5)	2.0%	1.8%	(0.2)
Aluminium Fabrication Service	2.2%	1.6%	1.5%	(0.6)	(0.1)	(0.7)	0.6%	1.2%	0.6
Thermal break	1.1%	0.7%	1.2%	(0.4)	0.5	0.2	0.7%	0.9%	0.2
Services offered to customers	1.1%	0.7%	0.9%	(0.4)	0.2	(0.2)	0.8%	0.8%	0.0

SAR in 000s	FY 2020G (Management information)	FY 2021G (Management information)	FY 2022G (Management information)	Var. 2020G-2021G	Var. 2021G-2022G	CAGR 2020G-2022G	Six-month period ended 30 June 2022G (Management information)	Six-month period ended 30 June 2023G (Management information)	Var. 2022G -2023G
Others	0.2%	0.2%	0.1%	0.0	(0.1)	(0.1)	0.1%	0.1%	0.0
Total Aluminium	100%	92.8%	86.9%	(7.2)	(5.8)	(13.1)	86.8%	87.0%	0.2
Polyester Powder Coating	N.A.	4.2%	6.8%	N.A.	2.6	N.A.	6.8%	7.0%	0.2
Super durable powder coating	N.A.	0.1%	0.2%	N.A.	0.1	N.A.	0.4%	0.1%	(0.3)
Epoxy powder	N.A.	0.0%	0.2%	N.A.	0.2%	N.A.	0.2%	0.2%	0.0
Metallic powder coating	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	0.0%	N.A.
Total Thermo-set Coating	N.A.	4.4%	7.3%	N.A.	2.9	N.A.	7.4%	7.3%	(0.1)
Rubber gaskets from PVC and TPV	N.A.	1.7%	3.2%	N.A.	1.5	N.A.	3.1%	3.0%	(0.1)
Weatherstrip	N.A.	0.8%	2.0%	N.A.	1.1	N.A.	2.1%	2.2%	0.0
Printed wrapping films	N.A.	0.1%	0.4%	N.A.	0.2	N.A.	0.3%	0.4%	0.1
Others	N.A.	0.1%	0.2%	N.A.	0.1	N.A.	0.2%	0.3%	0.1
Total Accessories	N.A.	2.9%	5.8%	N.A.	2.9	N.A.	5.8%	5.7%	(0.1)

Source: Management information.

Table 6.5: Key Performance Indicators for Revenue by Type for the Financial Years Ended 31 December 2020G, 2021G and 2022G and the Six-Month Periods Ended 30 June 2022G and 2023G

MT, L/K, Pc, SAR	FY 2020G (Management information)	FY 2021G (Management information)	FY 2022G (Management information)	Var. 2020G-2021G	Var. 2021G-2022G	CAGR 2020G-2022G	Six-month peri- od ended 30 June 2022G (Management information)	Six-month peri- od ended 30 June 2023G (Management information)	Var. 2022G -2023G
Key performance indicators Quantities Sold				Percentage point			Key performance indicators Quantities Sold		Per- centage change
Aluminium extrusions mill finish	12,216	17,884	22,895	46.4%	28.0%	36.9%	10,867	9,802	(9.8%)
Powder Coated Aluminium	13,785	12,165	13,413	(11.8%)	10.3%	(1.4%)	6,498	7,472	15.0%
Anodised Aluminium	2,073	2,396	2,362	15.6%	(1.4%)	6.7%	1,127	1,116	(1.0%)
Wood Finished Aluminium (Effecta)	1,605	1,224	1,070	(23.7%)	(12.6%)	(18.3%)	493	343	(30.3%)
Wood Finished Aluminium (Real wood)	976	739	845	(24.3%)	14.4%	(7.0%)	431	389	(9.8%)
Aluminium Fabrication Service(1)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Thermal break	323	285	543	(11.7%)	90.5%	29.7%	156	174	11.2%
Services offered to customers	30	32	36	6.1%	12.9%	9.4%	12	21	72.4%
Total Quantities - Aluminium	31,008	34,724	41,163	12.0%	18.5%	15.2%	19,585	19,316	(1.4%)
Polyester powder coating	-	1,444	3,413	N.A.	136.4%	0.0%	1,711	1,483	(16.0%)
Super durable powder coating	-	28	104	N.A.	268.0%	0.0%	79	17	(77.8%)
Epoxy powder	-	5	41	N.A.	696.5%	0.0%	24	19	(17.8%)
Metalic powder coating	-	-	-	N.A.	N.A.	N.A.	-	3	N.A.
Total Quantities - Thermo-set Coating	-	1,477	3,558	N.A.	140.8%	0.0%	1,813	1,523	(16.0%)
Rubber gaskets from PVC and TPV	-	1,373	3,459	N.A.	151.9%	0.0%	1,688	1,459	(13.6%)
Weatherstrip	-	28,251	81,364	N.A.	188.0%	0.0%	45,088	40,417	(10.4%)
Printed wrapping films	-	88	355	N.A.	301.8%	0.0%	156	155	(0.9%)
Others	-	109	251	N.A.	131.4%	0.0%	140	153	9.7%
Total Quantities - Aluminium Accessories	-	29,821	85,429	N.A.	186.5%	0.0%	47,073	42,184	(10.4%)
Average Selling Price: (SAR)									
Aluminium extrusions mill finish	10,500	12,850	14,659	22.4%	14.1%	18.2%	15,732	14,044	(10.7%)

MT, L/K, Pc, SAR	FY 2020G (Management information)	FY 2021G (Management information)	FY 2022G (Management information)	Var. 2020G-2021G	Var. 2021G-2022G	CAGR 2020G-2022G	Six-month peri- od ended 30 June 2022G (Management information)	Six-month peri- od ended 30 June 2023G (Management information)	Var. 2022G -2023G
Key performance indicators Quantities Sold				Percentage point			Key performance indicators Quantities Sold		Per- centage change
Powder Coated Aluminium	11,268	13,992	15,963	24.2%	14.1%	19.0%	17,145	15,234	(11.1%)
Anodised Aluminium	13,189	14,545	17,934	10.3%	23.3%	16.6%	18,958	17,384	(8.3%)
Wood Finished Aluminium (Effecta)	12,463	14,933	16,974	19.8%	13.7%	16.7%	17,235	15,976	(7.3%)
Wood Finished Aluminium (Real wood)	12,493	14,965	17,069	19.8%	14.1%	16.9%	17,205	15,786	(8.2%)
Aluminium Fabrication Service ⁽¹⁾	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Thermal break	11,801	13,053	16,935	10.6%	29.7%	19.8%	17,945	17,218	(4.1%)
Services offered to customers	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Average Selling Price - Aluminium	11,586	13,851	15,839	19.6%	14.4%	16.9%	16,749	15,155	(9.5%)
Polyester powder coating	N.A.	15,258	15,079	N.A.	(1.2%)	0.0%	15,077	15,853	5.1%
Super durable powder coating	N.A.	17,540	17,942	N.A.	2.3%	0.0%	30,509	33,511	9.8%
Epoxy powder	N.A.	28,061	32,184	N.A.	14.7%	0.0%	N.A.	19,853	N.A.
Metalic powder coating	N.A.	-	-	N.A.	N.A.	N.A.	17,665	17,515	(0.9%)
Average Selling Price - Thermo-set Coating	N.A.	15,349	15,360	N.A.	0.1%	0.0%	15,391	16,104	4.6%
Rubber gaskets from PVC and TPV	N.A.	6,527	6,912	N.A.	5.9%	N.A.	6,973	6,849	(1.8%)
Weatherstrip	N.A.	156	184	N.A.	18.0%	N.A.	180	180	(0.2%)
Printed wrapping films	N.A.	8,603	7,792	N.A.	(9.4%)	N.A.	7,512	7,635	1.6%
Others	N.A.	7,070	6,347	N.A.	(10.2%)	N.A.	6,286	5,852	(6.9%)
Average Selling Price - Aluminium Accessories	N.A.	499	506	N.A.	1.3%	N.A.	466	458	(1.7%)

Source: Management information.

⁽¹⁾ Total aluminium sales activity does not include Aluminium manufacturing services for customers.

(a) Revenue from Aluminium

Aluminium revenue (representing 86.9% of total revenue in 2022G and 87.0% of total revenue in the six-month period ending 30 June 2023G), consisted primarily of:

(i) Aluminium extrusions mill finish

Products are extruded Aluminium profiles in various alloys that come in different shapes and sizes, making them a popular choice for various applications. The Company produces these Aluminium extrusions mill finish with high quality to ensure that the diverse market needs are met. Modern production lines - German-made - allow the Company to manufacture a wide range of products.

Revenue from Aluminium mill finished products increased by 79.2% from SAR 128.3 million in 2020G to SAR 229.8 million in 2021G in line with the increase in quantities sold from 12.2 thousand tonnes to 17.9 thousand tonnes during the same period coupled with the increase in average selling price from SAR 10.5 thousand/ton to SAR 12.9 thousand/ton during the same period. Moreover, the increase in quantities sold was fuelled by new customer acquisitions in addition to increase in quantities sold from the existing customers in line with the increase in market demand. It is worth noting that the increase in selling prices was mainly driven by increase in raw material purchase prices.

Revenue from Aluminium mill finished products increased by 46.0% from SAR 229.8 million to SAR 335.6 million due to the increase in quantities sold which reached 22.9 thousand tonnes, coupled with the increase in average selling to reach SAR 14.7 thousand/ton during the same period, in line with the increase in market demand.

Revenue from Aluminium mill finished products decreased by 19.5% from SAR 171.0 million in the six-month period ending 30 June 2022G to SAR 137.6 million in the six-month period ending 30 June 2023G, driven by: (1) a decrease in quantities sold by 9.8% which reached to 10.9 thousand tonnes in the six-month period ending 30 June 2022G compared to 9.8 thousand tonnes in the six-month period ending 30 June 2023G, where the decrease in quantities sold was also affected by the Eid al-Adha holiday during June 2023G; and (2) the decrease in average selling price by 10.7% from SAR 15.7 thousand/ton in the six-month period ending 30 June 2022G to SAR 14.0 thousand/ton in the six-month period ending 30 June 2023G. Moreover, this decrease was driven by: (1) the Company's efforts in upselling customers to opt for surface coated Aluminium products which are sold at higher average selling price in comparison to mill finish Aluminium products, coupled with (2) the drop in Aluminium prices on the London Metal Exchange, leading to the decrease the revenue.

(ii) Powder Coated Aluminium

Powder coated Aluminium is a method of surface coating, after treating the surface with a chemical process to resist corrosion which involves the use of a dry powder material, where the powder is then cured under heat, resulting in a strong and durable coating. This process is used to protect and decorate a wide range of products, such as metal furniture, appliances, automotive components, and architectural elements.

Revenue from Powder Coated Aluminium increased by 9.6% from SAR 155.3 million in 2020G to SAR 170.2 million in 2021G due to the increase in average selling price from SAR 11.3 thousand/ton to SAR 14.0 thousand/ton, despite the decrease in quantities sold by 11.8% from 13.8 thousand tonnes to 12.2 thousand tonnes during the same period. The decrease in quantities sold was driven by the consumer shift to mill finish products (which were lower in price).

Revenue from Powder Coated Aluminium increased by 25.8% from SAR 170.2 million in 2021G to SAR 214.1 million in 2022G stemming from the increase in quantities sold from 12.2 thousand tonnes to 13.4 thousand tonnes, coupled with the increase in average selling price by 14.1% from SAR 14.0 thousand/ton to SAR 16.0 thousand/ton. The increase in quantities sold was fuelled by the Company's plan to encourage customers to opt for surface coated Aluminium products instead of mill finish Aluminium products in an unpolished state, in order to utilise the Company's available production lines, and consequently increase overall revenue due to the higher average selling price for powder coated products. It is worth noting that the increase in selling prices was primarily due to the increase in raw material purchase prices.

Revenue from Powder Coated Aluminium increased by 2.2% from SAR 111.4 million in the six-month period ending 30 June 2022G to SAR 113.8 million in the six-month period ending 30 June 2023G primarily driven by an increase in quantities sold, as the Company shifted its customers preferences to purchase surface coated Aluminium products instead of mill finish Aluminium products, resulting in an increase of 15.0% in quantities sold from 6.5 thousand tonnes in the six-month period ending 30 June 2022G to 7.5 thousand tonnes in the six-month period ending 30 June 2023G. This increase in quantities sold was offset by a decline in market price in line with the general drop in Aluminium products trailing London Metal Exchange market.

(iii) Other products

Other products mainly comprised Anodised Aluminium, Wood-finished Aluminium (Effecta), Wood-finished Aluminium (Real wood), Aluminium fabrication service, thermal break and services offered to customers, amongst others.

Revenue from other products increased by 7.0% from SAR 75.7 million in 2020G to SAR 81.0 million in 2021G, as a result of an increase in Anodising Aluminium revenue by SAR 7.5 million mainly due to an increase in quantities sold by 15.6% from 2.1 thousand tonnes to 2.4 thousand tonnes, in addition to an increase in the average selling price by 10.3% from SAR 13.2 thousand/ton to SAR 14.5 thousand/ton during the same period. This was offset by (1) a decrease in revenue from wood finished Aluminium (Effecta) by SAR 1.7 million as a result of a decrease in quantities sold from 1.6 thousand tonnes to 1.2 thousand tonnes during the same period, (2) a decrease in revenue from wood finished Aluminium (Real wood) by SAR 1.1 million a result of a decrease in the quantities sold from 976 tonnes to 739 tonnes during the same period.

Revenue from other products increased by 26.3% from SAR 81.0 million in 2021G to SAR 102.3 million in 2022G as a result of (1) an increase in Anodised Aluminium revenue by SAR 7.5 million mainly due to increase in average selling price from SAR 14.5 thousand/ton in 2021G to SAR 17.9 thousand/ton in 2022G, (2) an increase in revenue from the thermal break by SAR 5.5 million as a result of increase quantities sold from 285 tonnes to 543 tonnes, in addition to an increase in average selling price from SAR 13.1 thousand/ton to SAR 16.9 thousand/ton during the same period, (3)) Wood-finished Aluminium (Real wood) revenue increased by SAR 3.4 million as a result of an increase in the quantities sold from 739 tonnes to 845 tonnes, in addition to an increase in average selling price from SAR 15.0 thousand/ton to SAR 17.1 thousand/ton during the same period.

Revenue from other products decreased by 9.6% from SAR 45.6 million in the six-month period ending 30 June 2022G to SAR 41.3 million in the six-month period ending 30 June 2023G as a result of: (1) a decrease in Wood-finished Aluminium (Effecta) by SAR 3.0 million mainly due to a decrease in market demand, which led to a decrease in the quantities sold from 493 tonnes to 343 tonnes, in addition to a decrease in average selling price from SAR 17.2 thousand/ton to SAR 16.0 thousand/ton during the same period; and (2) a decrease in Anodised Aluminium revenue by SAR 2.0 million due to a decrease in average selling price from SAR 19.0 thousand/ton to SAR 17.4 thousand/ton during the same period. This was offset by an increase in revenue from Aluminium fabrication service by SAR 1.9 million as a result of increase demand during the same period.

(b) Revenue from Aluminium Accessories

Revenues from the Aluminium Accessories (represented 5.8% of total revenue in 2022G and 5.7% of total revenue in the six-month period ending 30 June 2023G) consisted primarily of:

(i) Rubber gaskets from PVC and TPV

Rubber gaskets from PVC and TPV is an essential component in the construction sector, providing effective solutions for sealing windows, doors and other architectural elements. The Company manufactures a wide range of rubber gaskets from PVC and TPV to meet the requirements of different uses and performance.

Revenues from rubber gaskets from PVC and TPV increased from zero in 2020G to SAR 9.0 million in 2021G as a result of the merger of Alfa Company into Al Taiseer Group TALCO Industrial Company on 11 August 2021G.

Revenue from rubber gaskets from PVC and TPV increased by 166.8% from SAR 9.0 million in 2021G to SAR 23.9 million in 2022G, mainly due to the increase in quantities sold from 1.4 thousand tonnes to 3.5 thousand tonnes, due to the merger, whereby the financial year 2021G figures reflected a five-month period compared to a 12-month period in the financial year 2022G. It is worth noting that average prices increased from SAR 6.5 thousand/ton to SAR 6.9 thousand/ton during the same period.

Revenue from rubber gaskets from PVC and TPV decreased by 15.1% from SAR 11.8 million in the six-month period ending 30 June 2022G to SAR 10.0 million in the six-month period ending 30 June 2023G, due to the decline in quantities sold by 13.6% from 1.7 thousand tonnes to 1.5 thousand tonnes over the same period, in addition to a decrease in average selling price by 1.8% over the same period.

(ii) Weatherstrip

Weatherstrip are essential sealing materials around doors and windows, providing protection against air, water and sound transmission. Also, weatherstrip plays a critical role in enhancing energy efficiency and comfort in residential and commercial spaces.

Revenues from weatherstrip increased from zero in 2020G to SAR 4.4 million in 2021G as a result of the merger of Alfa Company into Al Taiseer Group TALCO Industrial Company on 11 August 2021G.

Revenue from weatherstrip increased by 239.9% from SAR 4.4 million in 2021G to SAR 15.0 million in 2022G, mainly due to the increase in quantities sold from 28.3 thousand units in 2021G to 81.4 thousand units in 2022G, primarily due to the merger, whereby the financial year 2021G figures reflected a five-month period compared to a 12-month period in the financial year 2022G. It is worth noting that average selling prices also contributed to revenue growth increasing from SAR 156 to SAR 184 per unit during the same period.

Revenue from weatherstrip decreased by 10.5% from SAR 8.1 million in the six-month period ending 30 June 2022G to SAR 7.2 million in the six-month period ending 30 June 2023G, in line with the decrease in market demand, in addition to the decrease in quantities sold by 10.4% from 45,088 L/KM in the six-month period ending 30 June 2022G to 40,417 L/KM in the six-month period ending 30 June 2023G, with the average selling price remaining stable over the same period.

(iii) Printed wrapping films

Printed wrapping films is a versatile packaging material that meets the requirements of different industries to protect products and brands.

Revenues from printed wrapping films increased from zero in 2020G to SAR 760 thousand in 2021G as a result of the merger of Alfa Company into Al Taiseer Group TALCO Industrial Company on 11 August 2021G.

Revenue from printed wrapping films increased by 263.9% from SAR 760 thousand in 2021G to SAR 2.7 million in 2022G, mainly due to the increase in quantities sold from 88 units to 355 units due to the merger, whereby the financial year 2021G figures reflected a five-month period compared to a 12-month period in the financial year 2022G. It is worth noting that average selling prices decreased from SAR 8.6 thousand per unit to SAR 7.8 thousand per unit, during the same period.

Revenues from printed wrapping films increased by 0.8% from SAR 1.17 million in the six-month period ending 30 June 2022G to SAR 1.18 million in the six-month period ending 30 June 2023G.

(iv) Others

Other accessories mainly included injection moulded products, polypropylene yarn and door bottom brush.

Revenues from other accessories increased from zero in 2020G to SAR 768 thousand in 2021G as a result of the merger of Alfa Company into Al Taiseer Group TALCO Industrial Company on 11 August 2021G.

Revenues from other accessories increased by 107.8% from SAR 768 thousand in 2021G to SAR 1.6 million in 2022G mainly due to the increase in: (1) injection dies products by SAR 646 thousand; (2) polypropylene by SAR 146 thousand; and (3) door bottom brushes by SAR 82 thousand due to the merger, whereby the financial year 2021G figures reflected a five-month period compared to a 12-month period in the financial year 2022G.

Revenues from other accessories increased by 2.1% from SAR 879 thousand in the six-month period ending 30 June 2022G to SAR 898 thousand in the six-month period ending 30 June 2023G.

(c) Revenue from Thermo-Set Coating

Thermo-set coating revenue (represented 7.4% of total revenue in 2022G and 7.3% of total revenue in the six-month period ending 30 June 2023G) consist primarily of:

(i) Polyester powder coating

Polyester powder coating is a thermosetting powder coating derived from saturated polyester raw material. These resins were specially selected for their exceptional resistance to weathering and UV rays.

Revenues from polyester powder coating increased from zero in 2020G to SAR 22.0 million in 2021G, as a result of the merger of Alfa Company into Al Taiseer Group TALCO Industrial Company on 11 August 2021G.

Revenue from polyester powder coating increased by 133.6% from SAR 22.0 million in 2021G to SAR 51.5 million in 2022G in line with the increase in quantities sold from 1.4 thousand tonnes to 3.4 thousand tonnes, as a result of the merger, whereby the financial year 2021G figures reflected a five-month period compared to a 12-month period in the financial year 2022G.

Revenue from polyester powder coating decreased by 8.8% from SAR 25.8 million in the six-month period ending 30 June 2022G to SAR 23.5 million in the six-month period ending 30 June 2023G, mainly due to a decrease in quantities sold by 13.3% from 1.7 thousand tonnes in the six-month period ending 30 June 2022G to 1.5 thousand tonnes in the six-month period ending 30 June 2023G, driven by slowing market demand. This was offset by an increase in average selling price per ton by 5.1%, from SAR 15.1 thousand/ton in the six-month period ending 30 June 2022G to SAR 15.9 thousand/ton in the six-month period ending 30 June 2023G, mainly driven by an increase in raw material prices driving selling prices higher over the same period.

(ii) Super durable powder coating

Super durable powder coating is designed to meet the highest standards of durability and performance, and ideally suited for architectural applications, offering durability and a life expectancy three times longer than high-quality polyester powder coatings.

Revenues from super durable powder coating increased from zero in 2020G to SAR 495 thousand in 2021G, as a result of the merger of Alfa Company into Al Taiseer Group TALCO Industrial Company on 11 August 2021G.

Revenues from super durable powder coating increased by 276.5% from SAR 495 thousand in 2021G to SAR 1.9 million in 2022G attributable to an increase in quantities sold from 28 tonnes to 104 tonnes during same period.

Revenues from super durable powder coating decreased by 78.0% from SAR 1.4 million in the six-month period ending 30 June 2022G to SAR 306 thousand in the six-month period ending 30 June 2023G, driven by a significant decrease in quantities sold from 79 tonnes to 17 tonnes, with the average selling price remaining relatively stable at an average of SAR 17.6 thousand/ton over the same period.

(iii) Epoxy powder

Epoxy powder have gained significant attention in the recent years due to their unique combination of mechanical performance, protective properties and versatility. Epoxy powders are produced using epoxy resins, known for excellent adhesion, abrasion resistance and chemical resistance.

Revenue from epoxy powder increased from zero in 2020G to SAR 143 thousand in 2021G, as a result of the merger of Alfa Company into Al Taiseer Group TALCO Industrial Company on 11 August 2021G.

Revenue from epoxy powder increased from SAR 0.1 million in 2021G to SAR 1.3 million in 2022G driven by increase quantities sold from 5 tonnes to 41 tonnes over the same period, coupled with an increase in average selling price by 14.7% from SAR 28.1 thousand/ton to SAR 32.2 thousand/ton during the same period.

Revenue from epoxy powder decreased from SAR 720 thousand in the six-month period ending 30 June 2022G to SAR 651 thousand in the six-month period ending 30 June 2023G, driven by a decrease in quantities sold from 24 tonnes to 19 tonnes. This was offset by an increase in average selling price by 9.8%, from SAR 30.5 thousand to SAR 33.5 thousand per ton over the same period.

(iv) Metallic powder coating

Metallic powder coating was introduced in the six-month period ending 30 June 2023G and reported revenue of SAR 52 thousand in the six-month period ending 30 June 2023G.

6.5.1.14 Cost of Revenue

Table 6.6: Cost of Revenue for the Financial Years Ended 31 December 2020G, 2021G and 2022G and the Six-Month Periods Ended 30 June 2022G and 2023G

SAR in 000s	FY 2020G (Audited)	FY 2021G (Audited)	FY 2022G (Audited)	Var. 2020G-2021G	Var. 2021G-2022G	CAGR 2020G-2022G	Six-month period ended 30 June 2022G (Reviewed)	Six-month period ended 30 June 2023G (Reviewed)	Var. 2022G -2023G
Raw materials	239,960	363,273	542,771	51.4%	49.4%	50.4%	278,043	224,448	(19.3%)
Employees’ costs	21,987	23,116	29,601	5.1%	28.1%	16.0%	15,982	17,790	11.3%
Deprecation	15,783	16,911	19,538	7.1	15.5%	11.3%	9,605	10,292	7.2%
Right-of-use amortisation	811	1,179	1,547	45.4%	31.2%	38.1%	538	591	9.9%
Manufacturing expense	4,905	10,229	12,931	108.5%	26.4%	62.4%	5,410	5,801	7.2%
Expenses of special sectors for aluminium	2,682	3,882	7,397	44.7%	90.5%	66.1%	4,087	3,463	(15.3%)
Utilities	4,524	4,821	7,004	6.6%	45.3%	24.4%	3,510	3,486	(0.7%)
Water	752	589	1,039	(21.7%)	76.4%	17.5%	547	586	7.1%
Other	-	691	737	N.A.	6.7%	N.A.	1,073	1,172	9.2%
Total	291,404	424,691	622,566	45.7%	46.6%	46.2%	318,795	267,628	(16.1%)
As a percentage of revenue				Percentage point			As a percentage revenue		Percentage point
Raw materials	67.3%	70.1%	72.4%	2.8	2.3	5.1	73.6%	66.7%	(6.9)
Employee costs	6.2%	4.5%	3.9%	(1.7)	(0.5)	(2.2)	4.2%	5.3%	1.1
Deprecation	4.4%	3.3%	2.6%	(1.2)	(0.7)	(1.8)	2.5%	3.1%	0.5
Right-of-use amortisation	0.2%	0.2%	0.2%	0.0	0.0	0.0	0.1%	0.2%	0.0
Manufacturing expense	1.4%	2.0%	1.7%	0.6	(0.2)	0.3	1.4%	1.7%	0.3
Expenses of special sectors for aluminium	0.8%	0.7%	1.0%	0.0	0.2	0.2	1.1%	1.0%	(0.1)
Utilities	1.3%	0.9%	0.9%	(0.3)	0.0	(0.3)	0.9%	1.0%	0.1
Water	0.2%	0.1%	0.1%	(0.1)	0.0	(0.1)	0.1%	0.2%	0.0
Other	0.0%	0.1%	0.1%	0.1	0.0	0.1	0.3%	0.3%	0.1
Total	81.7%	81.9%	83.0%	0.2	1.1	1.3	84.4%	79.5%	(4.9)
Key performance indicators				Percentage point			Key performance indicators		Percentage point
Employee costs:									
The Company	21,987	19,777	21,543	(10.1%)	8.9%	(1.0%)	11,782	13,529	14.8%
Alfa	-	1,636	4,080	N.A.	149.4%	0.0%	2,120	2,179	2.8%

SAR in 000s	FY 2020G (Audited)	FY 2021G (Audited)	FY 2022G (Audited)	Var. 2020G-2021G	Var. 2021G-2022G	CAGR 2020G-2022G	Six-month period ended 30 June 2022G (Reviewed)	Six-month period ended 30 June 2023G (Reviewed)	Var. 2022G -2023G
Alwan	-	1,704	3,977	N.A.	133.4%	0.0%	2,081	2,082	0.0%
Total	21,987	23,116	29,601	5.1%	28.0%	16.0%	15,982	17,790	11.3%
Headcount:									
The Company	342	303	338	(39)	35	(4)	303	335	32
Alfa	-	79	82	79	3	82	79	82	3
Alwan	-	40	42	40	2	42	40	42	2
Total	342	422	462	80	40	120	422	459	37
Average salary cost per employee:									
The Company	5,358	5,439	5,311	1.5%	(2.3%)	(0.4%)	6,481	6,731	3.9%
Alfa	-	4,141	4,147	N.A.	0.1%	0.0%	4,472	4,430	(0.9%)
Alwan	-	8,519	7,892	N.A.	(7.4%)	0.0%	8,669	8,260	(4.7%)

Source: Audited financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the reviewed financial statements for the six-month periods ended 30 June 2022G and 2023G and Management Information.

(a) Raw materials

Raw materials primarily consisted of cost of Aluminium ore pallets, polyester powder coating, wood finished aluminium (Real wood), polyester resins, epoxy powder, TGEC, hardeners, dyes, rubber gaskets from PVC and TPV, polyester-polyurethane and other auxiliary materials, in addition to other expenses.

Raw material cost increased by 51.4% from SAR 240.0 million in 2020G to SAR 363.3 million in 2021G driven by: (1) the increase in quantities sold in relation to Aluminium products by SAR 104.6 million from 31.0 thousand tonnes to 34.4 thousand tonnes during the same period, in addition to (2) the merger with Alfa and Alwan which contributed by SAR 20.1 million and SAR 11.0 million, respectively. It is worth noting that raw material cost as a percentage of revenue increased from 67.3% in 2020G to 70.1% in 2021G driven by the increase in raw material prices.

Raw material cost increased by 49.4% from SAR 363.3 million to SAR 542.8 million in 2022G attributable to the increase in quantities sold in Aluminium products from 34.4 thousand tonnes to 40.7 thousand tonnes during the same period, coupled with the full year impact of the merger which occurred in August 2021G. Moreover, the cost as a percentage of revenue increased from 70.1% in 2021G to 72.4% in 2022G mainly due to the increase in raw material prices.

Raw material cost decreased by 19.3% from SAR 278.0 million in the six-month period ending 30 June 2022G to SAR 224.4 million in the six-month period ending 30 June 2023G primarily attributable to the decline in Aluminium market prices trailing the London Metal Exchange during the six-month period ending 30 June 2023G in comparison to the six-month period ending 30 June 2022G (with Aluminium raw materials representing an average of 87% of total raw material costs over the same period), in addition to the decrease in quantities sold particularly in the Aluminium Accessories segment by 10.4% and Thermo-set coating segment by 16.0% during the same period. Moreover, raw materials cost as a percentage of revenue decreased from 73.6% in the six-month period ending 30 June 2022G to 66.7% in the six-month period ending 30 June 2023G mainly due to the Company's ability to maintain relatively higher selling prices than prevailing in the market, primarily in the Aluminium segment.

(b) Employee costs

Employee costs mainly consisted of basic salaries, bonuses, air ticket allowance, vacation pay, social security expenses, outsourced labour, housing, visa expenses amongst others.

Employee costs increased by 5.1% from SAR 22.0 million in 2020G to SAR 23.1 million in 2021G, in line with the merger with Alfa which contributed by SAR 1.6 million and Alwan which contributed by SAR 1.6 million during the same period. This was partly offset by the decrease in employee costs related to Talco by SAR 2.2 million driven by the decrease in headcount from 342 in 2020G to 303 in 2021G due to the impact of COVID-19. Alternatively, and in order to continue the operations, the Company increased its reliance on outsource labour which are paid on an hourly basis.

Employees costs increased by 28.1% from SAR 23.1 million in 2021G to SAR 29.6 million in 2022G attributable to the increase in employee costs related to Talco by SAR 1.8 million as a result of the increase in number of employees from 303 in 2021G to 338 in 2022G and due to the increase in sales and production by 19%, whereby the Company hired additional employees (including technical staff) due to the increase in the operations during this period. This was coupled with the increase in employee costs related to Alfa by SAR 2.3 million and Alwan by SAR 2.3 million as the merger was executed in August 2021G whereby the employee cost represented a five-month period in the financial year 2021G compared to a 12-month period in the financial year 2022G.

Employees costs increased by 11.3% from SAR 15.9 million in the six-month period ending 30 June 2022G to SAR 17.8 million in the six-month period ending 30 June 2023G, attributable to the increase in employee costs related to Talco by SAR 1.7 million, as a result of the increase in number of employees from 303 in the six-month period ending 30 June 2022G to 335 in the six-month period ending 30 June 2023G, whereby the Company commenced hiring a higher number of interns to increase Saudisation and improve the technical capabilities of nationals within the Company and the industry, in addition to a 4.7% increase in employee costs related to Alfa (SAR 0.1 million) during the same period.

(c) Depreciation

Depreciation cost increased by 7.1% from SAR 15.8 million in 2020G to SAR 16.9 million in 2021G, mainly stemming from the increase in extrusion dies' depreciation by SAR 1.4 million, as a result of additions amounting to SAR 8.9 million during the same year.

Depreciation cost increased by 15.5% from SAR 16.9 million in 2021G to SAR 19.5 million in 2022G, in line with the increase in extrusion dies' depreciation by SAR 1.1 million and machinery and equipment by SAR 1.2 million as a result of additions amounting to SAR 9.7 million and SAR 4.0 million during the same year, respectively.

Depreciation cost increased by 7.2% from SAR 9.6 million in the six-month period ending 30 June 2022G to SAR 10.3 million in the six-month period ending 30 June 2023G, mainly stemming from the increase in extrusion dies depreciation as a result of additions amounting to SAR 4.3 million in addition to property, plant and equipment additions amounting to SAR 10.1 million over the same period.

(d) Right-of-use amortisation

Right-of-use amortisation cost increased by 45.4% from SAR 811 thousand in 2020G to SAR 1.2 million in 2021G and further by 31.2% from SAR 1.2 million in 2021G to SAR 1.5 million in 2022G in line with the increase in leased asset additions by SAR 3.9 million in 2021G (pertaining to balances transferred as a result of the merger), and by SAR 626 thousand in 2022G.

Right-of-use amortisation cost increased by 9.9% from SAR 538 thousand in the six-month period ending 30 June 2022G to SAR 591 thousand the six-month period ending 30 June 2023G.

(e) Manufacturing expense

Manufacturing expense mainly includes printed plastic pads, wood, spare parts amongst others.

Manufacturing expense increased by 108.5% from SAR 4.9 million in 2020G to SAR 10.2 million in 2021G due to the increase in printed plastic pads by SAR 1.8 million, wood by SAR 617 thousand, spare parts by SAR 687 thousand, and tools and equipment by SAR 625 thousand, as a result of the increase in Aluminium production from 28.1 metric ton to 29.4 metric ton during the same period.

Manufacturing expense increased by 26.4% from SAR 10.2 million in 2021G to SAR 12.9 million in 2022G in line with the increase in: (1) general maintenance costs by SAR 1.0 million, (2) OXY-Plast commissions by SAR 569 thousand, which represent anodisation know-how fees, and (iii) the increase in solid industrial waste costs by SAR 337 thousand during the same period.

Manufacturing expense increased by 7.2% from SAR 5.4 million in the six-month period ending 30 June 2022G to SAR 5.8 million in the six-month period ending 30 June 2023G due to an increase in (1) tools and equipment by SAR 393 thousand, (2) general maintenance costs by SAR 255 thousand, offset by (3) the decrease in spare parts costs by SAR 241 thousand during the same period, amongst others. These increases were driven by both operational needs as well as routine and preventative maintenance costs on the Company's production lines.

(f) Expenses of special sectors for aluminium

Expenses of special sectors for aluminium comprised patent rights paid to an industry expert which approves on the production of certain products.

Expenses of special sectors for aluminium increased by 44.7% from SAR 2.7 million in 2020G to SAR 3.9 million in 2021G and increased further by 90.5% to SAR 7.4 million in 2022G, mainly due to the increase in production and sales during the respective years.

Expenses of special sectors for aluminium decreased by 15.3% from SAR 4.1 million in the six-month period ending 30 June 2022G to SAR 3.5 million in the six-month period ending 30 June 2023G, in line with the decrease in production levels of patented products over the same period.

(g) Utilities

Utilities expenses mainly comprised electricity, gas and diesel consumption.

Utilities expenses increased by 6.6% from SAR 4.5 million in 2020G to SAR 4.8 million in 2021G driven by the increase in electricity by SAR 299 thousand, as a result of the increase in volumes sold namely Aluminium products from 30.7 thousand tonnes to 34.4 thousand tonnes during the same period.

Utilities expenses increased by 45.3% from SAR 4.8 million in 2021G to SAR 7.0 million in 2022G, due to the increase in electricity costs by SAR 1.6 million, coupled with gas consumption by SAR 420 thousand, as a result of the increase in Aluminium production and Aluminium volumes sold by 6.4 thousand tonnes.

Utilities expenses decreased by 0.7% from SAR 3.5 million in the six-month period ending 30 June 2022G to SAR 3.4 million the six-month period ending 30 June 2023G.

(h) Water

Water costs decreased by 21.7% from SAR 752 thousand in 2020G to SAR 589 thousand in 2021G, in line with the reduction in production of powder coated Aluminium during the same period.

Water costs increased by 76.4% from SAR 589 thousand in 2021G to SAR 1.0 million in 2022G, in line with the increase in Aluminium production during the same period.

Water costs increased by 7.1% from SAR 547 thousand in the six-month period ending 30 June 2022G to SAR 586 thousand in the six-month period ending 30 June 2023G due to a slight increase in the water used in production over the same period.

(i) Other

Other costs consisted of other production consumable material such as gloves, cleaning products, masks, amongst others.

Other costs increased from zero in 2020G to SAR 691 thousand in 2021G, and further increased by 6.7% to SAR 737 thousand in 2022G attributable to the increase in material consumption as a result of the increase in labour headcount during the same period. It is worth noting that 'others' was classified within manufacturing cost in 2020G and subsequently reclassified as a separate account in 2021G and 2022G.

Other costs increased by 9.2% from SAR 1.1 million in the six-month period ending 30 June 2022G to SAR 1.2 million in the six-month period ending 30 June 2023G attributable to the increase in material consumption, as a result of the increase in labour headcount.

6.5.1.15 Selling and Distribution Expenses

Table 6.7: Selling and Distribution Expenses for the Financial Years Ended 31 December 2020G, 2021G and 2022G and the Six-Month Periods Ended 30 June 2022G and 2023G

SAR in 000s	FY 2020G (Audited)	FY 2021G (Audited)	FY 2022G (Audited)	Var. 2020G-2021G	Var. 2021G-2022G	CAGR 2020G-2022G	Six-month period ended 30 June 2022G (Reviewed)	Six-month period ended 30 June 2023G (Reviewed)	Var. 2022G -2023G
Salaries and employees' related benefits	3,508	5,194	7,528	48.1%	44.9%	46.5%	4,050	4,168	2.9%
Cargo charges	3,438	3,689	4,053	7.3%	9.9%	8.6%	1,942	1,863	(4.1%)
Royalties	-	180	71	N.A.	(60.4%)	N.A.	35	22	(37.1%)
Advertising	205	167	1,002	(18.4%)	499.7%	121.1%	253	433	71.1%
Depreciation	19	20	5	5.3%	(76.3%)	(50.0%)	5	-	N.A.
Other	424	1,166	1,334	174.8%	14.3%	77.4%	1,010	732	(27.5%)
Total	7,594	10,416	13,993	37.1%	34.3%	35.7%	7,294	7,236	(0.8%)
As a percentage of revenue	Percentage point						As a percentage of revenue	Percentage point	
Salaries and employees' related benefits	1.0%	1.0%	1.0%	0.0	0.0	0.0	1.1%	1.2%	0.2

SAR in 000s	FY 2020G (Audited)	FY 2021G (Audited)	FY 2022G (Audited)	Var. 2020G-2021G	Var. 2021G-2022G	CAGR 2020G-2022G	Six-month period ended 30 June 2022G (Reviewed)	Six-month period ended 30 June 2023G (Reviewed)	Var. 2022G -2023G
Cargo charges	1.0%	0.7%	0.5%	(0.3)	(0.2)	(0.4)	0.5%	0.6%	0.0
Royalties	0.0%	0.0%	0.0%	0.0	0.0	0.0	0.0%	0.0%	0.0
Advertising	0.1%	0.0%	0.1%	0.0	0.1	0.1	0.1%	0.1%	0.1
Depreciation	0.0%	0.0%	0.0%	0.0	0.0	0.0	0.0%	N.A.	N.A.
Other	0.1%	0.2%	0.2%	0.1	0.0	0.1	0.3%	0.2%	0.0
Total	2.1%	2.0%	1.9%	(0.1)	(0.1)	(0.3)	1.9%	2.1%	0.2

Source: Audited financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the reviewed financial statements for the six-month period ended 30 June 2022G and 2023G

(a) Salaries and employees' related benefits

Salaries and employees' related benefits comprised salaries and bonuses, housing and accommodation expenses, end-of-service benefits expenses, transportation allowance, insurance and medical expenses, vacations and overtime, amongst others.

Salaries and employees' related benefits increased by 48.1% from SAR 3.5 million in 2020G to SAR 5.2 million in 2021G, in line with the merger with Alfa, which contributed by SAR 556 thousand and Alwan which contributed by SAR 1.3 million during the same period.

Salaries and employees' related benefits increased by 44.9% from SAR 5.2 million in 2021G to SAR 7.5 million in 2022G, driven by the increase in employee costs related to Alfa by SAR 695 thousand and Alwan by SAR 1.5 million as the merger occurred in August 2021G, whereby the employee cost represented a five-month period in the financial year 2021G compared to a full year effect in the financial year 2022G.

Salaries and employees' related benefits increased by 2.9% from SAR 4.1 million in the six-month period ending 30 June 2022G to SAR 4.2 million in the six-month period ending 30 June 2023G, in line with the increase in headcount from 60 employees to 63 employees during the same period, due to additional sales staff hired in Talco.

(b) Cargo charges

Cargo charges pertain to car rental costs associated with equipment and workers transporting goods, and custom clearance related to shipping expenses.

Cargo charges increased by 7.3% from SAR 3.4 million in 2020G to SAR 3.7 million in 2021G driven by the increase in clearance expenses by SAR 161 thousand in line with the increase in export sales during the same period.

Cargo charges increased by 9.9% from SAR 3.7 million in 2021G to SAR 4.1 million in 2022G on the back of the increase in export sales clearance costs by SAR 434 thousand as a result of increase in export sales coupled with the increase in cars and equipment rental costs by SAR 92 thousand during the same period.

Cargo charges decreased by 4.1% from SAR 1.9 million in the six-month period ending 30 June 2022G to SAR 1.8 million in the six-month period ending 30 June 2023G, in line with stable levels of quantities sold within the Aluminium segment.

(c) Royalties

Royalty fees pertain to Oxy Plast commission related to Alwan.

Royalty fees increased from zero in 2020G to SAR 180 thousand in 2021G. Franchise fees decreased by 60.4% from SAR 180 thousand in 2021G to SAR 71 thousand in 2022G attributable to the reclassification of this account to manufacturing costs under cost of revenue during 2022G.

Royalty fees decreased by 37.1% from SAR 35 thousand in the six-month period ending 30 June 2022G to SAR 22 thousand in the six-month period ending 30 June 2023G, attributable to the reclassification of this account to manufacturing costs under cost of revenue, during the same period.

(d) Advertising

Advertising expenses mainly comprised promotion, advertising expenses and clients' gifts.

Advertising expenses decreased by 18.4% from SAR 205 thousand in 2020G to SAR 167 thousand in 2021G attributable to the decrease in gifts disbursed which included mobile phones and other miscellaneous gifts.

Advertising expenses increased by 499.7% from SAR 167 thousand in 2021G to SAR 1.0 million in 2022G in line with Management's focus to promote its brand image in the market in addition to contributing in exhibitions and forums.

Advertising expenses increased by 71.1% from SAR 253 thousand in the six-month period ending 30 June 2022G to SAR 433 thousand in the six-month period ending 30 June 2023G in line with Management's focus to promote its brand image in contemplation of its planned IPO.

(e) Depreciation

Depreciation expenses increased by 5.6% from SAR 19 thousand in 2020G to SAR 20 thousand in 2021G. Furthermore, depreciation expense decreased by 76.3% from SAR 20 thousand in 2021G to SAR 5 thousand in 2022G in line with some assets that relate to selling and distribution that were fully amortised during the same year.

Depreciation decreased from SAR 5 thousand in the six-month period ending 30 June 2022G to zero in the six-month period ending 30 June 2023G as assets allocated to selling and distribution costs were fully amortised during 2022G.

(f) Other

Other expenses mainly comprised rent expenses, licenses expenses, business trips amongst other miscellaneous expenses.

Other expenses increased by 174.8% from SAR 424 thousand in 2020G to SAR 1.2 million in 2021G, attributable to the increase in rent expense by SAR 234 thousand and business trips by SAR 163 thousand due to the lift of COVID-19 restrictions.

Other expenses increased by 14.3% from SAR 1.2 million in 2021G to SAR 1.3 million in 2022G driven by the increase in rental expenses by SAR 250 thousand due to the increase in branch rent expenses related to Alwan and Alfa, as the amount recorded in the financial year 2021G related to five-month compared to a 12-month period in the financial year 2022G. This was partly offset by the decrease in postal expenses by SAR 78 thousand during the same period.

Other expenses decreased by 27.5% from SAR 1.0 million in the six-month period ending 30 June 2022G to SAR 732 thousand in the six-month period ending 30 June 2023G, attributable to the decrease in rent expense by SAR 238 thousand as well as telephone and mobile expenses by SAR 65 thousand. This was partly offset by an increase in business trips expense by SAR 52 thousand and office maintenance expenses by SAR 36 thousand.

6.5.1.16 General and Administrative Expenses

Table 6.8: General and Administrative Expenses for the Financial Years Ended 31 December 2020G, 2021G and 2022G and the Six-Month Periods Ended 30 June 2022G and 2023G

SAR in 000s	FY 2020G (Audited)	FY 2021G (Audited)	FY 2022G (Audited)	Var. 2020G-2021G	Var. 2021G-2022G	CAGR 2020G-2022G	Six-month period ended 30 June 2022G (Reviewed)	Six-month period ended 30 June 2023G (Reviewed)	Var. 2022G -2023G
Salaries and employees' related benefits	12,176	14,121	19,751	16.0%	39.9%	27.4%	10,217	13,093	28.2%
Remuneration of senior management staff	188	-	-	(100.0%)	N.A.	N.A.	-	-	N.A.
Administrative fees	399	764	2,976	91.4%	289.7%	173.1%	934	1,208	29.4%
Offering and listing expenses	-	-	3,206	N.A.	N.A.	N.A.	1,069	1,724	61.3%
Repair and maintenance	552	626	438	13.5%	(30.1%)	(10.9%)	203	510	150.8%
Depreciation	22	220	599	896.7%	173.0%	421.6%	303	250	(17.5%)
Depreciation of intangible assets	-	124	165	N.A.	33.1%	N.A.	381	318	(16.5%)
Insurance	352	389	624	10.7%	60.2%	33.2%	313	382	22.0%

SAR in 000s	FY 2020G (Audited)	FY 2021G (Audited)	FY 2022G (Audited)	Var. 2020G-2021G	Var. 2021G-2022G	CAGR 2020G-2022G	Six-month period ended 30 June 2022G (Reviewed)	Six-month period ended 30 June 2023G (Reviewed)	Var. 2022G -2023G
Printing and stationery	106	80	362	(24.0%)	350.1%	84.8%	162	225	38.9%
Other	2,099	2,179	2,856	3.8%	31.1%	16.7%	618	967	56.5%
Total	15,893	18,503	30,976	16.4%	67.4%	39.6%	14,200	18,679	31.5%
As a percentage of revenue	Percentage point						As a percentage of revenue	Percentage point	
Salaries and employees' related benefits	3.4%	2.7%	2.6%	(0.7)	(0.1)	(0.8)	2.7%	3.9%	1.2
Remuneration of senior management staff	0.1%	0.0%	0.0%	(0.1)	0.0	(0.1)	N.A.	N.A.	N.A.
Administrative fees	0.1%	0.1%	0.4%	0.0	0.2	0.3	0.2%	0.4%	0.1
Offering and listing expenses	0.0%	0.0%	0.4%	0.0	0.4	0.4	0.3%	0.5%	0.2
Repair and maintenance	0.2%	0.1%	0.1%	0.0	(0.1)	(0.1)	0.1%	0.2%	0.1
Depreciation	0.0%	0.0%	0.1%	0.0	0.0	0.1	0.1%	0.1%	0.0
Depreciation of intangible assets	0.0%	0.0%	0.0%	0.0	0.0	0.0	0.1%	0.1%	0.0
Insurance	0.1%	0.1%	0.1%	0.0	0.0	0.0	0.1%	0.1%	0.0
Printing and stationery	0.0%	0.0%	0.0%	0.0	0.0	0.0	0.0%	0.1%	0.0
Other	0.6%	0.4%	0.4%	(0.2)	0.0	(0.2)	0.2%	0.3%	0.1
Total	4.5%	3.6%	4.1%	(0.9)	0.6	(0.3)	3.8%	5.5%	1.8

Source: Audited financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the reviewed financial statements for the six-month periods ended 30 June 2022G and 2023G

(a) Salaries and employees' related benefits

Salaries and employees' related benefits comprised salaries and bonuses, housing and accommodation expenses, end-of-service-benefits expenses, transportation allowance, insurance and medical expenses, vacations and overtime, amongst others.

Salaries and employees' related benefits increased by 16.0% from SAR 12.2 million in 2020G to SAR 14.1 million in 2021G, in line with the merger with Alfa which contributed by SAR 896 thousand and Alwan which contributed by SAR 1.1 million, during the same period. This was partially offset by the decrease in staff costs related to Talco by SAR 1.1 million due to the decrease in average salary cost per employee from SAR 11.2 thousand to SAR 9.7 thousand during the same period.

Salaries and employees' related benefits increased by 39.9% from SAR 14.1 million in 2021G to SAR 19.8 million in 2022G, driven by the increase in staff costs related to Alfa by SAR 1.8 million and Alwan by SAR 1.1 million as the merger was executed in August 2021G, whereby the employee cost represented a five-month period in the financial year 2021G compared to a full year effect in the financial year 2022G. This was coupled with the increase in staff costs related to Talco by SAR 3.9 million, as a result of the headcount growth from 95 in 2021G to 105 in 2022G, coupled with the increase in average cost per employee from SAR 9.7 thousand in 2021G to SAR 11.9 thousand in 2022G, as well as the disbursement of the Board of Directors' remuneration and allowances for attending sessions amounting to SAR 1.3 million in 2022G.

Salaries and employees' related benefits increased by 28.2% from SAR 10.2 million in the six-month period ending 30 June 2022G to SAR 13.1 million in the period ending 30 June 2023G, as a result of the increase in headcount from 163 employees to 175, with the majority of the increase in staff costs concentrated within Talco, whereby the Company hired an increasing number of interns at higher remuneration packages than existing employees during the six-month period ending 30 June 2023G in order to increase the Saudisation rate. Average cost per employee also increased for the same period, whereby it increased by 41.9% in Alfa, from SAR 8.2 thousand to SAR 11.7 thousand per employee, while in Alwan it increased by 17.7% from SAR 9.2 thousand in the six-month period ending 30 June 2022G to SAR 10.8 thousand in the six-month period ending 30 June 2023G per employee.

It is worth noting that the Company was able to recover 75% of the costs of the hired interns from the Human Resources Development Fund during the six-month period ending on 31 December 2023G.

(b) Remuneration of senior management staff

Remuneration of senior management staff represented board members' remuneration,

Remuneration of senior management staff decreased by 100.0% from SAR 188 thousand in 2020G to zero in 2021G, due to reclassification of the amount to the salaries and related benefits during the same period.

(c) Administrative fees

Administrative fees pertain to auditor's fees, operational license fees, environmental supervision license, amongst others.

Administrative fees increased by 91.4% from SAR 399 thousand in 2020G to SAR 764 thousand in 2021G, driven by the increase in auditor's fees from SAR 163 thousand in 2020G to SAR 439 thousand in 2021G, as a result of additional audit procedures performed in light of the conversion to IFRS and IPO preparation, in addition to the increase of fees and subscriptions by SAR 100 thousand.

Administrative fees increased by 289.7% from SAR 764 thousand in 2021G to SAR 3.0 million in 2022G, due to lawyer expenses incurred related to disputed receivables that amounted to SAR 1.5 million.

Administrative fees increased by 29.4% from SAR 934 thousand in the six-month period ending 30 June 2022G to SAR 1.2 million in the six-month period ending 30 June 2023G, driven by the increase in audit and other consulting fees from SAR 357 thousand to SAR 862 thousand during this period, in light of the conversion to IFRS and more regular review engagements in relation to preparing for the IPO, in addition the increase in fees and subscriptions by SAR 59 thousand.

(d) Offering and listing expenses

Offering and listing expenses consisted of consulting and advisory fees related to the Company's planned IPO.

Offering and listing expenses increased from a zero between 2020G and 2021G to SAR 3.2 million in 2022G as the IPO procedures kicked off during 2022G.

Offering and listing expenses increased by 61.3% from SAR 1.1 million in the six-month period ending 30 June 2022G to SAR 1.7 million in the six-month period ending 30 June 2023G, as the IPO procedures kicked off during the 2022G.

(e) Repair and maintenance

Repair and maintenance expenses consisted mainly of car, building, elevator amongst other maintenance expenses.

Repair and maintenance expenses increased by 13.5% from SAR 552 thousand in 2020G to SAR 626 thousand in 2021G attributable to the increase in car maintenance expenses by SAR 24 thousand and building maintenance by SAR 97 thousand during the same period.

Repair and maintenance expenses decreased by 30.1% from SAR 626 thousand in 2021G to SAR 438 thousand in 2022G stemming from the decrease in building maintenance by SAR 156 thousand and car maintenance expenses by SAR 76 thousand during the same period.

Repair and maintenance increased by 150.8% from SAR 203 thousand in the six-month period ending 30 June 2022G to SAR 510 thousand in the six-month period ending 30 June 2023G attributable to the increase in car maintenance expenses by SAR 143 thousand and building maintenance expenses by SAR 84 thousand in relation to refurbishments made to the Company's offices during the same period.

(f) Depreciation

Depreciation increased by 896.7% from SAR 22 thousand in 2020G to SAR 220 thousand in 2021G attributable to the merger with Alfa and Alwan which contributed to an increase of SAR 216 thousand.

Depreciation increased by 173.0% from SAR 220 thousand in 2021G to SAR 599 thousand in 2022G, as the depreciation amount in relation to Alfa and Alwan recorded in the financial year 2021G related to five- month compared to a 12-month period in the financial year 2022G.

Depreciation decreased by 17.5% from SAR 303 thousand in the six-month period ending 30 June 2022G to SAR 250 thousand in the six-month period ending 30 June 2023G, attributable to the decrease in depreciation expense for the safety system by SAR 113 thousand, as it was fully depreciated. This was offset by an increase in depreciation expense of furniture and building improvements by SAR 52 thousand and by SAR 37 thousand, respectively.

(g) Depreciation of intangible assets

Depreciation of intangible assets increased from zero in 2020G to SAR 124 thousand in 2021G as a result of the reclassification of depreciation expenses in cost of revenue in 2020G.

Depreciation of intangible assets increased by 33.1% from SAR 124 thousand to SAR 165 thousand in 2022G attributable to additions made in 2021G which had a 12-month amortisation impact in 2022G.

Depreciation of intangible assets decreased by 16.5% from SAR 381 thousand in the six-month period ending 30 June 2022G to SAR 318 thousand in the six-month period ending 30 June 2023G as a result of fully depreciated intangible assets in relation to software over the same period.

(h) Insurance

Insurance expenses increased by 10.7% from SAR 352 thousand in 2020G to SAR 389 thousand in 2021G due to the increase in the insurance policy price during the same year.

Insurance expenses increased by 60.2% from SAR 389 thousand in 2021G to SAR 624 thousand in 2022G in line with additional clauses added to the insurance policy coupled with a global increase in insurance premiums.

Insurance expenses increased by 22.0% from SAR 313 thousand in the six-month period ending 30 June 2022G to SAR 382 thousand in the six-month period ending 30 June 2023G, due to a general increase in medical insurance premiums in the market, coupled with additional insurance coverage obtained, mainly in relation to life insurance for employees and cyber security insurance.

(i) Printing and stationery

Printing and stationery expenses consisted of office supplies, printing expenses and computer accessories, amongst others.

Printing and stationery expenses decreased by 24.0% from SAR 106 thousand in 2020G to SAR 80 thousand in 2021G, attributable to the decrease in printing expenses by SAR 34 thousand during the same year.

Printing and stationery expenses increased by 350.1% from SAR 80 thousand in 2021G to SAR 362 thousand in 2022G, attributable to the increase in office supplies by SAR 95 thousand, printing expenses by SAR 94 thousand, ink expenses by SAR 56 thousand, amongst others by SAR 36 thousand.

Printing and stationery increased by 38.9% from SAR 162 thousand in the six-month period ending 30 June 2022G to SAR 225 thousand in the six-month period ending 30 June 2023G, attributable to the increase in computer hardware & software expenses by SAR 73 thousand, driven by the increase in number of employees, in addition to the increase in office supplies by SAR 95 thousand. This was partially offset by a decrease in office stationery expenses by SAR 12 thousand over the same period.

(j) Others

Other expenses mainly consisted of lawyer fees, Zakat dispute expenses, charity and Senior Management expenses, amongst others.

Other expenses increased by 3.8% from SAR 2.1 million in 2020G to SAR 2.2 million in 2021G driven by an increase in zakat dispute expenses by SAR 807 thousand and charity expenses by SAR 110 thousand, coupled with the increase in expenses caused by the merger with Alfa and Alwan by SAR 120 thousand. This was partially offset by the drop in legal fees by SAR 1.1 million, as the Company's lawyer was paid a percentage of collections made from long outstanding customers during 2020G (noting that major legal fees were not paid in 2021G and 2022G).

Other expenses increased by 31.1% from SAR 2.2 million in 2021G to SAR 2.9 million in 2022G, stemming from the increase in the costs allocated to the merged branches by SAR 1.9 million pertaining to administrative salaries allocated to each branch respectively which were previously classified under salaries and related benefits in 2021G. This was partially offset by the decrease in zakat dispute expenses by SAR 695 thousand.

Other expenses decreased by 56.5% from SAR 618 thousand in the six-month period ending 30 June 2022G to SAR 967 thousand the six-month period ending 30 June 2023G.

6.5.1.17 Expected Credit Loss

Table 6.9: Expected Credit Losses Expenses for the Financial Years Ended 31 December 2020G, 2021G and 2022G and the Six-Month Periods Ended 30 June 2022G and 2023G.

SAR in 000s	FY 2020G (Audited)	FY 2021G (Audited)	FY 2022G (Audited)	Six-month period ended 30 June 2023G (Reviewed)
Expected credit losses of trade receivables	783	1,370	849	632
(Reversal)/ expected credit losses of notes receivables and cheques under collection	1,639	251	(640)	171
Balance at the end of the year	2,422	1,621	209	803

Source: Audited financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the reviewed financial statements for the six-month periods ended 30 June 2022G and 2023G.

The provision for expected credit losses represents provisions related to doubtful receivables and cheques under collection, which are calculated based on the IFRS 9.

Expected credit losses decreased by 33.3% from SAR 2.4 million in 2020G to SAR 1.6 million in 2021G due to a decrease in non-recoverable balances due from Aluminium customers (Talco), whereby the expected credit losses for trade receivables increased from SAR 783 thousand in 2020G to SAR 1.4 million in 2021G, while the expected credit losses of notes receivable and cheques under collection decreased from SAR 1.6 million in 2020G to SAR 251 thousand in 2021G.

Expected credit losses decreased by 87.1% from SAR 1.6 million in 2021G to SAR 209 thousand in 2022G, driven by the decrease in the expected credit losses for trade receivables from SAR 1.4 million in 2021G to SAR 849 thousand in 2022G and the decrease in expected credit losses of notes receivable and cheques under collection from SAR 251 thousand in 2021G to SAR 640 thousand in 2022G, whereby the Company had recovered certain cheques outstanding, which were previously provisioned.

Expected credit losses increased by 79.7% from SAR 447 thousand in the six-month period ending 30 June 2022G to SAR 803 thousand in the six-month period ending 30 June 2023G, due to an increase in the provisions recorded against trade receivables and cheques under collection by SAR 171 thousand and SAR 632 thousand respectively, in line with the Company's expected credit loss policy.

6.5.1.18 Other Income

Table 6.10: Other Income for the Financial Years Ended 31 December 2020G, 2021G and 2022G and the Six-Month Periods Ended 30 June 2022G and 2023G

SAR in 000s	FY 2020G (Audited)	FY 2021G (Audited)	FY 2022G (Audited)	Var. 2020G-2021G	Var. 2021G-2022G	CAGR 2020G-2022G	Six-month period ended 30 June 2022G (Reviewed)	Six-month period ended 30 June 2023G (Reviewed)	Var. 2022G -2023G
Non-refundable revenue for customers	43	3,040	3,917	7024.2%	28.8%	858.0%	1,959	2,257	15.2%
Profit from the sale of property, plant and equipment	515	55	107	(89.3%)	93.0%	(54.5%)	-	-	N.A.
Profit on time bank deposits	733	-	-	(100.0%)	N.A.	0.0%	-	-	N.A.
Other	-	145	231	N.A.	59.6%	N.A.	159	224	40.9%
Total	1,291	3,241	4,255	151.0%	31.3%	81.5%	2,118	2,481	17.1%
As a percentage of revenue				Percentage point			As a percentage of revenue		Percentage point
Non-refundable revenue for customers	0.0%	0.6%	0.5%	0.6	(0.1)	0.5	0.5%	0.7%	0.2
Profit from the sale of property, plant and equipment	0.1%	0.0%	0.0%	(0.1)	0.0	(0.1)	N.A.	N.A.	N.A.
Profit on time bank deposits	0.2%	0.0%	0.0%	(0.2)	0.0	(0.2)	N.A.	N.A.	N.A.
Other	0.0%	0.0%	0.0%	0.0	0.0	0.0	0.0%	0.1%	0.0%
Total	0.4%	0.6%	0.5%	0.3	(0.1)	0.2	0.6%	0.7%	0.2%

Source: Audited financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the reviewed financial statements for the six-month periods ended 30 June 2022G and 2023G

(a) Non-refundable revenue for customers

Non-refundable revenue for customers pertains to the reversal of advances collected from customers related to extrusion dies purchases, which are linked to an agreement specifying the quantity to be withdrawn as well as within a specified period of time.

Non-refundable revenue for customers increased from SAR 43 thousand in 2020G to SAR 3.0 million in 2021G, as the minimum production quantities were not met according to the agreement concluded between the Company and the customer, which prompted the Company to reverse the payments received from customers and recognise them as other income.

Non-refundable revenue for customers increased by 28.8% from SAR 3.0 million in 2021G to SAR 3.9 million in 2022G, due to the increase in income resulting from non-refundable payments received from customers by SAR 877 thousand.

Non-refundable revenue for customers increased by 15.2% from SAR 2.0 million in the six-month period ending 30 June 2022G to SAR 2.3 million in the six-month period ending 30 June 2023G.

(b) Profit from the sale of property, plant and equipment

Profit from the sale of property, plant and equipment decreased by 89.3% from SAR 515 thousand in 2020G to SAR 55 thousand in 2021G, due to the decrease in proceeds received from the sale of fixed assets during the same period.

Profit from the sale of property, plant and equipment increased by 94.5% from SAR 55 thousand in 2021G to SAR 107 thousand in 2022G, due to the increase in proceeds received from the sale of fully depreciated fixed assets.

(c) Profit on time bank deposits

Profit on time bank deposits pertained to interest income received from bank deposits.

Profit on time bank deposits decreased by 100.0% from SAR 733 thousand in 2020G to zero in 2021G and 2022G due to the release of the bank deposit during 2020G.

(d) Other

Other income increased from zero in 2020G to SAR 145 thousand in 2021G mainly due to scrap sales.

Other income increased by 59.6% from SAR 145 thousand in 2021G to SAR 231 thousand in 2022G mainly due to scrap sales.

Other income increased by 40.8% from SAR 159 thousand in the six-month period ending 30 June 2022G to SAR 224 thousand in the six-month period ending 30 June 2023G mostly due to the sale of scrap.

6.5.1.19 Finance Costs

Table 6.11: Finance Costs for the Financial Years Ended 31 December 2020G, 2021G and 2022G and the Six-Month Periods Ended 30 June 2022G and 2023G

SAR in 000s	FY 2020G (Audited)	FY 2021G (Audited)	FY 2022G (Audited)	Var. 2020G-2021G	Var. 2021G-2022G	CAGR 2020G-2022G	Six-month period ended 30 June 2022G (Reviewed)	Six-month period ended 30 June 2023G (Reviewed)	Var. 2022G -2023G
Banking financial charges	700	339	583	(51.6%)	71.8%	(8.7%)	279	234	(16.1%)
Financial charges on employees' defined benefits obligations	738	559	805	(24.2%)	43.9%	4.4%	-	-	N.A.
Financial charges on lease liabilities	178	244	273	36.9%	11.9%	23.8%	134	110	(17.8%)
Total	1,616	1,143	1,661	(29.3%)	45.3%	1.4%	413	345	(16.5%)
As a percentage of revenue	Percentage point						As a percentage of revenue		Percentage point
Banking financial charges	0.2%	0.1%	0.1%	(0.1)	0.0	(0.1)	0.1%	0.1%	0.0
Financial charges on employees' defined benefits obligations	0.2%	0.1%	0.1%	(0.1)	0.0	(0.1)	N.A.	N.A.	N.A.
Financial charges on lease liabilities	0.0%	0.0%	0.0%	0.0	0.0	0.0	0.0%	0.0%	0.0
Total	0.5%	0.2%	0.2%	(0.2)	0.0	(0.2)	0.1%	0.1%	0.0

Source: Audited financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the reviewed financial statements for the six-month periods ended 30 June 2022G and 2023G

(a) Banking financial charges

Banking financial charges decreased by 51.5% from SAR 0.7 million in 2020G to SAR 0.3 million in 2021G.

Banking financial charges increased by 71.8% from SAR 0.3 million in 2021G to SAR 0.6 million in 2022G mainly attributable to the full year impact of the merger.

Banking financial charges decreased by 16.1% from SAR 279 thousand in the six-month period ending 30 June 2022G to SAR 234 thousand in the six-month period ending 30 June 2023G, mainly attributable to a reduction in bank charges due to a decrease in overall operations.

(b) Financial charges on employees' defined benefits obligations

Financial charges on employees' defined benefits obligations decreased by 24.2% from SAR 0.7 million in 2020G to SAR 0.6 million in 2021G, in line with decrease in the discount rate from 3.35% to 2.55% during the same period.

Financial charges on employees' defined benefits obligations increased by 43.9% from SAR 0.6 million in 2021G to SAR 0.8 million in 2022G, due to the increase in the discount rate to 5.1% in 2022G.

(c) Finance charges on lease liabilities

Finance charges on lease liabilities increased by 36.9% from SAR 178 thousand in 2020G to SAR 244 thousand in 2021G, in line with the increase in lease liabilities balance as a result of the merger (by SAR 1.0 million).

Finance charges on lease liabilities increased by 11.9% from SAR 244 thousand in 2021G to SAR 273 thousand in 2022G, due to additions made during the year (by SAR 262 thousand) related to lease liabilities, during the same period.

Finance charges on lease liabilities decreased by 17.9% from SAR 134 thousand in the six-month period ending 30 June 2022G to SAR 110 thousand in the six-month period ending 30 June 2023G, in line with the decrease in lease liabilities over the same period.

6.5.1.20 Net Income for the Year

Table 6.12: Net Income for the Financial Years Ended 31 December 2020G, 2021G and 2022G and the Six-Month Periods Ended 30 June 2022G and 2023G

SAR in 000s	FY 2020G (Audited)	FY 2021G (Audited)	FY 2022G (Audited)	Var. 2020G-2021G	Var. 2021G-2022G	CAGR 2020G-2022G	Six-month period ended 30 June 2022G (Reviewed)	Six-month period ended 30 June 2023G (Reviewed)	Var. 2022G-2023G
Profit before Zakat	41,616	65,411	84,725	57.2%	29.5%	42.7%	38,850	44,381	14.2%
Zakat provision	(6,072)	(8,792)	(10,023)	44.8%	14.0%	28.5%	(5,012)	(4,545)	(9.3%)
Net Income	35,544	56,619	74,702	59.3%	31.9%	45.0%	33,838	39,836	17.7%
Other comprehensive income statement									
Items that will not be reclassified to the statement of profit or loss									
Re-measurement of employees' end-of-service benefits	1,080	(738)	(1,874)	(168.3%)	(353.9%)	31.7%	(522)	(937)	79.5%
Total other comprehensive (loss) / profit for the year	1,080	(738)	(1,874)	(168.3%)	(353.9%)	31.7%	(522)	(937)	79.5%
Total comprehensive income for the year	36,624	55,881	72,828	52.6%	30.3%	41.0%	39,314	32,902	(16.3%)
Earnings per share	N.A.	1.62	2.13	N.A.	31.5%	N.A.	1.12	0.94	(16.1%)

Source: Audited financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the reviewed financial statements for the six-month periods ended 30 June 2022G and 2023G.

Net profit for the year increased by 59.3% from SAR 35.5 million in 2020G to SAR 56.6 million in 2021G, mainly due to: (1) an increase in gross profit by 38.3% from SAR 67.9 million in 2020G to SAR 93.9 million in 2021G, where the gross margin decreased from 18.9% to 18.1%, as a result of purchasing raw materials at a rate higher than the average selling prices; (2) an increase in other income by 151.0% from SAR 1.3 million in 2020G to SAR 3.2 million in 2021G, mainly due to an increase in revenue generated from payments received from customers from SAR 43 thousand to SAR 3.0 million; (3) a decrease in finance costs by 29.3% from SAR 1.6 million in 2020G to SAR 1.1 million in 2021G; and (4) a decrease in provision for expected credit losses by 33.1% from SAR 2.4 million in 2020G to SAR 1.6 million in 2021G.

This was offset by: (1) the increase in general and administrative expenses by 16.4% from SAR 15.9 million in 2020G to SAR 18.5 million in 2021G, which was mainly due to an increase in staff costs by SAR 1.9 million as a result of an increase in the headcount by 72 employees; and (2) the increase in selling and distribution expenses by 37.1% from SAR 7.6 million in 2020G to SAR 10.4 million in 2021G, which was mainly due to an increase in staff costs by SAR 1.7 million in line with the increase in the headcount from 29 employees to 60 employees as a result of the merger.

Net profit for the year increased by 31.9% from SAR 56.6 million in 2021G to SAR 74.7 million in 2022G mainly due to: (1) an increase in gross profit by 35.6% from SAR 93.9 million in 2021G to SAR 127.3 million in 2022G and the impact of the merger of Alwan and Alfa, where the gross margin decreased from 18.1% to 17.0% as a result of purchasing raw materials at a rate higher than average selling price; (2) other income increased by 31.3% from SAR 3.2 million in 2021G to SAR 4.3 million in 2022G due to the increase in income generated from non-refundable payments received from customers; and (3) provision for expected credit losses decreased by 87.1% from SAR 1.6 million in 2021G to SAR 209 thousand in 2022G. This was offset by: (1) an increase in finance cost by 45.3% from SAR 1.1 million in 2021G to SAR 1.7 million in 2022G; (2) an increase in general and administrative expenses by 67.4% from SAR 18.5 million in 2021G to SAR 31.0 million in 2022G mainly due to an increase in staff costs; and (3) an increase in selling and distribution expenses by 34.3% from SAR 10.4 million in 2021G to SAR 14.0 million in 2022G mainly due to an increase in staff costs.

Net profit for the year increased by 17.7% from SAR 33.8 million in the six-month period ending 30 June 2022G to SAR 39.8 million in the six-month period ending 30 June 2023G mainly due to: (1) increase in the gross profit by 16.7% from SAR 59.1 million in the six-month period ending 30 June 2022G to SAR 69.0 million in the six-month period ending 30 June 2023G, despite a decrease in revenue (gross margin increased from 15.6% to 20.5%), which was mainly due to a decrease in cost of revenue at a higher rate than revenue, driven by a decrease in raw materials charged to cost of revenue during the period, in line with Aluminium prices in the London Metal Exchange. In addition, Management maintained selling prices at higher levels than prevailing market prices (in the Aluminium segment) to improve profitability; (2) Increase in other income by 17.2% from SAR 2.1 million in the six-month period ending 30 June 2022G to SAR 2.5 million in the six-month period ending 30 June 2023G, mainly due to revenue recognised in relation to customer deposits made against extrusion dies which are used in production of customised aluminium products according to customer specifications amounting to SAR 2.3 million; and (3) a decrease in finance costs by 16.5% from SAR 413 thousand in the six-month period ending 30 June 2022G to SAR 345 thousand in the six-month period ending 30 June 2023G. This was offset by: (1) an increase in the provision for expected credit losses by 79.7% from SAR 447 thousand in the six-month period ending 30 June 2022G to SAR 803 thousand in the six-month period ending 30 June 2023G; and (2) an increase in general and administrative expenses by 31.5% from SAR 14.2 million in the six-month period ending 30 June 2022G to SAR 18.7 million in the six-month period ending 30 June 2023G, mainly due to an increase in staff costs.

6.5.2 Statement of Financial Position

Table 6.13: Statement of Financial Position as of 31 December 2020G, 2021G and 2022G and as of 30 June 2023G

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)	As of 30 June 2023G (Reviewed)
Assets				
Non-current assets				
Property and equipment, net	100,459	119,108	115,474	111,049
Intangible assets, net	279	382	217	986
Right-of-use assets, net	3,681	6,386	5,097	4,371
Total non-current assets	104,419	125,876	120,788	116,406
Current assets				
Inventory	49,555	105,058	107,902	129,320
Trade receivables and other current assets	173,752	264,108	334,822	328,833
Cash and cash equivalents	57,970	55,637	65,710	68,983
Total current assets	281,277	424,803	508,433	527,136
Total assets	385,696	550,679	629,221	643,543
Equity and liabilities				
Equity				
Share capital	200,000	350,000	350,000	350,000
Statutory reserves	40,963	6,798	14,268	14,267
Retained earnings	31,568	35,577	80,501	75,935
Total Equity	272,532	392,375	444,768	440,203
Liabilities				

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)	As of 30 June 2023G (Reviewed)
Non-current liabilities				
Lease liabilities – non-current portion	3,010	4,982	3,723	3,084
Employees' end-of-service benefits	11,902	16,999	19,772	21,514
Total non-current liabilities	14,911	21,980	23,495	24,598
Current liabilities				
Trade payables and other current liabilities	80,865	125,191	148,776	172,079
Due to related parties	10,525	788	550	573
Lease liabilities – current portion	790	1,553	1,609	1,005
Provision for Zakat	6,072	8,792	10,024	5,085
Total current liabilities	98,252	136,333	160,958	178,741
Total liabilities	113,164	158,304	184,453	203,340
Total equity and liabilities	385,696	550,679	629,221	643,543

Source: Audited financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the reviewed financial statements for the six-month periods ended 30 June 2022G and 2023G.

Table 6.14: Key Performance Indicators as of 31 December 2020G, 2021G and 2022G and as of 30 June 2023G

Key performance indicators	As of 31 December 2020G (Management information)	As of 31 December 2021G (Management information)	As of 31 December 2022G (Management information)	As of 30 June 2023G (Management information)
Return on assets (%)	8.8%	12.1%	12.7%	12.5%
Return on equity (%)	12.2%	17.0%	17.8%	18.0%
Average days inventory outstanding (Day)	111	78	72	97
Average days payables outstanding (Day)	20	14	13	22
Average days sales outstanding (Day)	142	131	112	134
Cash conversion cycle	233	195	171	209

Source: Management information.

(a) Non-current assets

Non-current assets increased from SAR 104.4 million as of 31 December 2020G to SAR 125.9 million as of 31 December 2021G, as a result of an increase in property, plant and equipment by SAR 18.7 million, right-of-use assets by SAR 2.7 million, and intangible assets by SAR 103 thousand.

Non-current assets decreased from SAR 125.9 million as of 31 December 2021G to SAR 120.8 million as of 31 December 2022G, as a result of a decrease in property, plant and equipment by SAR 3.6 million, intangible assets by SAR 165 thousand, and right-of-use assets by SAR 1.3 million.

Non-current assets decreased from SAR 120.8 million as of 31 December 2022G to SAR 116.4 million as of 30 June 2023G, as a result of the decrease in property, plant and equipment from SAR 114.5 million to SAR 111.0 million, and right-of-use assets from SAR 5.1 million to SAR 4.4 million during the same period.

(b) Current assets

Current assets increased from SAR 281.3 million as of 31 December 2020G to SAR 424.8 million as of 31 December 2021G, as a result of an increase in inventory by SAR 55.5 million, and trade receivables and other current assets by SAR 90.4 million, mainly due to the increase in raw material prices, which was reflected in the selling prices, leading to an increase in trade receivables. This was offset by a decrease in cash and cash equivalents by SAR 2.3 million.

Current assets increased from SAR 424.8 million as of 31 December 2021G to SAR 508.4 million as of 31 December 2022G as a result of an increase in inventory by SAR 2.8 million, trade receivables and other current assets by SAR 70.7 million, and cash and cash equivalents by SAR 10.1 million.

Current assets increased from SAR 508.4 million as of 31 December 2022G to SAR 527.1 million as of 30 June 2023G as a result of an increase in inventory by SAR 21.4 million, and cash and cash equivalents by SAR 3.3 million. This was offset by a decrease in trade receivables and other current assets by SAR 6.0 million during the same period.

(c) Equity

Equity increased from SAR 272.5 million as of 31 December 2020G to SAR 392.4 million as of 31 December 2021G, as a result of an increase in share capital by SAR 150.0 million, where this increase resulted mainly from: (1) the equity transferred from the merged companies amounting to SAR 84 million in addition to the Company's equity; and (2) increase in retained earnings from SAR 31.6 million to SAR 35.6 million. This was offset by a decrease in the statutory reserve from SAR 40.9 million to SAR 6.8 million (by SAR 34.1 million) resulting from the payment of dividends.

Equity increased from SAR 392.4 million as of 31 December 2021G to SAR 444.8 million as of 31 December 2022G, as a result of the increase in retained earnings from SAR 35.6 million to SAR 80.5 million, in addition to the increase in statutory reserve by SAR 7.5 million.

Equity decreased from SAR 444.8 million as of 31 December 2022G to SAR 440.2 million as of 30 June 2023G, as a result of the decrease in retained earnings by SAR 4.6 million, resulting from the payment of dividends.

(d) Non-current liabilities

Non-current liabilities increased from SAR 14.9 million as of 31 December 2020G to SAR 22.0 million as of 31 December 2021G, resulting from an increase in employees' end-of-service benefits by SAR 5.1 million, in addition to an increase in lease liabilities – non-current portion by SAR 1.9 million.

Non-current liabilities increased from SAR 22.0 million as of 31 December 2021G to SAR 23.5 million as of 31 December 2022G, resulting from an increase in employees' end-of-service benefits by SAR 2.7 million. This was offset by a decrease in lease liabilities – non-current portion by SAR 1.3 million.

Non-current liabilities increased from SAR 23.5 million as of 31 December 2022G to SAR 24.6 million as of 30 June 2023G, as a result of an increase in employees' end-of-service benefits by SAR 1.7 million. This was offset by a decrease in lease liabilities – non-current portion by SAR 639 thousand.

(e) Current liabilities

Current liabilities increased from SAR 98.3 million as of 31 December 2020G to SAR 136.3 million as of 31 December 2021G, resulting from an increase in trade payables and other current liabilities by SAR 44.3 million, and an increase in lease liabilities – current portion by SAR 763 thousand, in addition to an increase in the provision for Zakat by SAR 2.7 million. This was offset by a decrease in due to related parties from SAR 10.5 million to SAR 788 thousand, during the same period.

Current liabilities increased from SAR 136.3 million as of 31 December 2021G to SAR 161.0 million as of 31 December 2022G, as a result of an increase in trade payables and other current liabilities by SAR 23.6 million, provision for Zakat by SAR 1.2 million, and lease liabilities – current portion by SAR 56 thousand. This was offset by a decrease in due to related parties by SAR 238 thousand.

Current liabilities increased from SAR 161.0 million as of 31 December 2022G to SAR 178.7 million as of 30 June 2023G, as a result of an increase in trade payables and other current liabilities by SAR 23.3 million, and due to related parties by SAR 23 thousand. This was offset by a decrease in the provision for Zakat by SAR 4.9 million, in addition to a decrease in lease liabilities – current portion by SAR 605 thousand.

6.5.2.1 Non-Current Assets

Table 6.15: Non-Current Assets as of 31 December 2020G, 2021G and 2022G and as of 30 June 2023G

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)	As of 30 June 2023G (Reviewed)
Property, plant and equipment, net	100,459	119,108	115,474	111,049
Intangible assets, net	279	382	217	986
Right-of-use assets, net	3,681	6,386	5,097	4,371
Total non-current assets	104,419	125,876	120,788	116,406

Source: Audited financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the reviewed financial statements for the six-month periods ended 30 June 2022G and 2023G.

(a) Property, Plant and Equipment

Table 6.16: Net Book Value of Property, Plant and Equipment as of 31 December 2020G, 2021G and 2022G and as of 30 June 2023G

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)	As of 30 June 2023G (Reviewed)
Buildings	27,410	35,355	36,327	35,374
Motor vehicles	133	211	573	694
Machinery and equipment	65,847	71,981	67,394	63,585
Leasehold improvements	-	2,684	128	111
Extrusion dies	6,888	8,259	9,273	8,900
Furniture and fixtures	182	618	1,779	2,332
Capital work in progress	-	-	-	-
Total	100,459	119,108	115,473	111,049

Source: Audited financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the reviewed financial statements for the six-month periods ended 30 June 2022G and 2023G.

Table 6.17: Additions to Property, Plant and Equipment as of 31 December 2020G, 2021G and 2022G and as of 30 June 2023G

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)	As of 30 June 2023G (Reviewed)
Buildings	266	36	586	-
Motor vehicles	-	191	509	220
Machinery and equipment	847	2,402	4,020	646
Leasehold improvements	-	798	23	-
Extrusion dies	7,525	8,945	9,737	4,278
Furniture and fixtures	203	212	1,633	1,033
Capital work in progress	-	-	-	-
Total	8,840	12,584	16,508	6,176

Source: Audited financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the reviewed financial statements for the six-month periods ended 30 June 2022G and 2023G.

Table 6.18: Disposals – Property, Plant and Equipment as of 31 December 2020G, 2021G and 2022G and as of 30 June 2023G

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)	As of 30 June 2023G (Reviewed)
Buildings	-	-	-	-
Motor vehicles	-	(141)	(271)	-
Machinery and equipment	(115)	(138)	-	-
Leasehold improvements	-	-	-	-
Extrusion dies	(5,381)	(2,780)	(4,340)	-
Furniture and fixtures	-	-	-	-
Capital work in progress	-	-	-	-
Total	(5,496)	(3,058)	(4,611)	-

Source: Audited financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the reviewed financial statements for the six-month periods ended 30 June 2022G and 2023G.

Table 6.19: Assets Transferred from Merged Companies – Property, Plant and Equipment as of 31 December 2020G, 2021G and 2022G and as of 30 June 2023G

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)	As of 30 June 2023G (Reviewed)
Buildings	-	23,392	13,920	-
Motor vehicles	-	4,316	4,316	-
Machinery and equipment	-	68,371	57,181	-
Leasehold improvements	-	2,798	815	-
Extrusion dies	-	-	-	-
Furniture and fixtures	-	6,373	5,803	-
Capital work in progress	-	-	-	-
Total	-	105,251	82,036	-

Source: Audited financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the reviewed financial statements for the six-month periods ended 30 June 2022G and 2023G.

Table 6.20: Depreciation Property, Plant and Equipment as of 31 December 2020G, 2021G and 2022G and as of 30 June 2023G

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)	As of 30 June 2023G (Reviewed)
Buildings	1,560	1,563	1,932	953
Motor vehicles	169	113	148	99
Machinery and equipment	7,768	7,457	8,606	4,455
Leasehold improvements	-	98	260	17
Extrusion dies	6,173	7,573	8,723	4,650
Furniture and fixtures	154	346	472	-
Capital work in progress	-	-	-	-
Total	15,824	17,150	20,142	10,654

Source: Audited financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the reviewed financial statements for the six-month periods ended 30 June 2022G and 2023G.

(i) Buildings

Building consists of five main buildings related to production and factory warehouses.

The net book value of buildings increased from SAR 27.4 million as of 31 December 2020G to SAR 35.4 million as of 31 December 2021G, mainly due to the assets transferred from the merged companies which amounted to SAR 23.4 million. This was partially offset by depreciation amounting to SAR 17.2 million.

The net book value of buildings increased from SAR 35.4 million as of 31 December 2021G to SAR 36.3 million as of 31 December 2022G, mainly due to the transferred assets from the merged companies which amounted to SAR 2.3 million, and additions amounting to SAR 0.6 million during the same period. This was partially offset by depreciation amounting to SAR 1.9 million, during the same period.

The net book value of buildings decreased from SAR 36.3 million as of 31 December 2022G to SAR 35.4 million as of 30 June 2023G, as a result of the annual depreciation that amounted to SAR 1.0 million, in addition to the lack of additions during the same period.

(ii) Motor Vehicles

Motor vehicles consists of buses that are used to transport workers, in addition to trucks that are used to deliver finished goods to customers.

The net book value of motor vehicles increased from SAR 133 thousand as of 31 December 2020G to SAR 211 thousand as of 31 December 2021G as a result of additions amounting to SAR 191 thousand. This was partially offset by annual depreciation of SAR 113 thousand during the same period.

The net book value of motor vehicles increased from SAR 211 thousand as of 31 December 2021G to SAR 573 thousand as of 31 December 2022G, as a result of additions amounting to SAR 509 thousand, which related to the purchase of a BMW car which amounted to SAR 385 thousand allocated to the sales manager. This was partially offset by: (1) disposals amounting to SAR 271 thousand; and (2) annual depreciation amounting to SAR 148 thousand.

The net book value of motor vehicles increased from SAR 573 thousand as of 31 December 2022G to SAR 694 thousand as of 30 June 2023G, as a result of additions amounting to SAR 220 thousand. This was partially offset by annual depreciation amounting to SAR 99 thousand.

(iii) Machinery and equipment

Machinery and equipment consisted of common metallurgical engineering equipment, piston, furnace, frames, amongst others. The Company uses German-made machinery with a useful life of 20 to 30 years and follows a routine maintenance programme to ensure the equipment remains in good condition and operates efficiently throughout its useful life.

The net book value of machinery and equipment increased from SAR 65.8 million as of 31 December 2020G to SAR 72.0 million as of 31 December 2021G, driven mainly by assets transferred from the merged companies amounting to SAR 11.2 million, and SAR 2.4 million which mainly related to: (1) isolation machine (SAR 750 thousand); (2) production bonding mixer (SAR 595 thousand); and (3) cutting machines (SAR 260 thousand), among others. This was partially offset by the annual depreciation amounting to SAR 7.8 million.

The net book value of machinery and equipment decreased from SAR 72.0 million as of 31 December 2021G to SAR 67.4 million as of 31 December 2022G, as a result of the annual depreciation amounting to SAR 7.5 million. This was partially offset by additions amounting to SAR 4.0 million related to capital expenditures for maintenance of the Company's current production lines.

The net book value of machinery and equipment decreased from SAR 67.4 million as of 31 December 2022G to SAR 63.6 million as of 30 June 2023G, as a result the annual depreciation amounting to SAR 4.5 million. This was partially offset by additions amounting to SAR 646 thousand during the same period.

(iv) Leasehold improvements

Leasehold improvements relate to improvements made to the Company's display showrooms and warehouses.

The net book value of leasehold improvements increased from zero as of 31 December 2020G to SAR 2.7 million as of 31 December 2021G due to assets transferred from the merged companies by SAR 2.0 million, and additions amounting to SAR 798 thousand during the same period. This was partially offset by depreciation resulting from the merger amounting to SAR 815 thousand as of 31 December 2021G.

The net book value of leasehold improvements decreased from SAR 2.7 million as of 31 December 2021G to SAR 128 thousand as of 31 December 2022G, mainly due to the reclassification of some assets to buildings amounting to SAR 2.3 million, as one of the buildings was classified as a leasehold improvements.

The net book value of leasehold improvements decreased from SAR 128 thousand as of 31 December 2022G to SAR 111 thousand as of 30 June 2023G, resulting from the annual depreciation amounting to SAR 17 thousand, in addition to the lack of additions during the same period.

(v) Extrusion dies

Extrusion dies are the assets used in the Aluminium casting process.

The net book value of extrusion dies increased from SAR 6.9 million as of 31 December 2020G to SAR 8.3 million as of 31 December 2021G, mainly due to additions made during the year amounting to SAR 8.9 million as a result of replacing current extrusion dies that are not being used as they have reached their maximum useful life. This was partially offset by the annual depreciation amounting to SAR 7.6 million.

The net book value of extrusion dies increased from SAR 8.3 million as of 31 December 2021G to SAR 9.3 million as of 31 December 2022G, mainly due to additions made during the year amounting to SAR 9.7 million. This was partially offset by depreciation of SAR 8.7 million.

The net book value of extrusion dies decreased from SAR 9.3 million as of 31 December 2022G to SAR 8.9 million as of 30 June 2023G, as a result of annual depreciation amounting to SAR 4.7 million. This was partially offset by additions amounting to SAR 4.3 million related to the replacement and new purchases of extrusion dies designed to customer specifications.

(vi) Furniture and fixtures

Furniture and fixtures consisted mainly of furniture and fixtures used in administrative offices located at the head office, production warehouses and staff accommodation.

The net book value of furniture and fixtures increased from SAR 182 thousand as of 31 December 2020G to SAR 618 thousand as of 31 December 2021G, mainly driven by assets transferred from the merged companies amounting to SAR 570 thousand, and additions amounting to SAR 212 thousand. This was partially offset by the annual depreciation amounting to SAR 346 thousand.

The net book value of furniture and fixtures increased from SAR 618 thousand as of 31 December 2021G to SAR 1.8 million as of 31 December 2022G, mainly driven by additions made during the year amounting to SAR 1.6 million related to office furniture, computers, monitors and others. This was partially offset by the annual depreciation amounting to SAR 472 thousand.

The net book value of furniture and fixtures increased from SAR 1.8 million as of 31 December 2022G to SAR 2.3 million as of 30 June 2023G, mainly due to additions amounting to SAR 1.0 million. This was partially offset by annual depreciation amounting to SAR 480 thousand during the same period.

(b) Intangible Assets, Net

Table 6.21: Intangible Assets, Net as of 31 December 2020G, 2021G and 2022G and as of 30 June 2023G

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)	As of 30 June 2023G (Reviewed)
Balance at the beginning of the year	617	708	1,019	1,019
Transferred from merged companies	-	311	-	-
Additions during the year	91	-	-	881
Balance at the end of the year	708	1,019	1,019	1,899
Depreciation:				
Balance at the beginning of the year	(353)	(429)	(636)	(802)
Transferred from merged companies	-	(84)	-	-
Depreciation during the year	(76)	(124)	(165)	(112)
Balance at the end of the year	(429)	(637)	(802)	(914)
Net book value as of the end of the year	279	382	217	986

Source: Audited financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the reviewed financial statements for the six-month periods ended 30 June 2022G and 2023G.

Intangible assets consisted of the accounting and enterprise resource planning (ERP) software owned by the Company.

Intangible assets increased from SAR 279 thousand as of 31 December 2020G to SAR 382 thousand as of 31 December 2021G, in line with the increase in the year-end balance from SAR 708 thousand to SAR 1.0 million, and the increase in transfers from the merged companies from zero to SAR 311 thousand, as a result of the merger with Alfa and Alwan. This was offset by the annual depreciation amounting to SAR 124 thousand.

Intangible assets decreased from SAR 382 thousand as of 31 December 2021G to SAR 217 thousand as of 31 December 2022G, where the accumulated depreciation increased from SAR 637 thousand to SAR 802 thousand, mainly due to the annual depreciation amounting to SAR 165 thousand during the same period.

Intangible assets increased to SAR 986 thousand as of 30 June 2023G due to additions amounting to SAR 881 thousand pertaining to customisations in the accounting and ERP software, and additions to production software. This was partially offset by the annual depreciation amounting to SAR 112 thousand.

(c) Right-of-Use Assets

Table 6.22: Right-of-Use Assets, Net as of 31 December 2020G, 2021G and 2022G and as of 30 June 2023G

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)	As of 30 June 2023G (Reviewed)
Cost:				
Balance at the beginning of the year	859	4,613	9,374	9,538
Transferred from merged companies	-	3,992	-	-
Additions during the year	3,754	769	626	-
Disposals	-	-	(463)	-
Balance at the end of the year	4,613	9,374	9,538	9,538
Depreciation:				
Balance at the beginning of the year	(122)	(933)	(2,989)	4,440

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)	As of 30 June 2023G (Reviewed)
Transferred from merged companies	-	(877)	-	-
Disposals	-	-	96	-
Depreciation expense charged for the year	(811)	(1,179)	(1,547)	(726)
Balance at the end of the year	(933)	(2,989)	(4,440)	(5,166)
Net book value at the end of the year	3,680	6,386	5,097	4,371

Source: Audited financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the reviewed financial statements for the six-month periods ended 30 June 2022G and 2023G.

Right-of-use assets related to lease of lands, employee housing and warehouses, in accordance with IFRS 16.

Right-of-use assets increased from SAR 3.7 million as of 31 December 2020G to SAR 6.4 million as of 31 December 2021G, as a result of an increase in the cost balance at the end of the year from SAR 4.6 million to SAR 9.4 million, where the depreciation balance at the end of the year also increased from SAR 933 thousand to SAR 2.9 million, attributable to the merger with Alfa and Alwan whereby the right-of-use balance amounted to SAR 3.1 million at the date of the merger.

Right-of-use assets decreased from SAR 6.4 million as of 31 December 2021G to SAR 5.1 million as of 31 December 2022G, mainly driven by the depreciation amounting to SAR 1.5 million.

Right-of-use assets decreased to SAR 4.4 million as of 30 June 2023G, mainly due to the depreciation amounting to SAR 726 thousand.

6.5.2.2 Current Assets

Table 6.23: Current Assets as of 31 December 2020G, 2021G and 2022G and as of 30 June 2023G

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)	As of 30 June 2023G (Reviewed)
Inventory	49,555	105,058	107,902	129,320
Trade receivables and other current assets	173,752	264,108	334,822	328,833
Cash and cash equivalents	57,970	55,637	65,710	68,893
Total current assets	281,277	424,803	508,433	527,136

Source: Audited financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the reviewed financial statements for the six-month periods ended 30 June 2022G and 2023G.

(a) Inventory

Table 6.24: Inventory as of 31 December 2020G, 2021G and 2022G and as of 30 June 2023G

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)	As of 30 June 2023G (Reviewed)
Raw materials	38,187	82,260	84,845	106,630
Finished goods	12,168	23,603	23,861	23,895
Provision for slow moving inventories	(800)	(805)	(805)	(805)
Total	49,555	105,058	107,902	129,320

Source: Audited financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the reviewed financial statements for the six-month periods ended 30 June 2022G and 2023G.

Inventory consisted of: (1) raw materials such as Aluminium billets, polyester powder, PVC compound, and polypropylene; (2) finished goods namely mill finished products, anodised Aluminium, rubber, and polyester powder; and (3) provision for slow moving items.

The inventory balance increased from SAR 49.6 million as of 31 December 2020G to SAR 105.1 million as of 31 December 2021G, as a result of: (1) an increase in raw material inventory from SAR 38.2 million to SAR 82.3 million; and (2) an increase in finished goods from SAR 12.2 million to SAR 23.6 million, in addition to the increase in the provision for slow-moving inventory from SAR 800 thousand to

SAR 805 thousand, during the same period, mainly due to the merger, as the inventory balance of Alfa and Alwan amounted to SAR 40.0 million and SAR 7.9 million, respectively.

The inventory balance increased from SAR 105.1 million as of 31 December 2021G to SAR 107.9 million as of 31 December 2022G, as a result of an increase in raw materials inventory from SAR 82.3 million to SAR 84.8 million during the same period, in line with the increase in purchases to meet market demand for Aluminium products.

The inventory balance increased from SAR 107.9 million as of 31 December 2022G to SAR 129.3 million as of 30 June 2023G, as a result of an increase in raw materials inventory from SAR 84.8 million to SAR 106.6 million during the same period, after Management's decision to increase safety stock levels from 3 thousand tonnes to 6 thousand tonnes, to meet any sudden increases in orders from customers.

(i) Raw materials

Raw materials which amounted to SAR106.2 million as of 30 June 2023G, consisted primarily of aluminium ore pallets, polyester powder coating, wood finished aluminium (real wood), chemicals, polyester resins, epoxy powder, titanium dioxide, TGEC, rubber gaskets from PVC and TPV, polypropylene yarn, and DPE amongst other raw materials.

Raw materials balance increased from SAR 38.2 million as of 31 December 2020G to SAR 82.3 million as of 31 December 2021G, mainly driven by the merger with Alfa and Alwan, whereby the raw material balance related to Alwan amounted to SAR 30.1 million and Alfa amounted to SAR 7.3 million. Furthermore, raw materials related to Aluminium products increased by SAR 8.8 million during the same period in line with the increase in purchases.

Raw materials balance increased from SAR 82.3 million as of 31 December 2021G to SAR 84.8 million as of 31 December 2022G due to the increase in purchases by SAR 4.3 million during the same period. This was partly offset by the decrease in raw materials related to Aluminium Accessories by SAR 2.4 million and Thermo-set coating by SAR 1.2 million, due to Management's decision to lower stock levels related to these products by conducting inventory counts multiple times during a year, resulting in the decrease in warehousing costs while mitigating any volatility in raw material prices that can impact the Company's profitability. Additionally, days inventory outstanding remained stable at an average of 76 days as of 31 December 2021G to 31 December 2022G, followed by an increase to 97 days as of 30 June 2023G, due to the decrease in raw materials as a cost of revenue.

Raw materials balance increased to SAR 106.2 million as of 30 June 2023G, attributable to the Company's decision to increase safety stock levels from 3 thousand tonnes to 6 thousand tonnes during the same period, which led to an increase in production capacity of safety stock from one to two months respectively.

(ii) Finished goods

Finished goods balance increased from SAR 12.2 million as of 31 December 2020G to SAR 23.6 million as of 31 December 2021G, mainly attributable to the increase in products related to mill finish by SAR 3.1 million and wood Finished Aluminium (Real wood) by SAR 1.1 million, according to customer orders that have been delivered in the subsequent period.

Finished goods balance remained relatively stable with an average of SAR 23.9 million between 31 December 2021G, 31 December 2022G and 30 June 2023G.

(iii) Provision for slow moving inventories

Table 6.25: Provision for Slow Moving Inventories as of 31 December 2020G, 2021G and 2022G and as of 30 June 2023G

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)	As of 30 June 2023G (Reviewed)
At the beginning of the year	1,526	800	805	805
Transferred from merged companies	-	412	-	-
Write back	(726)	(408)	-	-
Total	800	805	805	805

Source: Audited financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the reviewed financial statements for the six-month periods ended 30 June 2022G and 2023G.

Provision for slow-moving inventory balance increased from SAR 800 thousand as of 31 December 2020G to SAR 805 thousand as of 31 December 2021G, as a result of the additional provision recorded amounting to SAR 412 thousand. This was offset by write-backs amounting to SAR 408 thousand during the same period.

Provision for slow-moving inventory balance remained stable at SAR 805 thousand as of 31 December 2022G and 30 June 2023G, as the Company did not record any additional provisions as of 31 December 2022G and as of 31 December 2023G, as majority of the long outstanding items were either spare parts (related to equipment) or raw materials that may be further used in the future.

(b) Trade Receivables and Other Current Assets

Table 6.26: Trade Receivables and Other Current Assets as of 31 December 2020G, 2021G and 2022G and as of 30 June 2023G

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)	As of 30 June 2023G (Reviewed)
Trade receivables	161,661	211,442	249,062	246,580
Expected credit losses	(29,120)	(34,063)	(19,882)	(20,514)
Net trade receivables	132,541	177,379	229,180	226,066
Notes receivables and cheques under collection	48,950	88,353	96,188	96,719
Expected credit losses	(11,041)	(11,665)	(10,717)	(10,888)
Notes receivables and cheques under collection - net	37,909	76,688	85,471	85,831
Advances to suppliers ⁽¹⁾	1,463	4,225	13,126	7,929
Prepaid expenses	842	1,731	2,965	4,817
Other receivables	996	4,085	4,081	4,190
Total	173,752	264,108	334,822	328,833

Source: Audited financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the reviewed financial statements for the six-month periods ended 30 June 2022G and 2023G.

⁽¹⁾ Advances to suppliers are settled for inventory and production equipment

The following table presents information in relation to the exposure to credit risk and expected credit losses for trade receivables as of 31 December 2020G, 2021G and 2022G and as of 30 June 2023G:

Table 6.27: Exposure to Credit Risk and Expected Credit Losses for Trade Receivables as of 31 December 2020G, 2021G and 2022G and as of 30 June 2023G

SAR in 000s	As of 31 December 2020G (Management Information) ⁽¹⁾			As of 31 December 2021G (Audited) ⁽²⁾			As of 31 December 2022G (Audited) ⁽²⁾			As of 30 June 2023G (Reviewed) ⁽³⁾		
	Net book value	Average expected loss	Provision for loss	Net book value	Average expected loss	Provision for loss	Net book value	Average expected loss	Provision for loss	Net book value	Average expected loss	Provision for loss
Undue	109,619	218	0%	128,765	1,886	1%	148,310	1,745	1%	120,205		
Overdue from zero - 90 days	13,605	1,137	8%	27,750	1,744	6%	42,564	1,888	4%	54,528		
Overdue from 91 - 180 days	3,137	195	6%	16,787	2,590	15%	20,556	2,234	11%	18,051	Not applicable as the Company does not prepare expected credit loss (ECL) assessment on a quarterly or semi-annual basis	
Overdue from 181 - 270 days	2,292	1,038	45%	5,004	1,200	24%	7,863	1,460	19%	15,090		
Overdue from 271 - 365 days	2,959	1,830	62%	2,687	1,028	38%	9,839	2,641	27%	9,654		
Overdue for more than 365 days	30,050	24,701	82%	30,985	25,615	83%	19,955	9,914	50%	29,051		
Total	161,661	29,120		211,978	34,063		249,087	19,882		246,580	20,514	

Source: Management information.

⁽¹⁾ Management information.

⁽²⁾ Audited financial statements for the financial year ended 31 December 2022G.

⁽³⁾ The reviewed financial statements for the six-month period ended 30 June 2023G.

The following table presents information in relation to the exposure to credit risk and expected credit losses for cheques under collection as of 31 December 2020G, 2021G and 2022G and as of 30 June 2023G:

Table 6.28: Exposure to Credit Risk and Expected Credit Losses for Cheques Under Collection as of 31 December 2020G, 2021G and 2022G and as of 30 June 2023G

SAR in 000s	As of 31 December 2020G (Management Information) ⁽¹⁾			As of 31 December 2021G (Audited) ⁽²⁾			As of 31 December 2022G (Audited) ⁽²⁾			As of 30 June 2023G (Reviewed) ⁽³⁾		
	Net book value	Average expected loss	Provision for loss	Net book value	Average expected loss	Provision for loss	Net book value	Average expected loss	Provision for loss	Net book value	Average expected loss	Provision for loss
Undue	27,843	5	0%	51,315	1,028	2%	59,814	1,322	2%	49,155		
Overdue from zero - 90 days	6,527	55	1%	19,032	4,796	25%	16,751	2,914	17%	19,115		
Overdue from 91 - 180 days	323	-	0%	3,719	1,258	34%	602	105	16%	6,848	Not applicable as the Company does not prepare expected credit loss (ECL) assessment on a quarterly or semi-annual basis	
Overdue from 181 - 270 days	303	256	84%	235	93	39%	8,160	2,777	34%	4,118		
Overdue from 271 - 365 days	25	23	91%	301	129	43%	-	-	0%	4,674		
Overdue for more than 365 days	13,930	10,702	77%	12,678	4,361	34%	10,860	3,599	33%	12,809		
Total	48,950	11,041		87,280	11,665		96,187	10,717		96,719	10,888	

Source: Management information.

⁽¹⁾ Management information.

⁽²⁾ Audited financial statements for the financial year ended 31 December 2022G.

⁽³⁾ The reviewed financial statements for the six-month period ended 30 June 2023G.

(i) Trade receivables

Trade receivables mainly consisted of receivable balances due from Aluminium customers (86% of total gross receivables), Thermo-set coating customers (10% of total gross receivables) and Aluminium Accessories customers (4% of total gross receivables).

Trade receivables increased from SAR 161.7 million as of 31 December 2020G to SAR 211.4 million as of 31 December 2021G, mainly attributable to the merger with Alwan which contributed by SAR 19.5 million and Alfa which contributed by SAR 6.3 million, coupled with the increase in the balances due from Aluminium customers by SAR 22.6 million. It is worth noting that the days sales outstanding decreased from 142 days as of 31 December 2020G to 131 days as of 31 December 2021G due to enhanced collections from the customers.

Trade receivables increased further to SAR 249.1 million as of 31 December 2022G stemming from increases in balances due from Aluminium customers by SAR 33.5 million in line with growth in Aluminium revenue by 35%. It is worth noting that the days sales outstanding decreased from 131 days as of 31 December 2021G to 112 days as of 31 December 2022G.

Trade receivables decreased to SAR 246.6 million as of 30 June 2023G. It is worth noting that the days sales outstanding increased from 112 days as of 31 December 2022G to 134 days as of 30 June 2023G due to the increase in the industrial customers base with better credit terms.

(ii) Provision for expected credit loss - trade receivables

Provision for expected credit loss - trade receivables represent provisions related to doubtful receivables, whereby it is calculated based on IFRS 9 (Expected Credit Loss model).

Provision for expected credit loss - trade receivables balance increased from SAR 29.1 million as of 31 December 2020G to SAR 34.1 million as of 31 December 2021G, mainly attributable to the transfer of provision from the merged companies which contributed by SAR 3.6 million, coupled with additional provision booked amounting to SAR 1.4 million.

Provision for expected credit loss - trade receivables balance decreased to SAR 19.9 million as of 31 December 2022G, driven by write-offs related to long outstanding provision balances amounting to SAR 15.0 million during the same year, as Management performed a review and decided to write-off long outstanding receivables that have no chance of recoverability.

Provision for expected credit loss - trade receivables balance increased to SAR 20.5 million as of 30 June 2023G, due to an additional provision recorded amounting to SAR 632 thousand.

(iii) Notes receivables and cheques under collection

Notes receivables and cheques under collection include post-dated cheques received from customers.

Notes receivables and cheques under collection balance increased from SAR 49.0 million as of 31 December 2020G to SAR 88.4 million as of 31 December 2021G, stemming from the increase in cheques received from key customers namely Mohsen Al Yafei & Sons Co. Ltd. amounting to SAR 25.7 million, in line with the increase in revenue.

Notes receivables and cheques under collection balance increased further to SAR 96.2 million as of 31 December 2022G, mainly due to the increase in aluminium revenue during the same year.

Notes receivables and cheques under collection balance remained relatively stable at SAR 96.7 million as of 30 June 2023G.

(iv) Provision for expected credit loss - notes receivables and cheques under collection

Provision for expected credit loss - notes receivables and cheques under collection mainly related to the cheques under collection, which was calculated based on the IFRS 9 using Expected Credit Loss model.

Provision for expected credit loss - notes receivables and cheques under collection balance increased from SAR 11.0 million as of 31 December 2020G to SAR 11.7 million as of 31 December 2021G, in line with the increase in long outstanding cheques during the same period.

Provision for expected credit loss - notes receivables and cheques under collection balance decreased to SAR 10.7 million as of 31 December 2022G, as a result of collection of certain cheques that were previously provisioned.

Provision for expected credit loss - notes receivables and cheques under collection balance increased to SAR 10.9 million as of 30 June 2023G, in line with the Company's estimated credit loss assumptions.

(v) Advances to suppliers

Advances to suppliers pertain to advances paid to foreign and local suppliers in relation to Aluminium, Aluminium Accessories and Thermo-set coating products.

Advances to suppliers balance increased from SAR 1.5 million as of 31 December 2020G to SAR 4.2 million as of 31 December 2021G, mainly attributable to the merger which contributed by SAR 918 million, coupled with the increase in advances paid to aluminium suppliers by SAR 1.8 million, namely to Aluminium Bahrain (Alba).

Advances to suppliers balance further increased to SAR 13.1 million as of 31 December 2022G, mainly due to the advance paid to the Customs Authority amounting to SAR 5.3 million in relation to insurance, coupled with the increase in advances made to Aluminium Bahrain (Alba) by SAR 1.2 million.

Advances to suppliers balance decreased to SAR 7.9 million as of 30 June 2023G, and comprised of advances to various suppliers, notably Amwaj Al-Mad Logistics Co. amounting to SAR 2.8 million, Akzonobel St. Saudi Arabia amounting to SAR 397 thousand, amongst others.

(vi) Prepaid expenses

Prepaid expenses represent medical insurance, prepaid housing allowances, prepaid residency renewal, and rents, amongst others.

Prepaid expenses balance increased from SAR 842 thousand as of 31 December 2020G to SAR 1.7 million as of 31 December 2021G, mainly driven by the merger with Alfa and Alwan which contributed by SAR 711 thousand.

Prepaid expenses balance increased to SAR 3.0 million as of 31 December 2022G, attributable to the increase in: (1) prepaid general maintenance expense related to Alwan by SAR 486 thousand; (2) prepaid equipment maintenance by SAR 427 thousand related to Talco; and (3) prepaid waterproofing expense by SAR 287 thousand.

Prepaid expenses balance increased to SAR 4.8 million as of 30 June 2023G, mainly driven by the increase in insurance premiums and additional insurance coverage (property, cyber security, life insurance) undertaken during the period. The balance comprised majority of prepaid medical expenses (amounting to SAR 1.2 million), prepaid general maintenance expenses (amounting to SAR 836 thousand) and the remuneration and fees of the board of directors and committees (amounting to SAR 481 thousand), amongst others.

(vii) Other receivables

Other receivables mainly consisted of employee receivables.

Other receivables balance increased from SAR 996 thousand as of 31 December 2020G to SAR 4.1 million as of 31 December 2021G, stemming mainly from advance payment made to the Company's CEO amounting to SAR 2.6 million.

Other receivables remained relatively stable at SAR 4.1 million between 31 December 2021G and 31 December 2022G and 30 June 2023G, whereby other receivables mainly comprised advanced payments made to: (1) Suleiman Saleh Al-Awfi of SAR 1.3 million; and (2) current rental obligations of SAR 1.0 million.

Table 6.29: Movement in Provision for Expected Credit Losses - Trade Receivables as of 31 December 2020G, 2021G and 2022G and as of 30 June 2023G

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)	As of 30 June 2023G (Reviewed)
Balance at the beginning of the year	28,237	29,120	34,063	19,882
Transferred from merged companies	-	3,573	-	-
Write-offs during the year	-	-	(15,031)	-
Provided during the Year	783	1,370	849	632
Balance at the end of the year	29,120	34,063	19,882	20,514

Source: Audited financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the reviewed financial statements for the six-month periods ended 30 June 2022G and 2023G.

Provision for expected credit losses - trade receivables represent provisions related to doubtful receivables and which was calculated based on the IFRS 9 (Expected Credit Losses model).

Provision for expected credit losses - trade receivables balance at the end of the year increased from SAR 29.1 million as of 31 December 2020G to SAR 34.1 million as of 31 December 2021G, as a result of the increase in transfers from the merged companies from zero to SAR 3.5 million, and an increase in the charge for the year from SAR 783 thousand to SAR 1.4 million.

Provision for expected credit losses - trade receivables balance at the end of the year decreased from SAR 34.1 million as of 31 December 2021G to SAR 19.9 million as of 31 December 2022G, as a result of (1) the decrease in the transfer from the merged companies from SAR 3.5 million to zero; (2) the decrease in write-offs from zero to (-SAR 15.0 million), in addition to; (3) the charge for the year which decreased from SAR 1.4 million to SAR 849 thousand.

Provision for expected credit losses - trade receivables balance at the end of the year increased to SAR 20.5 million as of 30 June 2023G, due to the charge for the year amounting to SAR 632 thousand.

Table 6.30: Movement in Provision for Expected Credit Losses – Notes Receivables and Cheques under Collection as of 31 December 2020G, 2021G and 2022G and as of 30 June 2023G

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)	As of 30 June 2023G (Reviewed)
Balance at the beginning of the year	9,402	11,041	11,665	10,717
Transferred from merged companies	-	373	-	-
Write-offs during the year	-	-	(308)	-
(Reversal)\charge for the year	1,639	251	(640)	171
Balance at the end of the year	11,041	11,665	10,717	10,888

Source: Audited financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the reviewed financial statements for the six-month periods ended 30 June 2022G and 2023G.

Provision for expected credit losses – notes receivables and cheques under collection balance at the end of the year increased from SAR 11.0 million as of 31 December 2020G to SAR 11.7 million as of 31 December 2021G, as a result of the increase in transfers from merged companies from zero to SAR 373 thousand, despite the decrease in charge for the year from SAR 1.6 million to SAR 251 thousand.

Provision for expected credit losses – notes receivables and cheques under collection balance at the end of the year decreased from SAR 11.7 million as of 31 December 2021G to SAR 10.7 million as of 31 December 2022G, as a result of: (1) the decrease in the transfers

from merged companies from SAR 373 thousand to zero; (2) the decrease in the charge for the year from SAR 251 thousand to a reversal amounting to (-SAR 640 thousand); and (3) the decrease in write-offs from zero to (- SAR 308 thousand) during the same period.

Table 6.31: Movement in Provision for Expected Credit Losses on Statement of Profit or Loss and Other Comprehensive Income as of 31 December 2020G, 2021G and 2022G and as of 30 June 2023G

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)	As of 30 June 2023G (Reviewed)
Expected credit losses of trade receivables	783	1,370	849	632
(Reversal)/ expected credit losses of notes receivables and cheques under collection	1,639	251	(640)	171
Balance at the end of the year	2,422	1,621	209	803

Source: Audited financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the reviewed financial statements for the six-month periods ended 30 June 2022G and 2023G.

The movement of expected credit losses on the statement of profit or loss and other comprehensive income decreased from SAR 2.4 million as of 31 December 2020G to SAR 1.6 million as of 31 December 2021G, as a result of the decrease in expected credit losses of cheques under collection from SAR 1.6 million to SAR 251 thousand, despite the increase in expected credit losses of trade receivables from SAR 783 thousand to SAR 1.4 million during the same period.

The movement of expected credit losses on the statement of profit or loss and other comprehensive income decreased from SAR 1.6 million as of 31 December 2021G to SAR 209 thousand as of 31 December 2022G, as a result of the decrease in expected credit losses of cheques under collection from SAR 251 thousand to a reversal of (- SAR 640 thousand) and a decrease in expected credit losses of trade receivables from SAR 1.4 million to SAR 849 thousand during the same period.

(c) Cash and Cash Equivalents

Table 6.32: Cash and Cash Equivalents as of 31 December 2020G, 2021G and 2022G and as of 30 June 2023G

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)	As of 30 June 2023G (Reviewed)
Cash at banks	92	173	105	68,582
Cash in hand	57,878	55,464	65,604	402
Total	57,970	55,637	65,710	68,983

Source: Audited financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the reviewed financial statements for the six-month periods ended 30 June 2022G and 2023G.

Cash and cash equivalents mainly comprised cash in hand, cash at banks and short-term loans.

Cash and cash equivalents decreased from SAR 58.0 million as of 31 December 2020G to SAR 55.6 million as of 31 December 2021G, as a result of decrease in cash at banks from SAR 57.9 million to SAR 55.5 million, despite the increase in cash in hand from SAR 92 thousand to SAR 173 thousand, due to the significant decrease in net cash from operating activities by SAR 125.1 million, due to the decrease in changes in working capital which amounted to (-SAR 52.5 million) in 2021G.

Cash and cash equivalents increased from SAR 55.6 million as of 31 December 2021G to SAR 65.7 million as of 31 December 2022G, mainly attributable to the increase in net cash from operating activities by SAR 21.8 million due to the increase in the Company's profitability.

Cash and cash equivalents further increased to SAR 69.0 million as of 30 June 2023G, primarily due to an increase in net cash flows from operating activities by SAR 6.8 million, in addition to an increase in net cash flows from investing activities by SAR 9.4 million.

6.5.2.3 Equity

Table 6.33: Total Equity as of 31 December 2020G, 2021G and 2022G and as of 30 June 2023G

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)	As of 30 June 2023G (Reviewed)
Share capital	200,000	350,000	350,000	350,000
Statutory reserve	40,963	6,798	14,268	14,268
Retained earnings	31,568	35,577	80,501	75,935
Total Equity	272,532	392,375	444,768	440,203

Source: Audited financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the reviewed financial statements for the six-month periods ended 30 June 2022G and 2023G.

(a) Share Capital

On 6 December 2021G, the Company's Articles of Association were amended based on the Extraordinary General Assembly Meeting held on 10 November 2021G to increase the Company's capital to SAR 350 million divided into 35 million shares at SAR 10 per share.

The commercial records of the Company and its branches were amended on 24 February 2022G (2020G: 20 million shares at SAR 10 per share) according to:

- A. an amount of SAR 25.0 million from the retained earnings account of Talco Industrial Company, a closed joint-stock Company.
- B. an amount of SAR 41.0 million from the statutory reserve account of the Talco Industrial Group Company, a closed joint stock Company.
- C. an amount of SAR 84.1 million, which represented the net equity transferred from the merged companies, Alwan and Alfa.
- D. the new Commercial Registration was issued to increase the capital to SAR 400 million on 16 August 2023G.

(b) Subsequent Events

In its meeting held on 11 October 2022G, the Extraordinary General Assembly approved the proposal of the Board of Directors of Al Taiseer Group TALCO Industrial Company, a closed joint-stock Company, to increase the Company's capital by SAR 50 million, bringing the total capital to SAR 400 million. On 16 August 2023G, the Company's commercial register was amended and recorded this increase in the capital account.

(c) Statutory Reserve

Statutory reserve was created in accordance with Saudi Arabian Regulations for Companies and the Company's by-law, whereby, the Company must transfer 10% of its net income in each year (after covering accumulated losses), until the reserve amounts to 30% of the capital.

(d) Retained Earnings

Retained earnings consisted of the accumulated net income after deducting dividends and transfers to reserves. The balance increased from SAR 31.6 million as of 31 December 2020G to SAR 35.6 million as of 31 December 2021G, and further to SAR 80.5 million as of 31 December 2022G, driven by the increase in the Company's net profit during the same period. Retained earnings subsequently decreased to SAR 75.9 million as of 30 June 2023G, attributable to the decrease in the Company's net profit.

6.5.2.4 Non-Current Liabilities

Table 6.34: Non-Current Liabilities as of 31 December 2020G, 2021G and 2022G and as of 30 June 2023G

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)	As of 30 June 2023G (Reviewed)
Leases liabilities non-current portion	3,010	4,982	3,723	3,084
Employees' end-of-service benefits	11,902	16,999	19,772	21,514
Total non-current liabilities	14,911	21,980	23,495	24,598

Source: Audited financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the reviewed financial statements for the six-month periods ended 30 June 2022G and 2023G.

(a) Lease liabilities – Non-Current Portion

Table 6.35: Lease Liabilities – Non-Current Portion as of 31 December 2020G, 2021G and 2022G and as of 30 June 2023G

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)	As of 30 June 2023G (Reviewed)
Balance at the beginning of the year	810	3,800	6,543	5,332
Transferred from merged companies	-	2,856	-	-
Additions during the year	3,754	769	626	-
Disposals	-	-	(278)	-
Repayment during the year	(942)	(1,134)	(1,823)	(1,353)
Interest expense during the year	178	244	273	110
Balance at the end of the year	3,800	6,534	5,332	4,089
Current	790	1,553	1,609	1,005
Non-current	3,010	4,982	3,723	3,084
Total balance at the end of the year	3,800	6,534	5,332	4,089

Source: Audited financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the reviewed financial statements for the six-month periods ended 30 June 2022G and 2023G.

Lease liabilities pertained to leased lands, employee housing and warehouses in accordance with IFRS16.

Lease liabilities balance increased from SAR 3.8 million as of 31 December 2020G to SAR 6.5 million as of 31 December 2021G, attributable to: (1) Alfa Company and Alwan Company's merger, whereby the lease liability balance amounted to SAR 2.9 million at the date of the merger; and (2) additions in Talco amounting to SAR 769 thousand during the same period. This increase was partly offset by payments amounting to SAR 1.1 million during 2021G.

Lease liabilities balance decreased from SAR 6.5 million as of 31 December 2021G to SAR 5.3 million as of 31 December 2022G, driven by payments made during the year amounting to SAR 1.8 million.

Lease liabilities balance decreased further to SAR 4.1 million as of 30 June 2023G mainly attributable to payments made during the period amounting to SAR 1.4 million.

(b) Employees' End-of-Service Benefits

The Company's employee benefit obligation for long-term service payments is based under a government-mandated plan.

Table 6.36: Employees' End-of-Service Benefits as of 31 December 2020G, 2021G and 2022G and as of 30 June 2023G

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)	As of 30 June 2023G (Reviewed)
Balance at the beginning of the year	21,695	21,008	32,429	35,717
Balance transferred from merged companies	-	10,965	-	-
Current period cost	1,528	1,903	2,361	1,867
Financial charges	738	559	805	-
Paid during the year	(1,872)	(2,743)	(1,751)	(392)
Actuarial (gain)/ loss recognised in other comprehensive income	(1,080)	738	1,874	522
Balance at the end of the year	21,008	32,429	35,717	37,714
Less: advances paid to employees				
Balance at the beginning of the year	(9,619)	(9,106)	(15,431)	(15,945)
Balance transferred from merged companies	-	(6,359)	-	-
Changes in advances paid to employees	512	35	(515)	(255)
Total advances to employees	(9,106)	(15,431)	(15,945)	(16,200)
Net balance at the end of the year	11,902	16,999	19,772	21,514

Source: Audited financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the reviewed financial statements for the six-month periods ended 30 June 2022G and 2023G.

Employees' end-of-service benefits pertained to the post-employment benefits for the employees who complete a qualifying period of service and are entitled to receive amounts mentioned under the labour law for each year of this service, where an independent actuarial assessment is carried out annually at the end of each reporting period and employees' end-of-service benefits liability is adjusted accordingly, while interim reporting is based on Management's internal assessment following the same assumptions undertaken by the actuarial assessment during the previous year-end.

Employees' end-of-service benefits year-end balance that related to long-term service payments under the government plan increased from SAR 11.9 million as of 31 December 2020G to SAR 17.0 million as of 31 December 2021G, due to the increase in transferred from the merged companies balance from zero to SAR 10.9 million, and the increase in the current period charges from SAR 1.5 million to SAR 1.9 million, where the amount paid during the year increased from SAR 1.8 million to SAR 2.7 million during this period. The actuarial losses recorded in other comprehensive income increased from (-SAR 1.1 million) to SAR 738 thousand during the same period. Moreover, the advances to employees increased from SAR 9.1 million to SAR 15.4 million during the same period.

Employees' end-of-service benefits year-end balance that related to long-term service payments under the government plan increased from SAR 17.0 million as of 31 December 2021G to SAR 19.8 million as of 31 December 2022G, due to a decrease in the balance transferred from the merged companies from SAR 10.9 million to zero, and an increase in current period charges from SAR 1.9 million to SAR 2.4 million. Moreover, the amount paid during the year decreased from SAR 2.7 million to SAR 1.7 million. As for actuarial losses recorded in other comprehensive income, it witnessed an increase from SAR 738 thousand to SAR 1.8 million during the same period. Moreover, the advances to employees increased from SAR 15.4 million to SAR 15.9 million during the same period.

The most recent actuarial valuation was performed by an independent qualified actuary, using the Projected Unit Credit method.

Table 6.37: Expenses Recognised in the Statement of Profit or Loss as of 31 December 2020G, 2021G and 2022G and as of 30 June 2023G

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)	As of 30 June 2023G (Reviewed)
Current service cost	1,528	1,903	2,361	1,867
Interest cost	728	559	805	-
Total	2,266	2,462	3,166	1,867

Source: Audited financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the reviewed financial statements for the six-month periods ended 30 June 2022G and 2023G.

Total expenses recognised in the statement of profit or loss increased from SAR 2.3 million as of 31 December 2020G to SAR 2.5 million as of 31 December 2021G, as a result of the increase in the current service cost from SAR 1.5 million to SAR 1.9 million, offset by the decrease in interest cost from SAR 728 thousand to SAR 559 thousand.

Total expenses recognised in the statement of profit or loss increased from SAR 2.5 million as of 31 December 2021G to SAR 3.2 million as of 31 December 2022G, as a result of the increase in current service cost from SAR 1.9 million to SAR 2.4 million, in addition to the increase in interest cost from SAR 559 thousand to SAR 805 thousand.

Table 6.38: Basic Assumptions Used for Actuarial Evaluation Purposes as of 31 December 2020G, 2021G and 2022G and as of 30 June 2023G

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)	As of 30 June 2023G (Reviewed)
Discount Rate	3.35%	2.55%	5.10%	5.10%
Salary growth rate	2.60%	2.60%	5.00%	5.00%

Source: Audited financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the reviewed financial statements for the six-month periods ended 30 June 2022G and 2023G.

All changes in employees' end-of-service benefits are recognised in profit or loss, except for actuarial gains and losses, which are recognised in other comprehensive income.

Table 6.39: Movement in Actuarial Gains and Losses Reserve Recognised in Other Comprehensive Income as of 31 December 2020G, 2021G and 2022G and as of 30 June 2023G

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)	As of 30 June 2023G (Reviewed)
Balance at the beginning of the year	(1,877)	(0)	(738)	(2,612)
Actuarial gains/ (losses) arising from liability	1,080	(738)	(1,874)	(522)
Balance at the end of the year	(796)	(738)	(2,612)	(3,134)

Source: Audited financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the reviewed financial statements for the six-month periods ended 30 June 2022G and 2023G.

Movement in the actuarial gains and losses reserve recognised in other comprehensive income decreased from SAR 796 thousand as of 31 December 2020G to SAR 738 thousand as of 31 December 2021G, as a result of the decrease from an actuarial gain amounting to SAR 1.1 million to a loss arising from liability of SAR 738 thousand during the same period.

Movement in the actuarial gains and losses reserve recognised in other comprehensive income increased from SAR 738 thousand as of 31 December 2021G to SAR 2.6 million as of 31 December 2022G as a result of the increase in actuarial losses on the liability from SAR 738 thousand to SAR 1.9 million over the same period.

6.5.2.5 Current Liabilities

Table 6.40: Current Liabilities as of 31 December 2020G, 2021G and 2022G and as of 30 June 2023G

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)	As of 30 June 2023G (Reviewed)
Trade payables and other current liabilities	80,865	125,191	148,776	172,079
Due to related parties	10,525	788	550	573
Lease liabilities – current-portion	790	1,553	1,609	1,005
Provision for Zakat	6,072	8,792	10,024	5,085
Total current liabilities	98,252	136,333	160,958	178,741

Source: Audited financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the reviewed financial statements for the six-month periods ended 30 June 2022G and 2023G.

(a) Trade Payables and Other Current Liabilities

Table 6.41: Trade Payables and Other Current Liabilities as of 31 December 2020G, 2021G and 2022G and as of 30 June 2023G

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)	As of 30 June 2023G (Reviewed)
Notes payable	54,733	89,617	104,453	125,984
Advances from customers	6,372	14,655	9,485	8,238
Trade payables	14,410	13,982	25,279	29,411
Accrued expenses	4,174	6,557	7,166	7,805
Other trade payables	1,176	380	2,392	641
Total	80,865	125,191	148,776	172,079

Source: Audited financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the reviewed financial statements for the six-month periods ended 30 June 2022G and 2023G.

Trade payables and other current liabilities increased from SAR 80.9 million as of 31 December 2020G to SAR 125.2 million as of 31 December 2021G due to the increase in notes payable balances from SAR 54.7 million to SAR 89.7 million, coupled with the increase in advances from customers from SAR 6.4 million to SAR 14.7 million, in addition to increase accrued expenses from SAR 4.2 million to SAR 6.6 million during the same period. This was offset by a decrease in trade payables from SAR 14.4 million to SAR 14.0 million in addition to the decrease in other trade payables from SAR 1.2 million to SAR 380 thousand over the same period.

Trade payables and other current liabilities increased from SAR 125.2 million as of 31 December 2021G to SAR 148.8 million as of 31 December 2022G, attributable to the increase in notes payable balances from SAR 89.7 million to SAR 104.5 million, coupled with the

increase in trade payables from SAR 13.9 million to SAR 25.3 million, in addition to increase accrued expenses from SAR 6.5 million to SAR 7.2 million and other trade payables from SAR 380 thousand to SAR 2.4 million during the same period. This was partially offset by a decrease in advances from customers from SAR 14.7 million to SAR 9.5 million.

Trade payables and other current liabilities increased from SAR 148.8 million as of 31 December 2022G to SAR 172.1 million as of 30 June 2023G mainly driven by an increase in notes payable balances from SAR 104.5 million to SAR 126.0 million, coupled with the increase in trade payables from SAR 25.3 million to SAR 29.4 million, in addition to the increase accrued expenses from SAR 7.2 million to SAR 7.8 million during the same period. This was offset by a decrease in advances from customers from SAR 9.5 million to SAR 8.3 million, in addition to a decrease in other trade payables from SAR 2.4 million to SAR 641 thousand.

(b) Due to Related Parties

Table 6.42: Due to Related Parties as of 31 December 2020G, 2021G and 2022G and as of 30 June 2023G

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)	As of 30 June 2023G (Reviewed)
Gulf Polyester Powder Coating Company	4,879	-	-	-
Al-Fattouh for Aluminium Accessories and Yarn Threads	4,480	-	-	-
Ral Investment Company	1,166	788	550	573
Senior Management Employees	188	-	-	-
Total	10,525	788	550	573

Source: Audited financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the reviewed financial statements for the six-month periods ended 30 June 2022G and 2023G.

Due to related parties decreased from SAR 10.5 million as of 31 December 2020G to SAR 788 thousand as of 31 December 2021G, mainly driven by the decrease in balance outstanding to Alwan Company from SAR 4.8 million to zero and Alfa Company from SAR 4.5 million to zero, in addition to the decrease in the balance outstanding to Ral Investment Company from SAR 1.6 million to SAR 788 thousand during the same period.

Due to related parties decreased from SAR 788 thousand as of 31 December 2021G to SAR 550 thousand as of 31 December 2022G, due to the decrease of the balance due to Ral Investment Company from SAR 788 thousand to SAR 550 thousand over the same period.

(c) Lease Liabilities – Current Portion

Table 6.43: Lease Liabilities – Current Portion as of 31 December 2020G, 2021G and 2022G and as of 30 June 2023G

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)	As of 30 June 2023G (Reviewed)
Balance at the beginning of the year	810	3,800	6,543	5,332
Transferred from merged companies	-	2,856	-	-
Additions during the year	3,754	769	626	-
Disposals	-	-	(278)	-
Repayment during the year	(942)	(1,134)	(1,823)	(1,353)
Interest expense during the year	178	244	273	110
Balance at the end of the year	3,800	6,534	5,332	4,089
Current	790	1,553	1,609	1,005
Non-current	3,010	4,982	3,723	3,084
Total balance at the end of the year	3,800	6,534	5,332	4,089

Source: Audited financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the reviewed financial statements for the six-month periods ended 30 June 2022G and 2023G.

Lease liabilities – current portion increased from SAR 3.8 million at 31 December 2020G to SAR 6.5 million at 31 December 2021G, attributable to increase in the current portion from SAR 790 thousand to SAR 1.6 million and increase in the non-current portion from SAR 3.0 million to SAR 5.0 million during the same period.

Lease liabilities – current portion decreased from SAR 6.5 million as of 31 December 2021G to SAR 5.3 million as of 31 December 2022G, driven by the decrease in the non-current portion from SAR 5.0 million to SAR 3.7 million. This was offset by an increase in the current portion from SAR 1.5 million to SAR 1.6 million during the same period.

(d) Zakat Provision

Zakat status and Value Added Tax

On 6 March 2022G, a request was submitted to the ZATCA to merge the files of the Al Taiseer Group TALCO Industrial Company, a closed joint-stock Company with the files of the two Companies, Gulf Polyester Powder Coating Company (Alwan) and Al-Fattouh for Aluminium Accessories and Yarn Threads (Alfa), in order for the Company to submit a Zakat return for the year 2021G and pay off the value-added tax under the new name. The accounts of Gulf Polyester Powder Coating Company and Al-Fattouh for Aluminium Accessories and Yarn Threads were closed in light of the merger procedures.

The files of the two merged companies were merged into the account of Al Taiseer Group TALCO Industrial Company, a closed joint-stock company, and the Company's request to submit a consolidated return of the Company was approved as of 31 December 2021G.

The Company submitted its separate zakat returns to the ZATCA until the year ending 31 December 2020G.

The Company was reviewed for the years from 2015G to 2018G, by the ZATCA, and the final assessment was made by the authority, and the Company paid the differences resulting from this assessment.

Zakat provision

For the year ended 31 December 2021G, the Company has zakat payable amounting to SAR 10.0 million based on the zakat base, in accordance with the Zakat and Income Tax Regulations in the Kingdom of Saudi Arabia.

Table 6.44: Zakat Provision as of 31 December 2020G, 2021G and 2022G and as of 30 June 2023G

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)	As of 30 June 2023G (Reviewed)
Balance at the beginning of the year	7,362	6,072	8,792	10,023
Provision for the year	6,072	8,792	10,023	5,085
Payments made during the year	(7,362)	(6,072)	(8,792)	(10,023)
Balance at the end of the year	6,072	8,792	10,023	5,085

Source: Audited financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the reviewed financial statements for the six-month periods ended 30 June 2022G and 2023G.

Zakat provisions increased from SAR 6.1 million as of 31 December 2020G to SAR 8.8 million as of 31 December 2021G, as a result of the increase in the provision for the year from SAR 6.1 million to SAR 8.8 million, despite the decrease of zakat paid during the year from SAR 7.4 million to SAR 6.1 million over the same period.

Zakat provisions increased from SAR 8.8 million as of 31 December 2021G to SAR 10.0 million as of 31 December 2022G, resulting from the growth in the Company's net income before tax.

Zakat provision subsequently decreased to SAR 5.1 million as of 30 June 2023G, mainly due to the decrease in net income before tax.

Table 6.45: Important Components of the Zakat Bowl as of 31 December 2020G, 2021G and 2022G and as of 30 June 2023G

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)	As of 30 June 2023G (Reviewed)
Share capital	200,000	350,000	350,000	350,000
Reserves/ profits carried forward	70,312	2,458	21,940	90,203
Carrying amount of long-term assets - net	(100,738)	(119,490)	(120,788)	(116,406)
Provisions	22,205	35,829	50,462	51,176
Advances from customers	8,750	7,757	5,146	9,133
Net income for the year	41,359	76,769	84,725	44,381
Net zakat base	242,887	353,323	391,485	363,608

Source: Audited financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the reviewed financial statements for the six-month periods ended 30 June 2022G and 2023G.

Net zakat base increased from SAR 242.9 million as of 31 December 2020G to SAR 353.3 million as of 31 December 2021G, as a result of the increase in capital from SAR 200.0 million to SAR 305.0 million and the increase in provisions from SAR 22.2 million to SAR 35.9 million, in addition to the increase of net profit for the year from SAR 41.4 million to SAR 76.8 million, despite the significant decrease in reserves and retained earnings from SAR 70.3 million as of 31 December 2020G to SAR 2.5 million as of 31 December 2021G, and the decrease in advances from customers from SAR 8.8 million to SAR 7.8 million during the same period.

Net zakat base increased from SAR 353.3 million as of 31 December 2021G to SAR 391.5 million as of 31 December 2022G, as a result of an increase in reserves and retained earnings from SAR 2.4 million to SAR 22.0 million and the increase in provisions from SAR 35.9 million to SAR 50.5 million, in addition to the increase in net profit for the year from SAR 76.8 million to SAR 84.8 million, despite the decrease in advances from customers from SAR 7.8 million to SAR 5.1 million during the same period.

6.5.3 Cash Flow Statement

Table 6.46: Statement of Cash Flows for the Financial Years Ended 31 December 2020G, 2021G and 2022G and the Six-Month Period Ended 30 June 2023G

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)	As of 30 June 2023G (Reviewed)
Operating activities:				
Income for the year before zakat	41,616	65,411	84,725	44,381
Adjustments:				
Depreciation of property, plant and equipment	15,824	17,150	20,142	10,542
Depreciation of intangible assets	76	124	165	112
Depreciation on right-of-use of assets	811	1,179	1,547	797
Expected credit losses	2,422	1,621	209	803
Gain on disposals of property, plant and equipment	(515)	(55)	(107)	-
Provision for end-of-service benefits	2,266	1,903	2,361	1,867
Financial charges on employees' defined benefits obligations	738	559	805	-
Financial charges on lease liabilities	178	244	273	110
Loss of excluding leases	-	-	89	-
Changes in working capital:				
Trade receivables and other current assets	(31,653)	(60,731)	(70,923)	5,186
Changes in term deposits	51,419	-	-	-
Inventory	43,916	(18,679)	(2,843)	(21,418)
Trade payables and other current liabilities	29,264	26,366	23,585	23,303
Change in advances paid to employees	512	35	(515)	(255)
Change in related parties	4,425	559	(238)	23
Cash flow generated from operating activities	161,299	35,685	59,275	65,452
Employees' end-of-service benefits paid	(1,872)	(2,743)	(1,751)	(392)
Zakat paid	(7,362)	(6,072)	(8,792)	(9,484)
Net cash flows generated from operating activities	152,064	26,869	48,731	55,576
Investing activities:				
Additions to property, plant and equipment	(8,840)	(12,584)	(16,508)	(6,118)
Proceeds from disposal of property, plant and equipment	630	55	107	-
Additions to intangible assets	(91)	-	-	(881)
Net cash flows used in investing activities	(8,301)	(12,529)	(16,401)	(6,999)
Financing activities:				
Repayment of long-term loan	(31,716)	-	-	-

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)	As of 30 June 2023G (Reviewed)
Dividends paid	(75,441)	(32,658)	(20,434)	(43,879)
Payments of lease liabilities	(942)	(1,134)	(1,823)	(1,425)
Net cash flows used in financing activities	(108,099)	(33,792)	(22,257)	(45,304)
Net change in cash and cash equivalents during the year	35,664	(19,451)	10,073	3,274
Cash and cash equivalents at the beginning of the year	23,043	57,969	55,637	65,710
Cash transferred from merged companies at the date of merger	-	17,118	-	-
Cash and cash equivalents at the end of the year	58,707	55,637	65,709	68,983

Source: Audited financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the reviewed financial statements for the six-month periods ended 30 June 2022G and 2023G.

6.5.3.1 Cash flow generated from operating activities

Cash flows generated from operating activities decreased from SAR 152.1 million in 2020G to SAR 26.9 million in 2021G, mainly due to a decrease in inventory by SAR 62.6 million, and a decrease in the changes in short-term deposits by SAR 51.4 million, in addition to a decrease in trade and other receivables by SAR 29.1 million, among others.

Cash flows generated from operating activities increased from SAR 26.9 million in 2021G to SAR 48.7 million in 2022G, as a result of an increase in net income before zakat by SAR 19.3 million, in addition to an increase in inventory by SAR 15.8 million during the same period.

Cash flows generated from operating activities increased from SAR 48.7 million in 2022G to SAR 55.6 million in the six-month period ending 30 June 2023G, primarily due to an increase in trade and other receivables by SAR 76.1 million. This was offset by a decrease in net income before zakat by SAR 40.3 million, and a decrease in inventory by SAR 18.6 million during the same period.

6.5.3.2 Cash flow used in investing activities

Cash flows used in investing activities relate to the purchase of property, plant and equipment in addition to intangible assets.

Cash flows used in investing activities increased from SAR 8.3 million in 2020G to SAR 12.5 million in 2021G, as a result of increase in additions to property, plant and equipment amounting to SAR 3.7 million.

Cash flows used in investment activities increased to SAR 16.4 million in 2022G, as a result of the increase in additions to property, plant and equipment amounting to SAR 3.9 million, in addition to an increase in the proceeds from disposals of property, plant and equipment by SAR 51 thousand during the same period.

Cash flows used in investing activities decreased from SAR 16.4 million in 2022G to SAR 7.0 million in the six-month period ending 30 June 2023G, as a result of a decrease in the additions to property, plant and equipment by SAR 10.4 million.

6.5.3.3 Cash flow used in financing activities

Cash flows used in financing activities decreased from SAR 108.1 million in 2020G to SAR 33.8 million in 2021G, as a result of a decrease in dividends paid by SAR 42.8 million, in addition to a decrease in repayments from long-term loans by SAR 31.7 million.

Cash flows used in financing activities decreased to SAR 22.3 million in 2022G as a result of a decrease in dividends paid by SAR 12.2 million.

Cash flows used in financing activities increased from SAR 22.3 million in 2022G to SAR 45.3 million in the six-month period ending 30 June 2023G, as a result of an increase in dividends paid by SAR 23.4 million.

6.5.4 Contingent Liabilities

The Company has outstanding bank guarantee amounting to SAR 5.0 million as of 31 December 2022G issued by local banks.

6.5.5 Other Matters – Merging the Businesses of Alwan and Alfa into the Company

Gulf Polyester Powder Coating Company (Alwan) and Al-Fattouh for Aluminium Accessories and Yarn Threads (Alfa) (the two merged companies) were merged into Al Taiseer Group TALCO Industrial Company (the merging company), a closed joint-stock company formerly known as Al Taiseer TALCO Aluminium Company - a closed joint-stock Company on 11 August 2021G (the merger date), which did not result in a consideration.

The table below presents the balances of the two merged companies on the date of the merger, which are represented by the assets, liabilities and shareholders' equity that were transferred to the accounts of the Al Taiseer Group TALCO Industrial Company (the merging company), a closed joint-stock company on the date of the merger. The statement of profit and loss and other comprehensive income for the year 2021G included the results of the two merged companies from the date of the merger until 31 December 2021G.

Table 6.47: The Impact of the Merger on the Statement of Financial Position as of 31 December 2021G – as the Date of the Merger is 11 August 2021G

SAR in 000s	11 August 2021G (Audited)
Assets:	
Non-current assets:	
Property, plant and equipment, net	23,215
Intangible assets	227
Right-of-use assets	3,116
Total non-current assets	26,557
Current assets:	
Inventory	36,824
Trade receivables and other current assets	31,246
Due from related parties	10,905
Cash and cash equivalents	17,118
Total current assets	96,093
Total assets	122,650
Equity:	
Share capital	32,000
Statutory reserves	11,931
Retained earnings	53,228
Total Equity	96,619
Liabilities:	
Non-current liabilities:	
Lease liabilities – non-current portion	2,193
Employees' end-of-service benefits	4,606
Total non-current liabilities	6,799
Current liabilities:	
Trade payables and other current liabilities	17,960
Due to related parties	610
Lease liabilities – current portion	663
Total current liabilities	19,232
Total liabilities	26,031
Total equity and liabilities	122,650

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

7. Dividend Distribution Policy

Pursuant to Article 107 of the Companies Law, each Shareholder is entitled to the rights attached to the Shares, including the right to dispose of them and the right to attend Shareholder's assemblies, participate in its deliberations and vote in its decisions and the right to receive a portion of the dividends that are to be declared. The declaration and distribution of any dividends will be recommended by the Board of Directors before being approved by the Shareholders at a General Assembly meeting. The Company is under no obligation to declare dividends and any decision to do so will depend on, amongst other things, the Company's historic and anticipated earnings and cash flows, financing and capital requirements and market and general economic conditions, the Company's Zakat position and legal and regulatory considerations. Dividend distribution is subject to restrictions set out in the financing agreement entered into with financiers (for further details, see Section 12.5 (*Financing Agreements*)) as well as the limitations contained in the Bylaws. Dividends will be distributed in Saudi Arabian Riyals.

The distribution of dividends is subject to the Company's Bylaws, as per Article 40 states the following:

- the General Assembly determines the percentage that must be distributed to Shareholders from the net profits after deducting reserves, if any, and the Company's annual net profits are distributed after deducting all general expenses and other costs;
- the Ordinary General Assembly may, upon request of the Board of Directors, set aside a percentage of the net profits to form a voluntary reserve to be allocated to support the financial position of the Company;
- the Ordinary General Assembly determines the percentage that must be distributed to shareholders from the net profits after deducting reserves, if any; and
- 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 – so far as possible – to the Shareholders; the Ordinary General Assembly may also deduct amounts from the net profits to create social institutions for the Company's employees, or to support existing institutions of such kind.

The Company may distribute interim dividends to shareholders in accordance with the guidelines determined by the competent authority.

The following is a summary of the dividends that the Company announced and distributed since the beginning of 2020G:

Table 7.1: Dividends Declared and Distributed in the Years Ended 31 December 2020G, 2021G and 2022G and for the Six-Month Period Ended 30 June 2023G (SAR'000)

SAR	2020G ⁽¹⁾	2021G ⁽²⁾	2022G ⁽³⁾	30 June 2023G
Declared Dividends for the Period	32,657,692	20,434,098	43,878,800	-
Paid Dividends Throughout the Period	75,441,187	32,657,692	20,434,098	43,878,800
Total Comprehensive Income for the Year	36,623,816	55,881,387	72,827,997	39,313,533
Ratio of Net Income Declared Dividends	89.1%	36.5%	60.02%	-

Source: The Company

⁽¹⁾ The General Assembly approved the distribution of dividends for the financial year ended 31 December 2020G at its meeting held on 24 Muharram 1443H (corresponding to 2 September 2021G).

⁽²⁾ The General Assembly approved the distribution of dividends for the financial year ended 31 December 2021G at its meeting held on 15 Rabi Al-Awwal 1444H (corresponding to 11 October 2022G).

⁽³⁾ The General Assembly approved the distribution of dividends for the financial year ended 31 December 2022G at its meeting held on 7 Rabi' al-Thani 1445H (corresponding to 22 October 2023G).

Holders of the Offer Shares shall not be entitled to any dividends announced prior to the date of this Prospectus, where the first entitlement to the Offer Shares in the dividends announced by the Company shall be from the date of this Prospectus and subsequent financial years. The Directors acknowledge that, as at the date of this Prospectus, there are no dividends declared or accrued for the financial years ended 31 December 2020G, 2021G and 2022G and the six-month period ended 30 June 2023G.

On 25 Ramadan 1445H (corresponding to 4 April 2024G), the Ordinary General Assembly approved the Board of Directors recommendation dated 8 Ramadan 1445H (corresponding to 18 March 2024G) to distribute the interim dividends amounting to SAR 46,212,618. On 4 Thul-Qi'dah 1445H (corresponding to 12 May 2024G), the Ordinary General Assembly approved to cancel the interim profits distributed and recover the same to the Company pursuant to the General Assembly resolution dated 25 Ramadan 1445H (corresponding to 4 April 2024G) amounting to SAR 46,212,618 at SAR 1.25 per share, as the Shareholders believe that the decision to cancel the dividend is in the interest of Offering.

The full amount of dividends was transferred back from the Selling Shareholders to the Company's account on 05/11/1445H (corresponding to 13/05/2024G).

8. Use of Proceeds

The total Offering Proceeds are estimated at SAR 516,000,000, of which approximately SAR 16,000,000 will be applied towards the Offering expenses, which include the fees of the Financial Advisor, the Lead Manager, the Bookrunner, the Underwriter, the Legal Advisor, the Financial Due Diligence Advisor, the Auditors, the Receiving Agents and the Market Consultant, as well as marketing, printing and distribution fees and other costs and expenses related to the Offering.

The Net Offering Proceeds of approximately SAR 500,000,000 will be distributed to the Selling Shareholders. The Company will not receive any part of the proceeds from the Offering. The Selling Shareholders will bear all fees, costs and expenses in relation to the Offering.

9. Capitalisation and Indebtedness

Prior to the Offering, the Selling Shareholders owned the entire issued share capital of the Company. Upon completion of the Offering, they will jointly hold seventy per cent. (70%) of the Company's shares.

The following table shows the Company's capitalisation as reflected in the Company's audited financial statements for the financial year ended 31 December 2021G (which include the comparative financial information for the financial years ended 31 December 2020G), the audited financial statements for the financial year ended 31 December 2022G and the reviewed interim financial statements of the six-month period ended 30 June 2023G. The following table should be read in conjunction with the relevant Financial Statements, including the notes thereto set out in Section 19 (*Financial Statements and Auditor's Report*).

Table 9.1: Capitalisation and Indebtedness of the Company

(SAR '000)	Financial Years Ended 31 December			Six-Month Period Ended 30 June
	2020G (Audited)	2021G (Audited)	2022G (Audited)	2023G (Reviewed)
Non-Current Portion of Long-Term Loans	3,010	4,982	3,723	3,084
Current Portion of Long-Term Loans	790	1,553	1,609	1,005
Equity	272,532	392,375	444,768	440,203
Capital	200,000	350,000	350,000	350,000
Statutory Reserve	40,963	6,798	14,268	14,268
Retained Earnings	31,586	35,577	80,501	75,935

Source: The audited financial statements for the financial years ended 31 December 2021G and 2022G and the reviewed financial statements for the six-month period ended 30 June 2023G.

The Directors declare that:

- (a) the Company does not have any debt instruments as of the date of this Prospectus;
- (b) no Shares of the Company are under option rights; and
- (c) subject to any material adverse change in the Company's business, they believe that its existing cash balances and its cash flows will be sufficient to meet its anticipated cash needs for working capital and capital expenditures for at least twelve (12) months following the date of this Prospectus.

10. Statements by Experts

All of the Advisors and Auditor, whose names are listed starting on pages (vii) and (viii), have given and, as of the date of this Prospectus, have not withdrawn, their written consent to the publication of their names, addresses, logos and statements attributed to each of them in this Prospectus, and do not, themselves, nor do their employees forming part of the team serving the Company, or any of their 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 the following:

- (a) they have not at any time been declared bankrupt or been subject to bankruptcy proceedings;
- (b) none of the companies in which any of the Directors, Senior Executives or the Secretary was employed, in a managerial or supervisory capacity, was declared bankrupt or insolvent during the past five years;
- (c) except as specified in Section 12.8 (*Related Party Transactions*), they do not, themselves, nor do any of Senior Executives, Secretary, or their relatives or affiliates, have any material interest in any written or verbal contract or arrangement under consideration or expected to be conducted with the Company as of the date of this Prospectus;
- (d) except as otherwise described in Section 5.2.1 (*Composition of the Board of Directors*) and Section 12.8 (*Related Party Transactions*), neither they nor any of Senior Executives, Secretary, or their relatives, have any shareholding or interest of any kind in the Company nor in any debt instruments of the Company, and the Company is prohibited from granting a loan to a Director or guaranteeing a loan entered into by a Director;
- (e) all transactions with Related Parties described in Section 12.8 (*Related Party Transactions*), including determination of the financial consideration for contracts, have been carried out in a systematic and legal manner and on appropriate and fair commercial principles used in transactions with third parties;
- (f) no commissions, discounts, brokerages or other non-cash compensation were granted by the Company within the three years immediately preceding the application for the registration and offer of securities in connection with the issue or sale of any securities;
- (g) there has been no interruption in the Company's business that may significantly affect or have affected its financial position during the last 12 months;
- (h) there is no intention to introduce any material changes to the nature of the Company's business;
- (i) the Directors or Chief Executive Officer will not vote on General Assembly resolutions that relate to any transaction or contract in which they have a direct or indirect interest;
- (j) there has been no material adverse change in the financial or trading position of the Company in the three years ended 31 December 2020G, 2021G and 2022G and the six-month period ended 30 June 2023G immediately preceding the date of filing the application for registration and offering of securities that are subject of this Prospectus and during the period from the end of the period covered in the Auditor's Report to the date of approval of this Prospectus;
- (k) as of the date of this Prospectus, the Company does not have any employee share schemes in place for its employees or any other existing similar arrangement involving the employees in the capital of the Company;
- (l) the Company does not have any securities (contractual or otherwise) or any assets, the value of which is subject to fluctuation that would adversely and materially affect its financial position;
- (m) except as disclosed in Section 2 (*Risk Factors*), the Company is not aware of any information regarding any governmental, economic, financial, monetary or political policies or any other factors that have materially affected or may materially affect (directly or indirectly) its operations;
- (n) except as disclosed in Section 2 (*Risk Factors*), the Company is not aware of any seasonal information or business cycles related to its business that would affect the Company's operations or financial position;
- (o) the statistical information used in Section 3 (*Market Overview*) obtained from third-party sources represents the latest information available from each respective source;
- (p) except as stated in Section 2.1.34 (*Risks Related to the Adequacy and Availability of Insurance Coverage*), the Company has insurance policies with sufficient insurance coverage to carry out its activities. The Company renews its insurance policies regularly to ensure continued insurance coverage;
- (q) all contracts and agreements which the Company considers to be material or important or which have an impact on a Subscriber's decision to invest in the Offer Shares have been disclosed in Section 12.4 (*Material Agreements*). There are no other material agreements or contracts that have not been disclosed;
- (r) all terms and conditions that may affect the decisions of the Investors to invest in Offer Shares have been disclosed;
- (s) as of the date of this Prospectus, there are no material Related Party contracts or transactions that have any material impact on the Company's activities and the Company has no intention to enter into any new agreements with Related Parties, [except as specified in Section 12.8 (*Related Party Transactions*)];
- (t) the Selling Shareholders will incur all the expenses and costs related to the Offering and such costs will be deducted from the Offering Proceeds, including the fees of the Financial Advisor, the Lead Manager, the Bookrunner, the Underwriter, the Legal Advisor, the Financial Due Diligence Advisor, the Auditors, the Market Consultant and the Receiving Agents, as well as marketing, printing and distribution costs and other expenses related to the Offering;

- (u) as of the date of this Prospectus, there is no dispute with ZATCA, or objection thereof. The Selling Shareholders, each according to its relevant share, shall incur any additional claims that may be filed by ZATCA against the Company for the preceding years until the date of listing. Relevant Selling Shareholders' undertakings have been given;
- (v) they have developed procedures, controls and systems that would enable the Company to meet all the requirements of the relevant laws and regulations, including Companies Law, CML and its implementing regulations (including the Rules on the Offer of Securities and Continuing Obligations) and Listing Rules;
- (w) all of the Company's employees are under its sponsorship, except for the employees hired through the operation and maintenance agreements that the Company concluded as provided in Section 12.4 (*Material Agreements*);
- (x) as of the date of this Prospectus, the Shareholders whose names appear in Section 4.3 (*Company Structure*) are the legal and beneficial owners, whether direct or indirect owners, of the Shares;
- (y) all increases in the share capital of the Company are in compliance with the applicable laws and regulations of the Kingdom;
- (z) except as disclosed in Section 2 (*Risk Factors*) and to the best of their knowledge and belief, there are no other material risks that may affect a prospective investor's decision to invest in the Offer Shares;
- (aa) except as disclosed in Section 2.1.40 (*Risks Related to Licences and Approvals*) and Section 12.3 (*Government Consents, Licences and Certificates*), as of the date of this Prospectus, the Company has obtained all necessary licences and permits to carry out its business activities;
- (ab) except as disclosed in Section 12.11 (*Litigation*), the Company is not subject to any claims or cases or legal procedures or investigation procedures that may have, alone or as a whole, materially affect the business of the Company or its financial position;
- (ac) except as disclosed in Section 12.5 (*Financing Agreements*), the Company has not issued any debt instruments, nor does it have any term loans or any other outstanding loans or indebtedness (including bank overdrafts, financial liabilities under acceptance, acceptance credits or purchase commitments);
- (ad) the Company has working capital sufficient for at least 12 months immediately following the date of this Prospectus;
- (ae) no Shares of the Company are under option;
- (af) the audited financial statements for the financial years ended 31 December 2021G and 2022G and the reviewed interim financial statements of the six-month period ended 30 June 2023G, and the accompanying notes thereto have been prepared in compliance with IFRS. The audited financial statements for the financial years ended 31 December 2020G was prepared in accordance with the International Financial Reporting Standard for the Small and Medium Enterprises that is endorsed in the Kingdom and other standards and pronouncements issued by SOCPA;
- (ag) the financial information appearing in this Prospectus has been extracted from the Company's audited/reviewed financial statements and no material amendments have been made thereto. The financial information appearing in Section 6 (*Management's Discussion and Analysis of Financial Position and Results of Operations*) has been extracted from the Company's audited financial statements for the financial year ended 31 December 2021G (which include the comparative financial information for the financial year ended 31 December 2020G), the audited financial statements for the financial year ended 31 December 2022G and the reviewed interim financial statements of the six-month period ended 30 June 2023G. Furthermore, the financial information is presented in a manner consistent with the audited annual financial statements of the Company;
- (ah) the Company is capable of preparing the required reports in a timely manner in accordance with the implementing regulations issued by the CMA;
- (ai) all necessary approvals have been obtained from lenders to offer 30 per cent. of the Company shares in order for the Company to be a public joint stock company;
- (aj) all necessary approvals have been obtained to offer the Shares on the financial market and for the Company to become a public joint stock Company.
- (ak) there is no breach of the contractual terms and conditions under the agreements with the providers of all loans, facilities and financing as of the date of this Prospectus;
- (al) the Company is committed to all the terms and conditions under the agreements with lenders granting all loans, facilities and financing;
- (am) all terms and conditions that may affect the decisions of the Subscribers in the Company's shares have been disclosed;
- (an) all material facts regarding the Company and its financial performance have been disclosed in this Prospectus and that there are no other facts the omission of which would make any statement herein misleading;
- (ao) the Offering does not violate the relevant laws and regulations of the Kingdom;
- (ap) the Offering does not violate any of the contracts or agreements to which the Company is a party;
- (aq) all material legal information relating to the Company has been disclosed in this Prospectus;
- (ar) all the terms and conditions that can affect the decisions of the Subscribers in the Company's shares have been disclosed; and
- (as) the Company's Directors are not to be subject to any legal proceedings or actions that may, individually or collectively, have a material effect on the Company's business, or its financial position.

In addition to the above, the Directors confirm that:

- (a) this Prospectus contains all of the information required to be included under the Rules on the Offer of Securities and Continuing Obligations and no facts that may affect the application for registration and offer of securities were omitted from this Prospectus;
- (b) they have submitted, and will submit, to the CMA all the documents required under CML and the Rules on the Offer of Securities and Continuing Obligations;
- (c) the Company has prepared its internal control policies on sound principles where it has implemented a written policy regulating and resolving possible conflicts of interest issues, which include the misuse of the Company's assets and misfeasance due to Related Party transactions. The Company has ensured that its operational and financial policies are sound and that control procedures appropriate for risk management are implemented in accordance with Part 5 of the Corporate Governance Regulations. The Directors review the Company's internal controls on an annual basis;
- (d) the internal control, accounting and information technology systems of the Company are sufficient and adequate;
- (e) except as disclosed in Section 12.8 (*Related Party Transactions*), there is no conflict of interest related to the Directors with respect to contracts or transactions entered into with the Company;
- (f) as of the date of this Prospectus, none of the Directors engaged in any activities similar or competitive with the activities of the Company. The Directors undertake to fulfil this regulatory requirement in the future as per Article 72 of the Companies Law and Chapter 6 of Part 3 of the Corporate Governance Regulations;
- (g) unless otherwise approved by the General Assembly, a Director may not have a direct or indirect interest in the transactions and contracts entered into by the Company;
- (h) the Directors shall notify the Board of Directors of any direct or indirect interest they may have in the transactions and contracts entered into by the Company and this notification will be recorded in the minutes of the Board of Directors meeting;
- (i) except as disclosed in Section 2.1.46 (*Risks Related to Compliance with the New Companies Law and the Implementing Regulations*), all transactions with Related Parties shall be entered into on an arm's-length basis and all works and contracts with Related Parties shall be subject to a vote in meetings of the Board of Directors and, if required by the Companies Law, the General Assembly. Directors may not vote on any decision related to transactions or contracts with the Company in which they have a direct or indirect interest, whether in the Board of Directors or the General Assembly, in accordance with Article 71 of the Companies Law and Chapter 6 of Part 3 of the Corporate Governance Regulations;
- (j) the Directors and the Chief Executive Officer shall not have the right to vote on decisions relating to their fees and remuneration; and
- (k) the Directors and the Chief Executive Officer shall not have the right to vote on decisions relating to a contract or proposal in which he has an interest.
- (l) neither the Directors nor any Senior Executive shall obtain a loan from the Company, and the Company shall not guarantee any loan entered into by a Director.

The Directors undertake to:

- (a) record all Board of Directors resolutions by means of written minutes of meetings, which shall be signed by the Directors;
- (b) disclose the details of any Related Party transactions in accordance with the Companies Law and the Corporate Governance Regulations;
- (c) comply with the provisions of Articles 27, 71 and 72 of the Companies Law and Chapter 6 of Part 3 of the Corporate Governance Regulations; and
- (d) amend the Company's Bylaws in the first extraordinary general assembly after listing in accordance with the Corporate Governance Regulations issued by the CMA and other applicable laws and regulations.

12. Legal Information

12.1 The Company

Al Taiseer Group TALCO Industrial Company is a closed joint stock company pursuant to Ministerial Resolution No. 217 dated 6 Rajab 1430H (corresponding to 29 June 2009G) with Commercial Registration No. 1010009737 dated 10 Jumada al-Akhirah 1396H (corresponding to 8 June 1976G). The Company's registered head office is located in 7745 the Second Industrial Area, P.O. Box 6416, Riyadh 14333-2533, Kingdom of Saudi Arabia. The current capital of the Company is SAR 400,000,000 divided into 40,000,000 ordinary Shares with a fully paid nominal value of SAR 10 per Share. For further details see Section 4.2 (*Corporate History and Evolution of Capital*). According to its main Commercial Registration certificate, the Company's main activities include non-ferrous traditional metal works, including (wires, pipes, tubes, powders, papers, plates etc.), manufacture and installation of windows and doors and manufacture of kitchens made of aluminium and wood etc.

12.2 Ownership Structure

The following table summarises the shareholding structure of the Company pre-and post-Offering:

Table 12.1: Shareholding Structure of the Company Pre-and Post-Offering

Shareholder	Pre-Offering			Post-Offering		
	Number of Shares	Shareholding (%) ⁽¹⁾	Nominal Value (SAR)	Number of Shares	Shareholding (%) ⁽¹⁾	Nominal Value (SAR)
Mansour Kamel Ibrahim Al-Fattouh	7,684,662	19.21%	76,846,620	5,379,263	13.45%	53,792,630
Nasser Kamel Ibrahim Al-Fattouh Al-BIwi	6,731,287	16.83%	67,312,870	4,711,901	11.78%	47,119,010
Elham Mahmoud Obaid Ibrahim	4,494,482	11.24%	44,944,820	3,146,137	7.87%	31,461,370
Dalal Kamel Ibrahim Al-Fattouh Al-BIwi	3,336,815	8.34%	33,368,150	2,335,771	5.84%	23,357,710
Manal Kamel Ibrahim Al-Fattouh Al-BIwi	3,336,805	8.34%	33,368,050	2,335,764	5.84%	23,357,640
Nawaf Khalid Kamel Al-Fattouh Al-BIwi	2,944,937	7.36%	29,449,370	2,061,456	5.15%	20,614,560
Abdulaziz Khalid Kamel Al-Fattouh Al-BIwi	2,944,937	7.36%	29,449,370	2,061,456	5.15%	20,614,560
Amal Kamel Ibrahim Al-Fattouh Al-BIwi	2,860,127	7.15%	28,601,270	2,002,089	5.01%	20,020,890
Shatha Muwaffaq Kamel Al-Fattouh Al-BIwi	2,860,126	7.15%	28,601,260	2,002,088	5.01%	20,020,880
Ibrahim Abdulaziz Kamel Ibrahim Al-Fattouh Al-BIwi	252,759	0.63%	2,527,590	176,931	0.44%	1,769,310
Mohammed Abdulaziz Kamel Ibrahim Al-Fattouh Al-BIwi	252,759	0.63%	2,527,590	176,931	0.44%	1,769,310
Faris Abdulaziz Kamel Ibrahim Al-Fattouh Al-BIwi	252,759	0.63%	2,527,590	176,931	0.44%	1,769,310
Khadraa Rashid Harbi Al-Fattouh	953,375	2.38%	9,533,750	667,364	1.67%	6,673,640
Basmah Hussain Salem Al-Fattouh Al-BIwi	841,412	2.10%	8,414,120	588,988	1.47%	5,889,880
Fatima Ali Hassan Al-Fattouh	126,379	0.32%	1,263,790	88,465	0.22%	884,650

Shareholder	Pre-Offering			Post-Offering		
	Number of Shares	Shareholding (%) ⁽¹⁾	Nominal Value (SAR)	Number of Shares	Shareholding (%) ⁽¹⁾	Nominal Value (SAR)
Reem Abdulaziz Kamel Ibrahim Al-Fattouh Al-Bilwi	126,379	0.32%	1,263,790	88,465	0.22%	884,650
Public	-	-	-	12,000,000	30.00%	120,000,000
Total	40,000,000	100%	400,000,000	40,000,000	100%	400,000,000

Source: The Company.

⁽¹⁾ The stated ownership percentages are rounded.

For further details regarding the Shareholders and the shareholding structure of the Company, see Section 12.2 (*Ownership Structure*).

12.3 Government Consents, Licences and Certificates

The Company holds several operational and regulatory licences and certificates from relevant competent authorities which are periodically renewed. The Directors declare that the Company obtained all licences and certificates necessary to execute their operations in order to engage in the relevant activities, except for certain operational licences expired or not obtained, as disclosed in Table 12.4 (*Summary of Operational Licences Obtained by the Company*). The following tables list licences and certificates held by the Company as of the date of this Prospectus:

Table 12.2: Details of Commercial Registration Certificates Obtained by the Company

No	Company	Location	Type of Entity	Commercial Registration No	Registration Date	Expiration Date
1.	Al Taiseer Group TALCO Industrial Compan	Riyadh, Kingdom of Saudi Arabia	Head Office	1010009737	10 Jumada al-Akhirah 1396H (corresponding to 8 June 1976G)	12 Rajab 1532H (corresponding to 21 June 2077G)
2.		Riyadh, Kingdom of Saudi Arabia (Gulf Polyester Powder Production Company – Riyadh)	Branch	1010086759	16 Rabi' al-Awwal 1412H (corresponding to 25 September 1991G)	16 Rabi' al-Awwal 1448H (corresponding to 29 August 2026G)
3.		Dammam, Kingdom of Saudi Arabia	Branch	2050235804	2 Rabi' al-Awwal 1439H (corresponding to 20 November 2017G)	2 Rabi' al-Awwal 1449H (corresponding to 14 August 2024G)
4.		(Gulf Polyester Powder Production Company – Jeddah)	Branch	4030596375	2 Rabi' al-Awwal 1439H (corresponding to 20 November 2017G)	2 Rabi' al-Awwal 1449H (corresponding to 14 August 2024G)
5.		Riyadh, Kingdom of Saudi Arabia	Branch	1010086760	16 Rabi' al-Awwal 1412H (corresponding to 25 September 1991G)	13 Ramadan 1449H (corresponding to 9 February 2028G)
6.		(Gulf Polyester Powder Production Company – Jeddah)	Branch	4030312086	9 Safar 1440H (corresponding to 18 October 2018G)	9 Safar 1446H (corresponding to 13 August 2024G)
7.		Riyadh, Kingdom of Saudi Arabia (Al-Fattouh Aluminium Accessories and Isolation Lines – Riyadh)	Branch	1010621235	14 Jumada al-Ula 1441H (corresponding to 9 January 2020G)	14 Jumada al-Ula 1446H (corresponding to 16 November 2024G)

Source: The Company.

Table 12.3: Details of Regulatory Licences and Certificates Obtained by the Company

Company	Issuing Authority	Licence Number	Purpose	Issue Date	Expiration Date
Al Taiseer Group TALCO Industrial Company	Ministry of Human Resource and Social Development	38779861-888172	Certificate of compliance with Saudisation requirements	22 Jumada al-Ula 1445H (corresponding to 6 December 2023G)	24 Sha'ban 1445H (corresponding 5 March 2024G)
	Ministry of Human Resource and Social Development	20012312037354	Certificate of wage protection	22 Jumada al-Ula 1445H (corresponding to 6 December 2023G)	23 Rajab 1445H (corresponding to 4 February 2024G)
	Riyadh Chamber of Commerce and Industry	4505	Chamber of Commerce and Industry membership certificate	6 Ramadan 1397H (corresponding to 22 August 1977G)	12 Sha'ban 1445H (corresponding to 22 February 2024G)
	ZATCA	1110286199	Certificate enabling the Company to finalise all processes	25 Thul-Qi'dah 1444H (corresponding to 14 June 2023G)	21 Shawwal 1445H (corresponding to 30 April 2024G)
	ZATCA	300351061610003	VAT registration certificate	23 Shawal 1444H (corresponding to 24 May 2022G)	N/A
	GOSI	59351873	Certificate of fulfilment of the GOSI obligations	22 Jumada al-Ula 1445H (corresponding to 6 December 2023G)	22 Jumada al-Akhirah 1445H (corresponding to 4 January 2024G)

Source: The Company.

Table 12.4: Summary of Operational Licences Obtained by the Company

Company	Issuing Authority	Licence Number	Purpose	Issue Date	Expiration Date
Al Taiseer Group TALCO Industrial Company	Head Office Commercial registration 1010009737 Second Industrial City, Riyadh				
	Ministry of Industry and Mineral Resources, Kingdom of Saudi Arabia	441102120649	Industrial facility licence	4 Safar 1444H (corresponding to 31 August 2022G)	4 Safar 1447H (corresponding to 29 July 2025G)
	National Centre for Environmental Compliance, Kingdom of Saudi Arabia	12804	Environmental operational permit	24 Jumada al-Ula 1443H (corresponding to 28 December 2021G)	18 Jumada al-Ula 1446H (corresponding to 20 November 2024G)
	National Centre for Environmental Compliance, Kingdom of Saudi Arabia	22669	Environmental operational permit	1 Thul-Qi'dah 1443H (corresponding to 31 May 2022G)	18 Shawwal 1446H (corresponding to 16 April 2025G)
	Saudi Authority for Industrial Cities and Technology Zones (Modon), Kingdom of Saudi Arabia	231005003638	Operational licence	20 Rabi' al-Awwal 1445H (corresponding to 5 October 2023G)	26 Ramadan 1445H (corresponding to 5 April 2024G)
	Gulf Polyester Powder Production Company – Branch Commercial Registration 1010086759 Industrial City, Riyadh				
	Ministry of Industry and Mineral Resources, Kingdom of Saudi Arabia	4451110129394	Industrial facility licence	9 Ramadan 1410H (corresponding to 5 April 1999G)	1 Rabi' al-Awwal 1446H (corresponding to 5 September 2024G)
	The General Authority of Meteorology and Environmental Protection, Kingdom of Saudi Arabia	3312	Environmental operational permit	29 Safar 1444H (corresponding to 25 September 2022G)	11 Safar 1447H (corresponding to 5 August 2025G)

Company	Issuing Authority	Licence Number	Purpose	Issue Date	Expiration Date
	Saudi Authority for Industrial Cities and Technology Zones (Modon), Kingdom of Saudi Arabia	230524001544	Operational licence	4 Thul-Qi'dah 1444H (corresponding to 24 May 2023G)	16 Thul-Qi'dah 1445H (corresponding to 24 May 2024G)
Gulf Polyester Powder Production Company – Branch Commercial Registration 4030596375 Jeddah					
	Ministry of Industry and Mineral Resources, Kingdom of Saudi Arabia	2051	Industrial facility licence	22 Rajab 1439H (corresponding to 8 April 2018G)	1 Jumada al-Akhirah 1449H (corresponding to 31 October 2027G)
	National Centre for Environmental Compliance, Kingdom of Saudi Arabia	11841	Environmental operational permit	10 Jumada al-Ula 1443H (corresponding to 14 December 2021G)	2 Jumada al-Ula 1446H (corresponding to 4 November 2024G)
	Saudi Authority for Industrial Cities and Technology Zones (Modon), Kingdom of Saudi Arabia	230524001544	Operational licence	4 Thul-Qi'dah 1444H (corresponding to 24 May 2023G)	16 Thul-Qi'dah 1445H (corresponding to 24 May 2024G)
Al-Fattouh Aluminium Accessories and Isolation Lines – Branch Commercial Registration 1010086760 Industrial City, Riyadh					
	Ministry of Industry and Mineral Resources, Kingdom of Saudi Arabia	441110126523	Industrial facility licence	20 Shawwal 1444H (corresponding to 10 May 2023G)	2 Thul-Qi'dah 1445H (corresponding to 10 May 2024G)
	National Centre for Environmental Compliance, Kingdom of Saudi Arabia	9824	Environmental operational permit	17 Rabi' al-Thani 1443H (corresponding to 22 November 2021G)	15 Rabi' al-Thani 1446H (corresponding to 15 October 2024G)
	National Centre for Environmental Compliance, Kingdom of Saudi Arabia	6190	Environmental operational permit	25 Jumada al-Ula 1443H (corresponding to 29 December 2021G)	25 Jumada al-Ula 1446H (corresponding to 27 November 2024G)
	Saudi Authority for Industrial Cities and Technology Zones (Modon), Kingdom of Saudi Arabia	230518001449	Operational licence	28 Shawwal 1444H (corresponding to 18 May 2023G)	28 Shawwal 1444H (corresponding to 18 May 2023G)
Al Taiseer Group TALCO Industrial Company – Branch Commercial Registration 4030312086 Industrial City, Jeddah					
	Ministry of Industry and Mineral Resources, Kingdom of Saudi Arabia	441110121007	Industrial facility licence	22 Safar 1444H (corresponding to 18 September 2022G)	17 Rabi' al-Thani 1449H (corresponding to 18 September 2027G)
	National Centre for Environmental Compliance, Kingdom of Saudi Arabia	19831	Environmental operational permit	9 Ramadan 1443H (corresponding to 10 April 2022G)	2 Ramadan 1446H (corresponding to 2 March 2025G)
	Saudi Authority for Industrial Cities and Technology Zones (Modon), Kingdom of Saudi Arabia	230315000761	Operational licence	24 Sha'ban 1444H (corresponding to 16 March 2023G)	6 Ramadan 1445H (corresponding to 16 March 2024G)
Al Taiseer Group TALCO Industrial Company – Branch Commercial Registration 1010621235 Second Industrial City, Riyadh					
	Ministry of Industry and Mineral Resources, Kingdom of Saudi Arabia	451110132315	Industrial facility licence	19 Jumada al-Ula 1445H (corresponding to 3 December 2023G)	2 Jumada al-Akhirah 1446H (corresponding to 3 December 2024G)

Company	Issuing Authority	Licence Number	Purpose	Issue Date	Expiration Date
	National Centre for Environmental Compliance, Kingdom of Saudi Arabia	4010	Environmental operational permit	19 Rabi' al-Awwal 1443H (corresponding to 25 October 2021G)	19 Rabi' al-Awwal 1446H (corresponding to 22 September 2024G)
	Saudi Authority for Industrial Cities and Technology Zones (Modon), Kingdom of Saudi Arabia	231127004380	Operational licence	13 Jumada al-Ula 1445H (corresponding to 27 November 2023G)	21 Muharram 1446H (corresponding to 27 July 2024G)

Source: The Company.

12.4 Material Agreements

The Company have entered into a number of agreements for the purpose of their business. The following is a summary of those agreements which the Company considers material or important or which may otherwise influence a Subscriber's decision to invest in the Offer Shares. The Company believes that all such agreements, in addition to the key provisions thereunder, have been included in this Section and that there are no other agreements, which are material in the context of the Company's business, that have not been disclosed. As of the date of this Prospectus, the Company has not breached any of provisions of the material business agreements during the relevant term of such agreements and is not aware of any event which with the passing of time may become a breach or default under any such agreements. These summaries do not purport to describe all the applicable provisions of such agreements. For further details on the Company's financing agreements and insurance policies, see Section 12.5 (*Financing Agreements*), Section 12.7.2 (*Leases*), and Sections 12.6 (*Insurance Policies*). The following table sets out the material agreements (except for financing agreements and insurance policies) entered into by the Company for the purposes of its business:

Table 12.5: Details of Material Agreements

Name of Agreement	Parties	Brief Description	Term and Renewal Mechanism	Value for the Period(s) Indicated
Agreements with Key Customers				
Supply Agreement.	The Company (as the supplier) and Alrubaidi Aluminum (Bin Alnooh United Trade Est. – Ali) (as the purchaser)	The Company has entered into a supply agreement for the purpose of supplying aluminium extrusions and surface decorative finishes.	The agreement commenced on 28 Jumada al-Ula 1443H (corresponding to 1 January 2022G) for a term of two years. Automatically renewable for a similar period unless a written notice of intent not to renew is given by either party at least 60 days prior to the expiry of the initial term.	SAR 32,630,750 for the financial year ended 31 December 2022G. SAR 17,641,317 for the six-month period ended 30 June 2023G.
Supply Agreement.	The Company (as the supplier) and Alrubaidi Aluminum (Bin Alnooh United Trade Est.– Mohammed) (as the purchaser)	The Company has entered into a supply agreement for the purpose of supplying aluminium extrusions and surface decorative finishes.	The agreement commenced on 28 Jumada al-Ula 1443H (corresponding to 1 January 2022G) for a term of two years. Automatically renewable for a similar period unless a written notice of intent not to renew is given by either party at least 60 days prior to the expiry of the initial term.	SAR 31,349,961 for the financial year ended 31 December 2022G. SAR 20,709,824 for the six-month period ended 30 June 2023G.
Supply Agreement.	The Company (as the supplier) and Arabian United Company (as the purchaser)	The Company has entered into a supply agreement for the purpose of supplying polyester powder coating.	The agreement commenced on 6 Safar 1440H (corresponding to 15 October 2018G) for an unspecified period.	SAR 32,903,718 for the financial year ended 31 December 2022G. SAR 2,676,309 for the six-month period ended 30 June 2023G.

Name of Agreement	Parties	Brief Description	Term and Renewal Mechanism	Value for the Period(s) Indicated
Sales Agreement.	The Company (as the supplier) and Attoon Trading Co. (as the purchaser)	The Company has entered into a supply agreement for the purpose of supplying aluminium extrusion in mill finish and surface decorative finishes.	The agreement is for a term of one year, commencing from 8 Jumada al-Akhirah 1444H (corresponding to 1 January 2023G). Automatically renewable for a similar period unless a written notice of intent not to renew is given by either party at least 60 days prior to the expiry of the initial term.	SAR 25,046,772 for the financial year ended 31 December 2022G. SAR 6,718,615 for the six-month period ended 30 June 2023G.
Supply Agreement.	The Company (as the supplier) and BSL Engineering Services DMCC (as the purchaser)	The Company has entered into a supply agreement for the purpose of supplying aluminium extrusion and surface decorative finishes.	The agreement is for a term of two years, commencing from 15 Jumada al-Akhirah 1443H (corresponding to 18 January 2022G). Automatically renewable for a similar period unless a written notice of intent not to renew is given by either party at least 60 days prior to the expiry of the initial term.	SAR 10,970,420 for the financial year ended 31 December 2022G. SAR 3,021,594 for the six-month period ended 30 June 2023G.
Sales Agreement.	The Company (as the supplier) and EFP International B.V. (as the purchaser)	The Company has entered into a sales agreement for the purpose of supplying aluminium extrusion in mill finish and surface decorative finishes.	The agreement is for a term of one year, commencing from 8 Jumada al-Akhirah 1444H (corresponding to 1 January 2023G). Automatically renewable for a similar period unless a written notice of intent not to renew is given by either party at least 60 days prior to the expiry of the initial term.	SAR 7,663,898 for the financial year ended 31 December 2022G. SAR 1,095,857 for the six-month period ended 30 June 2023G.
Sales Agreement.	The Company (as the seller) and GUTMANN Middle East LLC (as the purchaser)	The Company has entered into a sales agreement for the purpose of selling profiles exclusively to Gutman's Customers/ Fabricators only if and when appointed by Gutmann and confirmed in writing.	The agreement commenced on 29 Rabi' al-Awwal 1442H (corresponding to 15 November 2020G) for an unspecified period.	SAR 7,875,261 for the financial year ended 31 December 2022G. SAR 1,817,665 for the six-month period ended 30 June 2023G.
Sales Agreement.	The Company (as the supplier) and Shutter Gate Company (as the purchaser)	The Company has entered into a sales agreement for the purpose of supplying aluminium extrusions and surface decorative finishes.	The agreement is for a term of two years, commencing from 8 Jumada al-Akhirah 1444H (corresponding to 1 January 2023G). Automatically renewable for a similar period unless a written notice of intent not to renew is given by either party at least 60 days prior to the expiry of the initial term.	SAR 10,958,460 for the financial year ended 31 December 2022G. SAR 6,267,296 for the six-month period ended 30 June 2023G.

Name of Agreement	Parties	Brief Description	Term and Renewal Mechanism	Value for the Period(s) Indicated
Sales Agreement.	The Company (as the seller) and Mazaya Aluminium Factory (as the purchaser)	The Company has entered into a sales agreement for the purpose of supplying aluminium extrusion in mill finish and surface decorative finishes.	The agreement is for a term of one year, commencing from 8 Jumada al-Akhirah 1444H (corresponding to 1 January 2023G). Automatically renewable for a similar period unless a written notice of intent not to renew is given by either party at least 60 days prior to the expiry of the initial term.	SAR 14,556,062 for the financial year ended 31 December 2022G. SAR 7,523,149 for the six-month period ended 30 June 2023G.
Sales Agreement.	The Company (as the seller) and Rabie Al-Takyeef Factory (as the purchaser)	The Company has entered into a sales agreement for the purpose of supplying aluminium extrusion in mill finish and surface decorative finishes.	The agreement is for a term of one year, commencing from 8 Jumada al-Akhirah 1444H (corresponding to 1 January 2023G). Automatically renewable for a similar period unless a written notice of intent not to renew is given by either party at least 60 days prior to the expiry of the initial term.	SAR 7,676,663 for the financial year ended 31 December 2022G. SAR 4,981,617 for the six-month period ended 30 June 2023G.
Sales Agreement.	The Company (as the seller) and Alu Market (S.A.L) (as the purchaser)	The Company has entered into a sales agreement for the purpose of supplying aluminium extruded profiles and surface finishes.	The agreement is for a term of one year, commencing from 8 Jumada al-Akhirah 1444H (corresponding to 1 January 2023G). Automatically renewable for a similar period unless a written notice of intent not to renew is given by either party at least 60 days prior to the expiry of the initial term.	SAR 5,812,191 for the financial year ended 31 December 2022G. SAR 1,065,361 for the six-month period ended 30 June 2023G.
Sales Agreement.	The Company (as the supplier) and Alumex Expert Company (as the purchaser)	The Company has entered into a sales agreement for the purpose of supplying aluminium extrusions and surface decorative finishes.	The agreement is for a term of two years, commencing from 29 Jumada al-Ula 1442H (corresponding to 13 January 2021G). Automatically renewable for a similar period unless a written notice of intent not to renew is given by either party at least 60 days prior to the expiry of the initial term.	SAR 3,682,475 for the financial year ended 31 December 2022G. SAR 1,064,049 for the six-month period ended 30 June 2023G.
Sales Agreement.	The Company (as the supplier) and Mohsen Al Yafi and sons Ltd (as the purchaser)	The Company has entered into a sales agreement for the purpose of supplying aluminium extrusions and surface decorative finishes.	The agreement is for a term of one year, commencing from 3 Jumada al-Akhirah 1444H (corresponding to 27 December 2022G). Automatically renewable for a similar period unless a written notice of intent not to renew is given by either party at least 60 days prior to the expiry of the initial term.	SAR 141,311,739 for the financial year ended 31 December 2022G. SAR 77,792,952 for the six-month period ended 30 June 2023G.

Name of Agreement	Parties	Brief Description	Term and Renewal Mechanism	Value for the Period(s) Indicated
Sales Agreement.	The Company (as the supplier) and SNT Gulf for Industry Co. Ltd (as the purchaser)	The Company has entered into a sales agreement for the purpose of supplying aluminium extrusions and surface decorative finishes.	The agreement is for a term of two years, commencing from 21 Thul-Qi'dah 1443H (corresponding to 20 June 2022G). Automatically renewable for a similar period unless a written notice of intent not to renew is given by either party at least 60 days prior to the expiry of the initial term.	SAR 12,952,839 for the financial year ended 31 December 2022G. SAR 9,935,799 for the six-month period ended 30 June 2023G.
Sales Agreement.	The Company (as the supplier) and Three Flags General Trading & Contracting Co. (as the purchaser)	The Company has entered into a sales agreement for the purpose of supplying aluminium extrusions and surface decorative finishes.	The agreement is for a term of one year, commencing from 17 Shawwal 1444H (corresponding to 7 May 2023G). Automatically renewable for a similar period unless a written notice of intent not to renew is given by either party at least 60 days prior to the expiry of the initial term.	SAR 9,584,295 for the financial year ended 31 December 2022G. SAR 5,402,755 for the six-month period ended 30 June 2023G.
Agreements with Key Suppliers				
Sales Agreement.	The Company (as the purchaser) and Saudi Arabian Mining Company – (Ma'aden) (as the seller)	The Company has entered into a sales agreement for the purpose of purchasing aluminium.	The agreement commenced on 8 Jumada al-Akhirah 1444H (corresponding to 1 January 2023G) until the later of 18 Jumada al-Akhirah 1445H (corresponding to 31 December 2023G) or the date on which both parties have fulfilled their obligations.	SAR 374,399,299 for the financial year ended 31 December 2022G. SAR 112,529,068 for the six-month period ended 30 June 2023G.
Sales Agreement.	The Company (as the purchaser) and Aluminium Bahrain– (Alba) (as the seller)	The Company has entered into a sales agreement for the purpose of purchasing primary aluminium extrusion billets.	The agreement is for a term of one year commencing on 15 Rabi' al-Thani 1444H (corresponding to 9 November 2022G).	SAR 90,947,266 for the financial year ended 31 December 2022G. SAR 121,508,516 for the six-month period ended 30 June 2023G.

Source: The Company.

12.4.1 Material Agreements with Key Customers

12.4.1.1 Supply Agreement between the Company and Alrubaidi Aluminum (Bin Alnooh United Trade Est. – Ali)

The Company (as the supplier) has entered into a supply agreement with Alrubaidi Aluminum (Bin Alnooh Trade Est. – Ali) (as the purchaser) for the purpose of supplying aluminium extrusions and surface decorative finishes. The revenues resulting from this agreement amounted to SAR 32,630,750 for the financial year ended 31 December 2022G and SAR 17,641,317 for the six-month period ended 30 June 2023G. The agreement commenced on 28 Jumada al-Ula 1443H (corresponding to 1 January 2022G) for a term of two years and is automatically renewable for a similar period unless a written notice of intent not to renew is given by either party at least sixty (60) days prior to the expiry of the initial term. The agreement shall be governed by the laws of the Kingdom and any dispute arising from the agreement shall be finally settled by arbitration in the Kingdom.

12.4.1.2 Supply Agreement between the Company and Alrubaidi Aluminum (Bin Alnooh United Trade Est. - Mohammed)

The Company (as the supplier) has entered into a supply agreement with Alrubaidi Aluminum (Bin Alnooh Trade Est. - Mohammed) (as the purchaser) for the purpose of supplying aluminium extrusions and surface decorative finishes. The revenues resulting from this agreement amounted to SAR 31,349,961 for the financial year ended 31 December 2022G and SAR 20,709,824 for the six-month period ended 30 June 2023G. The agreement commenced on 28 Jumada al-Ula 1443H (corresponding to 1 January 2022G) for a term of two years and is automatically renewable for a similar period unless a written notice of intent not to renew is given by either party at least sixty (60) days prior to the expiry of the initial term. The agreement shall be governed by the laws of the Kingdom and any dispute arising from the agreement shall be finally settled by arbitration in the Kingdom.

12.4.1.3 Supply Agreement between the Company and Arabian Unified Company

The Company (as the supplier) has entered into a supply agreement with Arabian United Company (as the purchaser) for the purpose of supplying polyester powder coating. The revenues resulting from this agreement amounted to SAR 32,903,718 for the financial year ended 31 December 2022G and SAR 2,676,309 for the six-month period ended 30 June 2023G. The agreement commenced on 6 Safar 1440H (corresponding to 15 October 2018G) for an unspecified period.

12.4.1.4 Sales Agreement between the Company and Attoon Trading Co.

The Company (as the supplier) has entered into a supply agreement with Attoon Trading Co. (as the purchaser) for the purpose of supplying aluminium extrusions in mill finish and surface decorative finishes. The revenues resulting from this agreement amounted to SAR 25,046,772 for the financial year ended 31 December 2022G and SAR 6,718,615 for the six-month period ended 30 June 2023G. The agreement commenced on 8 Jumada al-Akhirah 1444H (corresponding to 1 January 2023G) for a term of one year and is automatically renewable for a similar period unless a written notice of intent not to renew is given by either party at least 60 days prior to the expiry of the initial term. The agreement shall be governed by the laws of the Kingdom and any dispute arising from the agreement shall be referred to the competent authorities in the Kingdom.

12.4.1.5 Supply Agreement between the Company and BSL Engineering Services DMCC

The Company (as the supplier) has entered into a supply agreement with BSL Engineering Services DMCC (as the purchaser) for the purpose of supplying aluminium extrusions and surface decorative finishes. The revenues resulting from this agreement amounted to SAR 10,970,420 for the financial year ended 31 December 2022G and SAR 3,021,594 for the six-month period ended 30 June 2023G. The agreement commenced on 15 Jumada al-Akhirah 1443H (corresponding to 18 January 2022G) for a term of two years and is automatically renewable for a similar period unless a written notice of intent not to renew is given by either party at least 60 days prior to the expiry of the initial term. The agreement shall be governed by the laws of the Kingdom and any dispute arising from the agreement shall be finally settled by arbitration in the Kingdom.

12.4.1.6 Sales Agreement between the Company and EFP International B.V.

The Company (as the supplier) has entered into a sales agreement with EFP International B.V. (as the purchaser) for the purpose of supplying aluminium extrusions in mill finish and surface decorative finishes. The revenues resulting from this agreement amounted to SAR 7,663,898 for the financial year ended 31 December 2022G and SAR 1,095,857 for the six-month period ended 30 June 2023G. The agreement commenced on 8 Jumada al-Akhirah 1444H (corresponding to 1 January 2023G) for a term of one year and is automatically renewable for a similar period unless a notice of intent not to renew is given by either party at least 60 days prior to the expiration date. The agreement shall be governed by the laws of the Kingdom and any dispute arising from the agreement shall be referred to the competent authorities in the Kingdom.

12.4.1.7 Sales Agreement between the Company and GUTMANN Middle East LLC

The Company (as the seller) has entered into a supply agreement with GUTMANN Middle East LLC (as the purchaser) for the purpose of selling profiles exclusively to Gutmann's Customers/Fabricators only if and when appointed in writing by Gutmann. The revenues resulting from this agreement amounted to SAR 7,875,261 for the financial year ended 31 December 2022G and SAR 1,817,665 for the six-month period ended 30 June 2023G. The agreement commenced on 29 Rabi' al-Awwal 1442H (corresponding to 15 November 2020G) for an unspecified period.

12.4.1.8 Supply Agreement between the Company and Shutter Gate Company

The Company (as the supplier) has entered into a supply agreement with Shutter Gate Company (as the purchaser) for the purpose of supplying aluminium extrusions and surface decorative finishes. The revenues resulting from this agreement amounted to SAR 10,958,460 for the financial year ended 31 December 2022G and SAR 6,267,958 for the six-month period ended 30 June 2023G. The agreement commenced 8 Jumada al-Akhirah 1444H (corresponding to 1 January 2023G) for a term of two years and is automatically renewable for a similar period unless a written notice of intent not to renew is given by either party at least 60 days prior to the expiry of the initial term. The agreement shall be governed by the laws of the Kingdom and any dispute arising from the agreement shall be referred to the competent authorities in the Kingdom.

12.4.1.9 Sales Agreement between the Company and Mazaya Aluminium Factory

The Company (as the supplier) has entered into a sales agreement with Mazaya Aluminum (as the purchaser) for the purpose of supplying aluminium extrusions in mill finish and surface decorative finishes. The revenues resulting from this agreement amounted to SAR 14,556,062 for the financial year ended 31 December 2022G and SAR 7,523,149 for the six-month period ended 30 June 2023G. The agreement commenced on 8 Jumada al-Akhirah 1444H (corresponding to 1 January 2023G) for a term of one year and is automatically renewable for a similar period unless a notice of intent not to renew is given by either party at least 60 days prior to the expiration date. The agreement shall be governed by the laws of the Kingdom and any dispute arising from the agreement shall be finally settled by arbitration in the Kingdom.

12.4.1.10 Sales Agreement between the Company and Rabie Al-Takyeef Factory

The Company (as the supplier) has entered into a sales agreement with Rabie Al-Takyeef Factory (as the purchaser) for the purpose of supplying aluminium extrusions in mill finish and surface decorative finishes. The revenues resulting from this agreement amounted to SAR 7,676,663 for the financial year ended 31 December 2022G and SAR 4,981,617 for the six-month period ended 30 June 2023G. The agreement commenced on 8 Jumada al-Akhirah 1444H (corresponding to 1 January 2023G) for a term of one year and is automatically renewable for a similar period unless a notice of intent not to renew is given by either party at least 60 days prior to the expiration date. The agreement shall be governed by the laws of the Kingdom and any dispute arising from the agreement shall be referred to the competent authorities in the Kingdom.

12.4.1.11 Sales Agreement between the Company and Alu Market (S.A.L)

The Company (as the supplier) has entered into a sales agreement with Alu Market (S.A.L) (as the purchaser) for the purpose of supplying aluminium extruded profiles and surface finishes. The revenues resulting from this agreement amounted to SAR 5,812,191 for the financial year ended 31 December 2022G and SAR 1,065,361 for the six-month period ended 30 June 2023G. The agreement commenced on 8 Jumada al-Akhirah 1444H (corresponding to 1 January 2023G) for a term of two years and is automatically renewable for a similar period unless a notice of intent not to renew is given by either party at least 60 days prior to the expiration date. The agreement shall be governed by the laws of the Kingdom and any dispute arising from the agreement shall be referred to the competent authorities in the Kingdom.

12.4.1.12 Sales Agreement between the Company and Alumex Experts Company

The Company (as the seller) has entered into a sales agreement with Alumex Experts Company (as the purchaser) for the purpose of supplying aluminium extruded profiles and surface decorative finishes. The revenues resulting from this agreement amounted to SAR 3,682,475 for the financial year ended 31 December 2022G and SAR 1,064,049 for the six-month period ended 30 June 2023G. The agreement commenced on 29 Jumada al-Ula 1442H (corresponding to 13 January 2021G) for a term of two years. The agreement shall be governed by the laws of the Kingdom and any dispute arising from the agreement shall be referred to the competent authorities in the Kingdom.

12.4.1.13 Sales Agreement between the Company and Mohsen Al Yafei and Sons Ltd.

The Company (as the supplier) has entered into a sales agreement with Mohsen Al Yafei and Sons Ltd (as the purchaser) for the purpose of supplying aluminium extrusions and surface decorative finishes. The revenues resulting from this agreement amounted to SAR 141,311,739 for the financial year ended 31 December 2022G and SAR 77,792,952 for the six-month period ended 30 June 2023G. The agreement commenced 3 Jumada al-Akhirah 1444H (corresponding to 27 December 2022G) for a term of one year and is automatically renewable for a similar period unless a notice of intent not to renew is given by either party at least 60 days prior to the expiration date. The agreement shall be governed by the laws of the Kingdom and any dispute arising from the agreement shall be referred to the competent authorities in the Kingdom.

12.4.1.14 Sales Agreement between the Company and SNT Gulf for Industry Co. Ltd.

The Company (as the supplier) has entered into a sales agreement with SNT Gulf for Industry Co. Ltd. (as the purchaser) for the purpose of supplying aluminium extrusions and surface decorative finishes. The revenues resulting from this agreement amounted to SAR 12,952,839 for the financial year ended 31 December 2022G and SAR 9,935,799 for the six-month period ended 30 June 2023G. The agreement commenced on 21 Thul-Qi'dah 1443H (corresponding to 20 June 2022G) for a term of two years and is automatically renewable for a similar period unless a written notice of intent not to renew is given by either party at least 60 days prior to the expiry of the initial term. The agreement shall be governed by the laws of England and Wales and any dispute arising from the agreement shall be referred to arbitration in accordance with the Rules of Arbitration of the International Chamber of Commerce. The arbitration shall be held in country of Singapore and conducted in English language.

12.4.1.15 Sales Agreement between the Company and Three Flags General Trading & Contracting Co.

The Company (as the supplier) has entered into a sales agreement with Three Flags General Trading & Contracting Co. (as the purchaser) for the purpose of supplying aluminium extrusions and surface decorative finishes. The revenues resulting from this agreement amounted to SAR 9,584,295 for the financial year ended 31 December 2022G and SAR 5,402,755 for the six-month period ended 30 June 2023G. The agreement commenced on 17 Shawwal 1444H (corresponding to 7 May 2023G) for a term of one year and is automatically renewable for a similar period unless a written notice of intent not to renew is given by either party at least 60 days prior to the expiry of the initial term. The agreement shall be governed by the laws of the Kingdom and any dispute arising from the agreement shall be referred to the competent authorities in the Kingdom.

12.4.2 Material Agreements with Key Suppliers

12.4.2.1 Sales Agreement between the Company and Saudi Arabian Mining Company – (Ma’aden)

The Company (as the purchaser) has entered into a sales agreement with Saudi Arabian Mining Company – (Ma’aden) (as the seller) for the purpose of purchasing aluminium. The total value resulting from this agreement amounted to SAR 374,399,299 for the financial year ended 31 December 2022G and SAR 112,529,068 for the six-month period ended 30 June 2023G. The agreement commenced on 8 Jumada al-Akhirah 1444H (corresponding to 1 January 2023G) until 18 Jumada al-Akhirah 1445H (corresponding to 31 December 2023G or the date on which both parties have fulfilled their obligations (the latter of either). The agreement shall be governed by the laws of the Kingdom and any dispute arising from the agreement shall be referred to arbitration in Riyadh in accordance with the Saudi Arbitration Law. The agreement is subject to confidentiality, whereas both parties may not disclose any information related to the agreement without the other party’s prior consent.

12.4.2.2 Sales Agreement between the Company and Aluminium Bahrain - (Alba)

The Company (as the purchaser) has entered into a sales agreement with Aluminium Bahrain– (Alba) (as the seller) for the purpose of purchasing primary aluminium extrusion billets. The total value resulting from this agreement amounted to SAR 90,947,266 for the financial year ended 31 December 2022G and SAR 121,508,516 for the six-month period ended 30 June 2023G. The agreement is for one year commencing on 15 Rabi’ al-Thani 1444H (corresponding to 9 November 2022G).

12.5 Financing Agreements

The Company has entered into four financing agreements relating to its business. The following is a summary of the financing agreements which the Company considers material or important or which may otherwise influence a Subscriber’s decision with respect to the Offer Shares. As of the date of this Prospectus, the Company has not breached any of provisions of the financing agreements during the relevant term of such agreements and is not aware of any event which with the passing of time may become a breach or default under any financing agreement. These summaries include only the material provisions, not all applicable provisions of such agreements and cannot be considered as an alternative to the terms and conditions of those agreements.

The financing agreements to which the Company is a party include provisions that require the submission of a prior notification or obtaining prior written consent in connection with any change of control or change in the ownership structure of the Company, or when offering the Company’s Shares for public subscription. The Company, in this regard, obtained all the consents required from the financiers.

The following table sets out the financing agreements entered into by the Company for the purposes of its business:

Table 12.6: Details of Financing Agreements

Lender and Borrower	Type of Financing	Availability Period	Financing Amount	Utilised Amount
Banque Saudi Fransi	Facility Agreement	The Facility Agreement commenced on 10 Rajab 1442H (corresponding to 22 February 2021G) and will expire on 28 Sha’ban 1443H (corresponding to 31 March 2022G). ⁽¹⁾	The maximum facility amount is SAR 47,000,000.	SAR 0.0
Saudi Awwal Bank	Facility Agreement	The Facility Agreement commenced on 5 Shawwal 1444H (corresponding to 31 May 2023G) and will expire on 16 Shawwal 1445H (corresponding to 25 April 2024G).	The maximum facility amount is SAR 85,019,000	SAR 0.0
Alinma Bank	Facility Agreement (Shari’a compliant)	The Facility Agreement commenced on 3 Thul-Qi’dah 1444H (corresponding to 23 May 2023G) and the facilities will expire on 21 Ramadan 1445H (corresponding to 31 March 2024G).	The maximum facility amount is SAR 80,000,000.	SAR 0.0

Lender and Borrower	Type of Financing	Availability Period	Financing Amount	Utilised Amount
Banque Saudi Fransi	Facility Agreement	The Facility Agreement commenced on 10 Rajab 1442H (corresponding to 22 February 2021G) and will expire on 28 Sha'ban 1443H (corresponding to 31 March 2022G). (1)	The maximum facility amount is SAR 22,000,000.	SAR 0.0

Source: The Company.

⁽¹⁾ The agreement with Bank Saudi Fransi has expired, and the Company is currently in the process of renewing it.

12.5.1 Facilities Agreement with Banque Saudi Fransi

The Company concluded a Facilities Agreement with Banque Saudi Fransi on 10 Rajab 1442H (corresponding to 22 February 2021G), whereby Banque Saudi Fransi agreed to provide credit facilities amounting to SAR 47,000,000 in total. The credit facilities consist of:

- SAR 2,000,000 overdraft facility with an annual commission of 11.5 per cent. per annum.
- multipurpose facilities amounting to SAR 45,000,000, including:
 - post sub-facility on financing of SAR 25,000,000 with an annual profit margin of 2.0 per cent. over SAIBOR with a tenor of 180 days including acceptance period; and
 - Sub-facility of SAR 10,000,000 for the issuance of multi bonding with pricing specified in the form of SAMA Tariff.

The agreement was signed and the financing became available on 10 Rajab 1442H (corresponding to 22 February 2021G) and the facilities will expire on 28 Sha'ban 1443H (corresponding to 31 March 2022G), with Banque Saudi Fransi having the option to further extend any or all of the limits' tenor(s) for an additional period of one (1) year or any additional period from the expiry date. The Company considers the terms and conditions of the Facilities Agreement to be in line with prevailing market practices. The guarantees provided under the agreement are as follows:

- a promissory note for SAR 47,000,000 payable "on sight" in favour of Banque Saudi Fransi; and
- joint and several guarantee of SAR 47,000,000 from Khalid Kamel Al-Fattouh, Mansour Kamel Al-Fattouh, Nasser Kamel Al-Fattouh Al-Blwi and Muwaffaq Kamel Al-Fattouh Al-Blwi (Banque Saudi Fransi was notified of the demise of the Shareholder and member of the Board of Directors, Muwaffaq Kamil Ibrahim Al-Fattouh Al-Blwi - may God rest his soul - on 25 Jumada al-Akhirah 1445H (corresponding to 7 January 2024G)).

In addition, Banque Saudi Fransi shall have the right, at its sole discretion including, without limitation, in the event of any of the following (i) there is a change in the persons able to exercise control, over more than half of the voting power or more than half of the Company's issued share capital; (ii) the Company consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets (or substantial part of the assets comprising the Company's business as of the date of the agreement) to, or reorganises, reincorporates, or reconstitutes into or as, another entity; (iii) the Company sells, leases, assigns, or disposes of, whether in one or more transaction (regardless of relativity), all or any of its earnings and properties; or (iv) the Company effects any substantial change in its capital structure by means of the issuance, incurrence or guarantee of debt or the issuance of preferred stock or other securities convertible into or exchangeable for debt or preferred stock to:

- withdraw or cancel any or all of the facilities or lower the authorised limit for any facility;
- alter applicable rates of commission;
- increase the non-commission bearing margin required with respect to any facility; and/or
- demand repayment of all outstanding and related charges upon giving 15 days' written notice.

The agreement is governed by the laws of the Kingdom and any disputes arising from the agreement shall be referred to the Banking Committee.

Banque Saudi Fransi consented to the Offering pursuant to a letter to that effect dated 17 Rabi' al-Thani 1445H (corresponding to 1 November 2023G).

12.5.2 Facility Agreement with the Saudi Awwal Bank

The Company concluded a Facility Agreement with The Saudi Awwal Bank on 5 Shawwal 1444H (corresponding to 25 April 2023G), whereby The Saudi Awwal Bank agreed to provide facilities amounting to SAR 85,019,000 to the Company. The facilities consist of:

- SAR 2,000,000 revolving overdraft facility for the purpose of meeting working capital requirements at an annual profit rate of 3 per cent. over Prime Rate payable every 12 months unless otherwise agreed by the Saudi Awwal Bank until the termination date on 16 Shawwal 1445H (corresponding to 25 April 2024G);
- SAR 83,000,000 combined limit consisting of:
 - SAR 80,000,000 revolving letters of credit facility for the purpose of financing the import or local purchase of goods by the Company at an opening commission of SAMA tariff with a minimum charge of SAR 500 or the opening commission for three consecutive months (whichever is greater) payable in advance and an acceptance commission of 0.75 per cent.

per annum with a minimum charge of SAR 500 payable in advance, until the termination date on 16 Shawwal 1445H (corresponding to 25 April 2024G), including:

- SAR 80,000,000 revolving letters of credit facility for the purpose of financing payment obligations of the Company in connection with a letter of credit issued by The Saudi Awwal Bank or to an import supplier in respect of an import invoice at an annual profit rate of 1.75 per cent. over SAIBOR for a minimum of three months payable every 210 days from the utilisation date unless otherwise agreed by The Saudi Awwal Bank until the termination date on 16 Shawwal 1445H (corresponding to 25 April 2024G);
- SAR 80,000,000 revolving shipping guarantee for the purpose of issuing shipping guarantee at a minimum commission charge of SAR 500 with a maximum tenor of guarantee of one year until the termination date on 16 Shawwal 1445H (corresponding to 25 April 2024G);
- SAR 20,000,000 revolving letter of guarantee facility for the purpose of issuance of tender, performance and advance payment guarantees at an annual profit rate equal to SAMA tariff rate with a minimum charge of SAR 500 and a maximum tenor of guarantee of five years until the termination date on 16 Shawwal 1445H (corresponding to 25 April 2024G); and
- SAR 19,000 credit card facility for the purpose of being utilised for the Company's operational expenses until the termination date on 16 Shawwal 1445H (corresponding to 25 April 2024G).

The agreement was signed and the financing became available on 5 Shawwal 1444H (corresponding to 25 April 2023G) and the facilities will expire on 16 Shawwal 1445H (corresponding to 25 April 2024G), with The Saudi Awwal Bank having the option, at any time after reviewing the relevant facilities, to renew or vary the terms and conditions on which The Saudi Awwal Bank is willing to continue to make the facilities available to the Company, at its sole discretion. The Company considers the terms and conditions of the Facility Agreement to be in line with prevailing market practices. The guarantees provided under the agreement are as follows:

- a promissory note in the amount of SAR 85,019,000 provided by the Company in favour of The Saudi Awwal Bank;
- receivables security agreement covering the total facility amount whereby the Company assigns by way of first priority security to The Saudi Awwal Bank over all rights, title, benefit and interest in respect of the receivables under certain specified contracts;
- assignment of insurance proceeds in favour of Saudi Awwal Bank covering the total facility amount; and
- a joint and several guarantee for an amount of SAR 85,019,000 from Muwaffaq Kamel Al-Fattouh Al-Blwi, Mansour Kamel Al-Fattouh and Nasser Kamel Al-Fattouh Al-Blwi (Saudi Awwal Bank was notified of the demise of the Shareholder and member of the Board of Directors, Muwaffaq Kamel Ibrahim Al-Fattouh Al-Blwi - may God rest his soul - on 25 Jumada al-Akhirah 1445H (corresponding to 7 January 2024G).

The main financial and operational covenants provided by the Company in favour of the Saudi Awwal Bank under the agreement include the following:

- an undertaking to maintain a leverage ratio of total liabilities to tangible net worth not exceeding 1:1;
- an undertaking to maintain a current ratio not less than 1:1 times current liabilities;
- an undertaking to maintain a minimum tangible net worth of SAR 300,000,000;
- in case of any covenant breach, an undertaking not to distribute dividends without prior consent from The Saudi Awwal Bank's consent; and
- an undertaking to treat The Saudi Awwal Bank pari passu with all other banks in facilities repayment and provision of security.

The Saudi Awwal Bank consented to the Offering pursuant to a letter to that effect dated 24 Rabi' a;-Awwal 1445H (corresponding to 9 October 2023G).

12.5.3 Facility Agreement with Alinma Bank

The Company concluded a Shari'a compliant Facility Agreement with Alinma Bank on 3 Thul-Qi'dah 1444H (corresponding to 23 May 2023G), whereby Alinma Bank agreed to provide facilities amounting to SAR 80,000,000 to the Company. The facilities consist of:

- SAR 80,000,000 revolving letters of credit for Musharaka and Murabaha facilities for the purpose of purchasing necessary materials from suppliers with a maximum tenor of nine months at an annual profit rate of 2 per cent. over SAIBOR (six months and/or 12 months) and an opening commission of SAMA Tariff for on-sight letters of credit and an opening commission of SAMA Tariff plus 1 per cent. per annum with the availability period extending until 28 Sha'ban 1444H (corresponding to 20 March 2023G). This includes:
- SAR 80,000,000 revolving deferred sale financing for the purpose of financing the working capital requirements at an annual profit rate of 2 per cent. over SAIBOR (six months and/or 12 months).

The agreement was signed and facilities became available on 3 Thul-Qi'dah 1444H (corresponding to 23 May 2023G) and the facilities will expire on 21 Ramadan 1445H (corresponding to 31 March 2024G), with Alinma Bank having the option to further extend or terminate the facilities and claim payment of any accrued amounts at any time. The guarantees provided under the agreement are as follows:

- a joint and several guarantee for an amount of SAR 80,000,000 from Muwaffaq Kamel Al-Fattouh Al-Blwi (Alinma Bank was notified of the demise of the Shareholder and member of the Board of Directors, Muwaffaq Kamil Ibrahim Al-Fattouh Al-Blwi - may God rest his soul - on 25 Jumada al-Akhirah 1445H (corresponding to 7 January 2024G), Mansour Kamel Al-Fattouh and Nasser Kamel Al-Fattouh Al-Blwi.

The main financial and operational covenants provided by the Company in favour of the Alinma Bank under the agreement include the following:

- an undertaking to notify Alinma Bank in case of change of the Company's shareholding structure or legal type of entity;
- an undertaking to maintain a leverage ratio of total liabilities to tangible net worth not exceeding 2:1;
- an undertaking to maintain a current ratio of current assets to current liabilities not less than 1:1 during the tenor;
- an undertaking to maintain a minimum tangible net worth of SAR 400,000,000 during the tenor;
- in case of any covenant breach, an undertaking not to distribute dividends without prior consent of Alinma Bank ;
- an undertaking to treat Alinma Bank pari passu with all other banks in facilities repayment and security enforcement; and
- an undertaking to deposit at least 30 per cent. of the Company's revenues to the Company's bank account held with Alinma Bank.

The agreement is governed by the laws of the Kingdom and any disputes arising from the agreement shall be referred to the competent courts in Riyadh, Kingdom of Saudi Arabia.

Alinma Bank consented to the Offering pursuant to a letter to that effect dated 8 Rabi' al-Thani 1445H (corresponding to 23 October 2023G).

12.5.4 Facilities Agreement with Banque Saudi Fransi - Gulf Polyester Powder Coating Company

The Company concluded (through its branch, Alwan) a facilities Agreement with Banque Saudi Fransi on 10 Rajab 1442H (corresponding to 22 February 2021G), whereby Banque Saudi Fransi agreed to provide credit facilities amounting to SAR 22,000,000 in total. The credit facilities consist of:

- SAR 2,000,000 overdraft facility with an annual commission of 11.5 per cent. per annum.
- aggregate SAR 20,000,000 of multipurpose facilities, including:
 - facilities up to SAR 20,000,000 for the purpose of issuance of sight/usance documentary letters of credit (multi-imports), with pricing specified in the form of SAMA Tariff in connection with the relevant document to be effective upon acceptance and for a period of 180 days; and
 - up to SAR 20,000,000 post finance facility at an annual profit rate of 2.5 per cent. over SAIBOR with a tenor of 180 days including acceptance period;

The agreement was signed and the financing became available on 10 Rajab 1442H (corresponding to 22 February 2021G) and the facilities will expire on 28 Sha'ban 1443H (corresponding to 31 March 2022G), with Banque Saudi Fransi having the option to further extend any or all of the limits' tenor(s) for an additional period of one (1) year or any additional period from the expiry date. The Company considers the terms and conditions of the Facilities Agreement to be in line with prevailing market practices. The guarantees provided under the agreement are as follows:

- a promissory note for SAR 22,000,000 payable "on sight" in favour of Banque Saudi Fransi; and
- joint and several guarantee of SAR 22,000,000 from Khalid Kamel Al-Fattouh, Mansour Kamel Al-Fattouh, Nasser Kamel Al-Fattouh Al-Blwi and Muwaffaq Kamel Al-Fattouh Al-Blwi (Banque Saudi Fransi was notified of the demise of the shareholder and member of the Board of Directors, Muwaffaq Kamil Ibrahim Al-Fattouh Al-Blwi - may God rest his soul - on 25 Jumada al-Akhirah 1445H (corresponding to 7 January 2024G).

The main financial and operational covenants provided by the Company in favour of Banque Saudi Fransi under the agreement include an undertaking not to finance interrelated party transactions.

In addition, Banque Saudi Fransi shall have the right, at its sole discretion including, without limitation, in the event of any of the following (i) there is a change in the persons able to exercise control, over more than half of the voting power or more than half of the Company's issued share capital; (ii) the Company consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets (or substantial part of the assets comprising the Company's business as of the date of the agreement) to, or reorganises, reincorporates, or reconstitutes into or as, another entity; (iii) the Company sells, leases, assigns, or disposes of, whether in one or more transaction (regardless of relativity), all or any of its earnings and properties; or (iv) the Company effects any substantial change in its capital structure by means of the issuance, incurrence or guarantee of debt or the issuance of preferred stock or other securities convertible into or exchangeable for debt or preferred stock to:

- withdraw or cancel any or all of the facilities or lower the authorised limit for any facility;
- alter applicable rates of commission;
- increase the non-commission bearing margin required with respect to any facility; and/or
- demand repayment of all outstanding and related charges upon giving 15 days' written notice.

The agreement is governed by the laws of the Kingdom and any disputes arising from the agreement shall be referred to the Banking Committee.

Banque Saudi Fransi consented to the Offering pursuant to a letter to that effect dated 17 Rabi' al-Thani 1445H (corresponding to 1 November 2023G).

12.6 Insurance Policies

The Company maintains insurance policies covering different types of risks they may be exposed to. These insurance policies have been concluded with several insurers. The following table sets out the key particulars of the insurance policies held by the Company.

Table 12.7: Details of Insurance Policies

Policy No	Types of Insurance Coverage	Insurer and Insured	Validity	Maximum Insurance Coverage
P/102/24/1003/2022/101/12	Property all risk	Saudi Arabian Cooperative Insurance Company	8 Jumada al-Akhirah 1444H (corresponding to 1 January 2023G) to 18 Jumada al-Akhirah 1445H (corresponding to 31 December 2023G)	SAR 716,032,97
P/102/24/2021/2023/201/10	Money insurance	Saudi Arabian Cooperative Insurance Company	8 Jumada al-Akhirah 1444H (corresponding to 1 January 2023G) to 18 Jumada al-Akhirah 1445H (corresponding to 31 December 2023G)	-
-	Healthcare insurance	Bupa Arabia for Cooperative Insurance	30 Shawwal 1444H (corresponding to 20 May 2023G) to 11 Thul-Qi'dah 1445H (corresponding to 19 May 2024G)	SAR 1,000,000 annually per member.
-	Healthcare insurance	Bupa Arabia for Cooperative Insurance	30 Shawwal 1444H (corresponding to 20 May 2023G) to 11 Thul-Qi'dah 1445H (corresponding to 19 May 2024G)	SAR 1,000,000 annually per member.
-	Healthcare insurance	Bupa Arabia for Cooperative Insurance	30 Shawwal 1444H (corresponding to 20 May 2023G) to 11 Thul-Qi'dah 1445H (corresponding to 19 May 2024G)	SAR 1,000,000 annually per member.

Source: The Company.

12.7 Real Estate

12.7.1 Title Deeds

As of the date of this Prospectus, the Company confirmed that it does not own any material real estate properties.

12.7.2 Leases

As of the date of this Prospectus, the Company has entered into a number of lease agreements to build or carry out its works and operations. The Company, being the lessee in these agreements, ensures to payment of the rental amounts as specified in each agreement and generally does not have the right to assign and sublease the agreements in whole or in part to any third party. The leasing term varies for every lease agreement, generally falling between the ranges of one to thirty years; some agreements provide for automatic renewal. The following table shows the number of lease agreements:

Table 12.8: Details of Lease Agreements Entered into by the Company as Lessee

No	The Parties	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/ Renewal Mechanism	Right to Terminate/Post Termination Procedures	Purpose	Subleasing/ Assignment
1.	Saudi Authority for Industrial Cities and Technology Zones	Jeddah, Kingdom of Saudi Arabia	9,600 sqm.	SAR 28,800 annually.	Ten years starting from 4 Sha'ban 1443H (corresponding to 7 March 2022G) to 3 Sha'ban 1454H (corresponding to 7 November 2032G). The lease agreement may be renewed by executing a new lease agreement upon a written notice given to the lessor one year prior to the end of term, noting that the lessor has the right not renew the lease agreement if the lessee failed to comply with the notice requirement.	The lessor has the right to terminate the lease agreement if the lessee fails to pay yearly rent amount for a period of more than thirty (30) days after the payment is due, violates the obligations listed in the lease agreement, withdraws from the work or underperformance is shown and delays payment of fines imposed.	Establishing a factory.	The lessee shall not assign or sublease the leased premise unless with the written consent of the lessor.
2.	Saudi Authority for Industrial Cities and Technology Zones	Riyadh, Kingdom of Saudi Arabia	9,858 sqm.	SAR 39,432 annually.	Twelve years starting from 1 Safar 1442H (corresponding to 18 September 2020G) to 29 Muharram 1454H (corresponding to 9 May 2032G). The lease agreement may be renewed by executing a new lease agreement upon a written notice given to the lessor one year prior to the end of term, noting that the lessor has the right not renew the lease agreement if the lessee failed to comply with the notice requirement.	The lessor has the right to terminate the lease agreement if the lessee fails to pay yearly rent amount for a period of more than thirty (30) days after the payment is due, violates the obligations listed in the lease agreement, withdraws from the work or underperformance is shown and delays payment of fines imposed.	Establishing a factory.	The lessee shall not assign or sublease the leased premise unless with the written consent of the lessor.

No	The Parties	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/ Renewal Mechanism	Right to Terminate/Post Termination Procedures	Purpose	Subleasing/ Assignment
3.	Saudi Authority for Industrial Cities and Technology Zones	Jeddah, Kingdom of Saudi Arabia	4,381 sqm.	SAR 21,905 annually.	Twelve years starting from 1 Jumada al-Akhirah 1443H (corresponding to 4 January 2022G) to 29 Jumada al-Ula 1456H (corresponding to 14 August 2034G). The lease agreement may be renewed by executing a new lease agreement upon a written notice given to the lessor one year prior to the end of term, noting that the lessor has the right not to renew the lease agreement if the lessee failed to comply with the notice requirement.	The lessor has the right to terminate the lease agreement if the lessor defaults to perform the obligations stated in the lease agreement, or if the lessee becomes insolvent or liquidated and if the lessee fails to pay yearly rent amount for a period of more than fifteen (15) days after the payment is due.	Establishing a factory.	The lessee shall not assign or sublease the leased premise unless with the written consent of the lessor.
4.	Saudi Authority for Industrial Cities and Technology Zones	Riyadh, Kingdom of Saudi Arabia	4,887 sqm.	SAR 19,548 annually.	Twenty years starting from 16 Rabi' al-Thani 1440H (corresponding to 23 December 2018G) to 15 Rabi' al-Thani 1460H (corresponding to 20 May 2038G). The lease agreement may be renewed by executing a new lease agreement upon a written notice given to the lessor one year prior to the end of term, noting that the lessor has the right not to renew the lease agreement if the lessee failed to comply with the notice requirement.	The lessor has the right to terminate the lease agreement if the lessee fails to pay yearly rent amount for a period of more than thirty (30) days after the payment is due, violates the obligations listed in the lease agreement, withdraws from the work or underperformance is shown and delays payment of fines imposed.	Establishing a factory.	The lessee shall not assign or sublease the leased premise unless with the written consent of the lessor.

No	The Parties	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/ Renewal Mechanism	Right to Terminate/Post Termination Procedures	Purpose	Subleasing/ Assignment
5.	Saudi Authority for Industrial Cities and Technology Zones	Riyadh, Kingdom of Saudi Arabia	8,775 sqm.	SAR 17,550 annually.	Twenty years starting from 19 Muharram 1436H (corresponding to 12 November 2014G) to 19 Muharram 1456H (corresponding to 9 April 2034G). The lease agreement may be renewed by executing a new lease agreement upon a written notice given to the lessor one year prior to the end of term, noting that the lessor has the right not renew the lease agreement if the lessee failed to comply with the notice requirement.	The lessor has the right to terminate the lease agreement if the lessee fails to pay yearly rent amount for a period of more than thirty (30) days after the payment is due, violates the obligations listed in the lease agreement, withdraws from the work or underperformance is shown and delays payment of fines imposed.	Establishing a factory.	The lessee shall not assign or sublease the leased premise unless with the written consent of the lessor.
6.	Saudi Authority for Industrial Cities and Technology Zones	Riyadh, Kingdom of Saudi Arabia	7,500 sqm.	SAR 15,000 annually.	Twenty years starting from 28 Sha'ban 1434H (corresponding to 7 July 2013G) to 27 Sha'ban 1456H (corresponding to 1 December 2032G). The lease agreement may be renewed by executing a new lease agreement upon a written notice given to the lessor one year prior to the end of term, noting that the lessor has the right not renew the lease agreement if the lessee failed to comply with the notice requirement.	The lessor has the right to terminate the lease agreement if the lessee fails to pay yearly rent amount for a period of more than thirty (30) days after the payment is due, violates the obligations listed in the lease agreement, withdraws from the work or underperformance is shown and delays payment of fines imposed.	Establishing a factory.	The lessee shall not assign or sublease the leased premise unless with the written consent of the lessor.
7.	Saudi Authority for Industrial Cities and Technology Zones	Riyadh, Kingdom of Saudi Arabia	37,930 sqm.	SAR 758.6 annually.	Twenty-five years starting from 17 Ramadan 1428H (corresponding to 29 September 2007G) to 26 Sha'ban 1452H (corresponding to 22 December 2030G). The lease agreement may be renewed by executing a new lease agreement (60) days prior to end of term of the lease agreement.	The lessor has the right to terminate the lease agreement if the lessor defaults to perform the obligations stated in the lease agreement, or if the lessee becomes insolvent or liquidated and if the lessee fails to pay yearly rent amount for a period of more than fifteen (15) days after the payment is due.	Establishing a factory.	The lessee shall not assign or sublease the leased premise unless with the written consent of the lessor.

No	The Parties	Property Location	Size of Leased Premises (Sqm)	Rent	Term of Lease/ Renewal Mechanism	Right to Terminate/Post Termination Procedures	Purpose	Subleasing/ Assignment
8.	Saudi Authority for Industrial Cities and Technology Zones	Riyadh, Kingdom of Saudi Arabia	9,000 sqm.	SAR 9,000 annually.	Twenty years starting from 20 Jumada al-Ula 1432H (corresponding to 24 April 2011G) to 19 Jumada al-Ula 1452H (corresponding to 18 September 2030G). The lease agreement may be renewed by a written consent of both parties.	The lessor has the right to terminate the lease agreement if the lessor defaults to perform the obligations stated in the lease agreement, or if the lessee becomes insolvent or liquidated and if the lessee fails to pay yearly rent amount for a period of more fifteen (15) days after the payment is due.	Establishing a factory.	The lessee shall not assign or sublease the leased premise unless with the written consent of the lessor.
9.	Saudi Authority for Industrial Cities and Technology Zones	Riyadh, Kingdom of Saudi Arabia	19,435 sqm.	SAR 77,740 annually.	Twelve years starting from 25 Jumada al-al-Akhirah1442H (corresponding to 7 February 2021G) to 24 Jumada al-al-Akhirah1455H (corresponding to 19 September 2033G). The lease agreement may be renewed by executing a new lease agreement upon a written notice given to the lessor one year prior to the end of term, noting that the lessor has the right not renew the lease agreement if the lessee failed to comply with the notice requirement.	The lessor has the right to terminate the lease agreement if the lessee fails to pay yearly rent amount for a period of more than thirty (30) days after the payment is due, violates the obligations listed in the lease agreement, withdraws from the work or underperformance is shown and delays payment of fines imposed.	Establishing a factory.	The lessee shall not assign or sublease the leased premise unless with the written consent of the lessor.

Source: The Company.

12.7.3 Movable Assets

As of the date of this Prospectus, the Company owns a number of movable assets, the following table shows the number of movable assets that the company considers material:

Table 12.9: Details of Movable Assets

Holder of Title/ Holder of Right in Asset	Location	Description and Purpose	Type of Right	Value	Net Value
Al Taiseer Group TALCO Industrial Company	Riyadh, Kingdom of Saudi Arabia	Extrusion - press 1 State-of-the-art extrusion presses from SMS Germany used in the extrusion process	Ownership	19,738,163	2,191,286
Al Taiseer Group TALCO Industrial Company	Riyadh, Kingdom of Saudi Arabia	Extrusion - press 2 State-of-the-art extrusion presses from SMS Germany used in the extrusion process	Ownership	18,514,635	84,587
Al Taiseer Group TALCO Industrial Company	Riyadh, Kingdom of Saudi Arabia	Extrusion - press 3 State-of-the-art extrusion presses from SMS Germany used in the extrusion process	Ownership	29,968,435	241,094
Al Taiseer Group TALCO Industrial Company	Riyadh, Kingdom of Saudi Arabia	Extrusion - press 4 State-of-the-art extrusion presses from SMS Germany used in the extrusion process	Ownership	43,615,550	4,120,503
Al Taiseer Group TALCO Industrial Company	Riyadh, Kingdom of Saudi Arabia	Extrusion - press 5 State-of-the-art extrusion presses from SMS Germany used in the extrusion process	Ownership	27,418,475	17,697,087
Al Taiseer Group TALCO Industrial Company	Riyadh, Kingdom of Saudi Arabia	Extrusion - press 6 State-of-the-art extrusion presses from SMS Germany used in the extrusion process	Ownership	31,595,800	21,239,137
Al Taiseer Group TALCO Industrial Company	Riyadh, Kingdom of Saudi Arabia	Anodising - equipment	Ownership	14,409,249	5,517,565
Al Taiseer Group TALCO Industrial Company	Riyadh, Kingdom of Saudi Arabia	Paint Plant - equipment	Ownership	22,412,718	59,831
Al Taiseer Group TALCO Industrial Company	Riyadh, Kingdom of Saudi Arabia	Wood Finish - equipment	Ownership	3,556,728	-
Al Taiseer Group TALCO Industrial Company	Jeddah, Kingdom of Saudi Arabia	Panit Plant "JED" - equipment	Ownership	4,588,815	29,944
Al Taiseer Group TALCO Industrial Company	Riyadh, Kingdom of Saudi Arabia	Melting - equipment	Ownership	5,585,166	741,687

Source: The Company.

12.8 Related Party Transactions

12.8.1 Lease Agreement between the Company and Ral Investment Company

The Company (as lessee) has entered into a lease agreement with Ral Investment Company (as lessor) for the purpose of leasing a warehouse. The total value of the lease agreement is SAR 86,250. The agreement was concluded on 5 Jumada al-Akhirah 1444H (corresponding to 29 December 2022G) for a term of one year commencing from 8 Jumada al-Akhirah 1444H (corresponding to 1 January 2023G). The agreement may be renewed by executing a new agreement between the parties. The agreement shall be governed by the laws of the Kingdom and any dispute arising from the agreement shall be referred to competent courts in the Kingdom.

This agreement is considered to be with a Related Party in accordance with the Corporate Governance Regulations. Further, the following Directors have an interest therein: (i) Mansour Kamel Ibrahim Al-Fattouh; and (ii) Nasser Kamel Ibrahim Al-Fattouh Al-Biwi. This agreement and such interests have been presented to and approved by the Company's General Assembly in the meeting dated 7 Rabi' al-Thani 1445H (corresponding to 22 October 2023G), for the purpose of Article 27 of the Companies Law.

This agreement was voted on during the Company's General Assembly held on 7 Rabi' al-Thani 1445H (corresponding to 22 October 2023G), which is considered a violation of the provisions of Paragraph 1 of Article 71 and Paragraph 2 of Article 95 of the Companies Law and violates the Company's Internal Corporate Governance Manual. (for further details, see Section 2.1.46 (*Risks Related to Compliance with the New Companies Law and the Implementing Regulations*)).

12.8.2 Lease Agreement between the Company and Ral Investment Company

The Company (as lessee) has entered into a lease agreement with Ral Investment Company (as lessor) for the purpose of leasing a warehouse. The total value of the lease agreement is SAR 201,250. The agreement was concluded on 12 Jumada al-Akhirah 1444H (corresponding to 5 January 2023G) for a term of 352 days commencing from 20 Jumada al-Akhirah 1444H (corresponding to 13 January 2023G). The agreement may be renewed by executing a new agreement between the parties. The agreement shall be governed by the laws of the Kingdom and any dispute arising from the agreement shall be referred to competent courts in the Kingdom.

This agreement is considered to be with a Related Party in accordance with the Corporate Governance Regulations. Further, the following Directors have an interest therein: (i) Mansour Kamel Ibrahim Al-Fattouh; and (ii) Nasser Kamel Ibrahim Al-Fattouh Al-Biwi. This agreement and such interests have been presented to and approved by the Company's General Assembly in the meeting dated 7 Rabi' al-Thani 1445H (corresponding to 22 October 2023G), for the purpose of Article 27 of the Companies Law.

This agreement was voted on during the Company's General Assembly held on 7 Rabi' al-Thani 1445H (corresponding to 22 October 2023G), which is considered a violation of the provisions of Paragraph 1 of Article 71 and Paragraph 2 of Article 95 of the Companies Law and violates the Company's Internal Corporate Governance Manual. (for further details, see Section 2.1.46 (*Risks Related to Compliance with the New Companies Law and the Implementing Regulations*)).

12.8.3 Lease Agreement between the Company and Ral Investment Company

The Company (as lessee) has entered into a lease agreement with Ral Investment Company (as lessor) for the purpose of leasing a commercial building. The total value of the lease agreement is SAR 57,500. The agreement was concluded on 8 Muharram 1445H (corresponding to 26 July 2023G) for a term of one year commencing from 8 Jumada al-Akhirah 1444H (corresponding to 1 January 2023G). The agreement may be renewed by executing a new agreement between the parties. The agreement shall be governed by the laws of the Kingdom and any dispute arising from the agreement shall be referred to competent courts in the Kingdom.

This agreement is considered to be with a Related Party in accordance with the Corporate Governance Regulations. Further, the following Directors have an interest therein: (i) Mansour Kamel Ibrahim Al-Fattouh; and (ii) Nasser Kamel Ibrahim Al-Fattouh Al-Biwi. This agreement and such interests have been presented to and approved by the Company's General Assembly in the meeting dated 7 Rabi' al-Thani 1445H (corresponding to 22 October 2023G), for the purpose of Article 27 of the Companies Law.

This agreement was voted on during the Company's General Assembly held on 7 Rabi' al-Thani 1445H (corresponding to 22 October 2023G), which is considered a violation of the provisions of Paragraph 1 of Article 71 and Paragraph 2 of Article 95 of the Companies Law and violates the Company's Internal Corporate Governance Manual. (for further details, see Section 2.1.46 (*Risks Related to Compliance with the New Companies Law and the Implementing Regulations*)).

12.8.4 Lease Agreement between the Company and Ral Investment Company

The Company (as lessee) has entered into a lease agreement with Ral Investment Company (as lessor) for the purpose of leasing a residential building. The total value of the lease agreement is SAR 143,750. The agreement was concluded on 29 Thul-Qi'dah 1444H (corresponding to 18 June 2023G) for a term of one year commencing from 8 Jumada al-Akhirah 1444H (corresponding to 1 January 2023G), automatically renewable for a similar term unless a party notifies the other of its intention of non-renewal. The agreement shall be governed by the laws of the Kingdom and any dispute arising from the agreement shall be referred to the competent courts in the Kingdom.

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12.9 Conflict of Interest

With the exception of the Related Party transactions and agreements disclosed in Section 12.8 (*Related Party Transactions*), the Directors acknowledge that there is no conflict of interest with the Board of Directors in relation to the contracts and/or transactions entered into with the Company and they are not engaged in any activities similar to, or competing with, the Company's activities.



12.10 Intellectual Property


12.10.1 Trademarks

As of the date of this Prospectus, the Company submitted an application to register the trademark it uses to carry out its business. Therefore, if the Company failed to protect its trademarks it is forced to take legal action necessary to protect the same, this can have an adverse effect on its ability to use such trademarks (for further details on risks related to the trademarks, see Section 2.1.43 (*Risks Related to Protection of Intellectual Property Rights*)).

The following table sets out certain key particulars of the Company's trademarks, both of which are under processing with the Saudi Authority for Intellectual Property:

Table 12.10: Details of Registered Trademarks

Country of Registration	Description of Trademark	Validity/ Expiration Date	Category	Logo
The Kingdom	The letter "A" in Latin, and the word "Al Taiseer" in Latin in a straight line, and below it the word "تاليسر" in Arabic and Latin	Registered on 17 Thul-Qi'dah 1443H (corresponding to 16 June 2022G) valid until 16 Thul-Qi'dah 1453H (corresponding to 27 February 2032G).	6	
The Kingdom	The word "الوان" in Arabic and Latin "Alwan" merged together, as the letter "ا" coloured red, yellow, and blue in the middle represents the "L" in Latin also.	Registered on 4 Thul-Qi'dah 1433H (corresponding to 27 September 2012G) valid until 3 Thul-Qi'dah 1443H (corresponding to 10 June 2022G).	2	

Country of Registration	Description of Trademark	Validity/ Expiration Date	Category	Logo
The Kingdom	The word “ألفا” in Arabic and Latin “Alfa”, with a triangular shape above them with a smaller triangle next to it, and a gap in the middle that separates them, coloured in red and black.	Registered on 21 Muharram 1424H (corresponding to 14 March 2003G) valid until 20 Muharram 1434H (corresponding to 25 November 2012G). (1)	21	

Source: The Company.

⁽¹⁾ The trademark has expired and the Company expects to renew it by February 2024G.

12.10.2 The Company's Other Intellectual Properties

The Company does not own any other intellectual properties, as of the date of this Prospectus.

12.11 Litigation

As of the date of this Prospectus, the Company confirmed that there are three (3) pending litigation cases, in addition to thirty (30) enforcement claims with a total disputed amount of SAR 30,343,217.

12.11.1 The Company v Joannou & Paraskevaides Company

The Company (as plaintiff) has submitted a claim in the Commercial Court in the city of Riyadh numbered 408012976 on 16 Ramadan 1440H (corresponding to 21 May 2019G) against Joannou & Paraskevaides Company (as defendant) in respect of a financial claim. The total amount at dispute is SAR 1,584,476. The court has issued a verdict to suspend the progress of the lawsuit and refer it to the liquidator Rashid Awaji who rejected part of the claim amounting to SAR 625,008 for insufficient documents. The claim is still pending with the liquidator.

12.11.2 The Company v Abdulaziz AlHafiti Establishment

The Company (as plaintiff) has initiated a claim in the Taradhi platform the city of Riyadh, numbered 04-420901695901 on 13 Shawwal 1442H (corresponding to 25 May 2021G) against Abdulaziz AlHafiti Establishment (as defendant) in respect of a financial claim. The total amount at dispute is SAR 135,502. The defendant appeared before the reformer and acknowledged the amount and a reconciliation document was issued with the amount that included the defendant's obligation to pay the indebtedness in three equal instalments and the defendant's failure to pay the first payment on time on 5 Thul-Qi'dah 1442H (corresponding to 15 June 2021G), it was found that the court appointed a bankruptcy trustee for the defendant, to whom the Company submitted on 21 Rabi al-Awwal 1443H (corresponding to 27 October 2021G) a request for inclusion of the Company's claim in the list of claims and the listing was done. The bankruptcy trustee submitted a financial restructuring proposal and the financial proposal was presented to the vote and the Company voted with the majority to approve the proposal and is currently waiting for the two-year period granted to the debtor to pay. The period granted commenced on 1 January 2022G and will end on 31 December 2023G.

12.11.3 The Company v Dune Masterpieces Foundation

The Company (as plaintiff) has submitted a claim in the Commercial Court in the city of Riyadh numbered 439049828 dated 14 Jumada al-Ula 1443H (corresponding to 18 December 2021G) against the Dune Masterpieces Foundation (as defendant) in respect of a financial claim. The total amount at dispute is SAR 1,112,797. The defendant, challenged the invoices submitted by claiming that there was forgery in the seal and signature and was referred to the Public Prosecution for verification, which decided to refer them to the competent authority (forensic evidence) for comparison. As of the date of this Prospectus, the result of the comparison has not been issued and is still under examination by the forensics counterfeiting and forgery division.

12.11.4 The Company v Al Manea Company

The Company (as plaintiff) has submitted a claim in the Commercial Court in the city of Riyadh numbered 4471165085 dated 3 Thul-Hijjah 1444H (corresponding to 21 June 2023G) against the Al Manea Company (as defendant) in respect of a financial claim. The total amount at dispute is SAR 4,987,322. During the hearing of the case, the defendant Almana Company paid several payments totalling SAR 2,760,529.73, which exceeds half the amount of indebtedness. Accordingly, an initial verdict was issued to dismiss the claim for premature filing. Both parties have agreed to reschedule the outstanding amounts. Accordingly, the Company decided not to appeal and wait until 18 Jumada al-Akhirah 1445H (corresponding to 31 December 2023G).

12.11.5 Enforcement Claims

The Company confirmed that it has a number of (30) pending enforcement claims that it has initiated, that are against previous customers in the ordinary course of business and are of a collective nature with a total disputed amount of SAR 27,306,142 and AED 200,000 (equivalent to SAR 204,300).

12.12 Summary of Bylaws

12.12.1 Name of the Company

The name of the Company is “Al Taiseer Group TALCO Industrial Company”, a joint stock company.

12.12.2 Objects of the Company

The Company’s objects are:

- agriculture and fisheries;
- mines and petroleum and their sectors;
- transformative industries sectors according to the industrial licences;
- electricity, gas, water and their subsidiaries;
- construction;
- trading;
- transport, storage and refrigeration;
- finance and business services and other services;
- social, community and personal services;
- information technology; and
- safety and security.

The Company carries out its activities according to the established regulations and after obtaining the required licences, if any, from the competent authorities.

12.12.3 Participation

The Company may participate in other companies and may establish companies (limited liability or closed joint stock companies or simplified joint stock companies). It may own shares or stocks in other existing companies or merge therewith. It also has the right to participate with others in the establishment of joint stock or limited liability companies or simplified joint stock after satisfying the requirements of regulations and instructions in this regard. The Company may also dispose of such shares or stocks, provided that disposition thereof shall not include brokerage in the said shares or stocks.

12.12.4 Head Office of the Company

The head office of the Company is in the city of Riyadh, Kingdom of Saudi Arabia. The Company may -by a resolution of the Board of Directors- establish branches, offices, or agencies for the Company within or outside the Kingdom after obtaining the approval of the relevant authorities.

12.12.5 Duration of the Company

The term of the Company shall be ninety-nine (99) years commencing from the date of its registration in the commercial register. The term of the Company may always be extended by a resolution issued by the Extraordinary General Assembly at one (1) year prior to the expiration of its term.

12.12.6 Company’s Share Capital

The Company’s Share capital shall be SAR 400,000,000 divided into 40,000,000 nominative Shares of equal value. The value of each share is SAR 10 and all of these shares are ordinary Shares, fully paid.

12.12.7 Capital Subscription

The Shareholders have subscribed to all of the Company’s Shares, amounting to forty million (40,000,000) Shares and have paid their value in full.

12.12.8 Preferred Shares

The Company may, by resolution of the Extraordinary General Assembly and after the fulfilment of relevant legal requirements, issue preferred shares, decide to purchase such shares or convert preferred shares into ordinary shares. Preferred shares shall have no voting rights at the Shareholder General Assemblies. Such shares will entitle their holders to receive a higher percentage of the Company’s net profits than ordinary shares holders after setting aside statutory reserve.

12.12.9 Unpaid Value of Shares

Shareholders shall pay the value of the Shares on the dates set for such payment. If a Shareholder defaults in payment when it becomes due, the Board of Directors may, after being notified by e-mail or giving notice to a Shareholder through a registered letter or by any means of modern technology, sell the Shares at a public auction or the stock exchange, as the case may be, in accordance with the regulations determined by the competent authority shall be set, provided that the other Shareholders shall have priority in purchasing the shares of the defaulting shareholder.

The Company shall recover from the proceeds of sale such amounts as are due to it and shall refund the balance to the Shareholder. If the proceeds of sale fall short of amounts due, the Company shall have a claim on the entirety of the unpaid balance from the defaulting Shareholder's personal assets.

The rights relating to Shares that are not in default shall be suspended at the expiry of the date specified for them until they are sold or paid in accordance with the above and shall include the right to receive a share of the net profits to be distributed and the right to limit the assemblies and vote on their resolutions.

The defaulting Shareholder may, up to the date of sale, pay the amount due from him/her plus all the expenses incurred by the Company in this regard. In this case, the Shareholder shall have the right to request the dividends to be distributed.

The Company shall cancel the Shares certificates sold in accordance with the provisions of this Article and give the purchaser a new certificate with the share bearing the same number and make a notation to this effect in the Shareholders' register, together with the name of the necessary data for the new holder.

12.12.10 Issuance of Shares

The Shares shall be classified as nominal Shares and indivisible vis à vis the Company. In the event that a Share is owned by several persons, they shall select one person from amongst themselves to exercise, on their behalf, the rights pertaining to such Share and they shall be jointly responsible for the obligations arising from the ownership of such Share. The nominal value of the Company's Shares shall be SAR ten per share and the Shares may not be issued at less than their nominal value but may be issued at a higher than this value, and in the latter case, the difference in value shall be added in a separate item within the Shareholders' equity to be used in accordance with the regulations in force.

12.12.11 Trading of Shares

The Company's Shares shall be traded by registration in the Shareholders' register and the transfer of ownership of shares vis-à-vis the Company or third parties shall not be considered except from the date of such registration.

12.12.12 Shareholder's Register

The Company shall prepare a special register of the names of the shareholders, their nationalities, data, places of residence and professions, the number of shares owned by each of them, the numbers of the shares and the amount paid thereof. The Company may contract for the preparation of this register and it must be kept in the Kingdom.

The Company shall cancel the certificate of the sold share in accordance with the provisions of this article and shall give the buyer a new certificate of the share bearing the same number and shall mark in the registry the occurrence of the sale and include the necessary data for the new owner.

12.12.13 Increase of Share Capital

The Extraordinary General Assembly may adopt a resolution to increase the Company's issued share capital, provided that the issued capital must have been paid in full, unless the unpaid portion of the share capital relates to debt or financing instruments convertible to Shares and the period for converting such instruments not expired yet.

The Extraordinary General Assembly may, in all cases, allocate the Shares issued upon capital increase or part thereof to the employees of the Company and the Subsidiaries or some of them. Shareholders may not exercise the right of priority when the Company issues Shares allocated to employees.

At the time the Extraordinary General Assembly issues a resolution approving the capital increase, a shareholder will be entitled to a pre-emptive right to subscribe to the new shares issued against cash contribution and shall be informed of his priority, if any, by registered letter at his address contained in the Shareholders' register or through modern technology and the decision to increase the capital, the conditions of subscription, the manner thereof, and the date of its start and expiry, taking into account the type and category of the Share he owns.

The Extraordinary General Assembly may stop application of the pre-emptive right vested in shareholders to subscribe to the capital increase against cash contribution or may vest such right in persons other than the shareholders in cases it believes this is appropriate for the Company's interest.

A Shareholder may sell or assign its pre-emptive rights for material consideration or free of charge as determined by the implementing regulations of the Companies Law.

Subject to the abovementioned provisions, new Shares shall be distributed to pre-emptive rights holders who have applied for subscription in proportion to the total pre-emptive rights resulting from the capital increase provided that the number of Shares allocated to them shall not exceed the number of new Shares they have applied for, taking into account the type and class of Shares they own. The remaining new Shares shall be allocated to the original Shareholders who have applied for more than their proportionate share, in proportion to the pre-emptive rights they hold out of the total pre-emptive rights resulting from the capital increase, provided that the number of Shares allocated to them shall not exceed the number of new Shares they have applied for. The remaining shares shall be offered to third parties, unless the Extraordinary General Assembly decides or the Capital Market Law states otherwise.

12.12.14 Decrease of Share Capital

The Extraordinary General Assembly may resolve to decrease the Company's capital if it exceeds the Company's needs or if the Company suffers losses. The capital may, in the latter case alone, be decreased to less than the limit stipulated in Article 59 of the Companies Law. Such resolution shall be issued only after reading a statement in the General Assembly prepared by the Board of Directors on the reasons for the reduction, the Company's obligations and the impact of the reduction on their fulfilment and a report from the Company's auditor shall be attached to this statement. The statement may be presented to the shareholders only in cases where the resolution of the General Assembly is issued by circulation.

If the capital decrease is due to it being in excess of the Company's needs, the Company's creditors must be invited to express their objection if any, to such a reduction at least forty-five (45) days before the date specified for the Extraordinary General Assembly meeting to take the reduction decision, provided that a statement explaining the amount of capital before and after the reduction, the date of the meeting and the effective date of the reduction shall be attached to the invitation, if one of the creditors objects and submits his documents to the Company on the said date, the Company shall pay him his debt if it is immediate or to provide him with sufficient security to fulfil it if it is deferred. The creditor who has notified the Company of his objection to the reduction and his debt has not been paid if it is immediate, or to provide sufficient security to pay it if it is deferred, may submit to the competent judicial authority before the date specified for the extraordinary General Assembly to take the reduction decision and the competent judicial authority may, in this case, order the payment of the debt, the provision of sufficient security or the postponement of the Extraordinary General Assembly meeting, as the case may be.

The reduction shall not be accepted by the creditor who submitted his request on the date stipulated in the above paragraph of this article, unless he fulfils what is due from his debt or obtains sufficient guarantee to fulfil what is not due.

The Company takes into account equality between shareholders holding shares of the same type and class when reducing capital.

12.12.15 Board of Directors

The Company shall be managed by a Board of Directors consisting of seven (7) members to be elected by the General Assembly for a period not exceeding four (4) years by cumulative voting method.

12.12.16 Membership Termination

Membership in the Board of Directors shall cease at the expiry of the term or if the membership is terminated in accordance with the any law or instructions valid in the Kingdom. However, the Ordinary General Assembly may remove all or any of the Directors, in accordance with the controls set by the competent authority and the Ordinary General Assembly in this case shall elect a new Board of Directors or whoever replaces the dismissed member – as the case may be – in accordance with the provisions of the Companies Law.

12.12.17 Termination of the Session of the Board or Retirement of its Members

The Board of Directors shall convene the Ordinary General Assembly well before the end of its session to elect a Board of Directors for a new term. If the election cannot be held and the current session of the Board expires, its members shall continue to perform their duties until the election of a Board of Directors for a new term, provided that the term of office of the members of the outgoing Board shall not exceed ninety (90) days from the date of its termination.

If the Chairman and members of the Board of Directors retire, they shall convene the Ordinary General Assembly to elect a new Board of Directors and the retirement shall not take effect until the election of the new Board, provided that the term of continuation of the retired Board shall not exceed one hundred twenty (120) days from the date of retirement.

A member of the Board of Directors may retire from the membership of the Board by a written notification addressed to the Chairman of the Board, and if the Chairman of the Board retires, the notification shall be addressed to the rest of the members of the Board and the Secretary of the Board and the retirement shall be effective – in both cases – from the date specified in the notification.

In the event that a position of a Director becomes vacant due to his death or retirement and such vacancy does not result in a breach of the conditions necessary for the validity of the meeting of the Board due to the lack of the number of its members beyond the minimum stipulated in the Companies Law or these Bylaws, the Board may appoint an interim that has sufficient experience and qualifications to fill the vacancy. The Ministry of Commerce shall be notified within fifteen (15) business days from the date of appointment and such appointment shall be submitted to the earliest Ordinary General Assembly. The new Director shall complete the term of his predecessor. Where the conditions required for holding the Board of Directors meeting are not satisfied because the number of Directors falls below the minimum prescribed in the Company's Law or the Bylaws, the remaining Directors must call the General Assembly to convene within sixty (60) days to elect the required number of Directors.

12.12.18 Powers and Duties of the Board

Subject to the powers reserved for the General Assembly, the Board of Directors shall have the widest powers to manage the business of the Company in order to attain its objectives and, in doing so, it has the following powers:

- disposition of the Company's assets, property and real estate, including the right to purchase and accept, pay the price, mortgage and remove any mortgage, sell, transfer the ownership and receive consideration for any such assets, property and real estate;
- collecting Company's rights from others and the right to reconcile, waive, contract, commit, bind and discharge liabilities in the name of the Company and on its behalf;
- carrying out all financial, commercial and industrial actions and transactions that would achieve the Company's objectives;
- opening investment accounts in the name of the Company or in the name of companies it owns, or has shares in, with all internal and external banks, Islamic financing companies, and real estate, industrial and agricultural funds, receiving amounts paid to the Company and deliver them to the banks, signing jointly to withdraw any amount, and request and receive account statements, check books and any other documents related to this account or any account in our name with any bank, and to obtain any banking facilities for any amount, whether it was with or without a guarantee, on our accounts and under any conditions, and to sign the contracts and documents for that, and to deposit or mortgage with banks any type of insurance to guarantee the payment of discounted promissory notes or any other dues or the payment of debit current accounts, open documentary credits and receive their documents, issue letters of guarantee of all kinds, write, sign and endorse papers and other commercial documents, transfer amounts in local and foreign currency, whether for the Company or for others, and closing the account, settling and giving the final settlement thereof, and signing all declarations, including certifying the balances, receiving and disbursing cheques, transfers, and bills of exchange, giving and signing guarantees for the Company or others on its behalf, obtaining and receiving an ATM card, and entering the private password or any of the other applicable electronic services, and authorising others to carry out all or some of the powers given to them, issuing checks and credits, withdrawing, depositing, transferring from accounts in foreign currency and local currency, and bonds, issuing bank guarantees and all securities, requesting the issuance of bank guarantees, opening documentary credits on behalf of the Company, and signing all types of contracts, documents, agreements, instruments, papers, documents, and checks, and editing all banking transactions and account management, concluding loan agreements in accordance with Shari'a rules, regardless of its duration, guarantees, and mortgages with banks, public lending funds, and local and international financing bodies, request bank loans compatible with the provisions of Islamic Shari'a, request loan forgiveness, accept gifts, close and settle accounts, cash and discount checks and promissory notes, activate accounts, and request cards. Secret numbers, objecting to checks, receiving checks, updating data, using electronic services, activating the Saudi accounts portal, issuing a bank certificate to establish new companies, raising capital in cash, receiving and delivering, following up with all relevant authorities, completing all necessary procedures, and signing what is required, issuing power of attorneys on behalf of the Company, enter into contracts of any nature in connection with the company's purposes and business, enter into public and private tenders and auctions, and have the right to sign agency contracts in accordance with the commercial agency system, pay rewards, enter into international swap and hedging agreements, and all operations related to them, and open portfolios, and investing in accordance with Shari'a rules, editing, amending and cancelling orders, redeeming investment fund units - subscribing - purchasing shares - selling shares, receiving the price and receiving the profits, transferring shares from the portfolio;
- representing the Company in its relations with third parties, government and private authorities;
- incorporating companies and special purpose entities, whether inside the Kingdom and/or outside it, for the purpose of issuing bonds and other securities to finance the Company's needs, providing guarantees to it, and entering into any contracts or agreements to obtain the financing referred to in this article;
- the Board of Directors may request and receive credit facilities and loans in accordance with Shari'a rules of all types, from government financing funds and institutions, commercial and Islamic banks, financial institutions, financing companies, export financing institutions, and any other credit entities, regardless of their value or duration, including loans and credit facilities;
- providing all aspects of financial support to companies it owns, or has shares in;
- providing all types of guarantees, including, but not limited to, mortgage and assignment of the Company's assets and assets to guarantee the loans, obligations and debts of the Company or companies in which the Company is a partner or shareholder. For this purpose, the Board has the right to commit and undertake on behalf of the Company all obligations associated with financing the Company or companies in which the Company is a partner or shareholder, including, without limitation, retaining ownership of the shares that the company owns in other companies in which the Company is a partner or shareholder for any period in accordance with financing requirements, and waiving the priority to claim loans granted by the Company to any of companies in which the Company is a partner or shareholder for the benefit of any other creditors.
- in relation to governmental ministries, following up with the Royal Court, Notary Public, Ministry of Interior, Ministry of Foreign Affairs, Ministry of Defence, Ministry of Commerce, the Trademarks Administration, the Commercial Agencies Administration, the Quality and Precious Metals Administration, the Free-Lancing Administration, issuing a certificate of origin, and requesting an exemption, following up with the Ministry of Finance, Ministry of Environment, Water and Agriculture, and issuing licences for drilling a well, the Fisheries Affairs Sector and the Livestock Affairs Sector, following up with the Ministry of Human Resources and Social Development, the Anti-Begging Department, Ministry of Municipal, Rural Affairs and Housing, Ministry of Education and Education Departments, Ministry of Health, the Department of Health Affairs, private and government hospitals, issuing a birth notification certificate, requesting and receiving medical

reports, following up with the Ministry of Culture and the Ministry of Media, registering books, registering intellectual rights, and obtaining permits to obtain a licence, following up with the Ministry of Islamic Affairs, Dawah and Guidance, King Fahd Complex for the Printing of the Holy Quran, Saudi Electricity Company, National Water Company, Ministry of Tourism, Ministry of Energy, Ministry of Industry and Mineral Resources to obtain licences, following up with the Ministry of Transport, issuing a public taxi licence, renewing a public taxi licence, issuing a school transportation licence, renewing a school transportation licence, following up with the Ministry of Hajj and the Pilgrims' Housing Permits Committee and issuing the pilgrims' housing permit - renewing the pilgrims' housing permit, Al Zamazameh Unified Office, and signing the assembly's decisions and attending the General Assembly, following up with the Hajj Mutawafi institution, General Syndicate of Cars, Ministry of Civil Service, Ministry of Communications and Information Technology, Ministry of Economy and Planning - and its branches and affiliated departments and departments;

- in relation to achieving the Company's objectives, including directing its activity, developing the general plans and policies necessary to achieve its objectives, and approving programmes, systems, regulations, and financial and administrative structures related to the Company's work;
- in relation to contracting and signing on behalf of the Company, including submitting applications to any party, entering into contracts of any nature in connection with the company's purposes and business, entering into public and private tenders and auctions, extracting financial rights from others, paying them, collecting extracts, receiving profits, and signing agency contracts in accordance with the commercial agency system. And disbursing rewards of any kind to any person, as well as appointing employees and workers, contracting with them, determining their salaries and dismissing them, requesting visas and bringing in labour from outside the Kingdom, obtaining and renewing residency permits, transferring and waiving guarantees, signing with all chambers of commerce in the Kingdom and abroad, and negotiating with companies, institutions and individuals, attending meetings, voting in the name of the Company, approving decisions, managing and terminating the Company's business, signing everything necessary for that, and in general signing all commercial, financial and administrative transactions related to the Company, and all of this is in the name and for the benefit of the Company;
- in relation to the establishment of companies, this includes signing the articles of incorporation and amendment annexes - signing the partners' decisions - appointing and dismissing managers and amending the management clause - entering and exiting partners - entering into existing companies - increasing capital - reducing capital - determining capital - purchasing shares, and shares and paying the price - selling shares and shares and receiving the value and profits - assigning shares and shares from the capital - accepting the assignment of shares, shares and capital - transferring shares, shares and bonds - opening accounts with banks in the name of the company - signing agreements - amending the company's purposes - closing accounts with banks in the name of the Company - amending the terms of the articles of incorporation or amendment annexes - registering the Company - registering agencies and trademarks - assigning trademarks - attending public councils - opening files for the company - cancelling the articles of incorporation and amendment annexes - signing the articles of incorporation and amendment annexes with a notary public - extracting and renewing commercial records for the company - participating in the Chamber of Commerce and renewing them - following up with Quality and Quality Department and the Standards and Metrology Authority - obtaining and renewing licences for the Company - transferring the institution to a Company, opening and cancelling branches - Converting the company branch into an institution - Converting the Company branch into a Company - following up with telecommunications companies and establishing fixed or mobile phones in the name of the Company - following up with the Capital Market Authority - entering tenders and receiving forms - signing the Company's contracts with others, publishing the articles of incorporation and amendment annexes Its summaries and basic regulations are published in the Official Gazette;
- in relation to the to commercial records, this includes reviewing records management - extracting records - renewing records - transferring commercial records - reserving a trade name - opening a subscription with the Chamber of Commerce - renewing a subscription with the Chamber of Commerce - signing all documents with the Chamber of Commerce - records management - Business Administration - Signature Approval at the Chamber of Commerce - Supervising Records - Amending Records - Adding an Activity - Deleting Records - Social Insurance Review - Zakat, Tax and Customs Authority Review - Civil Defence Review;
- in relation to the financial matters of the company, extracting financial rights from others, paying them, collecting extracts, cancelling the seizure and confinement of others' funds, executing insurances and mortgages, paying the amounts owed by the company, making settlements outside the courts, giving releases and clearances, collecting the Company's rights, receiving, delivering, renting, leasing, and collecting;
- in relation to industrial licences, amending licences - adding an activity - reserving names - cancelling licences - subscribing to the Chamber of Commerce - renewing subscription to the Chamber of Commerce - following up with social insurance - following up with civil defence - following up with the Zakat, Tax and Customs Authority - transferring licences - extracting a replacement record for a damaged or Missing - Receipt and delivery - following up with all relevant authorities, complete all necessary procedures, and sign what is required - and he has the right to appoint someone else;
- in relation to real estate and lands, this includes purchasing, accepting the transfer and paying the price - bartering - the gift and transfer - accepting the gift and transfer - mortgage - releasing the mortgage - merging the deeds - partitioning and sorting - receiving the deeds - updating the deeds and entering them into the comprehensive system - waiving the deficiency in space - Converting agricultural land to residential - Amending the owner's name and civil registry number - Amending the boundaries, lengths, area, lot numbers, plans, deeds, their dates, and neighbourhood names - leasing - signing rental contracts - renewing rental contracts - Receiving rent. Providing the justifications for all properties and requesting the amendment of the deeds with their borders and area, deletion, addition, division and sorting, as well as the purchase and sale of movable and immovable property for the benefit of the Company;
- in relation to the security authorities, following up with the emirate and the human rights judgments implementation division - police stations - following up with the Road Security Command - following up with the General Presidency of the National

Guard and its sectors - the General Administration of the Mujahideen - following up with the General Investigations - following up with the Administrative Investigations - following up with the Criminal Investigations - following up with the General Directorate for Narcotics Control - following up with the General Directorate of Prisons - following up with the General Directorate of Civil Defence - following up with the General Directorate of Border Guards - its branches and affiliated departments and sections;

- in relation to government environments, following up with the Oversight and Anti-Corruption Authority - following up with the Bureau of Investigation and Public Prosecution - following up with the Capital Market Authority - following up with the Saudi Standards, Metrology and Quality Organisation - following up with the Saudi Commission for Health Specialties - following up with the Food and Drug General Authority - following up with the National Anti-Corruption Authority - following up with the Saudi Authority for Industrial Cities and Technology Zones - following up with the Royal Commission for Jubail and Yanbu - following up with the Human Rights Commission - following up with the National Centre for Wildlife - following up with the General Authority of Civil Aviation - following up with the Royal Commission for Riyadh City - following up with the Makkah Al Mukarramah and Holy Sites Development Authority and the Northern Squares Development Committee - following up with the Medina Development Authority - following up with the Communications Authority - and its branches and affiliated departments and departments - following up with the all relevant authorities, completing all necessary procedures and signing what is required;
- in relation to secretariats and municipalities, opening shops - issuing licences - renewing licences - cancelling licences - transferring licences - issuing construction and renovation permits - issuing construction completion certificates - land planning - issuing health cards - converting agricultural lands to residential - receiving and handing over, following up with all parties, relevant, completing all necessary procedures, and signing what is required;
- in relation to recruitment office, issuing visas - cancelling visas - refunding visa amounts - amending nationalities, issuing family visit visas - issuing family recruitment visas - amending the professions on the visas - following up with the embassy - extending exit and return visas - extending visit visas - issuing a data sheet - receipt and delivery - following up with all relevant parties, complete all necessary procedures, and sign as required;
- in relation to the passports, this is in issuing residence permits to replace lost or damaged ones - exit and return work - final exit work - transferring sponsorships - transferring the labour sponsorship to oneself - transferring information and updating data - amending the person - settlement and relinquishment of workers - reporting escape - cancelling reports escape - cancellation of exit and re-entry visas - cancellation of final exit visas - issuing replacement travel visas for damaged or lost ones - issuing extension of visit visas - adding dependents - ending procedures for deceased workers - obtaining a statement of workers' information - dropping workers - following up with the deportation and expatriates department - management port affairs - extracting replay scenes - issuing hajj permits - following up with maids' affairs;
- in relation to the labour and workers office, issuing visas - receiving visa compensation - transferring sponsorships - modifying professions - updating workers' data - liquidating and cancelling workers - reporting labour escapes - issuing and renewing work permits - finalising employment procedures at Social Insurance - following up with the computer administration in the workforce to drop workers and add workers - adding and deleting Saudis - receiving Saudisation certificates - extracting a statement of data - opening, renewing and cancelling basic and subsidiary files - transferring ownership of establishments, liquidating them and cancelling them - following up with the national recruitment offices department;
- in relation to the General Traffic Department, this includes issuing a driver's licence - issuing a replacement for a damaged or lost driver's licence - renewing a driving licence - issuing a driving licence - issuing a replacement for a damaged or lost driving licence - renewing a driving licence - issuing plates - renewing plates - transferring plates car to car - dropping car plates - selling, repairing and receiving the value by check - obtaining a repair permit for the car - buying a car plate from the traffic police - exporting the car - changing the colour of the car - issuing a driving licence for the car - making a theft report - cancelling a theft report - objection, settlement and adjudication of violations - extracting a list of data - about cars - about violations;
- in relation to cars, this includes buying and selling cars without driving them - importing cars - following up with customs and car customs and issuing licence plates - following up with the Ministry of Transportation to obtain car operating cards;
- in relation to the government institutions, following up with the Saudi Arabian Monetary Authority - following up with the Technical and Vocational Training Corporation - following up with the General Corporation for Ports - following up with the General Corporation for Railways - following up with the General Corporation for the King Fahd Causeway - following up with the King Abdulaziz City for Science and Technology - v General Organisation for Silos Grain and flour mills - entering the crop, receiving the value of the crop - receiving feed - receiving the flour allocated to the bakery - following up with the General Pension Agency - following up with the Saudi Arabian Airlines General Organisation regarding tickets, cancelling tickets, changing tickets, and refunding the value of tickets - following up with the General Authority for Saline Water Conversion - following up with the institution General Social Insurance - its branches and affiliated departments and departments;
- in relation to the Zakat, Tax and Customs Authority, issuing and renewing customs licences - transferring and cancelling customs licences and opening branches for them - clearing goods, inspection and inspection - paying fees and receiving customs clearances and cards - managing and supervising licences - following up with all relevant authorities and completing all necessary procedures and signing;
- in relation to the Industrial Development Fund, signing the loans - concluding the contract with the Fund - presenting guarantors and solidarity with them - signing before a notary public regarding the industrial mortgage - receiving the loan - waiving the loan - requesting forgiveness from the loan - requesting that there be no material obligations - repaying the loan - receiving and delivering - following up with all relevant parties, completing all necessary procedures, and signing what is required;

- in relation to the Human Resources Development Fund, signing the loans - concluding the contract with the fund - receiving the loan - requesting loan forgiveness - requesting that there be no financial obligations - repaying the loan; and
- in relation to the Company's relationship with others, including representing the Company before all government departments and agencies and private and governmental companies inside and outside the Kingdom.

He may conclude commercial loans and loans with government funds and financial institutions, regardless of their term, provided that the following conditions are taken into account for commercial loans whose terms exceed three years:

- the Board of Directors shall specify in its decision the uses of the loan and how it will be repaid;
- the terms of the loan and the guarantees provided for it should be taken into account not to harm the Company, its shareholders, and general guarantees to creditors; and
- the value of the loans that the Board may contract during any one fiscal year does not exceed 50 per cent. of the Company's capital.

The Board may also sell or mortgage the Company's real estate and assets, provided that the minutes of the Board of Directors and the rationale for its decision to dispose of them include the following conditions:

- the Board must specify in the sale decision the reasons and justifications for it;
- sale must be close to the equivalent price;
- sale must be present except in cases of necessity and with sufficient guarantees; and
- this behaviour does not result in the cessation of the Company's activities or burdening it with other obligations.

The Board also has the right, in cases it deems appropriate, to release the Company's debtors from their obligations in accordance with what is in its interest, provided that the minutes of the Board of Directors and the rationale for its decision include the following conditions:

- the release must be a minimum of one year after the debt arose, and the Company must have taken the legal procedures to claim the debt during this period;
- the release must be for a specific amount, maximum not exceeding 1 per cent. of the Company's capital for each year for one debtor;
- release is a right of the Board of Directors and may not be delegated; and
- provided that the total debts whose owners are absolved by the Board of Directors do not exceed SAR 1,000,000 in one year.

The Board of Directors is required to obtain the approval of the General Assembly when selling assets whose value exceeds (50 per cent.) of the value of its total assets, whether the sale is made through one deal or several deals. In this case, the deal that leads to exceeding (50 per cent.) of the value of the assets is considered to be the deal that requires the approval of the General Assembly, and this percentage is calculated from the date of the first deal that took place during the previous twelve months.

The Company's Bylaws do not provide any power that grants Directors or the Chief Executive Officer the right to vote on any agreement or proposal in which they have an interest.

12.12.19 Remuneration of the Directors

Remuneration of the members of the Board of Directors shall consist of a certain amount and an attendance allowance for the sessions, the amount of which shall be determined by the Ordinary General Assembly in accordance with the laws, and regulations issued in this regard. The Director shall be entitled to a remuneration for the technical, administrative or advisory work assigned to him, and the report of the Board of Directors to the Ordinary General Assembly at its annual meeting shall include a comprehensive statement of all the remunerations, attendance allowance, expenses allowance and other benefits received or entitled to by the members of the Board of Directors during the fiscal year, as well as a statement of what the members of the Board received as employees or administrators or what they received in exchange for technical works or administrative or consulting, and also includes a statement of the number of meetings of the Council and the number of meetings attended by each Director.

12.12.20 The Authorities of the Chairman, Deputy Chairman, and Secretary

The Board of Directors shall appoint, at its first meeting, from among its members, a Chairman and a Deputy Chairman, and may appoint a Managing Director and the Chief Executive Officer, and it shall be impermissible for a Director to simultaneously occupy the position of Chairman and any executive management position in the Company.

The Chairman shall have the power to represent the Company before courts, arbitration, tribunals, and any third party. He also has the right to plead, defend, dispute, demand, acknowledge, deny, pre-emption, judicial bail, file and hear lawsuits, respond to them, follow up on them, stop them, reconcile, account, divide, sort, accept judgments, request their implementation, appeal them, cassate and deny them, establish evidence, pay, deny lines and seals, challenge them, submit objection regulations, cancel attachment and confinement of the funds of others, and enforce insurances and mortgages. Paying the due amounts, making settlements outside the courts, requesting the appointment of experts and arbitrators and their response, and following up on all cases filed by or against the company before the Shari'a courts, judicial bodies and the Board of Grievances. Labour offices, workers, higher and primary labour bodies, commercial papers committees, and all other judicial bodies and committees and arbitration bodies. He has the right to reconcile, accept and negate judgments from the Company, request the implementation

of judgments and oppose them, request the application of Article 230 of the Law of Procedure Before Shari'a Courts, demand the implementation of judgments, accept and deny judgments, object to judgments, and requesting an appeal, requesting reconsideration, requesting restoration, requesting pre-emption, and doing what is necessary to attend sessions in all cases before all courts, following up with the courts, before the Shari'a courts, judicial bodies, and the Board of Grievances, labour and workers offices, supreme and primary labour bodies, commercial papers committees and all other judicial committees, arbitration bodies, judicial bodies of all types and degrees, the Board of Grievances, Shari'a courts, general courts, cassation courts, and arbitration bodies. He also has the right to represent the Company in the police, civil rights, traffic, municipality, secretariats, opening shops, issuing licences and renewing licences, the secretariat, the emirate, and Ministry of Interior, Ministry of Foreign Affairs, Ministry of Commerce and Industry, Ministry of Finance, Ministry of Transportation, Ministry of Civil Defence, Ministry of Education and Civil Defence. They have all the powers to deal with it, including passports, embassies, consulates, customs, airports, the labour office, workers and recruitment, telecommunications companies, the electricity and water company, the Chamber of Commerce, subscription and renewal of subscription, signing all documents at the Chamber of Commerce, approving the signature, social insurance, the General Authority for Zakat and Income, the Contractors Classification Agency at the Ministry of Municipal and Rural Affairs, and following up with General Authority of Zakat and Income, receiving the zakat certificate, industrial, real estate and agricultural development funds, the Saudi Authority for Industrial Estates, business management, and the acquisition of commercial franchises; following up with the labour office, opening files in the labour office, activating and using electronic services, activating and managing the electronic portal and the Saudi portal, appointing commissioners for them, following up with social insurance, opening files, activating electronic services, issuing visas, transferring sponsorships, amending professions, updating workers' data, liquidating and cancelling workers, reporting workers' escape, cancelling reports of escape, and obtaining licences. Employment, renewal, termination of employment procedures at Social Insurance, following up with the computer administration in the workforce to drop employment and add employment, opening, renewing and cancelling the main and subsidiary files. Opening a file and representing the company before all departments, governmental and private bodies, companies, institutions and individuals, commenting on all transactions, following up on them and clearing them. They have all the powers to deal with them and obtain the Company's rights from others, whether in cash or checks, pay them and collect the extracts. They have the right to open and manage investment portfolios in the name of the Company or cancel, liquidate, closing it, and receiving the value of the sale of shares and their profits. They have the right to sign investment and financing agreements with banks of all types, as well as investment companies, individuals, investment funds, and others. They have the right to buy and sell real estate, empty and accept it, receive and deliver, rent, lease, collect, pay the price, and mortgage. They also have the right to following up with all banks and banks, open bank accounts of all types with banks, and sign alone to withdraw any amount, and to sign by participating to withdraw any amount, request and receive account statements, check books and any other documents related to this account deposited in our name with any bank, and to obtain any banking facilities for any amount, whether with or without insurance, on our accounts and under any conditions, and to sign the contracts and documents proving that, and to deposit or mortgage with banks any type of insurance to guarantee the payment of discounted promissory notes or any other dues or the payment of debit current accounts, opening documentary credits and receiving their documents, issuing letters of guarantee of all kinds, writing, signing and endorsing papers and other commercial documents, transferring amounts in local and foreign currency, whether for himself or for others, and reviewing and closing the account, settling and giving the final settlement thereof, and signing all declarations thereof, including certifying the balances, receiving and disbursing cheques, transfers, and bills of exchange, giving and signing guarantees for himself or others on his behalf, obtaining and receiving an ATM card, and entering the private password or any of the other applicable electronic services, and authorising others to carry out all or some of the powers given to him, issuing checks and credits, withdrawing, depositing, transferring from accounts in foreign currency and local currency, and promissory notes, issuing bank guarantees, signing and writing all types of contracts, documents, agreements, instruments, papers, documents, checks, and all banking and financial transactions and managing accounts. He also has the right to open investment accounts. In the name of the Company or companies that the company owns or is a shareholder in, with all internal and external banks, Islamic financing companies, real estate, industrial and agricultural funds in the name of the Company, and receiving and delivering the amounts paid to the Company. They have the right to conclude loan agreements in accordance with Shari'a rules, regardless of their duration, guarantees, guarantees, and mortgages with banks, public lending funds, and local and international financing bodies, request bank loans compatible with the provisions of Islamic Shari'a, request loan forgiveness, accept gifts, close and settle accounts, cash checks, activate accounts, request cards and secret numbers, and object. On checks, receiving checks, updating data, using electronic services, activating the Saudi accounts portal, issuing a bank certificate to establish new companies, raising capital in cash, receiving and delivering, following up with all relevant authorities, completing all necessary procedures, and signing what is required. They have the right to issue legal powers on behalf of the Company. Entering into contracts of any nature in connection with the Company's purposes and business, entering into public and private tenders and auctions, and having the right to sign agency contracts in accordance with the commercial agency system and the disbursement of rewards; Signing the incorporation contracts of the companies in which the Company participates and the amendment annexes, either by increasing or reducing capital, buying and selling shares, entering and exiting a partner, amending the company's management, purposes, or name, liquidating or transferring, relinquishing shares, activating electronic services at the Ministry of Commerce and Investment, or any of the item before the notary public, the Ministry of Commerce and Industry, and the General Investment Authority, to following up with the management of records, extract records, renew records, open branches, close them, split them, complete all procedures related to that, appoint employees and workers, dismiss them, request visas, bring in labour from outside the Kingdom, contract with them, determine their salaries, obtain and renew residency permits, grant them visas, transfer guarantees, and waive them. About it, processing exit, return and final visas, managing expatriates, terminating all employment procedures, hiring and deleting workers; Signing agreements, Shari'a instruments, documents, documents, papers, and all commercial, financial, and administrative transactions; Complete freedom of action regarding all issues and transactions that take place between the Company and commercial banks or financial institutions to achieve all goals and purposes, receipt and delivery, and they have the right to buy and sell cars, import them, following up with Saudi customs, end all customs transactions, import and export, following up with the Ministry of Transport, issue licences, open files, and extract transport licences and operating cards. For cars, completing all procedures, following up with all security agencies, the emirate, the Implementation Division, legal provisions, and applying at points of sale, withdrawals, and the Internet.

- when the Chairman is absent, the Deputy Chairman replaces the Chairman by a written decision, he may delegate some of his powers to other members of the Board or to third parties in carrying out a specific work or tasks;
- the Board of Directors shall appoint a secretary of the Board from among its members or others, and shall be responsible for recording the minutes of the meetings of the Board of Directors, recording the decisions issued by these meetings in minutes, signing them from him and the Chairman of the Board, keeping them, in addition to exercising the other competencies

entrusted to him by the Board of Directors, and his remuneration shall be determined by a decision of the Board of Directors; and

- the term of the Chairman of the Board, his deputy, the Managing Director and the Secretary and member of the Board of Directors shall not exceed the term of membership of each of them in the Board, and they may be re-elected and the Board may relieve them or any of them from such positions, and this shall not result in their exemption from their membership in the Board.

12.12.21 Board Meetings

The Board of Directors shall meet at least four (4) times a year and at least one meeting every three (3) months, at the invitation of its Chairman, and the invitation shall be in writing and accompanied by the agenda, and addressed to each member by registered mail, fax or e-mail at least two (2) weeks before the date specified for the meeting, and the Chairman of the Board shall invite the Board to a meeting whenever requested to do so in writing by any member of the Board to discuss any or more topics, and all members must sign the minutes of each meeting.

12.12.22 Deliberations of the Board

Deliberations and resolutions of the Board shall be recorded in minutes prepared by the Secretary of the Board to be signed by the Chairman, the present Directors and the Secretary. Such minutes shall be entered in a special register signed by the Chairman and the Secretary, and modern technology may be used to sign and prove the deliberations and decisions and record the minutes.

12.12.23 Quorum and Representation

A meeting of the Board shall be valid only if attended by half of the Directors (present or represented by proxy) at least. A Director may delegate another Director to attend Board meetings by proxy, however, such delegation shall be made according to the following guidelines:

- a Director may not act as proxy for more than one other Director in attending the same meeting;
- such delegation shall be made in writing and regarding a specific meeting; and
- the delegate may not vote on resolutions which the principal is prohibited from voting on, in accordance with the applicable laws.

Resolutions of the Board shall be adopted by the majority vote of the Directors present or represented by proxy. In the event of a tie vote on resolutions, the side with which the Chairman of the meeting voted shall prevail, and the decision of the Board of Directors shall take effect from the date of its issuance, unless it stipulates that it shall take effect at another time or when certain conditions are met.

The General Assembly may, upon the recommendation of the Board of Directors, terminate the membership of any Director who is absent from attending three consecutive meetings or five separate meetings during his term without a legitimate excuse acceptable to the Board of Directors.

The Board may issue its decisions on urgent matters by presenting them to all members by circulation, unless one of the Directors requests, in writing, the meeting of the Board to deliberate on them. Such decisions shall be issued with the approval of the majority of the votes of its members, and shall be presented to the Board at its first subsequent meeting for proof in the minutes of that meeting.

12.12.24 Shareholders Assemblies

Each Shareholder has the right to attend the General Assembly, and the Shareholder may delegate another Shareholder who is not a member of the Board of Directors to attend the General Assembly.

12.12.25 Ordinary General Assembly

Except for matters falling within the jurisdiction of the Extraordinary General Assembly, the Ordinary General Assembly shall be competent to deal with all other matters related to the Company and shall be convened at least once a year during the first six months following the end of the Company's financial year. Other Ordinary General Assembly meetings may be called upon when necessary.

12.12.26 Extraordinary General Assembly

The Extraordinary General Assembly shall be competent to amend the provisions of the Bylaws, to the extent permitted under the law. It is also responsible for deciding on the continuation or dissolution of the Company and approving the purchase of the Company's Shares. Furthermore, the Extraordinary General Assembly shall be empowered to adopt resolutions in matters within the jurisdiction of the Ordinary General Assembly under the same conditions and manners as prescribed for the latter.

12.12.27 Manner of Convening Assemblies

General Assemblies convene at the invitation of the Board containing the items required to be voted on by the Shareholders, and the Board of Directors shall convene the Ordinary General Assembly within thirty (30) days if requested to do so by the Company's external auditors, or by a number of Shareholders representing at least 10 per cent. of the Shares of the Company that have voting rights. The external auditors may convene the General Assembly if the Board did not invite the General Assembly within thirty (30) days from the date of the external auditor's request.

The General Assembly meetings shall be convened at least twenty-one (21) days prior to the date set for the meeting. This is done by informing the Shareholders of registered letters at their addresses contained in the Shareholders' register or announcing the invitation through modern technology, and sending a copy of the invitation and the agenda to the Ministry of Commerce on the date of announcing the invitation.

The invitation to the General Assembly meetings must include at least the following:

- a statement of the right holder to attend the Assembly meeting and his right to delegate someone he chooses who is not a member of the Board of Directors, and a statement of the shareholder's right to discuss the topics on the Assembly's agenda, ask questions, and how to exercise the right to vote;
- the place, date and time of the meeting;
- the type of Assembly; and
- the meeting agenda, including the items required to be voted on by shareholders.

When preparing the agenda of the General Assembly, the Board of Directors must take into account the topics that shareholders wish to include. Shareholders who own at least 10 per cent. of the Company's shares that have voting rights may add one or more topics to the agenda of the General Assembly when preparing it.

12.12.28 Record of Attendance

Shareholders attending the Ordinary or Extraordinary General Assemblies shall register their names at the meeting place before the time specified for the General Assembly, and in the event that the General or Special Assembly meeting is held through modern technology, the Board shall establish the necessary procedures to verify the identity of the Shareholder who votes automatically and the Shareholder participating in the General Assembly meeting, and his right to vote on any of the items of the meeting.

12.12.29 Quorum of the Ordinary General Assembly

A meeting of the Ordinary General Assembly shall not be valid unless attended by Shareholders representing at least half (50 per cent.) of the Shares of the Company that has voting rights. If the necessary quorum is not available to hold such meeting, a second meeting shall be convened in the same manner prescribed in Article 28 of these Bylaws within thirty (30) days following the date specified for the previous meeting. However, the second meeting may be held one hour after the expiry of the time limit for the first meeting, provided that the invitation to convene the first meeting includes evidence of the possibility of holding such a meeting. In all cases, the second meeting shall be valid regardless of the number of Shares that have voting rights represented therein.

12.12.30 Quorum of the Extraordinary General Assembly

A meeting of the Extraordinary General Assembly shall only be valid if attended by Shareholders representing at least half (50 per cent. of the Shares of the Company that has voting rights. However, the second meeting may be held one hour after the expiry of the period fixed for the first meeting, in the same manner prescribed in Article 30 of these Bylaws, provided that the first meeting is convened to indicate that such a meeting may be held. In all cases, the second meeting shall be valid if attended by Shareholders representing at least 25 per cent. of the Shares of the Company that has voting rights. If such quorum cannot be achieved at the second meeting, an invitation for a third meeting shall be made in the same manner prescribed in Article 28 of these Bylaws, the third meeting shall be valid regardless of the number of Shares that have voting rights represented therein.

12.12.31 Voting Rights

Each Shareholder shall have a vote for every Share in the General Assembly meeting and cumulative voting shall be used in electing the Board of Directors. The members of the Board of Directors may not participate in voting on the resolutions of the Assembly that relate to business and contracts in which they have a direct or indirect interest or that involve a conflict of interest.

12.12.32 Resolutions

Resolutions of the Ordinary General Assembly shall be adopted with the approval of the majority of the voting rights represented at the meeting, and the resolutions of the Extraordinary General Assembly shall be adopted with the approval of two-thirds of the voting rights represented at the meeting, however, if these decisions are related to increasing or decreasing of the share capital, extending the Company's term, dissolving the Company prior to the expiry of the term specified under these Bylaws or merging the Company with another company or establishment or dividing it into two or more companies, then such resolution shall be valid only if adopted by two-thirds of the voting rights represented at the meeting.

12.12.33 Discussion of Agenda

Each Shareholder shall have the right to discuss the items listed in the Ordinary General Assembly's agenda and to direct questions in respect thereof to the Directors and the external auditors. The Directors or the external auditors shall answer the Shareholders' questions in a manner that does not prejudice the Company's interest. If a Shareholder deems the answer to the question unsatisfactory, then such Shareholder may refer the issue to the Ordinary General Assembly and its decision in this regard shall be conclusive.

12.12.34 Proceedings of the General Assembly

The meetings of the General Assemblies of Shareholders shall be chaired by the Chairman of the Board of Directors or his Deputy in his absence or the members delegated by the Board of Directors in their absence, and in the event that this is not possible, the General Assembly shall be chaired by the Shareholders delegated by the members of the Board or others by voting. 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 present or by proxy 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 Secretary and the canvassers.

12.12.35 The Auditor

The Company shall have one or more external auditors licensed to practice in the Kingdom. The Ordinary General Assembly may appoint the external auditors annually and may also determine their remuneration and the duration of work provided that the period of his appointment does not exceed the period prescribed by law. The Ordinary General Assembly may change the external auditor at any time without prejudice to his rights in compensation if such change was due to illegitimate reason or at an inappropriate time provided that the Chairman of the Board of Directors informs the competent authority of the dismissal decision and its reasons within a period not exceeding five (5) days from the date of issuance of the resolution.

The external auditors shall have access at all times to the Company's books, its accounting, records and any other documents, and may request information and clarifications as they deem necessary. It may further verify the Company's assets and liabilities. The Chairman shall enable the external auditors to perform his duty specified in the preceding paragraph. If the external auditors encountered a difficulty in this regard, he shall record that in a report submitted to the Board of Directors. If the Board does not facilitate the work of the external auditors, the latter shall call the Ordinary General Assembly to consider the matter. The auditor may issue such invitation if the Board of Directors does not issue it within thirty (30) days from the date of the auditor's request.

12.12.36 Financial Year

The Company's financial year shall commence on 1 January and expire on 31 December each year, provided that the first financial year shall commence on the date of its registration in the commercial register and expire on 31 December of the following year.

12.12.37 Financial Documents

At the end of each financial year, the Board of Directors 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 put these documents at the disposal of the external auditors at least forty-five (45) days prior to the date specified for the Ordinary General Assembly.

The Chairman of the Board of Directors, the Chief Executive Officer and the Chief Financial Officer shall sign the documents set forth in the above paragraph, and copies thereof shall be deposited at the Company's headquarters at the disposal of the Shareholders.

The Chairman of the Board of Directors shall provide the Shareholders with the financial statements of the Company, the Board of Directors' report after getting signed, and the external auditors' report, unless they are published in any modern technology means. The Chairman shall also send a copy of these documents to the Ministry of Commerce and the Capital Market Authority at least twenty-one (21) days before the date specified for the General Assembly. The Chairman must also deposit these documents with the Saudi Centre for Economic Business through the electronic filing programme for financial statements.

12.12.38 Distribution of Dividends

The Company's annual net profits shall be allocated as follows:

- the General Assembly shall determine the percentage to be distributed to Shareholders of the net profits after deducting the reserves, if any, and the Company's annual net profits shall be distributed after deducting all general expenses and other costs;
- the Ordinary General assembly may, based on the proposal of the Board of Directors, set aside a specified percentage of the net profit to form a conventional reserve made for a specific purpose;
- the Ordinary General Assembly may decide to form a delayed reserve, to the extent that it serves the interest of the Company or ensures the distribution of fixed profits as much as possible to shareholders. The aforementioned Assembly may also deduct amounts from the net profits to establish social institutions for the company's employees or to assist existing ones; and
- the Ordinary General Assembly shall determine the percentage to be distributed to Shareholders of the net profits after deducting reserves, if any.

The Company may distribute interim dividends to Shareholders from distributable profits after fulfilling the following requirements:

- the Ordinary General Assembly shall authorise the Board to distribute interim dividends by virtue of a resolution issued annually;
- have reasonable liquidity and can reasonably predict the level of their profits; and
- the Company shall have distributable profits in accordance with the latest financial statements, sufficient to cover the profits proposed to be distributed, after deducting the dividends that have been distributed.

12.12.39 Entitlement to Profits

Shareholders shall be eligible to receive dividends pursuant to a General Assembly resolution adopted in that regard and indicating the entitlement and distribution dates. Shareholders eligible to receive dividends shall be those whose names appear on Shareholder Registers at the end of the entitlement date. The Board of Directors shall implement the resolution of the General Assembly regarding the distribution of dividends to Shareholders within fifteen (15) days from the date of maturity of such dividends specified in the resolution of the General Assembly.

12.12.40 Company's Losses

If the Company's losses amounted to 50 per cent. of the issued capital, then the Board of Directors, shall disclose this and its recommendations thereon within sixty (60) days from the date of becoming aware of reaching this amount, and invite the Extraordinary General Assembly to meet within one hundred eighty (180) days from the date of becoming aware thereof to consider the continuation of the Company with any of the necessary measures to address or resolve such losses.

12.12.41 Disputes

The Company may file a liability lawsuit against the members of the Board of Directors due to violation of the provisions of the Companies Law or this system or because of any errors, negligence or negligence in the performance of their work that results in damages to the Company, and the General Assembly or Shareholders decide to file this lawsuit and appoint a representative of the Company in its exercise, and one or more Shareholders representing (5 per cent.) of the Company's Capital may file a liability lawsuit prescribed for the Company in the event that the Company does not file it, taking into account that the main objective of filing the lawsuit is to achieve the interests of the Company and that the lawsuit is based on a valid basis, and that the plaintiff is bona fide and a Shareholder in the Company at the time of filing the lawsuit.

Each Shareholder shall have the right to file a liability action, vested in the Company, against the Directors if they have committed a fault which has caused some particular damage to such Shareholder.

12.12.42 Dissolution and Winding-up of the Company

The Company shall lapse with one of the reasons for the expiry mentioned in Article 243 of the Companies Law, and upon its expiry, it shall enter the liquidation role, and the Board of Directors and the General Assembly shall take liquidation procedures in accordance with the provisions of the Companies Law, and the Company shall retain the legal personality to the extent necessary for liquidation. The resolution appointing the liquidator shall be issued by the Extraordinary General Assembly within a period not exceeding sixty (60) days from the date of expiry of the Company, provided that the resolution appointing the liquidator shall include specifying his powers, fees, restrictions imposed on him, if any, and the period of time required for liquidation. The authority of the Company's Board of Directors shall terminate upon its expiry; however, they shall remain in charge of the management of the Company and shall be considered in relation to third parties as liquidators until the liquidator is appointed. The Company's assemblies shall remain in existence during the liquidation period and their role shall be limited to exercising their powers without conflict with the powers of the liquidator. During the liquidation period, the Shareholder shall have the right to view the Company's documents prescribed in the Companies Law or these Bylaws.

12.13 Description of Shares

12.13.1 Ordinary Shares

The shares shall be nominative and may not be issued for less than their nominal value. However, it may be issued at a value higher than its nominal value if the Company's Bylaws stipulate that or the Extraordinary General Assembly approves it. In this case, the difference in value is added to a separate item within shareholders' equity, and the implementing regulations of the Companies Law determine the controls for its use. Noting that the share is indivisible with respect to the Company. If several people own one share, they must choose one person from among them to exercise the rights related to this share on their behalf, and they are all responsible for the obligations arising from owning this share.

12.13.2 Repurchase of Shares

Based on Article 114 of the Companies Law, which stipulates that the Company may buy its shares or mortgage them if its bylaws permit this, and the shares purchased by the Company do not have votes in the shareholders' assemblies.

12.13.3 Rights of Ordinary Shareholders

Pursuant to Article 107 of the Companies Law, all rights related to the share are guaranteed to the shareholder, including the right to dispose of it, the right to attend shareholders' assemblies, participate in their deliberations, and vote on their decisions, the right to obtain a share of the net profits that are decided to be distributed, and the right to elect members of the Board of Directors, the right to view the Company's records and documents without prejudice to the confidentiality of information, monitor the work of the Board of Directors, file a liability lawsuit against the Board Members, challenge the invalidity of the decisions of the shareholders' assemblies, and the right to obtain a share of the Company's assets upon liquidation, subject to the conditions and restrictions stipulated in the law, or in the Company's Bylaws.

Each Shareholder shall have the right to discuss the items listed in the Ordinary General Assembly's agenda and to direct questions in respect thereof to the Directors and the external auditors. The Directors or the external auditors shall answer the Shareholders' questions in a manner that does not prejudice the Company's interest. If a Shareholder deems the answer to the question unsatisfactory, then such Shareholder may refer the issue to the Ordinary General Assembly and its decision in this regard shall be conclusive.

12.13.4 Voting Rights

Each shareholder has one vote for each share he represents in the General Assembly. The cumulative voting method is followed in voting to elect members of the Board of Directors in accordance with the Corporate Governance Regulations issued by the CMA and any amendments made thereto from time to time.

12.13.5 Amending Shareholders' Rights

The rights of shareholders related to obtaining a share of the profits that are decided to be distributed, the right to obtain a share of the Company's surplus assets upon liquidation, the right to attend General Assemblies, participate in their deliberations, and vote on their decisions, the right to dispose of shares, the right to request access to the Company's books and documents, monitor the work of the Board of Directors, and file a lawsuit. The responsibility on the Board members and the challenge of invalidation of the General Assembly's decisions (subject to the conditions and restrictions contained in the Companies Law and the Bylaws) are derived from the Companies Law and therefore cannot be amended.

12.14 Declarations Related to Legal Information

The Members of the Board of Directors acknowledge the following:

- the issuance does not violate the relevant laws and regulations in the Kingdom of Saudi Arabia;
- the issuance does not violate any contracts or agreements to which the Company is a party;
- all material legal information related to the Company has been disclosed in the Prospectus;
- except as disclosed in Section 12.11 (*Litigation*), the Company is not subject to any lawsuits or legal proceedings that may individually or in their entirety materially affect the Company's business or financial condition; and
- the Members of the Company's Board of Directors are not subject to any legal claims or proceedings that may, individually or in the aggregate, materially affect the Company's business or financial condition.

13. Underwriting

The Underwriter, Alinma Investment Company, has undertaken to fully underwrite the Offering of twelve million (12,000,000) Offer Shares pursuant to an underwriting agreement (the “**Underwriting Agreement**”) entered into with the Company and the Selling Shareholders, subject to certain conditions. The Underwriter’s details are set out below:

13.1 Alinma Investment Company

Alinma Investment Company

Al Anoud Tower 2, King Fahd Road, Riyadh

P.O. Box 55560

Riyadh 11544

Kingdom of Saudi Arabia

Tel: +966 (11) 218 5999

Fax: +966 (11) 218 5970

Website: www.alinmainvestment.com

E-mail: info@alinmainvestment.com

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alinma investment

The principal terms of the Underwriting Agreement are set out below:

13.2 Summary of Underwriting Arrangements

Under the terms and subject to the conditions contained in the Underwriting Agreement:

- (a) The Selling Shareholders undertake to the Underwriter that, on the first Business Day after allocation of the Offer Shares following the end of the Offering Period, they shall:
 - (i) sell and allocate the Offer Shares to any Individual Investor or Participating Party whose application for Offer Shares has been accepted by the Receiving Agents, as applicable; and
 - (ii) sell and allocate to the Underwriters the Offer Shares that have not been subscribed by the Individual Investors or Participating Parties pursuant to the Offering, as applicable.
- (b) The Underwriter undertake to the Selling Shareholders that at the date of allocation, it will purchase any Offer Shares that has not been subscribed by the Individual Investors or Participating Parties, in accordance with what is mentioned below:

Table 13.1: Underwritten Shares

Underwriter	Number of Offer Shares to be Underwritten	Percentage of Offer Shares Underwritten
Alinma Investment Company	Twelve million (12,000,000) Offer Shares	100%

Source: The Company.

The Company and the Selling Shareholders have committed to satisfying all of the provisions of the Underwriting Agreement.

13.3 Underwriting Costs

The Selling Shareholders will pay the Underwriter an underwriting fee based on the total value of the Offering. In addition, the Selling Shareholders have agreed to pay the expenses and costs of the Offering on behalf of the Company.

14. Expenses

The Selling Shareholders will be responsible for all costs and expenses associated with the Offering, which are estimated at approximately SAR 16,000,000. This figure includes the fees of the Financial Advisor, the Lead Manager, the Bookrunner, the Underwriter, the Legal Advisor, the Financial Due Diligence Advisor, the Auditors, the Market Consultant and the Receiving Agents, as well as marketing, printing and distribution fees and other costs and expenses related to the Offering. The Offering expenses will be deducted from the Offering Proceeds. The Company will not be responsible for payment of the Offering expenses.

15. Undertakings Following Admission

Following the Admission, the Company undertakes to:

- (a) complete Form 8 (related to compliance with the Corporate Governance Regulations) and, in the event that the Company does not comply with any of the requirements of the Corporate Governance Regulations, to explain the reasons for such non-compliance;
- (b) provide the CMA with the date on which the first General Assembly will be held following Admission so that the CMA's representative thereof may attend;
- (c) submit transactions and contracts in which a Director has a direct or indirect interest for authorisation by the General Assembly (in accordance with the Companies Law and Corporate Governance Regulations) and renew such authorisation on an annual basis, provided that the interested Director is prohibited from voting on the relevant resolution (whether in the Board or the General Assembly) (for further details regarding Related Party contracts and transactions, see Section 12.8 (*Related Party Transactions*));
- (d) disclose material developments related to the Company and projects set out in Section 4.6 (*Future Plans and Initiatives*);
- (e) comply with all the mandatory provisions of the Rules on the Offer of Securities and Continuing Obligations, the Listing Rules and the Corporate Governance Regulations immediately upon Admission;
- (f) calling for a General Assembly to update the Company's Bylaws immediately upon Admission;
- (g) comply with appointing three members among them two independent members in the Board of Directors at the first General Assembly held immediately after the listing of Shares;
- (h) comply with all mandatory provisions of the Corporate Governance Regulations immediately upon Admission; and
- (i) re-vote on the existing related party transaction agreements which were voted on by parties with an interest, in the first General Assembly held immediately after the listing of shares.

Similarly, following the Admission, the Directors undertake to:

- (a) record all Board of Directors resolutions by means of written minutes of meetings, which shall be signed by the Chairman and the Secretary; and
- (b) disclose the details of any Related Party transactions in accordance with the Companies Law and the Corporate Governance Regulations.

The Selling Shareholders, each in proportion to their respective shareholding, also undertake to bear any additional claims that may arise from ZATCA for the previous years until the Company is listed. Undertakings were obtained from the Selling Shareholders to this effect.

16. Waivers

The Company has not applied to the CMA for any waivers from any of its regulatory requirements.

17. Subscription Terms and Conditions

The Company has made an application to the CMA for the registration and offer of the Shares under the Rules on the Offer of Securities and Continuing Obligations, and an application for the listing of the Shares on the Exchange in accordance with 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 Bookrunner or Receiving Agent, as applicable, is deemed as acceptance and approval of the subscription terms and conditions.

17.1 Subscription to Offer Shares

The Offering will consist of twelve million (12,000,000) Offer Shares with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per share. The Offer Shares represent 30 per cent. of the Company's share capital with a total value of forty three Saudi Arabian Riyals (SAR 43). The CMA has also the right to suspend the Offering if, at any time after its approval of this Prospectus and before the registration of and admission to the listing of the Shares on the Exchange, a material adverse change has occurred in respect of the Company's operations.

The Offering is restricted to the following groups of Investors:

Tranche (A): Participating Parties

Comprising the parties entitled to participate in the book-building process as specified under the Book-Building Instructions, including investment funds, companies, Qualified Foreign Investors, GCC Corporate Investors and certain other Foreign Investors pursuant to Swap Agreements. Participating Entities will provisionally be allocated twelve million (12,000,000) Offer Shares, representing 100.0 per cent. of Offer Shares. The final allocation for the Participating Entities will be made upon the expiry of the Individual Investors' subscription period, using the discretionary allocation mechanism. As a result, some of the Participating Entities may not be allocated any Offer Shares. If there is sufficient demand by Individual Investors, the Bookrunner in coordination with the Company shall have the right to reduce the previously allocated Offer Shares to Participating Entities to ten million and eight hundred thousand (10,800,000) Offer Shares, representing 90.0 per cent. of the total Offer Shares. Initially, three million six hundred thousand (3,600,000) ordinary shares will be allocated to the public funds tranche, representing thirty per cent. of the total number of Offer Shares, in the event that there is sufficient demand from the public funds tranche, noting that in the event that there is sufficient demand from Individual Investors in the Offer Shares, the Bookrunner has the right to reduce the number of shares allocated to public funds to three million two hundred and forty thousand (3,240,000) ordinary shares as a minimum, representing twenty-seven per cent. of the total number of Offer Shares after completing the Individual Investors process.

Tranche (B): Individual Investors

Comprising Saudi Arabian natural persons, 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 Saudi Arabian children, as well as any non-Saudi natural persons resident in the Kingdom or GCC natural persons, in each case who have a bank account with a Receiving Agent and the right to open an investment account with a Capital Market Institution. 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. 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 two hundred thousand (1,200,000) Offer Shares, representing ten per cent. of the total Offer Shares shall be allocated to Individual Investors. If the Individual Investors do not subscribe in full to the Offer Shares allocated to them, the Bookrunner in coordination with the Company may reduce the number of Offer Shares allocated to Individual Investors in proportion to the number of Offer Shares subscribed by them.

17.2 Book-Building and Subscription by Participating Parties

- (a) The price range will be determined when the Book-Building is made available to all Participating Parties by the financial advisor in consultation with the Company and the selling shareholders, and the number and percentage of the Offer Shares that will be allocated to the Participating Parties will be determined in consultation with the Company and the Selling Shareholders using the optional allocation mechanism.
- (b) Each of the Participating Parties shall submit a Bidding Participation Application during the book-building period. The Participating Entities may change or cancel their Bidding Participation Application at any time during the book-building period, provided that such change shall be made by submitting an amended or additional Bidding Participation Application, where applicable, prior to the conclusion of fixing the Offer Price, which precedes commencement of the Offering Period. The number of Offer Shares to be subscribed by each Participating Entity shall neither be less than fifty thousand (50,000) Offer Shares nor more than one million nine hundred and ninety-nine thousand and nine hundred and ninety-nine (1,999,999) Offer Shares.

Offer Shares, and in relation only to public investment funds, without exceeding the maximum amount specified for each participating fund that is determined in accordance with Book-Building Instructions. The number of requested shares shall be subject to allocation. The Bookrunner will inform the Participating Entities of the Offer Price and the number of Offer Shares provisionally allocated to them, using the discretionary allocation mechanism. As a result, some of the Participating Entities may not be allocated any Offer Shares. Subscriptions by the Participating Entities shall commence during the Offering Period, which also includes the Individual Investors, according to the subscription terms and conditions detailed in the Subscription Application Forms.

- (c) After book-building for the Participating Entities is completed, the Bookrunner will announce the coverage percentage for the Participating Entities.
- (d) The Bookrunner 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 Tadawul.

17.3 Subscription by Individual Investors

Each Individual Investor shall subscribe for a minimum of ten (10) Offer Shares and a maximum of two hundred and fifty thousand (250,000) Ordinary Shares. Changes to or withdrawal of the subscription application shall not be permitted once the Subscription Application Form has been submitted.

Subscription Application Forms will be provided during the Offering Period by the Receiving Agents. Subscription Application Forms shall be completed in accordance with the instructions mentioned below. Individual Investors can also subscribe through the Internet, banking telephone 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 Individual Investor shall have a bank account at a Receiving Agent, which offers such services;
- (b) there should have been no changes in the personal information or data of the Individual Investor since his subscription in a recent initial public offering; and
- (c) the Individual Investors who are not Saudi or GCC natural people must have an account at one of the Capital Market Institutions which offer such services.

A signed Subscription Application Form represents a legally binding agreement between the Selling Shareholders and the relevant Individual Investor submitting the application to the Receiving Agents.

Individual Investors may obtain a copy of this Prospectus from the websites of the Company (www.altaseer.com), the CMA (www.cma.org.sa) or the Financial Advisor (www.alinmainvestment.com), and the Subscription Application Forms from the websites of the following Receiving Agents providing such service:

Receiving Agents

Alinma Bank

Al Anoud Tower - King Fahad Road
P.O. Box: 66674, Riyadh 11586
Kingdom of Saudi Arabia
Tel: +966 (11) 218 5555
Fax: +966 (11) 218 5000
Website: www.alinma.com
Email: info@alinma.com

مصرف الإنماء
alinma bank



Al Rajhi Bank

King Fahd Road - Al Muruj District - Al Rajhi Bank Tower
P.O Box 28, Riyadh 11411
Kingdom of Saudi Arabia
Tel.: +966 11 828 2515
Fax: +966 11 279 8190
Website: www.alrajhibank.com.sa
Email: contactcenter1@alrajhibank.com.sa

مصرف الراجحي
alrajhi bank



Receiving Agents

Riyad Bank

Al Shuhada District
P.O. Box: 22622, Riyadh 11614
Kingdom of Saudi Arabia
Tel: +966 (11) 401 3030
Fax: +966 (11) 468 5909
Website: www.riyadbank.com
E-mail: customercare@riyadbank.com



The Receiving Agents will commence receiving Subscription Application Forms through the internet, telephone banking, ATMs, or other electronic channels of any of the Receiving Agents that offer any or all such services to its customers, starting on 20 Thul-Qi'dah 1445H (corresponding to 28 May 2024G) for two days until 21 Thul-Qi'dah 1445H (corresponding to 29 May 2024G) at 4 pm. Once the Subscription Application Form is signed and submitted, the relevant Receiving Agent receiving it will stamp it and provide the Individual Investor with a copy of the completed Subscription Application Form (if applicable). If 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. The Individual Investors do not have the right to claim any compensation for the damages incurred due to such cancellation.

Each Individual 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 forty three Saudi Arabian Riyals (SAR 43) per Offer Share.

Subscriptions by Individual Investors for less than ten Offer Shares or fractional Shares will not be accepted. Increments are to be made in multiples of such minimum number, while the maximum number of Offer Shares to be applied for is two hundred and fifty thousand (250,000) Offer Shares.

Subscription Application Forms for Individual Investors 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 Individual Investor):

- the original and copy of the Individual Investor's national civil identification card (in case of individuals, including Saudi and other GCC natural people);
- the original and copy of the family civil identification card (when subscribing on behalf of family members);
- the original and a copy of a power of attorney (when subscribing on behalf of others);
- the original and a copy of certificate of guardianship (when subscribing on behalf of orphans);
- the original and a copy of the divorce certificate (when subscribing on behalf of the children of a divorced Saudi woman);
- the original and a copy of the death certificate (when subscribing on behalf of the children of a widowed Saudi woman); and
- the original and a copy of the birth certificate (when subscribing on behalf of the children of a divorced or widowed Saudi woman).

Powers of attorney are only allowed for family members (parents and children only). In the event an application is made on behalf of an Individual Investor (parents and children only), the name of the person signing on behalf of the Individual Investor should be stated in the Subscription Application Form, accompanied by a valid original and a copy of the power of attorney. The power of attorney must be notarised by a notary public for the Individual Investors residing in the Kingdom and must be legalised through a Saudi embassy or consulate in the relevant country for the Individual Investors residing outside the Kingdom. The concerned official of the Receiving Agent shall match the copy with the original version and return the original version to the Individual Investor.

One Subscription Application Form should be completed for each primary Individual 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 Individual Investor. In this case:

- all Offer Shares allocated to the primary Individual Investor and dependent Individual Investors will be registered in the primary Individual Investor's name;
- the primary Individual Investor will receive any refund in respect of amounts not allocated and paid for by himself or dependent Individual Investors; and
- the primary Individual Investor will receive all dividends distributed in respect of the Offer Shares allocated to himself and dependent Individual Investors (in the event the Shares are not sold or transferred).

Separate Subscription Application Forms must be used if:

- the Offer Shares to be allocated are to be registered in a name other than the name of the primary Individual Investor;
- dependent Individual Investors intend to apply for a different number of Offer Shares than the primary Individual Investor; or
- the wife subscribes in her name, adding allocated Offer Shares to her account (she must complete a separate Subscription Application Form from the Subscription Application Form completed by the relevant primary Individual Investor). In the latter case, applications made by husbands on behalf of their spouses will be cancelled 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 can 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. If the primary Individual Investor subscribes for himself and his family members who are registered in the family identification card, and a family member subscribes for a separate subscription application, only the request of the family member who has submitted a separate application from the request of the primary Individual Investor will be cancelled.

During the Offering Period, only a valid Iqama 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 Individual 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 legalised through a Saudi embassy or consulate in the relevant country.

Each Individual 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 forty three Saudi Arabian Riyals (SAR 43) per Offer Share. Each Individual Investor shall acquire the number of Offer Shares allocated to him/her upon:

- (a) delivery by the Individual Investor of the Subscription Application Form to any of the Receiving Agents; and
- (b) payment in full by the Individual 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 authorising a debit of the Individual Investor's account held with the Receiving Agent to whom the Subscription Application Form is being submitted. The Offer Shares ownership transfer will be valid only from the time such transfer is recorded in the Company's share register and the Shares have commenced trading on the Exchange.

If a submitted Subscription Application Form is not in compliance with the terms and conditions of the Offer, the Company shall have the right to reject, in full or in part, such an application. The Individual Investor shall accept any number of Offer Shares allocated to him/her unless the allocated shares exceed the number of Offer Shares he has applied for.

17.4 Allocation and Refunds

The Lead Manager and the Receiving Agents shall open and operate an escrow account for the purpose of depositing and maintaining the Subscription Monies collected from the Participating Parties and Receiving Agents (on behalf of Individual Investors). Each of the Receiving Agents shall deposit all amounts received from the Subscribers into the escrow account mentioned above, the details of which will be indicated in the Subscription Application Forms.

The Lead Manager and Receiving Agents, as applicable, will notify the Subscribers of the final number of Offer Shares allocated together with 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. The final allocation will be announced no later than 25 Thul-Qi'dah 1445H (corresponding to 02 June 2024G) and refunds shall be processed no later than 25 Thul-Qi'dah 1445H (corresponding to 02 June 2024G) (for further details, see "Key Dates and Subscription Procedures", page (xv), and Section 17 (*Subscription Terms and Conditions*)). Subscribing Individual Investors should communicate with the Lead Manager or the 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 Entities

After completion of the allocation of the Offer Shares to Individual Investors, final allocation of the Offer Shares to the Participating Entities will be made as the Bookrunner deem appropriate, in coordination with the Company, using the discretionary allocation mechanism. As a result, some of the Participating Entities may not be allocated any Offer Shares. The number of Offer Shares to be initially allocated to the Participating Entities is twelve million (12,000,000) ordinary Shares, representing 100.0 per cent. of the Offer Shares. The percentage of Offer Shares allocated to public funds shall be at least 30.0 per cent. of the total number of Offer Shares, if there is sufficient demand by public funds. The Offer Shares will be allocated to each public fund initially on a pro rata basis based on the ratio of what was requested by each public fund to the total number of shares requested by each public fund. If the Individual Investors subscribe to the Offer Shares allocated thereto, the Bookrunner in coordination with the Company shall have the right to reduce the number of Offer Shares allocated to the Participating Entities to ten million and eight hundred (10,800,000) ordinary Shares, representing 90.0 per cent. of the Offer Shares after the completion of the Individual Investors' subscription process. Initially, three million six hundred thousand (3,600,000) ordinary shares will be allocated to the public funds tranche, representing thirty per cent. of the total number of Offer Shares, in the event that there is sufficient demand from the public funds tranche, noting that in the event that there is sufficient demand from Individual Investors in the Offer Shares, the Bookrunner has the right to reduce the number of shares allocated to public funds to three million two hundred and forty thousand (3,240,000) ordinary shares as a minimum, representing twenty-seven per cent. of the total number of Offer Shares after completing the Individual Investors process.

17.4.2 Allocation of Offer Shares to Individual Investors

There will be an allocation of a maximum of one million and two hundred thousand (1,200,000) Offer Shares, representing ten per cent. of the Offer Shares, to Individual Investors. The minimum allocation per Individual Investor is ten Offer Shares and the maximum allocation per Individual Investor is two hundred and fifty thousand (250,000) Offer Shares. The balance of the Offer Shares (if available) will be allocated on a pro-rata basis of the percentage applied for by each individual investor to the number of Offer Shares applied for by each Individual Investor. If the number of Individual Investors exceeds one hundred and twenty thousand (120,000) Individual Investors, the Company will not guarantee the minimum allocation. The Offer Shares will be allocated at the discretion of the Lead Manager in coordination with the Company. Excess subscription monies, if any, will be refunded to the Individual Investors without any charge or withholding by the Receiving Agents.

17.5 Circumstances Where Trading and Listing May be Suspended or Cancelled

17.5.1 Power to Suspend Trading or Cancel Listing

- (a) The CMA may suspend trading in listed securities or cancel the listing at any time as it deems fit, in any of the following circumstances:
 - (i) the CMA considers it necessary for the protection of investors or the maintenance of an orderly market;
 - (ii) the issuer fails, in a manner which the CMA considers material, to comply with the CML, its implementing regulations or the Listing Rules;
 - (iii) the issuer fails to pay on time any fees due to the CMA or the Exchange or any fines due to the CMA;
 - (iv) if it considers that the issuer or its business, the level of its operations or its assets are no longer suitable for the continued listing of its securities on the Exchange;
 - (v) if a reverse takeover announcement does not contain sufficient information about the proposed transaction. If the issuer announces sufficient information regarding the target and the CMA is satisfied, following the issuer's announcement, that there will be sufficient information available for the public about the proposed transaction of the reverse takeover, the CMA may decide not to suspend trading at this stage;
 - (vi) if information about the proposed transaction of reverse takeover is leaked and the issuer cannot accurately assess its financial position and the Exchange cannot be informed accordingly;
 - (vii) if an application for financial restructuring of the issuer in the event of its accumulated losses reaching 50.0 per cent. or more of its capital is registered with the court under the Bankruptcy Law;
 - (viii) if a request for liquidation procedure or the administrative liquidation of the issuer is registered with the court under the Bankruptcy Law;
 - (ix) upon the issuance of a final judgment closing the financial restructuring and initiating the liquidation procedure or the administrative liquidation procedure of the issuer in the court under the Bankruptcy Law; or
 - (x) upon issuance of a final judgment initiating the liquidation procedure or the administrative liquidation procedure of the issuer in court under the Bankruptcy Law.
- (b) Lifting of the trading suspension under paragraph (a) above is subject to the following:
 - (i) the issuer adequately addressing the conditions that led to the suspension and the lack of the need to continue the suspension for the protection of investors;
 - (ii) that lifting the suspension is unlikely to affect the normal activity of the Exchange;
 - (iii) the issuer complies with any other conditions that the CMA may require;
 - (iv) upon the issuance of a final judgment initiating financial restructuring for the issuer under the Bankruptcy Law, unless it was suspended from its activities by the relevant competent authority, if the suspension is made in accordance with paragraph (a)((vii)) above; and
 - (v) upon the issuance of a final judgment rejecting the commencement of liquidation procedure or administrative liquidation of the issuer under the Bankruptcy Law, unless the issuer was suspended from its activities by the relevant competent authority, if the suspension is made in accordance with paragraph (a)((viii)) above.
- (c) The Exchange shall suspend the trading of securities of the Company in any of the following cases:
 - (i) if the issuer does not comply with the deadlines for the disclosure of its periodic financial information within the periods specified in accordance with applicable implementing regulations;
 - (ii) if the external auditor's report on the financial statements of the issuer contains an adverse opinion or an abstention from expressing an opinion;
 - (iii) if the liquidity requirements in Part 2 of the Listing Rules are not satisfied after listing after the time limit set by the Exchange for the issuer to rectify its conditions, unless the CMA agrees otherwise; or
 - (iv) upon the issuance of a resolution by an Extraordinary General Assembly of the issuer to reduce its capital for the two trading days following the issuance of such resolution.
- (d) The Exchange removes the suspension referred to in subparagraphs ((i)) and ((ii)) of paragraph (c) above, after one trading session has passed after the cause of suspension ceases to exist. In case that the issuer's shares are available for trading outside the platform, the Exchange removes the suspension within a period of not more than five trading sessions after the cause of suspension ceases to exist.
- (e) The Exchange may at any time propose to CMA to suspend the trading of any listed security or cancel its listing where, in its opinion, it is likely that any of the above circumstances of paragraph (a) above are to occur.
- (f) The issuer whose securities are subject to a trading suspension must continue to comply with the Capital Market Law, its implementing regulations and the Listing Rules.

- (g) If the listing suspension continues for six (6) months with no appropriate procedure made by the issuer to correct such suspension, the CMA may cancel the listing of the issuer.
- (h) Upon the issuer's completion of a reverse takeover, the issuer's shares are de-listed. If the issuer 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.
- (i) This paragraph shall not prejudice the suspension of trading and cancellation of listing resulting from the losses of the issuer pursuant to relevant implementing regulations of the CML and Listing Rules.

17.5.2 Voluntary Cancellation of Listing

- (a) After its shares have been listed on the Exchange, an issuer may not cancel the listing of its securities without the prior approval of the CMA. To obtain CMA approval, the issuer must provide the cancellation application to the CMA along with a simultaneous notice to the Exchange. The application has to include the following:
 - (i) specific reasons for the request for cancellation;
 - (ii) a copy of the disclosure described in paragraph (d) below;
 - (iii) a copy of the relevant documentation and a copy of all related communication to shareholders if the cancellation is to take place as a result of a takeover or other corporate action by the issuer; and
 - (iv) the names and contact information of the financial advisor and legal advisor 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 issuer must obtain the consent of the Extraordinary General Assembly to the cancellation of the listing after obtaining the CMA approval.
- (d) If the cancellation is made at the issuer's request, it 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 issuer's activities.

17.5.3 Temporary Trading Suspension

- (a) An issuer may request from the Exchange a temporary trading suspension of its securities upon the occurrence of an event during trading hours which requires immediate disclosure under the CML, its implementing regulations or the Listing Rules, and where the issuer cannot maintain the confidentiality of this information until the end of the trading period. The Exchange shall suspend trading of the securities of that issuer immediately upon receiving such request.
- (b) If trading is temporarily suspended at the issuer's request, the issuer must disclose to the public as soon as possible the reason for the suspension, its anticipated period and the nature of the event that caused it, and the extent to which it affects the issuer's activities.
- (c) The CMA may impose a temporary trading suspension without a request from the issuer if it becomes aware of information or circumstances affecting the issuer's activities which the CMA 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 issuer must continue to comply with the CML, its implementing regulations and Listing Rules.
- (d) The Exchange may propose to the CMA to exercise its powers in accordance with paragraph (c) above, if it becomes aware of information or circumstances affecting the issuer's activities which would be likely to interrupt the operation of the Exchange or the protection of investors.
- (e) A temporary trading suspension will be lifted following the elapse of the period referred to in the disclosure specified in paragraph (b) above in this Section, unless the CMA or the Exchange decide otherwise.
- (f) If the listing suspension continues for six (6) months with no appropriate procedure made by the issuer to correct such suspension, CMA may cancel the listing of issuer.

17.5.4 Re-Registering and Listing After Cancellation of Listing

After the cancellation of listing of an issuer's securities, if the issuer wishes to re-list such securities, it must submit new applications in accordance with the procedures set out in the Rules on the Offer of Securities and Continuing Obligations and the Listing Rules.

17.6 Approvals and Decisions under Which the Shares are Offered

The following are the decisions and approvals under which the Offer Shares are publicly offered:

- (a) the Company's Board of Directors' resolution recommending the Offering issued on 4 Sha'ban 1443H (corresponding to 7 March 2022G);
- (b) the Company's General Assembly resolution approving the Offering issued on 7 Rabi' al-Thani 1445H (corresponding to 22 October 2023G);
- (c) the CMA's approval on Shares Offering issued on 18 Jumada al-Akhirah 1445H (corresponding to 31 December 2023G); and
- (d) the conditional approval of Tadawul to list the Shares on 15 Jumada al-Akhirah 1445H (corresponding to 28 December 2023G).

17.7 Lock-up Period

The Substantial Shareholders specified in Table 2 (*Substantial Shareholders and Their Ownership in the Company Pre- and Post-Offering*) may not dispose of any of their Shares for a period of six (6) months from the date on which trading of the Shares commences on the Exchange. They may dispose of their Shares after the end of this period without obtaining the prior approval of the CMA, and the Company is prohibited from listing shares of the same listed class for a period of six (6) months from the date of commencement of trading of the Shares on the market.

17.8 Acknowledgments and Declarations by Subscribers

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 he/she has read this Prospectus and understood all its content;
- (c) accepts the Bylaws and all Offering instructions and terms mentioned in this Prospectus and the Subscription Application Form, and subscribes to the Offer Shares accordingly;
- (d) declares that neither himself nor any of his 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 to him/her (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 or any of the Bookrunner, as applicable; and
- (g) retains his/her right to sue the Company for damages caused directly by incorrect or incomplete information contained in this Prospectus, or by omitting major information that should have been part of this Prospectus and could affect his/her decision to purchase the Shares.

For further details on the allocation process, see Section 17.4 (*Allocation and Refunds*).

17.9 Shares' Record and Trading Arrangements

Tadawul shall keep a Shareholders' Register containing their names, nationalities, addresses, professions, the Shares held by them and the amounts paid for these Shares.

17.10 Saudi Exchange (Tadawul)

In 1990G, full electronic trading in the Kingdom equities 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 its settlement. 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 cancelled from 9:30 a.m. to 10:00 a.m. Such times change during the month of Ramadan and are announced by the Tadawul Management. 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, meaning that share ownership transfers take two working days after the trade transaction is executed.

Listed companies are required to disclose all material decisions and information that are important for the 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 Securities Depository Centre (Edaa)

Securities Depository Centre Company (Edaa) was established in 2016G as a closed joint stock company in accordance with the previous Saudi Companies Law issued by Royal Decree No M/3 dated 28 Muharram 1437H (corresponding to 10 November 2015G), with a capital of SAR 400,000,000 divided into 40,000,000 shares, with a nominal value of SAR 10 per share, and is fully owned by the Exchange.

The establishment was based on the CMA's approval of Tadawul's Board of Directors request in relation to conversion of the Securities Depository Centre into a joint stock company in accordance with the Capital Market Law issued by Royal Decree No M/30 dated 2 Jumada al-Akhirah 1424H (2 July 2003G).

The activities of Edaa are to conduct businesses related to depositing, registering, transferring, settling and clearing securities, and recording any ownership restrictions on the deposited securities. Further, it deposits and manages the records of the issuers of securities, and organises issuers' general assemblies, including remote voting services (e-Voting), reporting, notifications, and information, as well as providing other related services that Edaa may provide in accordance with the CML and its implementing regulations.

17.12 Trading of Company's Shares

Trading of the Shares is expected to commence on the Exchange after finalisation of the allocation process and the announcement of the start date of trading by Tadawul. Following the Admission, Saudi natural persons, non-Saudi natural persons holding valid residency permits in the Kingdom, GCC natural persons, 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 and Strategic Foreign Investors will be permitted to trade in the Shares in accordance with the Rules for foreign Investment in Securities. Foreign Investors will also have the right to invest indirectly to acquire economic benefits in the Shares by entering into Swap Agreements with Capital Market Institutions to acquire, hold and trade in the Shares on the Exchange on behalf of such Foreign Investor. The Capital Market Institutions shall be deemed the legal owners of the Shares under the Swap Agreements. Moreover, other Foreign Investors which are clients of a Capital Market Institution authorised by the CMA to conduct managing activities will be permitted to trade in the Shares in accordance with the Rules for Foreign Investment in Securities, provided that the Capital Market Institution has been appointed on conditions that enable it to make all investment decisions on behalf of its client without obtaining a prior approval.

Furthermore, Shares can only be traded after the allocated Offer Shares have been credited to Subscribers' accounts at Tadawul, the Company has been registered in the Main Market and its Shares are 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 Shareholders shall have no legal responsibility in connection with pre-trading activities.

17.13 Miscellaneous

The Subscription Application Form and all related terms, conditions, provisions, covenants and undertakings shall be binding upon and inure to the benefit of their parties and their respective successors, permitted assigns, executors, administrators and heirs; provided that, neither the Subscription Application Form nor any of the rights, interests or obligations arising pursuant thereto are assigned and delegated by any of the parties to the subscription without the prior written consent of the other party.

These instructions, the conditions 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.

This Prospectus has been released in both Arabic and English languages and the Arabic version is the only one approved by the CMA. In the event of a discrepancy between the English and the Arabic versions, the Arabic version of this Prospectus shall prevail.

The distribution of this Prospectus and the sale of the Offer Shares in any country other than the Kingdom are expressly prohibited, except for certain GCC investors, Qualified Foreign Investor, foreign strategic investors and/or certain other Foreign Investors through Swap Agreements, taking into account the relevant rules and instructions. The Offering does not constitute an offer to sell, or the solicitation of an offer to buy, securities in any jurisdiction in which such offer or solicitation would be unlawful. All recipients of this Prospectus must inform themselves of any regulatory restrictions relevant to the Offering 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 and the Listing Rules, the Company must submit a supplementary prospectus to the CMA if, at any time after the publication of this Prospectus and before completion of the Offering, the Company becomes aware of: (i) a significant change in any material information contained in this Prospectus or any document required under the Rules on the Offer of Securities and Continuing Obligations or the Listing Rules; or (ii) additional significant matters that have become known which would have been required to be included in this Prospectus. Except in the aforementioned circumstances, the Company does not intend to update or otherwise revise any industry or market information or forward-looking statements in this Prospectus, whether as a result of new information, future events or otherwise. As a result of the aforementioned and other risks, uncertainties and assumptions, the expectations of future events and circumstances set forth in this Prospectus may not occur as expected by the Company or may not occur at all. Consequently, prospective investors should consider all forward-looking statements in light of these explanations and should not place undue reliance on them.

18. Documents Available for Inspection

The following documents will be available for inspection at the Company's head office in the Sec-ond Industrial Area, P.O. Box 6416, Riyadh 11442, Kingdom of Saudi Arabia, between 8:00 a.m. and 4:00 p.m. from Thursday 08 Thul-Qi'dah 1445H (corresponding to 16 May 2024G) till Wednesday 21 Thul-Qi'dah 1445H (corresponding to 29 May 2024G):

- a copy of the CMA announcement of the approval of the Offering;
- the Company General Assembly's approval of the Offering, dated 7 Rabi' al-Thani 1445H (corresponding 22 October 2023G);
- the Company's Board of Directors' approval of the Offering dated 25 Rabi Al-Awwal 1445H (corresponding to 10 October 2022G);
- the Company's Bylaws, and the amendments made thereto;
- the Company's articles of association, and the amendments made thereto;
- the Company's Commercial Registration certificate issued by the MoC;
- the audited financial statements of the Company for the financial years ended 31 December 2020G, 2021G and 2022G and 2023G.
- the reviewed interim financial statements of the six-month period ended 30 June 2023G;
- the Market Report prepared by the Market Consultant;
- the document containing the mechanism that was relied on to arrive at the price range used in the process of book-building process or the valuation report;
- all other reports, letters, documents, value and data assessments prepared by any expert, including any part thereof mentioned in this Prospectus;
- contracts and agreements disclosed in Section 12.8 (*Related Party Transactions*); and
- letters of consent from each of:
 - (a) the Financial Advisor, Lead Manager, Bookrunner and Underwriter, Alinma Investment Company for the inclusion of its name, logo, and statements in this Prospectus;
 - (b) the Auditor KPMG Professional Services for the inclusion herein of their names and logos, along with the audit reports on the financial statements of the Company for the financial years ended 31 December 2020G, 2021G and 2022G and the reviewed interim financial statements of the six-month period ended 30 June 2023G;
 - (c) the Financial Due Diligence Advisor PricewaterhouseCoopers (PwC) Professional Services for the inclusion of its name, logo and statements in this Prospectus;
 - (d) the Market Consultant Frost & Sullivan for the inclusion of its name, logo and statements, in this Prospectus; and
 - (e) the Legal Advisor STAT Law Firm, for the inclusion of its name, logo and statements, in this Prospectus.

19. Financial Statements and Auditor's Report

This Section contains the Company's audited financial statements of the Company for the financial year ended 31 December 2020G, was prepared in accordance with International Financial Reporting Standard for the Small and Medium Enterprises that is endorsed in the Kingdom and other standards and pronouncements issued SOCPA, and the financial years ended 31 December 2021G, 2022G, 2023G and the reviewed interim financial statements of the six-month period ended 30 June 2023G, and the accompanying notes thereto, which have been prepared by the Auditor in accordance with the IFRS.

AL TAISEER ALUMINUM TALCO COMPANY
CLOSED JOINT STOCK
(A Saudi Closed Joint Stock Company)
Financial statements
31 December 2020
together with the
Independent Auditor's Report

Al Taiseer Aluminum TALCO Company Closed Joint Stock

(A Saudi Closed Joint Stock Company)

Financial Statements and Independent Auditor's Report

For the financial year ended 31 December 2020

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KPMG Professional Services

Riyadh Front, Airport Road
P. O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Headquarter

Commercial Registration No 1010425494

كي بي إم جي للاستشارات المهنية

واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
المركز الرئيسي

سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

Independent auditors' report

To the Shareholders of Al Taiseer Group TALCO Industrial Company Closed Joint Stock

Opinion

We have audited the financial statements of **Al Taiseer Group TALCO Industrial Company Closed Joint Stock** ("the Company") (A Saudi Closed Joint Stock Company), which comprise the statement of financial position as at 31 December 2020, the Statement 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, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards For Small and Medium-Entities ("IFRS for SMEs") 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.

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 for SMEs, 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 bylaws 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.

Auditors' 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.

KPMG professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia. With the paid-up capital of (15,000,000) SAR. (Previously known as "KPMG Al Fozan & Partners Certified Public Accountants") A non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved

كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مغلقة، مسجلة في المملكة العربية السعودية، رأس مالها (١٥,٠٠٠,٠٠٠) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي الفوزان وشركاه محاسبون ومراجعون قانونيون". وهي عضو غير شريك في الشبكة العالمية للشركات كي بي إم جي المستقلة التابعة لـ كي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة.



Independent auditors' report

To the Shareholders of Al Taiseer Group TALCO Industrial Company Closed Joint Stock (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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 scepticism 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 Taiseer Group TALCO Industrial Company Closed Joint Stock**.

KPMG Al Fozan & Partners
Certified Public Accountants



Kholoud A. Mousa Altambakti
License No: 421

Date: 12 Thul-Qi'dah 1442 H
Corresponding to: 22 June 2021




AL TAISEER ALUMINUM TALCO COMPANY CLOSED JOINT STOCK
(A Saudi Closed Joint Stock Company)
STATEMENT OF FINANCIAL POSITION
As at 31 December 2020
(Amounts in SAR)

	<i>Notes</i>	<u>2020</u>	<u>2019</u>
Assets			
Current assets			
Cash and cash equivalents	(4)	57,969,726	23,043,048
Short-term deposits	(5)	—	51,419,444
Trade receivables and other current assets	(6)	201,516,830	172,357,806
Inventory	(7)	49,555,052	93,470,597
Total current assets		<u>309,041,608</u>	<u>340,290,895</u>
Non-current assets			
Property, plant and equipment	(9)	100,738,385	107,821,993
Total non-current assets		<u>100,738,385</u>	<u>107,821,993</u>
Total assets		<u>409,779,993</u>	<u>448,112,888</u>
Liabilities and equity			
Current liabilities			
Current portion of long-term loan	(12)	—	4,420,000
Trade payables and other current liabilities	(10)	80,865,398	51,601,592
Due to related parties	(8)	10,524,653	6,099,184
Zakat provision	(11)	6,072,177	7,361,938
Total current liabilities		<u>97,462,228</u>	<u>69,482,714</u>
Non-current liabilities			
long-term borrowing	(12)	—	27,296,000
Employees' end of service benefits	(13)	11,268,181	11,129,729
Total non-current liabilities		<u>11,268,181</u>	<u>38,425,729</u>
Total liabilities		<u>108,730,409</u>	<u>107,908,443</u>
Equity			
Share capital	(14)	200,000,000	200,000,000
Statutory reserve		40,963,413	37,334,780
Retained earnings		60,086,171	102,869,665
Total equity		<u>301,049,584</u>	<u>340,204,445</u>
Total liabilities and equity		<u>409,779,993</u>	<u>448,112,888</u>

The accompanying notes 1 through 22 form an integral part of these financial statements.

These financial statements as shown on the pages from (3) to (18) have been approved by the shareholders on 22 June 2021 and are signed on their behalf by:


Mr. Mansour Al Fatouh
(Chairman)


Mr. Assem Ezz El Arab
(Finance Manager)

AL Taiseer Aluminum Talco Company Closed Joint Stock

(A Saudi Closed Joint Stock Company)

Statement of comprehensive income

For the year ended 31 December 2020

(Amounts in SAR)

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
Sales		356,571,955	334,129,029
Cost of sales	(15)	(288,580,825)	(280,101,800)
Gross profit		67,991,130	54,027,229
Selling and distribution expenses	(16)	(10,094,372)	(8,425,781)
General and administrative expenses	(17)	(16,129,291)	(14,488,469)
Operating profit		41,767,467	31,112,979
Other income	(18)	1,291,171	2,892,732
Finance costs		(700,135)	(833,113)
Profit before zakat		42,358,503	33,172,598
Zakat	(11)	(6,072,177)	(7,361,938)
Net income for the year		36,286,326	25,810,660
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurements of Employees end of service benefits		--	--
Other comprehensive income for the year		--	--
Total comprehensive income for the year		36,286,326	25,810,660

The accompanying notes 1 through 22 form an integral part of these financial statements.

AL TAISEER ALUMINUM TALCO COMPANY CLOSED JOINT STOCK
(A Saudi Closed Joint Stock Company)
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2020
(Amounts in SAR)

	<u>Share Capital</u>	<u>Statutory Reserve</u>	<u>Retained earnings</u>	<u>Total</u>
Balance as at 1 January 2019	200,000,000	34,753,714	99,640,071	334,393,785
Net profit for the year	--	--	25,810,660	25,810,660
Other comprehensive income for the year	--	--	--	--
Total comprehensive income	--	--	25,810,660	25,810,660
Dividends paid	--	--	(20,000,000)	(20,000,000)
Transfer to statutory reserve	--	2,581,066	(2,581,066)	--
Balance as at 31 December 2019	200,000,000	37,334,780	102,869,665	340,204,445
Net profit for the year	--	--	36,286,326	36,286,326
Other comprehensive income for the year	--	--	--	--
Total comprehensive income	--	--	36,286,326	36,286,326
Dividends paid	--	--	(75,441,187)	(75,441,187)
Transfer to statutory reserve	--	3,628,633	(3,628,633)	--
Balance as at 31 December 2020	200,000,000	40,963,413	60,086,171	301,049,584

The accompanying notes 1 through 22 form an integral part of these financial statements.



AL TAISEER ALUMINUM TALCO COMPANY CLOSED JOINT STOCK

(A Saudi Closed Joint Stock Company)

STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

(Amounts in SAR)

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
Cash flows generated from operating activities:			
Profit before Zakat		42,358,503	33,172,598
<i>Adjustments to reconcile net income to net cash generated from operating activities:</i>			
Depreciation	(9)	15,899,670	16,807,770
Charge for / (Reversal of) doubtful trade receivables	(6)	2,500,000	(30,300)
(Reversal) for provision of slow-moving inventory	(7)	(726,015)	--
Losses/ (profits) on sale of property, plant and equipment		115,000	(107,830)
Provision for employees' end-of-service benefits	(13)	2,752,293	3,078,006
		62,899,451	52,920,244
Changes in operating assets and liabilities:			
Trade receivables and other current assets		(31,659,024)	(16,375,108)
Short-term deposits		51,419,444	18,580,556
Inventory		44,641,560	(18,345,562)
Due to related parties		4,425,469	(1,660,911)
Trade payables and other current liabilities		29,263,806	15,465,389
		160,990,706	50,584,608
Employees' end of service benefits paid	(13)	(2,613,841)	(1,784,000)
Zakat paid	(11)	(7,361,938)	(6,973,519)
Net cash generated from operating activities		151,014,927	41,827,089
Cash flows from investing activities:			
Purchase of property and equipment	(9)	(8,931,062)	(7,544,650)
Proceeds from sale of property and equipment		-	196,078
Net cash used in investing activities		(8,931,062)	(7,348,572)
Cash flows from financing activities:			
Payment of long-term loan	(12)	(31,716,000)	(2,980,000)
Dividends paid		(75,441,187)	(20,000,000)
Net cash used in financing activities		(107,157,187)	(22,980,000)
Net decrease in cash and cash equivalents		34,926,678	11,498,517
Cash and cash equivalents at the beginning of the year		23,043,048	11,544,531
Cash and cash equivalents at end of the year		57,969,726	23,043,048

The accompanying notes 1 through 22 form an integral part of these financial statements.

AL TAISEER ALUMINUM TALCO COMPANY CLOSED JOINT STOCK

(A Saudi Closed Joint Stock Company)

Notes to the financial statements

For the year ended 31 December 2020

1 **ORGANIZATION AND PRINCIPAL ACTIVITIES**

Al Taiseer Group TALCO Industrial Company Closed Joint Stock (the "Company") is a Closed Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration numbered 1010009737 dated 10 Jumada II 1396 (corresponding to 8 June 1976).

The Company has registered a branch located in Jeddah dated 9 Safar 1441 (corresponding to 8 October 2019).

The Company is engaged in production and coating of various aluminium profiles, manufacturing of doors, windows, glass buildings elevations, aluminium and wooden kitchen units, and production of marble kitchen surface.

The Company's registered office is located at the following address:

Al Taiseer Aluminium Company
Second Industrial Area
Al Kharj Road
P.O. Box 6416, Riyadh 11442
Kingdom of Saudi Arabia

2 **BASIS OF PREPARATION**

a) Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards for Small and Medium-sized Entities ("IFRS for SMEs") endorsed in Kingdom of Saudi Arabia and other standards and regulations adopted by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

b) Basis of measurement

The accompanying financial statements have been prepared on the historical cost basis using the accrual basis of accounting and going concern concept.

c) Functional and presentation currency

These financial statements are presented in Saudi Arabian Riyal (SR), which is the functional currency of the Company.

d) Use of estimates and judgements

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. 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.

Useful lives of property, plant and equipment

The management determines the estimated useful lives of property and equipment for computing depreciation. This estimate is determined after considering expected usage of the assets and physical wear and tear. Management reviews the residual value and useful lives annually and change in depreciation charges, if any, are adjusted in current and future periods.

AL TAISEER ALUMINUM TALCO COMPANY CLOSED JOINT STOCK
(A Saudi Closed Joint Stock Company)
Notes to the financial statements
For the year ended 31 December 2020

2 BASIS OF PREPARATION (CONTINUED)

d) *Use of estimates and judgements (Continued)*

Employee benefits – defined benefit obligations

The Company operates an end of service benefit plan for its staff based on the prevailing Saudi Arabian Labor Law. The liability is being accrued based on projected unit method in accordance with the periodic actuarial valuation. Refer to Note 13 for details of assumptions and estimate. Certain actuarial assumptions have been adopted as disclosed in Note 13 to these financial statements for valuation of present value of defined benefit obligations. Any changes in these assumptions in future years might affect gains and losses in those years.

Provision and contingencies

A provision is recognized as a result of a past event and the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability, it is disclosed as contingent liability.

3 SIGNIFICANT ACCOUNTING POLICES

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

a) *Cash and cash equivalents*

Cash and cash equivalents include cash in hand and with banks and other short-term highly liquid investments, if any, with original maturities of three months or less from the purchase date.

b) *Trade receivables*

Trade receivables are carried at original invoice amount less impairment for doubtful debts. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not to be recoverable. If so, an impairment loss is recognized immediately in statement of comprehensive income.

c) *Property, plant and equipment*

Property and equipment are measured at cost less accumulated depreciation and accumulated impairment. Construction in progress which is carried at cost. Land is not depreciated.

Depreciation is charged to the statement of comprehensive income, using the straight- line method, to allocate the costs of the related assets to their residual values over the following estimated useful lives:

	<u>Useful life (years)</u>
Buildings	20
Plant and equipment	4 – 12.5
Motor vehicles	4
Extrusion Molds	2
Furniture and fixtures	2 – 6.67

Gains and losses on disposal are determined by comparing proceeds with carrying amount and are included in the statement of comprehensive income.

Subsequent expenditures are recognized only when the economic benefits associated with the expenditures are probable to flow to the Company. All other expenditure is recognized in the Statement of comprehensive income when incurred.

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

AL TAISEER ALUMINUM TALCO COMPANY CLOSED JOINT STOCK

(A Saudi Closed Joint Stock Company)

Notes to the financial statements

For the year ended 31 December 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) *Employees' end of service benefits*

Employees' end of service benefits, liability recognised in the statement of financial position is measured using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future payments by reference to market yields at the reporting date on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability. Actuarial gains and losses are charged or credited to other comprehensive income in the period in which they arise.

Changes in the present value of the defined benefit obligations resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs. End of service payments are based on employees' final salaries and allowances and their cumulative years of service, as stated in the labour law of Saudi Arabia.

e) *Foreign currency transactions*

Transactions denominated in foreign currencies are translated to the functional currency of the Company at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated to the functional currency of the Company at the exchange rate ruling at that date. Exchange differences arising on translation are recognized in the statement of comprehensive income.

f) *Zakat*

The Company is subject to Zakat in accordance with the Zakat regulation issued by ZATCA in the Kingdom of Saudi Arabia which is subject to interpretations. Zakat is recognized in the income statement. Zakat is levied at a fixed rate of 2.5% of the Zakat base as defined in the Zakat regulations.

The Company's management establishes provisions where appropriate on the basis of amounts expected to be paid to ZATCA and periodically evaluates positions taken in Zakat returns with respect to situations in which applicable Zakat regulation is subject to interpretation.

Additional zakat liability, if any, related to prior years' assessments arising from ZATCA are accounted for in the period in which the final assessments are finalized.

g) *Revenue recognition*

Sales represent the invoiced value of goods supplied by the Company during the year, net of trade and quantity discounts and are recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably normally on delivery to the customer. Other income is recognized when earned.

h) *Inventories*

Inventories are measured at the lower of cost and net realizable value. Cost is determined as follows:

Raw materials – purchase cost on a weighted average basis.

Finished goods – cost of direct materials, labour plus attributable overheads based on normal activity levels.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses.

AL TAISEER ALUMINUM TALCO COMPANY CLOSED JOINT STOCK

(A Saudi Closed Joint Stock Company)

Notes to the financial statements

For the year ended 31 December 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Trade payable and accruals

Liabilities due to suppliers are recognised for amounts to be paid in future against goods and services received as per invoice. Accrued expenses are accounted for whether goods and services received without receiving related invoices.

j) Expenses

Selling and distribution expenses are those that specifically relate to salesman, warehousing and delivery vehicles as well as allowance for impairment of receivables. All other expenses, excluding direct costs and financial charges, are classified as general and administrative expenses. Allocations of common expenses between cost of revenue and general and administrative expenses, when required, are made on a consistent basis.

k) Borrowings

Interest expense is recognized on the basis of the effective interest method and is included in finance costs.

l) Provisions

Provisions are recognised when the Company has an obligation (legal or constructive) arising from a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

m) Impairment

Non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss, if any, is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the greater of fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

n) Statutory reserve

In accordance with the Articles of Association, the Company is required to transfer 10% of its net income for the year to a statutory reserve until such reserve equals 30% of its share capital. This reserve is not available for distribution to the shareholders.

o) Dividends

Final dividends are recorded in the period in which they are approved by the shareholders.

4. CASH IN HAND AND AT BANKS

	<u>2020</u>	<u>2019</u>
Cash in hand	92,180	47,867
Cash at banks	<u>57,877,546</u>	<u>22,995,181</u>
	<u>57,969,726</u>	<u>23,043,048</u>

5. SHORT TERM BANK DEPOSITS

Short-term bank deposits represent term deposits placed with commercial banks with a return at prevailing market rates.

AL TAISEER ALUMINUM TALCO COMPANY CLOSED JOINT STOCK

(A Saudi Closed Joint Stock Company)

Notes to the financial statements

(Amounts in SAR)

6 TRADE RECEIVABLES AND OTHER CURRENT ASSETS

	<u>2020</u>	<u>2019</u>
Trade receivables	161,660,876	117,465,483
Less: impairment provision	<u>(12,469,700)</u>	<u>(9,969,700)</u>
Trade receivables, net	149,191,176	107,495,783
Notes receivables and cheques under collection	48,950,456	55,775,384
Advances to suppliers	1,463,138	1,920,985
Prepaid expenses	915,902	2,412,165
Other receivables	<u>996,158</u>	<u>4,753,489</u>
	<u>201,516,830</u>	<u>172,357,806</u>

Movement summary in impairment for doubtful trade receivables is as follows:

	<u>2020</u>	<u>2019</u>
Balance at the beginning of the year	9,969,700	10,000,000
Charge / (reversal) for the year	<u>2,500,000</u>	<u>(30,300)</u>
Balance at the end of the year	<u>12,469,700</u>	<u>9,969,700</u>

7 INVENTORY

	<u>2020</u>	<u>2019</u>
Raw materials	38,186,848	75,697,116
Finished Goods	12,168,412	19,299,704
Provision for slow moving inventory	<u>(800,208)</u>	<u>(1,526,223)</u>
	<u>49,555,052</u>	<u>93,470,597</u>

	<u>2020</u>	<u>2019</u>
Balance at the beginning of the year	1,526,223	1,526,223
Reversal for the year	<u>(726,015)</u>	<u>--</u>
Balance at the end of the year	<u>800,208</u>	<u>1,526,223</u>

8 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties of the Company comprise of shareholders and affiliates. The Company transacts with its related parties in the ordinary course of business. The transactions with related parties are undertaken at mutually agreed terms and are approved by the management. Related party transactions during the year were as follows:

<u>Names of parties</u>	<u>Nature of transaction</u>	<u>2020</u>	<u>2019</u>
<u>Shareholders</u>	- Dividends paid to shareholders	<u>75,441,187</u>	<u>20,000,000</u>
<u>Affiliates</u>			
Gulf Polyester Powder Coating Company	Purchases	<u>4,878,984</u>	<u>3,156,103</u>
Al Fatouh Company for Aluminum Accessories and Insulation Yarn	Purchases	<u>4,479,816</u>	<u>1,746,949</u>
Al Fatouh Company for Aluminum Accessories and Insulation Yarn	Sale of goods	<u>--</u>	<u>45,047</u>
RAL Investment Company	Purchases	<u>1,165,853</u>	<u>1,196,132</u>
Key management personnel	Remunerations (Note 17)	<u>188,316</u>	<u>191,082</u>

AL TAISEER ALUMINUM TALCO COMPANY CLOSED JOINT STOCK

(A Saudi Closed Joint Stock Company)

Notes to the financial statements

(Amounts in SAR)

8 RELATED PARTY TRANSACTION AND BALANCES (CONTINUED)

The above transactions resulted in following balances:

a. Amounts due to related parties	2020	2019
Gulf Polyester Powder Coating Company	4,878,984	3,156,103
RAL Investment Company	1,165,853	1,196,132
Al Fatouh Company for Aluminum Accessories	4,479,816	1,746,949
	<u>10,524,653</u>	<u>6,099,184</u>

AL TAISEER ALUMINUM TALCO COMPANY CLOSED JOINT STOCK
(A Saudi Closed Joint Stock Company)
Notes to the financial statements
(Amounts in SAR)

9 PROPERTY, PLANT AND EQUIPMENT, NET

	2020				2019	
	<u>Buildings</u>	<u>Plant and equipment</u>	<u>Motor vehicles</u>	<u>Extrusion Molds</u>	<u>Furniture and fixtures</u>	<u>Total</u>
Cost						
Balance at the beginning of the year	82,704,249	283,085,819	3,450,681	75,100,056	5,723,073	445,327,444
Additions	265,712	846,531	-	7,525,097	293,722	7,544,650
Disposals	-	(115,000)	-	(5,380,950)	-	(2,808,216)
Balance at the end of the year	<u>82,969,961</u>	<u>283,817,350</u>	<u>3,450,681</u>	<u>77,244,203</u>	<u>6,016,795</u>	<u>453,498,990</u>
Accumulated depreciation						
Balance at the beginning of the year	54,000,023	210,202,411	3,148,343	69,565,006	5,326,102	328,154,083
Charge for the year	1,559,777	7,768,382	169,460	6,172,608	229,443	15,899,670
Disposals	-	-	-	(5,380,950)	-	(2,719,968)
Balance at the end of the year	<u>55,559,800</u>	<u>217,970,793</u>	<u>3,317,803</u>	<u>70,356,664</u>	<u>5,555,545</u>	<u>352,760,605</u>
Net carrying amount						
At 31 December 2020	<u>27,410,161</u>	<u>65,846,557</u>	<u>132,878</u>	<u>6,887,539</u>	<u>461,250</u>	<u>100,738,385</u>
At 31 December 2019	<u>28,704,226</u>	<u>72,883,408</u>	<u>302,338</u>	<u>5,535,050</u>	<u>396,971</u>	<u>107,821,993</u>

Depreciation charged for the year has been allocated as follows:

	2020	2019
Costs of sales (note 15)	15,858,895	16,630,700
Selling and distribution expenses (note 16)	18,750	123,837
General and administrative expenses (note 17)	22,025	53,233
	<u>15,899,670</u>	<u>16,807,770</u>

AL TAISEER ALUMINUM TALCO COMPANY CLOSED JOINT STOCK
(A Saudi Closed Joint Stock Company)
Notes to the financial statements
(Amounts in SAR)

10 TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	<u>2020</u>	<u>2019</u>
Notes payables	54,733,205	32,591,913
Trade payables	6,371,795	3,078,418
Advances from customers	14,410,358	11,406,652
Accrued expenses	4,174,420	4,157,536
Other payables	1,175,620	367,073
	<u>80,865,398</u>	<u>51,601,592</u>

11 ZAKAT

a) *Charge for the year*

For the year ended 31 December 2020, the Company has a zakat payable of SR 6,072,177 (2019: SR 7,361,938) on the Zakat base in accordance with the Saudi Arabian Zakat and Income Tax Regulations.

b) *Movement in Zakat payable is as follows:*

	<u>2020</u>	<u>2019</u>
Opening balance	7,361,938	6,973,519
Add: Charge for the year	6,072,177	7,361,938
Less: Payments made during the year	(7,361,938)	(6,973,519)
Closing	<u>6,072,177</u>	<u>7,361,938</u>

Zakat charge for the year is based on the Zakat base, which has the following significant components:

	<u>2020</u>	<u>2019</u>
Share capital	200,000,000	200,000,000
Reserves	70,312,119	135,827,808
Carrying amount of long-term assets-net	(100,738,385)	(107,821,994)
Provisions and Loans	22,204,921	27,296,000
Advances from customers (more than 360 days due)	8,749,934	6,003,088
Net profit for the year	42,358,503	33,172,599
Net Zakat base	<u>242,887,092</u>	<u>294,477,501</u>

(c) *Status of assessments*

The Company has submitted its Zakat returns up to the year ended 31 December 2020 with the Zakat, Tax and Customs Authority (ZATCA). The Company has obtained the Zakat certificate for the year ended 31 December 2020.

The Company has been reviewed for the years from 2015 to 2018 by ZATCA and the final assessment was issued. The Company repaid the differences resulting from this assessment.

AL TAISEER ALUMINUM TALCO COMPANY CLOSED JOINT STOCK
(A Saudi Closed Joint Stock Company)
Notes to the financial statements
(Amounts in SAR)

12 LONG TERM LOAN

Long-term loan at December 31 represent the following:

	<u>2020</u>	<u>2019</u>
Saudi Industrial Development Fund loan	--	31,716,000

Presented in the statement of financial position as follows:

Current portion shown under current liabilities	--	4,420,000
Non-current portion shown under non-current liabilities	--	27,296,000
	<u>--</u>	<u>31,716,000</u>

The Company obtained a long term loan from SIDF to finance the expansion of the manufacturing facilities amounting to SR 37.5 million net of upfront fees of SR 0.16 million. During 2020, the outstanding balance of the loan was repaid in full.

13 EMPLOYEES' END OF SERVICE BENEFITS

The Company's employees benefit obligation for long-service payments under a government-mandated plan is based on a comprehensive actuarial valuations which are as follows:

	<u>2020</u>	<u>2019</u>
Balance at beginning of the year – net	11,129,729	9,835,723
Current period cost	2,752,293	3,078,006
Interest cost	-	-
Actuarial losses	-	-
Paid as advance to employees	9,106,217	9,618,628
Amounts paid during the year	(2,613,841)	(1,784,000)
Balance at the end of the year - gross	20,374,398	20,748,357
Less: Paid as advance to employees (13.1)	(9,106,217)	(9,618,628)
Balance at the end of the year- net	<u>11,268,181</u>	<u>11,129,729</u>

- 13.1 The Company has paid advance to employees against their end of service benefits balance. Upon the retirement or termination, the advances shall be deducted from the final settlement to be paid to the employee.

Expense charge to the statement of comprehensive income and other comprehensive income are as follows:

	<u>2020</u>	<u>2019</u>
Current period cost	2,752,293	3,078,006
Interest cost	-	-
Expenses charged to profit and loss	2,752,293	3,078,006
Actuarial (gain) loss – other comprehensive income	-	-
Total amount recognized	<u>2,752,293</u>	<u>3,078,006</u>

The Company valued end-of-service benefits for the year ended 31 December 2020 in accordance with the requirements of the Labor Law instead of applying the actuarial calculation and the projected unit credit method, since the resulting difference in the application of actuarial calculation will not be significant according to the management's estimates.

AL TAISEER ALUMINUM TALCO COMPANY CLOSED JOINT STOCK

(A Saudi Closed Joint Stock Company)

Notes to the financial statements

(Amounts in SAR)

14. SHARE CAPITAL

The share capital of the Company is SR 200,000,000 divided into 20,000,000 shares of SR 10 each (2019: 20,000,000 shares of SR 10 each), which are fully paid.

The share capital structure as at 31 December is as follows:

Shareholder's name	No. of shares	Value of share / SR	Total value	Ownership percentage
Mr. Mansour Kamel Ibrahim Al-Fattouh	3,363,636	10	33,636,360	16,82%
Mr. Naser Kamel Ibrahim Al-Fattouh	3,363,636	10	33,636,360	16,82%
Mr. Khaled Kamel Ibrahim Al-Fattouh	3,363,636	10	33,636,360	16,82%
Mr. Mowafak Kamel Ibrahim Al-Fattouh	2,863,636	10	28,636,360	14,32%
Heirs of Abdulaziz Kamel Al-Fattouh	500,000	10	5,000,000	2,5%
Ms. Elham Mahmoud Obaid	2,250,000	10	22,500,000	11,25%
Ms. Amal Kamel Ibrahim Al-Fattouh	1,431,819	10	14,318,190	7,16%
Ms. Dalal Kamel Ibrahim Al-Fattouh	1,431,819	10	14,318,190	7,16%
Ms. Manal Kamel Ibrahim Al-Fattouh	1,431,819	10	14,318,190	7,16%
	20,000,000		200,000,000	100%

15. COST OF SALES

	For the year ended 31 December	
	2020	2019
Raw Materials	239,960,162	232,802,123
Staff cost	21,957,500	22,173,428
Depreciation (note 9)	15,858,895	16,630,700
Manufacturing expenses	5,604,344	3,350,896
Utilities	4,523,989	4,440,636
Water	675,935	704,017
	288,580,825	280,101,800

16 SELLING AND DISTRIBUTION EXPENSES

	For the year ended 31 December	
	2020	2019
Staff cost	3,508,195	3,645,608
Goods shipment	3,438,186	3,797,780
Provision for impairment of trade receivables	2,500,000	--
Advertising	204,774	69,561
Depreciation (note 9)	18,750	123,837
Rentals	--	20,417
Other	424,467	768,578
	10,094,372	8,425,781

AL TAISEER ALUMINUM TALCO COMPANY CLOSED JOINT STOCK
(A Saudi Closed Joint Stock Company)
Notes to the financial statements
(Amounts in SAR)

17. GENERAL AND ADMINISTRATIVE EXPENSES

	For the year ended 31 December	
	2020	2019
Staff cost	12,176,236	11,365,820
Remuneration of key management personnel (note 8)	188,316	191,082
Repair and maintenance	551,655	389,170
Insurance	351,702	398,935
Professional fees	399,015	588,087
Stationery & printing	105,840	132,638
Rent and premises related expenses	235,904	234,504
Depreciation (note 9)	22,025	53,233
Other	2,098,598	1,135,000
	16,129,291	14,488,469

18. OTHER INCOME

	For the year ended 31 December	
	2020	2019
Gain on bank time deposits	733,383	1,792,315
Income from molds	42,677	--
Sales of scrap	--	89,616
gain on sale of property, plant and equipment	--	107,830
Other	515,111	902,971
	1,291,171	2,892,732

19. CONTINGENT LIABILITIES

The Company has outstanding letters of credits amounting to SR 24,3 million as at 31 December 2020 (2019: SR 17.6 million) and has outstanding letters of guarantees amounting to SR 675,000 (2019: SR 675,000).

20. SIGNIFICANT EVENTS

At the beginning of 2020, the Coronavirus (COVID-19) pandemic invaded the world, causing disruption in the economic and commercial sectors in general at the global and local levels. The government of the Kingdom of Saudi Arabia has taken stimulus measures and initiatives to support the economy to reduce the adverse effects of this pandemic.

The Company's management continues to consider and follow-up on all the variables that affect its activities, but due to the inability to determine the time period for this pandemic, the precautionary measures and procedures, and any future updates therefrom, it is difficult to accurately determine the size and extent of the financial impact on the Company's results as a result of the continuation of the pandemic. However, the Company doesn't expect that there will be material future impacts for the years 2021 and beyond relating to the continuity of the Company's operations.

The shareholders in their meeting on 9 Jumada I 1442H (corresponding to 24 December 2020) approved the merger of Al Fattouh Company for Aluminum Accessories and Insulation Yarn and Gulf Polyester Powder Coating Company and considering them as merged companies in the Company. The official or legal formalities required to implement this are being taken.

AL TAISEER ALUMINUM TALCO COMPANY CLOSED JOINT STOCK
(A Saudi Closed Joint Stock Company)
Notes to the financial statements
(Amounts in SAR)

21. CLASSIFICATION OF CERTAIN COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the overall presentation of the financial statements for the current year as follows:

Statement of Financial Position as at 31 December 2019	Balance before classification	Reclassification	Balance after classification
Trade payables and other current liabilities	57,700,776	(6,099,184)	51,601,592
Due to related parties	--	6,099,184	6,099,184

22. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of managers on 12 Dhul Qadah 1442H (corresponding to 22 June 2021).

Al Taiseer Group TALCO Industrial Company Closed Joint Stock
(A Saudi Closed Joint Stock Company)
FINANCIAL STATEMENTS
For the year ended 31 December 2021
Together With Independent Auditors' Report

Al Taiseer Group TALCO Industrial Company Closed Joint Stock
(A Saudi Closed Joint Stock Company)
Financial statements and independent auditor's report
For the year ended 31 December 2021

	<u>Pages</u>
- Independent Auditors' Report	1-3
- Statement of financial position	1
- Statement of profit or loss and other comprehensive income	2
- Statement of changes in equity	3
- Statement of cash flows	4
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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

ك.م.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 Auditors' Report

To the Shareholders of Al Taiseer Group TALCO Industrial Company Closed Joint Stock

Opinion

We have audited the financial statements of Al Taiseer Group TALCO Industrial Company Closed Joint Stock ("A Saudi Closed Joint Stock Company") ("the Company"), which comprise the statement of financial position as at 31 December 2021, the statements of profit or loss and other 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 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") 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 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 International Code of Ethics for Professional Accountants (including International Independence Standards), that is 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 the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The Company has prepared other financial statements for regulatory purposes for the year ended 31 December 2021 in accordance with International Financial Reporting Standards for Small and Medium-sized Entities ("IFRS for SMEs") 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), on which we issued an unqualified auditor's report to the shareholders of the Company, dated 28 August 2022.

KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia with the paid-up capital of SAR (40,000,000). Previously known as "KPMG Al Fozan & Partners Certified Public Accountants". A non-juridical member firm of the KPMG global organization of independent member firms affiliated with KPMG Network Limited, a private English company limited by guarantee. All rights reserved.

ك.م.بي.إم.جي للاستشارات المهنية شركة مساهمة مغلقة مسجلة في المملكة العربية السعودية وأصولها (٤٠.٠٠٠.٠٠٠) ريال سعودي. سابقاً: "ك.م.بي.إم.جي للخدمات المحاسبية". شركة غير قانونية تابعة للشبكة العالمية لك.م.بي.إم.جي للاستشارات المهنية. ك.م.بي.إم.جي للاستشارات المهنية شركة مساهمة مغلقة مسجلة في المملكة العربية السعودية وأصولها (٤٠.٠٠٠.٠٠٠) ريال سعودي. جميع الحقوق محفوظة.



Independent auditor's report (continued)

To the Shareholders of Al Taiseer Group TALCO Industrial Company Closed Joint Stock

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, Company's bylaws 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 (ISAs) 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.
- 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.



Independent auditor's report (continued)

To the Shareholders of Al Taiseer Group TALCO Industrial Company Closed Joint Stock

Auditor's Responsibilities for the Audit of the Financial Statements(continued)

- 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 auditors' 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 Taiseer Group TALCO Industrial Company Closed Joint Stock.

KPMG Professional Services



Fahad Mubarak Al Dossari
License No: 469

Riyadh, 16 Thul-Hijjah 1444H
Corresponding to: 4 July 2023

Al Taiseer Group TALCO Industrial Company Closed Joint Stock
(A Saudi Closed Joint Stock Company)
Statement of financial position
As at 31 December 2021
(All amounts are expressed in Saudi Riyals unless otherwise stated)

		31 December 2021	31 December 2020 (Note 25)	1 January 2020 (Note 25)
	Notes	SR	SR	SR
Assets				
Non-current assets				
Property, plant and equipment, net	4	119,107,833	100,459,179	107,557,993
Intangible assets, net	5	382,035	279,208	264,000
Right of use assets, net	6	6,385,800	3,680,504	736,895
Total non-current assets		125,875,668	104,418,891	108,558,888
Current assets				
Cash and cash equivalents	7	55,636,709	57,969,726	23,043,048
Short term deposits		-	-	51,419,444
Trade receivables and other assets	8	264,108,150	173,752,101	144,521,541
Inventories	9	105,058,324	49,555,052	93,470,597
Total current assets		424,803,183	281,276,879	312,454,630
Total assets		550,678,851	385,695,770	421,013,518
Equity and liabilities				
Equity				
Share capital	10	350,000,000	200,000,000	200,000,000
Statutory reserve		6,797,696	40,963,413	37,334,780
Retained earnings		35,576,812	31,568,416	74,014,420
Total equity		392,374,508	272,531,829	311,349,200
Non-current liabilities				
Lease liabilities – non-current portion	15	4,981,511	3,009,854	691,489
Long term loans		-	-	27,296,000
Employees' retirement benefits obligations	11	16,998,903	11,901,641	12,075,934
Total non-current liabilities		21,980,414	14,911,495	40,063,423
Current liabilities				
Trade payables and other liabilities	12	125,190,869	80,865,398	51,601,592
Due to related parties	13	788,463	10,524,653	6,099,184
Long term loans - current portion		-	-	4,420,000
Lease liabilities - current portion	15	1,552,512	790,218	118,181
Provision for Zakat	14	8,792,085	6,072,177	7,361,938
Total current liabilities		136,323,929	98,252,446	69,600,895
Total liabilities		158,304,343	113,163,941	109,664,318
Total equity and liabilities		550,678,851	385,695,770	421,013,518


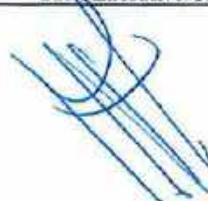
Assem Ezz El Arab	Sullman Al Oufi
Finance Manager	Chief Executive Officer

The accompanying notes (1) to (28) form an integral part of these financial statements.

Al Taiseer Group TALCO Industrial Company Closed Joint Stock
(A Saudi Closed Joint Stock Company)
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2021
(All amounts are expressed in Saudi Riyals unless otherwise stated)

		31 December	31 December
	Notes	2021	2020
			(Note 25)
Sales	16	518,543,403	359,254,006
Cost of sales	17	(424,691,050)	(291,403,610)
Gross Profit		93,852,353	67,850,396
Selling and distribution expenses	18	(10,415,555)	(7,594,372)
General and administrative expenses	19	(18,502,864)	(15,893,387)
Expected credit losses	8	(1,621,033)	(2,422,179)
Other income	20	3,240,706	1,291,171
Operating profit		66,553,607	43,231,629
Finance costs	21	(1,142,537)	(1,615,939)
Net profit before Zakat		65,411,070	41,615,690
Zakat provision	14	(8,792,085)	(6,072,177)
Net Profit for the year		56,618,985	35,543,513
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement (loss)/ profit on employees' retirement benefit obligations	11	(737,598)	1,080,303
Total other comprehensive (loss) / income		(737,598)	1,080,303
Total comprehensive income		55,881,387	36,623,816

Assem Ezz El Arab	Suliman Al Oufi
Finance Manager	Chief Executive Officer

The accompanying notes (1) to (28) form an integral part of these financial statements.

**Al Taiseer Group TALCO Industrial Company Closed Joint Stock
(A Saudi Closed Joint Stock Company)
Statement of Changes in Equity
For the year ended 31 December 2021
(All amounts are expressed in Saudi Riyals unless otherwise stated)**

	Share capital	Statutory reserve	Retained earnings (Note 25)	Total equity
Balance at 1 January 2020	200,000,000	37,334,780	102,869,665	340,204,445
Adjustments to retained earnings (note 25)	-	-	(28,855,245)	(28,855,245)
Balance as at 1 January 2020	200,000,000	37,334,780	74,014,420	311,349,200
Net Profit for the year	-	-	35,543,513	35,543,513
Other comprehensive income	-	-	1,080,303	1,080,303
Total comprehensive income	-	-	36,623,816	36,623,816
Dividends (Note 22)	-	-	(75,441,187)	(75,441,187)
Transfer to statutory reserve	-	3,628,633	(3,628,633)	-
Balance as at 1 January 2021	200,000,000	40,963,413	31,568,416	272,531,829
Net profit for the year	-	-	56,618,985	56,618,985
Other comprehensive loss for the year	-	-	(737,598)	(737,598)
Total comprehensive income for the year	-	-	55,881,387	55,881,387
Equity transferred from merged companies at the date of merger (note 23)	32,000,000	11,391,042	54,083,407	97,474,449
Equity transferred from merged companies and used in capital increase	(32,000,000)	(10,050,222)	(42,016,036)	(84,066,258)
Full IFRS adoption adjustments to merged companies (note 23)	-	-	(855,465)	(855,465)
Increase in share capital upon merger	150,000,000	(40,963,413)	(24,970,329)	84,066,258
Dividends (note 22)	-	-	(32,657,692)	(32,657,692)
Transferred to statutory reserve	-	5,856,876	(5,456,876)	-
Balance as at 31 December 2021	350,000,000	6,797,696	35,576,812	392,374,508

 Assem Ezz El Arab Finance Manager	 Suliman Al Oufi Chief Executive Officer
--	--

The accompanying notes (1) to (28) form an integral part of these financial statements.

Al Taiseer Group TALCO Industrial Company Closed Joint Stock
(A Saudi Closed Joint Stock Company)
Statement of Cash Flows
For the year ended 31 December 2021
(All amounts are expressed in Saudi Riyals unless otherwise stated)

	31 December 2021	31 December 2020 (note 25)
Operating activities:		
Profit for the year before zakat	65,411,070	41,615,690
Adjustments:		
Depreciation of property, plant and equipment	17,150,141	15,823,877
Amortization of intangible assets	124,082	75,792
Depreciation on right-of-use of assets	1,179,028	810,519
Expected credit losses	1,621,033	2,422,179
Gains from disposal of property, plant and equipment	(55,233)	(515,111)
Provision for end-of-service benefits	1,903,007	1,528,286
Financial charges on employees' defined benefits obligations	559,274	737,615
Financial charges on lease liabilities	243,907	178,189
Changes in working capital:		
Change in short-term deposits	-	51,419,444
Trade receivables and other current assets	(60,731,426)	(31,652,737)
Inventories	(18,679,155)	43,915,545
Trade payables and other current liabilities	26,365,900	29,263,806
Change in advance paid to employees	34,723	512,409
Due to related parties	558,776	4,425,469
Cash flows generated from operating activities	35,685,127	160,560,972
Employees benefits paid	(2,743,465)	(1,872,302)
Zakat paid	(6,072,177)	(7,361,938)
Net cash flows generated from operating activities	26,869,485	151,326,732
Investing activities		
Additions to property, plant and equipment	(12,583,956)	(8,840,063)
Proceed from disposal of property, plant and equipment	55,233	630,111
Additions to intangible assets	-	(91,000)
Net cash flows used in investing activities	(12,528,723)	(8,300,952)
Financing activities		
Payment of long-term loan	-	(31,716,000)
Dividends paid	(32,657,692)	(75,441,187)
Payments of lease liabilities	(1,134,494)	(941,915)
Cash flows used in financing activities	(33,792,186)	(108,099,102)
Net change in cash and cash equivalents during the year	(19,451,424)	34,926,678
Cash and cash equivalents at the beginning of the year	57,969,726	23,043,048
Cash transferred from merged companies at the date of merger (note 23)	17,118,407	-
Cash and cash equivalents at the end of the year	55,636,709	57,969,726
Non-cash transactions		
Non-cash transactions resulting from the merger referred to in note 27 and part of which is used in the capital increase have been excluded	96,618,984	-
Right of use assets	768,579	3,754,128
Lease liabilities on right-of-use assets	768,579	3,754,128

Assem Ezz El Arab	Sultman Al Oufi
Finance Manager	Chief Executive Officer

The accompanying notes (1) to (28) form an integral part of these financial statements.

Al Taiseer Group TALCO Industrial Company Closed Joint Stock
(A Saudi Closed Joint Stock Company)
Notes to the financial statements
For the year ended 31 December 2021
(All amounts are expressed in Saudi Riyals unless otherwise stated)

1. REPORTING ENTITY

Al Taiseer Group TALCO Industrial Company Closed Joint Stock ("The Company") (formerly known as Al Taiseer Aluminum Company - A Closed Saudi Joint Stock Company) incorporated as a Saudi Closed Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia under Commercial Registration No. 1010009737 dated 10 Jumada II 1396H (corresponding to 8 June 1976).

The Company is engaged in the production and coverage of various aluminum profiles, manufacturing of doors, windows, glass buildings facades, aluminum and wooden kitchen units, and production of marble kitchen surfaces.

On 24 December 2020, the shareholders of Al Taiseer Group TALCO Industrial Company Closed Joint Stock approved the merger of Gulf Polyester Powder Coating Company with the Commercial Registration No. 1010086759 and its branches, As well as the merger of Al Fattouh Company for Aluminum Accessories and Insulation Yarn with Commercial Registration No. 101008660 ("The Merged Companies") into Al Taiseer Group TALCO Industrial Company Closed Joint Stock, a Saudi closed joint stock company ("The merging company") formerly known as Al Taiseer Aluminum Company, which kept the same Commercial Registration No. 1010009737. Gulf Polyester Powder Coating Company and Al Fattouh Company for Aluminum Accessories and Insulation Yarn became branches of Al Taiseer Group TALCO Industrial Company Closed Joint Stock on 11 August 2021 'Date of Merger' (note 23).

On 10 November 2021, the members of the Extraordinary General Assembly approved the amendment of the Company's By-laws, changing the Company's name to Al Taiseer Group TALCO Industrial Company Closed Joint Stock (formerly known as Al Taiseer Aluminum Company) and increasing the Company's share capital to SR 350 million (note 10) based on the recommendation of the Board of Directors on 18 October 2021. Accordingly, the By-laws was amended on 6 December 2021 and the Commercial Registration was amended to reflect the share capital increase on 24 February 2022.

These financial statements include the financial position and results of the Company's operations and the following branches:

Branch name	Location	Entity's No.	Commercial Registration Date	Expiry date
1- Gulf Polyester Powder Coating Company	Riyadh	7001800213	16/3/1412H	16/3/1448H
2- Gulf Polyester Powder Coating Company	Dammam	7002063696	2/3/1439H	2/3/1449H
3- Gulf Polyester Powder Coating Company	Jeddah	7010937600	2/3/1439H	2/3/1449H
4- Al Fattouh Company for Aluminum Accessories and Insulation Yarn	Riyadh	7001800205	16/3/1412H	13/9/1449H
5. Al Taiseer Group TALCO Industrial Company Closed Joint Stock	Jeddah	7004950973	9/2/1440H	9/2/1446H
6. Al Taiseer Group TALCO Industrial Company Closed Joint Stock	Riyadh	7016628609	14/5/1441H	14/5/1446H

The Company's registered office is located at the following address:

Industrial Area II, Al-Kharj Road, P.O Box 6416, Riyadh 11442, Kingdom of Saudi Arabia.

The financial year of the Company begins on 1 January and ends on 31 December of each year.

Al Taiseer Group TALCO Industrial Company Closed Joint Stock
(A Saudi Closed Joint Stock Company)
Notes to the financial statements
For the year ended 31 December 2021
(All amounts are expressed in Saudi Riyals unless otherwise stated)

1. REPORTING ENTITY

a) **Statement of compliance**

These financial statements have been prepared for the first time in accordance with International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Certified Public Accountants ("SOCPA") (hereinafter referred to as "IFRSs"). These financial statements represent the first adoption of the International Financial Reporting Standards (IFRS). The statutory financial statements for the prior years have been prepared in accordance with the International Financial Reporting Standards for Small and Medium Sized Entities ("IFRS for SMEs") as endorsed in the Kingdom of Saudi Arabia.

These financial statements have been prepared on a historical cost basis except for employees' defined benefits plans that are measured at the present value of the future obligations using the projected unit credit method. Further, the financial statements are prepared using the accrual basis of accounting and going concern concept.

b) **First-time Adoption of International Financial Reporting Standards**

Note 25 includes an explanation of the impact of the application of International Financial Reporting Standards ("IFRS"), including the nature and results of the changes resulting from the change in the Company's accounting policies for the year ended 31 December 2021.

c) **New or amended standards and interpretations**

Several amendments and interpretations were applied for the first time starting from 1 January 2022 with the possibility of early adoption. However, the Company has not early adopted any of them and they have no significant impact on the Company's financial statements.

Amended standards and interpretations:

The following table includes the recent changes to the accounting standards that are required to be applied for the period of the annual report starting from 1 January 2022.

Effective date	New standards or amendments
1 April 2021	COVID-19-Related Rent Concessions after 30 June 2021 -Amendment to IFRS 16.
1 January 2022	Onerous Contracts: Cost of Fulfilling a Contract (Amendment to IAS 37).
	Annual Improvements to IFRSs 2018-2020 cycle.
	Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).
	Reference to the Conceptual Framework - Amendments to IFRS 3.

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2. BASIS OF PREPARATION (CONTINUED)

C. Amended standards and interpretations (continued)

Forthcoming requirements:

The below table includes the recent changes to the accounting standards that are required to be applied for annual periods beginning after 1 January 2022 and that are available for early adoption in annual periods beginning on 1 January 2022.

Effective date	New standards or amendments
1 January 2023	Classification of liabilities as current/non-current (Amendments to IAS 1)
	IFRS 17 – "Insurance Contracts"
	Definition of accounting estimate - Amendments to IAS 8
	Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
	Deferred taxes related to the assets and liabilities arising from a single transaction - Amendments to IAS 12 "Income Taxes"
Available for optional adoption/Effective date deferred indefinitely	Sale or Contribution of Assets between an Investor and its Equity-Accounted Investee or Joint Venture (Amendments to IFRS 10 and IAS 28).

The Company elected not to early adopt the standards referred to, and the management is currently assessing the impact of adopting standards and amendments mentioned above in case they have an impact on the Company.

D) Functional and presentation currency

The financial statements are presented in Saudi Riyals (SR) which is the Company's functional and presentation currency.

E) Use of estimates, assumptions and judgements.

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, costs, assets, liabilities, accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.,

Revisions to accounting estimates are recognized in the period in which the estimates are revised or in the audit period and future periods if the amended estimates affect both current and future periods.

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2. BASIS OF PREPARATION (CONTINUED)

E) Use of estimates, assumptions and judgments (continued)

Information about assumptions and estimate uncertainties as at 31 December 2021 that have significant risks resulting in material adjustments to the carrying amounts of assets and liabilities in the subsequent financial year are as follows:

Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its assets to assess whether there is an indication that those assets may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows attributable to the asset are discounted to their present value using a pre-zakat discount rate that reflects current market assessments of the time value of money and the asset's specific risks. In determining fair value less costs to sell, recent market transactions are taken into account.

If the recoverable amount of assets is estimated to be less than its carrying amount, the carrying amount of the assets is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of income. Where the impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined, which, if specified, no impairment loss for the asset was recorded in previous years. A reversal of an impairment loss is recognized immediately in the statement of income.

Provisions

Provisions are recognized when the Company has a present obligation (legal or contractual) as a result of past events, and it is probable that the liability will be settled and the amount of the liability can be reliably measured.

The provision is recorded at present value according to management's best estimate of the present value of expenses required to settle existing obligations at the reporting date considering the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When the Company expects some or all of economic benefits that are required to settle a provision of third party to be reimbursed, the accrued amount is recognized as an asset if the reimbursed amount is virtually certain and its value can be reliably estimated.

Useful lives of property and equipment

The management of the Company determines the estimated useful life of property, plant and equipment for calculating depreciation. This estimate is made after considering the expected usage of the asset or physical wear and tear. Management performs periodic review for the estimated useful lives and depreciation method at least annually to ensure that depreciation duration and method are consistent with the expected pattern for the economic benefits of the assets.

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2. BASIS OF PREPARATION (CONTINUED)

E) Use of estimates, assumptions and judgments (continued)

The useful life of leasehold improvements

The management of the Company determines the estimated useful life of leasehold improvements for calculating depreciation. This estimate is made after considering the expected usage of the asset or physical wear and tear. Management performs periodic review for the estimated useful lives and depreciation method at least annually to ensure that depreciation duration and method are consistent with the expected pattern for the economic benefits of the assets.

Assumptions for employees' benefits obligations

Post-employment benefits represent liabilities that will be settled in the future and require using of assumptions against expected liabilities.

IAS 19 requires management to use further assumptions regarding variables such as discount rate, increase in compensation rates, mortality rates, employees' turnover rate, and future healthcare costs. The Company's management uses an external actuary to calculate the liability. Changes in key assumptions can have a significant impact on the projected benefit obligation and/or periodic employees' benefits costs incurred.

Provision for slow-moving and obsolete inventories

Inventory is stated at the lower of cost and net realizable value. When inventories become old or obsolete, an estimate is made for their net realizable value. For individually significant amounts, this estimate is made on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of aging or obsolescence.

Fair value of financial instruments

Company's accounting policies and disclosures require the measurement of fair values, for financial assets and liabilities. The Company has developed a control framework with respect to the measurement of fair value. This includes a team that has overall responsibility for overseeing all significant fair value measurements and reports directly to the Chief Financial Officer.

The team regularly reviews significant unobservable inputs and evaluation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified. The Company's audit team is informed of material valuation matters.

When measuring the fair value of an asset or a liability, the Company uses observable market 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 (unadjusted) market prices in active markets for assets or liabilities.

Level 2: Inputs other than quoted prices included in Level 1, which are observable inputs for an asset or liability, either directly (such as prices) or indirectly (derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of the assets and liabilities fall within different levels of the fair value hierarchy, then the fair value is categorized as a whole using the lowest level of the fair value hierarchy inputs that are significant to the measurement as a whole.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

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2. BASIS OF PREPARATION (CONTINUED)

Expected credit losses of receivables

The Company applies the simplified approach to assess Expected Credit Losses (ECLs), as defined in IFRS 9, by using a provision matrix to measure the expected credit losses of trade receivables from customers.

To measure ECLs, trade receivables are combined based on the common credit risk characteristics and the days in which they are due. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic activity indicators affecting the ability of the customers to settle the receivables. The Company has identified domestic products as primary inputs for adjusting the historical loss rates according to expected changes to these factors.

Discount rate for lease contracts

The management uses its estimates to determine the incremental borrowing rate for calculating the present value of the minimum lease payments.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company has applied the following accounting policies to all periods presented in these first financial statements in accordance with International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"). The significant accounting policies applied by the Company in the preparation of its financial statements are as follows:

Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. Assets are classified as current when:

- expected to be realized or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within twelve months after the reporting period;
- Cash and cash equivalents unless restricted from being exchanged or used to settle liabilities for at least twelve months after the reporting period date.

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;
- 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.

Property, plant and equipment

Recognition and measurement

Items of property and equipment are measured at cost, less accumulated depreciation and any accumulated impairment losses.

If significant parts of items of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (continued)

Gains and losses arising from the disposal of an item of property, plant and equipment are determined on the basis of the difference between the net proceeds of sale and the carrying amount of the disposed items of property, plant and equipment and are included in the statement of profit or loss and other comprehensive income in the period of disposal.

Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that future economic benefits associated with the expenditure will flow to the Company.

Depreciation

The depreciation method used should reflect the pattern in which the economic benefits of the asset are expected to be depreciated by the Company. The management used the following method to calculate the depreciation:

The straight-line method

Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives. Depreciation charged is recognized in the statement of profit or loss and other comprehensive income. Land is not depreciated.

The estimated useful lives of principal items of property and equipment are as follows:

Assets	Useful life (Years)
Building	13: 33
Motor vehicles	4
Plant and equipment	4:20
	5 or lease period which is
Leasehold Improvements	lower
Extrusion molds	2
Furniture & fixtures	4:7

Land and capital works in progress are not depreciated. The property plant and equipment' residual values, useful lives and methods of depreciation are reviewed at the end of each year, and adjusted prospectively, when appropriate.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal, or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of retired, sold or derecognized property, plant and equipment are determined by comparing the proceeds with the carrying amount of the asset, and are included under "Other Income" in the statement of profit or loss and other comprehensive income.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets

Intangible assets acquired separately are measured at cost upon initial recognition. Subsequent to initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any.

The useful lives of intangible assets are categorized as either finite or indefinite. Intangible assets with finite useful lives are amortized over the estimated useful life and the impairment of indefinite assets is assessed whenever there is an indication that the intangible asset has been impaired.

The amortization period and the amortization method for intangible assets with finite useful lives are reviewed at least at each financial year. Changes in the expected useful life or the expected pattern of amortization of future economic benefits embodied in the asset, are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. Amortization expense on intangible assets with finite lives is carried in the statement of income under expenses in line with the objective of the intangible asset. Amortization of intangible assets is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Computer Software	4 years
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The useful lives of intangible assets with finite lives are reviewed regularly "at each reporting date" to determine whether there is any indication that their current life assessment is correct. If not, the useful lives' assessment is changed. Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually and whenever there is an indication that the intangible asset may be impaired, either individually or at the cash-generating unit level.

Gains or losses resulting from the disposal of an intangible asset resulting from the difference between the net proceeds from the sale and the carrying amount of the asset are recognized. Gain or loss on disposal is recognized in the statement of income in the year in which the disposal is made.

Right-of-use assets and lease liabilities

The Company assesses at contract inception 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.

Company as a lessee

At inception or on reassessment of an arrangement that contains a lease component, the Company allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, with regard to property leases, the Company elected not to separate the non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognizes right-of-use assets and lease liabilities at the lease commencement date. The right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and the estimated costs of dismantling and removing the underlying asset and cost of restoring the underlying asset or the site on which it is located (if any), less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Right-of-use assets and lease liabilities (continued)

The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease liabilities are initially measured at the present value of the lease payments that were not paid at the commencement date and are discounted using the implicit interest rate in the lease, or if that rate cannot be readily determined, the Company uses its incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liabilities comprise the following:

- Fixed payments (including in-substance fixed payments);
- Variable lease payments that depend on an index or a rate, that are initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option if the Company is reasonably certain to exercise the option, the lease payments in the optional renewal period if the Company is reasonably certain to exercise the extension option, and payments for penalties for early terminating the lease unless the Company is reasonably certain not to exercise the option of early termination.

The lease liabilities are measured at the amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in index or 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 it will opt for purchase, extension or termination.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use assets, or is recorded in the statement of profit or loss and other comprehensive income if the carrying amount of the right-of-use assets has been reduced to Nil.

Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a term of 12 months or less and leases of low value assets. The Company recognizes the lease payments associated with these leases as expenses on a straight-line basis over the lease term in the statement of profit or loss and other comprehensive income.

Impairment of non-financial assets

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating unit). Non-financial assets, except for goodwill that have been fully or partially impaired are reviewed for possible reversal of all or part of the impairment loss at the end of each reporting period.

Intangible assets that have an indefinite useful life are not subject to amortization and are instead tested annually for impairment. Assets subject to amortization/ depreciation are reviewed for impairment whenever events or change in circumstances indicate that the carrying amount may not be recoverable.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies

Transactions and balances

Foreign currency transactions are initially recorded by the Company's entities denominated in the functional currency of each of them according to the exchange rate prevailing on the date when the transaction becomes qualified for recognition for the first time. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the reporting date.

The differences arising on the settlement or translation of monetary items are recognized in the statement of profit and loss and other comprehensive income of the Company.

Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate prevailing at the date of the initial transaction.

Financial instruments

Recognition and initial measurement

Trade receivables issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. Trade receivables without a significant financing component is initially measured at the transaction price.

Financial assets

Classification of financial assets

On initial recognition, a financial asset is classified as: measured at amortized cost, fair value through other comprehensive income (FVTOCI) or fair value through profit and loss (FVTPL).

A financial asset is measured at amortized cost if it meets both of the following conditions are met:

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

A financial asset shall be measured at FVTOCI if both of the following conditions are met:

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

A financial asset shall be measured at FVTPL unless it is measured at amortized cost or at FVTOCI.

Financial assets	IFRS 9 classification
Cash and bank balances	Amortized cost
Short term deposits	Amortized cost
Due from related parties	Amortized cost
Trade receivables and other current assets	Amortized cost

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (continued)

Subsequent measurement

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

These assets are subsequently measured at fair value. Net gains and losses, including interest revenue and dividends are recognized in the statement of profit or loss.	Financial assets at FVTPL
These assets are subsequently measured at amortized cost using the effective interest rate method. Amortized value is reduced by impairment losses. Interest revenue, foreign exchange gains and losses and impairment are recognized in the statement of income. Any profit or loss on derecognition of an investment is recognized in the statement of profit or loss.	Financial assets at amortized cost
Subsequently measured at fair value. Interest revenue calculated using the effective interest rate 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, accumulated profits and losses in OCI are reclassified to the statement of profit or loss.	Financial assets through other comprehensive income (debt investments)
These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss. Any gain or loss on derecognition or recognition of investment is recognized in equity, and may not be reclassified to the statement of profit or loss.	Financial assets through other comprehensive income (investments in equity instruments)

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

Derecognition

A financial asset is derecognized when:

- The rights to receive cash flows from the asset have expired, or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement, and either:

- (a) the Company has transferred substantially all the risks and rewards of the asset, or
- (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

IFRS 9 impairment requirements use more forward-looking information to recognize expected credit losses – the 'expected credit loss (ECL) model'. The 'incurred loss model' in IAS 39 replaces instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortized cost and FVTOCI, and contract assets recognized and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at FVTPL.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead, the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (continued) Subsequent measurement(continued)

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date. '12-month expected credit losses' are recognized for the first category while 'lifetime expected credit losses' are recognized for the second category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Presentation of impairment

Loss provisions for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Impairment losses related to receivables from customers are presented separately in the statement of profit or loss and other comprehensive income.

Expected credit losses assessment for trade and other receivables.

The Company applies IFRS 9 simplified approach for measuring expected credit losses, which uses a lifetime expected loss provision.

The expected loss rates are based on the payment profiles of receivables over a period of 12 months before each reported period and corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability the customers to settle the receivables.

The Company has identified GDP of Kingdom of Saudi Arabia, inflation rate and Saudi government spending (the country in which it renders the services) to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The expected loss approach breaks the total loss amount modelling into following parts: probability of default ("PD"), loss given default ("LGD"), exposure at default ("EAD"). These are briefly described below:

Loss given default (LGD): This is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It is usually expressed as a percentage of the EAD.

Probability of default (PD): the likelihood of a default over a particular time horizon.

Exposure at default (EAD): This is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities.

The Company uses a point in time (PIT) probability of default model to measure impairment on financial assets. Point-in-time PD models incorporate information from a current credit cycle and assess risk at a point-in-time. The point-in-time PD term structure can be used to measure credit deterioration and starting PD when performing the provision calculations. Also, when calculating lifetime expected credit losses, after the inputs are correctly converted, cash flows can be projected and gross carrying amount, loss provision, and amortized cost for the financial instrument are then calculated.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (continued)

Presentation of impairment (continued)

Macroeconomic weighted average scenarios

The Company incorporates macroeconomic factor of GDP to develop multiple scenarios, the purpose is towards the realization of most likely outcome using worst and best case scenarios. The scenario-based analysis includes forward-looking information into the impairment estimation using multiple forward-looking macroeconomic scenarios. The estimate of expected credit losses reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes.

After the inputs to the model are adjusted for above mentioned macroeconomic scenarios, PD of each scenario is calculated and then weighted average PD based on likelihood of scenarios is calculated. In the last step, a weighted average lifetime ECL based on the likelihood of the scenarios is determined.

Definition of 'Default'

In the above context, the Company considers default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or

The customer is more than 360 days past due on any material credit obligation to the Company. As the industry norm suggests that such a period fairly represents default scenario for the Company, this rebuts the presumption of 90 days mentioned in IFRS 9.

The carrying amount of the asset is reduced using the above model and the loss is recognized in the statement of comprehensive income. Accounts receivable, together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced. If a write-off is later recovered, the recovery is recognized under other income in the statement of profit or loss.

Specific provision

Specific provision is recognized for each customer separately at each reporting date. The Company recognizes specific provision against receivables from certain customers. Provisions are reversed only when the outstanding amounts are recovered from the customers.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Financial liabilities

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Company's financial liabilities mainly include trade payables, accrued expenses, other current liabilities, Islamic finance facilities and due to related parties.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities (continued)

After initial recognition, loans and borrowings are subsequently measured at amortized cost using the effective interest rate method.

Financial liabilities	IFRS classification
Trade payables and other current liabilities	Amortized cost
Lease commitments	Amortized cost
Long term loans	Amortized cost
Due to related parties	Amortized cost

Derecognition

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

Modifications of financial assets and financial liabilities

If the terms of a financial assets are modified, the Company evaluates whether the cash flows of the modified assets are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized, and a new financial asset is recognized at fair value.

If the cash flows of the modified asset carried at amortized cost are not substantially different, then the modification does not resulting de-recognition of the financial asset. In this case, the Company recalculates the gross carrying amount of the financial asset and recognizes the amount adjusting the gross carrying amount as modification gain or loss in the consolidated statement of profit or loss.

Financial liabilities

The Company derecognizes a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. In this case, new financial liabilities based on the modified terms are recognized at fair value. The difference between the carrying amount of the financial liabilities distinguished and the new financial liabilities with modified terms is recognized in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Non-current assets classified as held for sale are presented separately and are measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some held for sale assets such as financial assets, continue to be measured in accordance with the Company's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortization.

Any gain or loss arising from the sale of a discontinued operation or its remeasurement to fair value less costs to sell is presented as part of a single line item, profit or loss from discontinued operations.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, call deposits with banks, and other short-term, highly liquid investments whose maturity dates are within three months or less of the original investment date and available to the Company without restrictions.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statutory reserve

In compliance with the Regulations for Companies in the Kingdom of Saudi Arabia, the Company is required to transfer 10% of the annual net gains to the statutory reserve (after absorbing the accumulated losses balance). This transfer ceases when the balance of this reserve reaches 30% of the share capital.

Dividends

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

Employees' benefits

Short term employees' benefits

Short term employees' benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Employees' benefits are payable to all employees under the terms and conditions of the labor law applicable on the Company, on termination of their employment contracts.

Defined contribution plan

Retirement benefit in the form of General Organization of Social Insurance (GOSI) is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the GOSI. The Company recognizes contribution payable to GOSI as an expense when due.

Defined benefits plans (employees' end-of-service benefits)

The Company operates defined benefits plans, under the Saudi Labor Law applicable based on employees' accumulated periods of service as at the date of statement of financial position.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method. Previously, "employees' end of service benefits' obligation" was calculated at the present value of the vested benefits to which the employee was entitled, should his service be terminated at the reporting date.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in the statement of profit or loss on the earlier of:

- the date of the plan amendment or curtailment, and
- The date on which the Company recognizes related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Company recognizes the following changes in the defined benefit obligation in the statement of profit or loss:

- service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements, and

Net interest expense or income.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accrued expenses and other current liabilities

Trade payables are obligations on the basis of normal credit terms and do not bear interest. Trade payables denominated in a foreign currency are translated into Saudi Arabian Riyals ("SR") using the exchange rate at the reporting date. Foreign exchange gains or losses are included in other income or other expenses.

Zakat and VAT

Zakat

Provision for Zakat is calculated at the date of the statement of financial position in accordance with regulations of the Zakat, Tax and Customs Authority ("ZATCA").

The resulting provision is recorded in the statement of profit or loss and other comprehensive income. Additional Zakat liabilities, if any, related to prior years' assessments arising from ZATCA are recognized in the period in which the final assessments are finalized.

Value added tax ("VAT")

The Company is subject to a VAT on a monthly basis. It is paid and settled through the monthly statements submitted by the Company to the Zakat, Tax, and Customs Authority (the "ZATCA").

Revenue from contracts with customers

The Company has adopted IFRS 15: Revenue from Contracts with Customers, which was effective from 1 January 2018.

Revenue is measured based on consideration specified in a contract with a customer, includes unbilled revenue (contract asset) and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control over a product or service to a customer.

The Company assess the services promised in a contract with a customer and identifies as a performance obligation either:

A) service that is distinct.

B) series of distinct services that are substantially the same and that have the same pattern of transfer to the customer (i.e. each distinct service is satisfied over the time and the same method is used to measure progress).

The Company recognizes revenue from contracts with customers based on a five-step model as set out in IFRS 15:

Step 1: Identify contract(s) with a 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 in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3 - Determine the transaction price: The transaction price is the amount of consideration to which 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 to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate 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: Recognize revenue when (or as) the entity satisfies a performance obligation.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from Contracts with Customers (Continued)

The Company satisfies a performance obligation and recognizes revenue overtime basis, if one of the following criteria is met:

- (a) the Company's performance does not create an asset with an alternate use to the Company and the Company has an enforceable right to payment for performance completed to date.
- (b) The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- (c) The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs.

For the performance obligations, where one of the above conditions are met, revenue is recognized overtime basis at which time the performance obligation is satisfied.

When the Company satisfies a performance obligation by delivering the promised services it creates a contract based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognized this gives rise to advances from customer (contract liability).

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably.

The application of IFRS 15 has required management to make the following judgements:

Satisfaction of performance obligations

The Company is required to assess each of its contracts with customers to determine whether performance obligations are satisfied overtime basis or at a point in time in order to determine the appropriate method of recognizing revenue. The Company has assessed that based on the agreement entered into with the customers, the Company does not create an asset with an alternative use to the Company and usually has an enforceable right to payment for performance completed to date. In these circumstances, the Company recognizes revenue overtime basis. Where this is not the case revenue is recognized at a point in time. For sale of goods, revenue is generally recognized at a point in time.

Determination of transaction prices

The Company is required to determine the transaction price in respect of each of its agreements with customers. In making such judgment, the Company assess the impact of any variable consideration in the contract, due to discount or penalties, the existence of any significant financing component in the contract and any non-cash consideration in the contract.

Transfer of control in contracts with customers

In case where the Company determines that performance obligations are satisfied at a point in time, revenue is recognized when control over the assets that is subject of contract is transferred to the customer.

In addition, the application of IFRS 15 has resulted in the following estimation process:

Allocation of transaction price to performance obligation in contracts with customers

The Company has elected to apply the input method in allocating the transaction price to performance obligations where revenue is recognized at a point in time. The Company considers that the use of the input method, which requires revenue recognition on the basis of the Company's efforts to the satisfaction of performance obligation, provides the best reference of revenue actually earned. In applying the input method, the Company estimates the efforts or inputs to the satisfaction of a performance obligation. In addition to the cost of satisfying contractual obligation to the customers, these estimates mainly include the time elapsed for service contracts.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from Contracts with Customers (Continued)

Other matters to consider

Variable consideration

If the consideration promised in a contract includes a variable amount, the Company estimates the amount of consideration to which the Company is entitled in exchange for transferring the promised goods or services to a customer. The Company estimates the transaction price on contracts with variable consideration using the expected value or most likely amount method. The method is applied consistently throughout the contract and to similar types of contracts.

Significant financing component

The Company shall adjust the promised amount of consideration for the time value of money if the contract contains a significant financing component.

Revenue streams

The Company earns revenue from following streams:

Revenue streams	Revenue recognition
Revenue from aluminum activity Sales of goods at a point in time	At point of time
Revenue from metal coating activity Sales of goods at a point in time	At point of time
Revenue from the aluminum accessories activity Sales of goods at a point in time	At point of time

Revenue from sale of goods

Revenue is measured based on consideration specified in the contracts with customers and excludes amounts collected on behalf of third parties. The company recognize revenue when control of the product is transferred to the customer, which happens on delivery to the customer.

If the consideration promised in a contract includes a variable amount, the Company estimates the fees to which it is entitled in exchange for transferring the promised goods or services to the customer.

Other income

All other income are recognized on an accrual basis when the Company's right to earn the income is established.

Cost of sales

Production costs and direct manufacturing expenses are classified as cost of sales. This includes raw material, direct labors, depreciation and other related general indirect costs. This also includes share of the related common overheads.

Selling and distribution expenses

This include any costs incurred to execute or facilitate all sale transactions in the Company. These costs typically include salaries of the sales employees, costs of managing the exhibitions, marketing and distribution expenses, and logistics expenses as well as commissions, fees and the like. This includes share of the related general common costs.

General and administrative expenses

This pertain to operating expenses that are not directly related to the production of any goods or services. This includes share of the related general common costs.

Common expenses between direct cost, selling and distribution expenses, and general and administrative expenses, when required, are allocated on a consistent basis.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Finance cost

The finance cost consists of the interests and other costs that an entity incurs in connection with borrowing of allocated funds through the Company, the interest on the employee's end-of-service benefits according to IAS 19 'Employees' Benefits', and interest expenses on lease liabilities in accordance with IFRS 16 'Leases'.

All other borrowing costs are recognized in the statement of income in the year in which they are incurred.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of finance and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalized is calculated using the Company weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amount capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalized as from the commencement of the development work until the date of practical completion, when substantially all of the development work is completed. The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted.

Contingent liabilities

They are liabilities that are likely to arise from past events and will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events and do not fall within the full control of the Company, or a present obligation arising from past events that are not recorded because it is unlikely that there will be a need for flow of resources embodying economic benefits to settle the obligation.

If the amount of the obligation cannot be measured with sufficient reliability, then the Company does not recognize contingent liabilities but discloses them in the financial statements.

Foreign currency translation

Transactions in foreign currencies are translated to Saudi Riyals at the ruling rate of exchange on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are retranslated at the rate of exchange ruling at the year-end. Gains and losses arising from foreign currency payment or translations are carried at the statement of comprehensive income.

Inventory

Inventory includes raw materials, work in progress, finished goods, supplies and spare parts that are recorded at the lower of cost or net realizable value. Work in progress and finished goods inventory include direct materials, direct labors and an appropriate proportion of fixed and variable indirect expenses.

Costs are assigned to items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is considered as the estimated selling price in ordinary course of business, less estimated costs to completion and the estimated costs necessary to complete the sale.

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4. **PROPERTY, PLANT AND EQUIPMENT (NET)**

	Building	Motor vehicles	Machinery and Equipment	Leasehold Improvements	Extrusion molds	Furniture & fixtures	Total
Cost							
Balance at 1 January 2020	82,704,249	3,450,681	283,085,819	-	75,100,056	5,105,809	449,446,614
Additions	265,712	-	846,532	-	7,525,097	202,722	8,840,063
Disposals	-	-	(115,000)	-	(5,380,950)	-	(5,495,950)
Balance at 31 December 2020	82,969,961	3,450,681	283,817,351	-	77,244,203	5,308,531	452,790,727
Transferred from merged companies	23,392,126	4,316,147	68,370,984	2,798,360	-	6,372,931	105,250,548
Additions	36,000	191,122	2,402,179	798,124	8,944,959	211,572	12,583,956
Disposals	-	(140,600)	(137,577)	-	(2,780,259)	-	(3,058,436)
Balance at 31 December 2021	106,398,087	7,817,350	354,452,937	3,596,484	83,408,903	11,893,034	567,566,795
Accumulated depreciation							
Balance at 1 January 2020	54,000,023	3,148,343	210,202,411	-	69,565,006	4,972,838	341,888,621
Depreciation during the year	1,559,777	169,460	7,768,382	-	6,172,608	153,650	15,823,877
Disposals	-	-	-	-	(5,380,950)	-	(5,380,950)
Balance at 31 December 2020	55,559,800	3,317,803	217,970,793	-	70,356,664	5,126,488	352,331,548
Transferred from merged companies	13,920,620	4,315,680	57,181,350	815,167	-	5,802,892	82,035,709
Depreciation during the year	1,562,864	113,224	7,457,477	97,674	7,573,148	345,754	17,150,141
Disposals	-	(140,600)	(137,577)	-	(2,780,259)	-	(3,058,436)
Balance at 31 December 2021	71,043,284	7,606,107	282,472,043	912,841	75,149,553	11,275,134	448,458,962
Net carrying amount:							
As at 1 January 2020	28,704,226	302,338	72,883,408	-	5,535,050	132,971	107,557,993
As at 31 December 2020	27,410,161	132,878	65,846,558	-	6,887,539	182,043	100,459,179
As at 31 December 2021	35,354,803	211,243	71,980,894	2,683,643	8,259,350	617,900	119,107,833

Depreciation charge for the year has been allocated as follows:

	2021	2020
Costs of revenue (note 17)	16,910,821	15,783,102
Selling and distribution expenses (note 18)	19,798	18,750
General and administrative expenses (note 19)	219,522	22,025
	17,150,141	15,823,877

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5. INTANGIBLE ASSETS (NET)

	31 December 2021	31 December 2020	1 January 2020
Balance at the beginning of the year	708,264	617,264	617,264
Transferred from merged companies	310,492	-	-
Additions during the year	-	91,000	-
Balance at the end of the year	1,018,756	708,264	617,264
Depreciation			
Balance at the beginning of the year	(429,056)	(353,264)	(274,989)
Transferred from merged companies	(83,583)	-	-
Depreciation for the year	(124,082)	(75,792)	(78,275)
Balance at the end of the year	(636,721)	(429,056)	(353,264)
Net carrying amount as at the end of the year	382,035	279,208	264,000

The above intangible assets represent cost of accounting and operating software systems.

6. RIGHT OF USE ASSETS (NET)

	31 December 2021	31 December 2020	1 January 2020
Cost			
Balance at the beginning of the year	4,613,449	859,321	859,321
Impact of IFRS 16 adoption on merged companies	3,992,332	-	-
Additions during the year	768,579	3,754,128	-
Balance at the end of the year	9,374,360	4,613,449	859,321
Depreciation			
Balance at the beginning of the year	(932,945)	(122,426)	-
Impact of IFRS 16 adoption on merged companies	(876,587)	-	-
Depreciation expense charged for the year	(1,179,028)	(810,519)	(122,426)
Balance at the end of the year	(2,988,560)	(932,945)	(122,426)
Net carrying amount at the end of the year	6,385,800	3,680,504	736,895

7. CASH AND CASH EQUIVALENTS

	31 December 2021	31 December 2020	1 January 2020
Cash in hand	172,542	92,180	47,867
Cash at banks	55,464,167	57,877,546	22,995,181
Total	55,636,709	57,969,726	23,043,048

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8. TRADE RECEIVABLES AND OTHER ASSETS

	31 December 2021	31 December 2020	1 January 2020
Trade receivables	211,441,923	161,660,876	117,465,483
Expected credit losses	(34,063,156)	(29,119,916)	(28,336,872)
Net trade receivables	177,378,767	132,540,960	89,128,611
Notes receivables and cheques under collection	88,353,455	48,950,456	55,775,384
Expected credit losses	(11,665,037)	(11,041,074)	(9,401,939)
Notes receivables and cheques under collection, net	76,688,418	37,909,382	46,373,445
Advances to suppliers	4,224,709	1,463,138	1,920,985
Prepaid expenses	1,730,915	842,465	2,345,011
Other receivables	4,085,341	996,156	4,753,489
	264,108,150	173,752,101	144,521,541

Movement of the expected credit losses for trade receivables is as follows:

	31 December 2021	31 December 2020	1 January 2020
Balance at the beginning of the year	29,119,916	28,336,872	9,969,700
Transferred from merged companies	3,573,241	-	-
Provided during the year	1,369,999	783,044	18,367,172
Balance at the end of the year	34,063,156	29,119,916	28,336,872

Movement of the expected credit losses for notes receivables and cheques under collection is as follows:

	31 December 2021	31 December 2020	1 January 2020
Balance at the beginning of the year	11,041,074	9,401,939	2,809,480
Transferred from merged companies	372,929	-	-
Provided during the year	251,034	1,639,135	6,592,459
Balance at end of the year	11,665,037	11,041,074	9,401,939

Movement of the expected credit losses on the statement of profit or loss and other comprehensive income during the year is as follows:

	For the year ended 31 December	
	2021	2020
Expected credit losses of trade receivables	1,369,999	783,044
Expected credit losses of notes receivables and cheques under collection	251,034	1,639,135
Balance at the end of the year	1,621,033	2,422,179

9. INVENTORY

	31 December 2021	31 December 2020	1 January 2020
Raw materials	82,259,721	38,186,848	75,697,116
Finished Goods	23,603,452	12,168,412	19,299,704
Provision for slow moving inventories	(804,849)	(800,208)	(1,526,223)
	105,058,324	49,555,052	93,470,597

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9. INVENTORIES (CONTINUED)

Summary of movement in impairment of inventory is as follows:

	31 December 2021	31 December 2020	1 January 2020
Balance at the beginning of the year	800,208	1,526,223	1,526,223
Transferred from merged companies	412,443	-	-
Write-off	(407,802)	(726,015)	-
Balance at the end of the year	804,849	800,208	1,526,223

10. SHARE CAPITAL

On 6 December 2021, the Company's Bylaws were amended based on the Extraordinary General Assembly meeting held on 10 November 2021 to increase the Company's capital to reach SR 350,000,000 divided into 35,000,000 shares at SR 10 each. On 24 February 2022, the commercial registrations of the Company and its branches (2020: 200,000,000 shares at SR 10 each) were amended as follows:

- An amount of SR 24,970,329 from the retained earnings account of Al Taiseer Group TALCO Industrial Company Closed joint stock.
- An amount of SR 40,963,413 from the statutory reserve account of Al Taiseer Group TALCO Industrial Company Closed Joint stock.
- An amount of SR 84,066,258 representing the net equity transferred from the merged companies; Gulf Polyester Powder Coating Company and Al Fattouh Company for Aluminum Accessories and Insulation Yarn.

The share capital structure as at 31 December 2021 is as follows:

Shareholder's name	No. of shares	Value of share/ SR	Total value	% of ownership
Mr. Mansour Kamel Ibrahim Al-Fattouh	5,889,876	10	58,898,760	16,83%
Mr. Naser Kamel Ibrahim Al-Fattouh	5,889,876	10	58,898,760	16,83%
Mr. Muwaffaq Kamel Ibrahim Al-Fattouh	5,005,220	10	50,052,200	14,30%
Ms. Elham Mahmoud Ibrahim	3,932,672	10	39,326,720	11,24%
Ms. Amal Kamel Al-Fattouh	2,502,611	10	25,026,110	7,15%
Ms. Dalal Kamel Al-Fattouh	2,502,611	10	25,026,110	7,15%
Ms. Manal Kamel Al-Fattouh	2,502,603	10	25,026,030	7,15%
Mr. Nawaf Khaled Al-Fattouh	2,576,820	10	25,768,200	7,36%
Mr. Abdulaziz Khaled Al-Fattouh	2,576,820	10	25,768,200	7,36%
Ms. Basma Hussein Al-Fattouh	736,235	10	7,362,350	2,10%
Mr. Faris Abdulaziz Al-Fattouh	221,164	10	2,211,640	0,63%
Mr. Muhammad Abdulaziz Al-Fattouh	221,164	10	2,211,640	0,63%
Mr. Ibrahim Abdulaziz Al-Fattouh	221,164	10	2,211,640	0,63%
Ms. Fatima Ali Al-Fattouh	110,582	10	1,105,820	0,32%
Ms. Reem Abdulaziz Al-Fattouh	110,582	10	1,105,820	0,32%
	35,000,000		350,000,000	100%

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10. SHARE CAPITAL (CONTINUED)

The Company's share capital is SR 200,000,000 divided into 20,000,000 shares at SR 10 each. Share capital structure as at 31 December 2020 is as follows:

Shareholder's name

	No. of shares	Value of share / SR	Total value	% of ownership
Mr. Mansour Kamel Ibrahim Al-Fattouh	3,363,636	10	33,636,360	16.82%
Mr. Naser Kamel Ibrahim Al-Fattouh	3,363,636	10	33,636,360	16.82%
Mr. Khaled Kamel Ibrahim Al-Fattouh	3,363,636	10	33,636,360	16.82%
Mr. Muwaffaq Kamel Ibrahim Al-Fattouh	2,863,636	10	28,636,360	14.32%
Heirs of Mr. Abdulaziz Kamel Al-Fattouh	500,000	10	5,000,000	2.50%
Ms. Elham Mahmoud Obaid	2,250,000	10	22,500,000	11.25%
Ms. Amal Kamel Ibrahim Al-Fattouh	1,431,819	10	14,318,190	7.16%
Ms. Dalal Kamel Ibrahim Al-Fattouh	1,431,819	10	14,318,190	7.16%
Ms. Manal Kamel Ibrahim Al-Fattouh	1,431,818	10	14,318,180	7.16%
	20,000,000		200,000,000	100%

* The contribution of the heirs of Mr. Abdulaziz Kamel Al-Fattouh was distributed to the legal heirs, including his share in the capital increase.

11. EMPLOYEES' RETIREMENT BENEFITS OBLIGATIONS

The Company's employees' benefits obligations related to long-term service payments are based on a government-mandated plan which is as follows:

	31 December 2021	31 December 2020	1 January 2020
Balance at the beginning of the year	21,007,858	21,694,562	20,592,031
Balance transferred from merged companies	12,815,553	-	-
Impact of IFRS adoption on merged companies	(1,850,399)	-	-
Current period cost	1,903,007	1,528,286	1,498,647
Financial charges	559,274	737,615	926,641
Paid during the year	(2,743,465)	(1,872,302)	(928,411)
Actuarial losses/(gains) recognized in other comprehensive income	737,598	(1,080,302)	(394,347)
Total balance at the end of the year	32,429,426	21,007,859	21,694,561
Less: advances paid to employees			
Balance at the beginning of the year	(9,106,218)	(9,618,627)	(10,756,308)
Balance transferred from merged companies	(6,359,028)	-	-
Change in advance paid to employees	34,723	512,409	1,137,681
Total advance paid to employees	(15,430,523)	(9,106,218)	(9,618,627)
Net balance at the end of the year	16,998,903	11,901,641	12,075,934

The most recent actuarial valuation was performed by an independent qualified actuary using the projected unit credit method.

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11. EMPLOYEES' RETIREMENT BENEFITS OBLIGATIONS (CONTINUED)

Expenses recognized in the statement of profit or loss are as follows:

	Year ended 31 December	
	2021	2020
Current service cost	1,903,007	1,528,286
Interest cost	559,274	737,615
	<u>2,462,281</u>	<u>2,265,901</u>

The main assumptions used for the purposes of the actuarial valuation are as follows:

	31 December 2021 %	31 December 2020 %	1 January 2020 %
Discount rate	2.55	3.35	3.40
Salary growth rate	2.60	2.60	3.40

All changes in employees' defined benefit obligations are recognized in profit or loss, except for actuarial gains which are recognized in other comprehensive income.

Movement in the actuarial gains reserve recognized in other comprehensive income is as follows:

	31 December 2021	31 December 2020	1 January 2020
Balance at the beginning of the year	(796,371)	(1,876,674)	(2,271,021)
Impact of IFRS adoption on merged companies	795,868	-	-
Actuarial (losses)/ gains from liability	(737,598)	1,080,303	394,347
Balance at the end of the year	<u>(738,101)</u>	<u>(796,371)</u>	<u>(1,876,674)</u>

12. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	31 December 2021	31 December 2020	1 January 2020
Notes payables	89,616,609	54,733,205	32,591,913
Advances from costumers	14,654,923	6,371,795	3,078,418
Trade payables	13,982,114	14,410,358	11,406,652
Accrued expenses	6,557,376	4,174,420	4,157,536
Other payables	379,847	1,175,620	367,073
	<u>125,190,869</u>	<u>80,865,398</u>	<u>51,601,592</u>

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13. RELATED PARTIES TRANSACTIONS AND BALANCES

Related parties of the Company comprise of shareholders, affiliates, members of the board of directors, and executive management. The Company transacts with its related parties in the ordinary course of business. The transactions with related parties are undertaken at mutually agreed terms and are approved by the management. Related party transactions during the year are as follows:

Name of the related parties	Nature of transaction	2021	2020
Shareholders	Dividends for shareholders	49,200,328	75,441,187
Affiliates			
Gulf Polyester Powder Coating Company*	Purchases	-	4,878,984
Al Fattouh Company for Aluminum Accessories and Insulation Yarn*	Purchases	-	4,479,816
RAL Investment Company	Purchases	788,463	1,165,853
Key management personnel	remuneration	2,100,310	188,316

* Related to amounts due to related parties with Gulf Polyester Powder Coating Company and Al Fattouh Company for Aluminum Accessories and Insulation Yarn for the year 2020 before the merger by the Company.

The above transactions have resulted in following balances:

	31 December 2021	31 December 2020	1 January 2020
Gulf Polyester Powder Coating Company*	-	4,878,984	3,156,103
Al Fattouh Company for Aluminum Accessories and Insulation Yarn*	-	4,479,816	1,746,949
RAL Investment Company	788,463	1,165,853	1,196,132
31 December	788,463	10,524,653	6,099,184

14. ZAKAT PROVISION

Zakat status and Value Added Tax (VAT)

On 6 March 2022, a request was submitted to ZATCA to merge the file of Al Taiseer Group TALCO Industrial Company Closed Joint Stock with the files of Gulf Polyester Powder Coating Company and Al Fattouh Company for Aluminum Accessories and Insulation Yarn, in order for the Company to submit a Zakat return for the year 2021, pay VAT under the new name, and close the account of Gulf Polyester Powder Coating Company and Al Fattouh Company for Aluminum Accessories and Insulation Yarn in light of the merger procedures referred to in note (1).

The files of the two merged companies were merged into the account of Al Taiseer Group TALCO Industrial Company Closed Joint Stock, and the Company's request to submit one zakat return of the Company was approved as at 31 December 2021.

The Company has submitted its separate Zakat returns to ZATCA up until the year ended 31 December 2020.

The Company has been reviewed for the years from 2015 to 2018 by ZATCA, and the final assessment was issued by ZATCA. The Company paid the differences resulting from this assessment.

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14. ZAKAT PROVISION (CONTINUED)

Zakat provision

For the year ended 31 December 2021, the Company has an accrual for Zakat of SR 8,789,902 on the Zakat base in accordance with the Zakat, Tax and Customs Authority regulations in the Kingdom of Saudi Arabia.

Movement of Zakat provision for the years ended 31 December 2021, 2020 and 1 January 2020 is as follows:

	31 December 2021	31 December 2020	1 January 2020
Balance at the beginning of the year	6,072,177	7,361,938	6,973,519
Provision for the year	8,792,085	6,072,177	7,361,938
Payments made during the year	(6,072,177)	(7,361,938)	(6,973,519)
Balance at the end of the year	8,792,085	6,072,177	7,361,938

The Zakat charge for the year is based on the Zakat base, which has the following significant components:

	31 December 2021	31 December 2020	1 January 2020
Share capital	350,000,000	200,000,000	200,000,000
Reserves and carried forward profits	2,458,149	70,312,119	135,827,808
Carrying amount of long-term assets - net	(119,489,869)	(100,738,385)	(107,821,994)
Provisions	35,828,675	22,204,921	27,296,000
Advances from customers (more than 360 days due)	7,757,393	8,749,934	6,003,088
Net profit for the year	76,769,037	42,358,503	33,172,599
Net Zakat base	353,323,385	242,887,092	294,477,501

15. LEASE LIABILITIES

	31 December 2021	31 December 2020	1 January 2020
Balance at the beginning of the year	3,800,072	809,670	-
Lease liabilities recognized upon IFRS 16 adoption	-	-	922,099
Impact of IFRS 16 adoption on merged companies	2,855,959	-	-
Additions during the year	768,579	3,754,128	-
Repayment during the year	(1,134,494)	(941,915)	(152,482)
Interest expense during the year	243,907	178,189	40,053
Balance at end of the year	6,534,023	3,800,072	809,670
Current	1,552,512	790,218	118,181
Non-Current	4,981,511	3,009,854	691,489
Balance at the end of the year	6,534,023	3,800,072	809,670

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16. SALES

	For the year ended 31 December	
	2021	2020
Revenue from the activity of selling aluminum	480,980,662	359,254,006
Revenue from the activity of selling metal coating powder	22,673,347	-
Revenue from the activity of selling aluminum accessories	14,889,394	-
	518,543,403	359,254,006

Performance obligations

Information about the Company's performance obligations are summarized below:

Type of product	Nature and timing of satisfaction of performance obligations	Revenue recognition under IFRS 15
Sales of goods	Performance obligation is satisfied at a point in time.	Revenue is recognized when control of goods is transferred to customers.

17. COST OF SALES

	For the year ended 31 December	
	2021	2020
Raw Materials	363,273,409	239,960,162
Employees' costs	23,116,411	21,987,442
Depreciation (note 4)	16,910,821	15,783,102
Depreciation of right of use assets- leases (note 6)	1,179,028	810,519
Manufacturing expense	10,228,763	4,904,617
Expenses of special sectors for aluminum	3,881,813	2,682,051
Utilities	4,821,066	4,523,989
Water	588,523	751,728
Other	691,216	-
	424,691,050	291,403,610

18. SELLING AND DISTRIBUTION EXPENSES

	For the year ended 31 December	
	2021	2020
Salaries and employees' related benefits	5,193,955	3,508,195
Cargo charges	3,688,577	3,438,186
Royalties	179,750	-
Advertising	167,069	204,774
Depreciation (note 4)	19,798	18,750
Other	1,166,406	424,467
	10,415,555	7,594,372

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19. GENERAL AND ADMINISTRATIVE EXPENSES

	For the year ended 31 December	
	2021	2020
Salaries and employees' related benefits	13,011,772	12,176,236
Key management personnel compensations	1,109,185	188,316
Administrative fees	763,723	399,015
Repair and maintenance	626,235	551,655
Depreciation (note 4)	219,522	22,025
Depreciation of intangible assets (note 5)	124,082	-
Insurance	389,353	351,702
Printing and stationery	80,396	105,840
Other	2,178,596	2,098,598
	18,502,864	15,893,387

20. OTHER INCOME

	For the year ended 31 December	
	2021	2020
Non-refundable revenue for customers	3,040,388	42,677
gain from sale of property, plant and equipment	55,233	515,111
gain from bank deposits	-	733,383
Others	145,085	-
	3,240,706	1,291,171

21. FINANCE COSTS

	For the year ended 31 December	
	2021	2020
Banking financial charges	339,356	700,135
Financial charges on employees' defined benefits obligations (note 11)	559,274	737,615
Financial charges on lease liabilities (note 15)	243,907	178,189
	1,142,537	1,615,939

22. DIVIDENDS

In its meeting held on 18 Rajab 1442H (corresponding to 2 March 2021), the Board of Directors of Al Taiseer Group TALCO Industrial Company Closed Joint Stock approved the distribution of cash dividends of SR 32.7 million (2020: SR 75.4 million) for the financial year 2020 to the shareholders of the Company, according to their share in the Company.

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23. MERGER AND IMPACT OF IFRS ADOPTION ON MERGED COMPANIES

23.a As indicated in note 1, Gulf Polyester Powder Coating Company and Al Fattouh Company for Aluminum Accessories and Insulation Yarn "The Merged Companies" were merged into Al Taiseer Group TALCO Industrial Company Closed Joint Stock "The Merging Company", formerly known as Al Taiseer Aluminum Company on 11 August 2021 "the date of merger", which did not result in compensation.

The following are the balances of the two merged companies on the date of the merger, which are the assets, liabilities and equity transferred to the accounts of Al Taiseer Group TALCO Industrial Company Closed Joint Stock "The Merging Company" on the date of merger.

Statement of profit and loss and other comprehensive income for the year includes the results of the two merged companies from the date of merger until 13 December 2021.

	Notes	11 August 2021
Non-current assets		
Property, plant and equipment		23,214,840
Intangible assets		226,909
Right-of-use assets – Rent		3,115,745
Total non-current assets		26,557,494
Current assets		
Cash and cash equivalents		17,118,407
Trade receivables and other current assets		31,245,655
Inventory		36,824,117
Due from related parties		10,904,656
Total current assets		96,092,835
Total assets		122,650,329
Liabilities and equity		
Equity		
Share capital	10	32,000,000
Statutory reserve		11,391,042
Retained earnings		53,227,942
Total equity		96,618,984
Non-current liabilities		
Lease liabilities – non-current portion		2,192,893
Employees' retirement benefits obligations	11	4,606,126
Total non-current liabilities		6,799,019
Current liabilities		
Trade payables and other current liabilities	12	17,959,570
Due to related parties	13	609,690
Lease liabilities– current portion		663,066
Total current liabilities		19,232,326
Total liabilities		26,031,345
Total liabilities and equity		122,650,329

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23. MERGER AND IMPACT OF IFRS ADOPTION ON MERGED COMPANIES (CONTINUED)

23.b impact of IFRS adoption on the balances of merged companies upon merger

	Notes	Amounts previously disclosed in accordance with IFRS for SMEs	Impact of transition	Impact of transition in accordance with IFRSs as at 11 August 2021
Assets				
Non-current assets				
Property, plant and equipment	25.5.d	23,441,749	(226,909)	23,214,840
Intangible assets	25.5.d	-	226,909	226,909
Right-of-use assets - Rent	25.5.b	-	3,115,745	3,115,745
Total non-current assets		23,441,749	3,115,745	26,557,494
Current assets				
Cash and cash equivalents		17,118,407	-	17,118,407
Trade receivables and other current assets	25.5.a	34,211,305	(2,965,650)	31,245,655
Inventory		36,824,117	-	36,824,117
Due from related parties		10,904,656	-	10,904,656
Total current assets		99,058,485	(2,965,650)	96,092,835
Total assets		122,500,234	150,095	122,650,329
Liabilities and equity				
Equity:				
Share capital		32,000,000	-	32,000,000
Statutory reserve		11,391,042	-	11,391,042
Retained earnings	23.b.1	54,083,407	(855,465)	53,227,942
Total equity		97,474,449	(855,465)	96,618,984
Non-current liabilities:				
Lease liabilities – non-current portion		-	2,192,893	2,192,893
Employees' end of service benefits	25.5.c	6,456,525	(1,850,399)	4,606,126
Total non-current liabilities		6,456,525	342,494	6,799,019
Current liabilities				
Trade payable and other current liabilities		17,959,570	-	17,959,570
Due to related parties		609,690	-	609,690
Lease liabilities– current portion	25.5.b	-	663,066	663,066
Total current liabilities		18,569,260	663,066	19,232,326
Total liabilities		25,025,785	1,005,560	26,031,345
Total equity and liabilities		122,500,234	150,095	122,650,329
Reconciliation of statement of financial position in note (23.b.1)				11 August 2021
Expected credit losses of trade receivables				(2,201,933)
Expected credit losses of notes receivables and cheques under collection				(372,929)
Expense for employees' end of service benefits				1,850,399
Impact of the initial adoption of IAS 16				(131,002)
				(855,465)

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24. FINANCIAL INSTRUMENTS

a) Financial Risk Management

The Company is exposed to the following risks as a result of its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

Market risk

Market risk is the risk that arising from changes in market prices, such as currency rates and interest rates that will affect the Company profit or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises primarily from trade receivables, cash and cash equivalents and due from related parties.

The carrying value of financial assets represents the maximum value to which a financial asset could be exposed to credit risk as at the statement of financial position date at 31 December, as follows:

	31 December 2021	31 December 2020 (Note 26)
Cash and cash equivalents	55,636,709	57,969,726
Trade receivables	211,441,923	161,660,876
Notes receivables and cheques under collection	88,353,455	48,950,456
Prepaid expenses and other receivables	10,040,965	3,301,759
	365,473,052	271,882,817

Trade receivables, notes receivables and cheques under collection

The Company is exposed to credit risk mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the business industry and countries in which customers operate.

The Management has established a credit policy according to which the creditworthiness of each new customer is analyzed before the Company establishes its terms and conditions for payment and supply.

The Company limits its exposure to credit risk from trade receivables by setting maximum collection limits and credit limits for its customers.

The following table provides information about the exposure to credit risk and ECLs for receivables as at 31 December 2021:

<u>Aging of trade receivables</u>	<u>Total carrying amount</u>	<u>Impairment loss provision</u>
Less than 1 year	180,456,795	5,969,740
More than 1 year	30,985,128	28,093,416
Total	211,441,923	34,063,156

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24. FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk (continued)

The following table provides information about the exposure to credit risk and ECLs for receivables as at 31 December 2020:

<u>Aging of trade receivables</u>	<u>Total carrying amount</u>	<u>Impairment loss provision</u>
Less than 1 year	131,610,390	4,419,195
More than 1 year	30,060,486	24,700,721
Total	161,670,876	29,119,916

The following table also provides information about the exposure to credit risk and ECLs for notes receivables and cheques under collection as at 31 December 2021:

<u>Notes receivables and cheques under collection</u>	<u>Total carrying amount</u>	<u>Impairment loss provision</u>
Less than 1 year	75,138,896	196,662
More than 1 year	13,214,559	11,468,375
Total	88,353,455	11,665,037

The following table provides information about the exposure to credit risk and ECLs for notes receivables and cheques under collection as at 31 December 2020:

<u>Notes receivables and cheques under collection</u>	<u>Total carrying amount</u>	<u>Impairment loss provision</u>
Less than 1 year	35,020,808	339,233
More than 1 year	13,929,648	10,701,841
Total	48,950,456	11,041,074

Cash and Cash equivalents

As at 31 December 2021, the Company held cash and cash equivalents of SR 55,636,709 (2020: SR 57,969,726). Cash and cash equivalents are held with banks and financial institutions having sound credit ratings.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it has sufficient liquidity to meet its obligations as they fall due, during both normal and extraordinary circumstances, without incurring unacceptable losses or exposure to risks that damage the Company's reputation.

Liquidity risk is the difficulties that the Company will encounter in raising funds to meet commitments related to financial instruments. Liquidity risk may result from the inability to sell financial assets quickly at an amount close to its fair value.

The Company manages liquidity risk by maintaining the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the next 90 days. The Company also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables and ensuring that bank facilities are available.

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24. FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk (Continued)

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are based on the gross undiscounted amount.

The following are the contractual maturities of non-derivative financial liabilities:

	Carrying amount	Contractual cash flows	
		Less than 1 year	More than 1 year
31 December 2021			
Trade payables and other current liabilities	125,190,869	125,190,869	-
Due to related parties	788,463	788,463	-
Lease liabilities	6,534,023	1,861,954	4,711,397
	132,513,355	127,841,286	4,711,397
	Carrying amount	Contractual cash flows	
		Less than 1 year	More than 1 year
31 December 2020			
Trade payables and other current liabilities	80,865,398	80,865,398	-
Due to related parties	10,524,653	10,524,653	-
Lease liabilities	3,800,072	1,041,556	4,540,856
	95,190,123	92,431,607	4,540,856

Liquidity risk is managed by monitoring on a regular basis and ensuring that sufficient funds and banking facilities are available to meet the Company's future liabilities.

Capital management

Share capital represents equity attributable to the shareholders of the Company. The Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and maintain an optimal capital structure to reduce the cost of capital. The management policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. The management monitors the return on capital, which the Company defines as result from operating activities divided by total shareholders' equity. The Company also monitors the level of dividends to the shareholders. There were no changes in the Company approach to capital management during the year. The Company's debt ratio to adjusted capital at the end of the financial reporting period was as follows:

	31 December 2021	31 December 2020 (Note 25)
Total liabilities	158,304,343	113,163,941
Less: cash and bank balances	55,636,709	57,969,726
Adjusted net debt (a)	102,667,634	55,194,215
Total equity (b)	392,374,508	272,531,829
Adjusted net debt ratio from adjusted equity (a) / (b)	26%	20%

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25. IMPACT OF TRANSITION TO IFRS

As indicated in note 2, for all periods up to and including the year ended 31 December 2020, in addition to the details included in note 23, the Company prepared the financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities ("IFRS for SMEs") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

As of 1 January 2021, the Company prepared its first financial statements in accordance with the requirements of International Financial Reporting Standards (IFRS) adopted in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA.

In order to prepare the first set of its IFRS financial statements for the year ended 31 December 2021, the management has prepared an opening IFRS statement of financial position as at 1 January 2020 as endorsed by SOCPA, which is the date of the Company's transition to IFRS applied in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA.

This note explains the principal adjustments made by the Company to adjust the statements of financial position, profit and loss and other comprehensive income, and cash flows to comply with the requirements of IFRS along with the exemptions applied in adopting IFRS as allowed under IFRS 1 "First-Time Adoption of International Financial Reporting Standards".

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25. IMPACT OF TRANSITION TO IFRS AND PRIOR YEARS ADJUSTMENTS (CONTINUED)

25.1 Reconciliation of statement of financial position as at 1 January 2020

	Notes	Balance before adjustment as in IFRS for SMEs	Impact on transition	Balance after adjustment in accordance with IFRS
Assets				
Non-current assets				
Property, plant and equipment, net	25.5.d	107,821,993	(264,000)	107,557,993
Intangible assets, net	25.5.d	-	264,000	264,000
Right of use assets	25.5.b	-	736,895	736,895
Total non-current assets		107,821,993	736,895	108,558,888
Current assets				
Cash and cash equivalents		23,043,048	-	23,043,048
Short-term deposits		51,419,444	-	51,419,444
Trade receivables and other current assets	25.5.a	172,357,806	(27,836,265)	144,521,541
Inventory		93,470,597	-	93,470,597
Total current assets		340,290,895	(27,836,265)	312,454,630
Total assets		448,112,888	(27,099,370)	421,013,518
Equity and liabilities				
Equity				
Share capital		200,000,000	-	200,000,000
Statutory reserve		37,334,780	-	37,334,780
Retained earnings	25.1.1	102,869,665	(28,855,245)	74,014,420
Total equity		340,204,445	(28,855,245)	311,349,200
Non-current liabilities				
Lease liabilities – non-current portion	25.5.b	-	691,489	691,489
Long term loans		27,296,000	-	27,296,000
Employees' contracts benefit obligations	25.5.c	11,129,729	946,205	12,075,934
Total non-current liabilities		38,425,729	1,637,694	40,063,423
Current liabilities				
Trade payables and other current liabilities		51,601,592	-	51,601,592
Due to related parties		6,099,184	-	6,099,184
Long term loans - current portion		4,420,000	-	4,420,000
Lease liabilities - current portion	25.5.b	-	118,181	118,181
Provision for Zakat		7,361,938	-	7,361,938
Total current liabilities		69,482,714	118,181	69,600,895
Total liabilities		107,908,443	1,755,875	109,664,318
Total equity and liabilities		448,112,888	(27,099,370)	421,013,518

Reconciliation of statement of financial position as at 1 January 2020

	1 January 2020
Expected credit losses of trade receivables	(18,367,172)
Expected credit losses of notes receivables and cheques under collection	(9,401,939)
Financial charges on employees' defined benefits obligations	(926,641)
Expense for employees' end of service benefits	(413,911)
Depreciation expense – right-of-use assets	(122,426)
Impact of the initial adoption of IAS 16	(62,778)
Financial charges on lease liabilities	(40,053)
Actuarial gains recognized in other comprehensive income	394,347
	(28,855,245)

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(All amounts are expressed in Saudi Riyals unless otherwise stated)

25. IMPACT OF TRANSITION TO IFRS AND PRIOR YEARS ADJUSTMENTS (CONTINUED)

25.2 Reconciliation of statement of financial position as at 31 December 2020

	Notes	Balance before adjustment as in IFRS for SMEs	Impact on transition	Balance after adjustment in accordance with IFRS
Assets				
Non-current assets				
Property, plant and equipment, net	25.5.d	100,738,387	(279,208)	100,459,179
Intangible assets, net	25.5.d	-	279,208	279,208
Right of use assets	25.5.b	-	3,680,504	3,680,504
Total non-current assets		100,738,387	3,680,504	104,418,891
Current assets				
Cash and cash equivalents		57,969,726	-	57,969,726
Trade receivables and other current assets	25.5.a	201,516,828	(27,764,727)	173,752,101
Inventory		49,555,052	-	49,555,052
Total current assets		309,041,606	(27,764,727)	281,276,879
Total assets		409,779,993	(24,084,223)	385,695,770
Equity and liabilities				
Equity				
Share capital		200,000,000	-	200,000,000
Statutory reserve		40,963,413	-	40,963,413
Retained earnings	25.2.1	60,086,171	(28,517,755)	31,568,416
Total equity		301,049,584	(28,517,755)	272,531,829
Non-current liabilities				
Lease liabilities – non-current portion	25.5.b	-	3,009,854	3,009,854
Employees' end of service benefits	25.5.c	11,268,181	633,460	11,901,641
Total non-current liabilities		11,268,181	3,643,314	14,911,495
Current liabilities				
Trade payables and other current liabilities		80,865,398	-	80,865,398
Due to related parties		-	-	10,524,653
Lease liabilities - current portion	25.5.b	-	790,218	790,218
Provision for Zakat		6,072,177	-	6,072,177
Total current liabilities		97,462,228	790,218	98,252,446
Total liabilities		108,730,409	4,433,532	113,163,941
Total equity and liabilities		409,779,993	(24,084,223)	385,695,770

Al Taiseer Group TALCO Industrial Company Closed Joint Stock
(A Saudi Closed Joint Stock Company)
Notes to the financial statements
For the year ended 31 December 2021
(All amounts are expressed in Saudi Riyals unless otherwise stated)

25. IMPACT OF TRANSITION TO IFRS AND PRIOR YEARS ADJUSTMENTS (CONTINUED)

25.2.1 Reconciliation of retained earnings as at 31 December 2020

	Impact on retained earnings as at 1 January 2020	Impact on statement of profit or loss and other comprehensive income for the year ended 31 December 2020	Impact on retained earnings as at 31 December 2020
Impairment losses of trade receivables	(18,367,172)	1,716,956	(16,650,216)
Impairment losses of notes receivables and cheques under collection	(9,401,939)	(1,639,135)	(11,041,074)
Financial charges on employees' defined benefits obligations	(926,641)	(737,615)	(1,664,256)
Expense for employees' end of service benefits	(413,911)	(29,943)	(443,854)
Depreciation charge on Right-of-use assets	(122,426)	(810,519)	(932,945)
Impact of the initial adoption of IAS 16	(62,778)	-	(62,778)
Financial charges on lease liabilities	(40,053)	(178,189)	(218,242)
Actuarial gains recognized in other comprehensive income	394,347	1,080,303	1,474,650
Reversal of lease expense	85,328	935,632	1,020,960
	<u>(28,855,245)</u>	<u>337,490</u>	<u>(28,517,755)</u>

Al Taiseer Group TALCO Industrial Company Closed Joint Stock
(A Saudi Closed Joint Stock Company)
Notes to the financial statements
For the year ended 31 December 2021
(All amounts are expressed in Saudi Riyals unless otherwise stated)

25. IMPACT OF TRANSITION TO IFRS AND PRIOR YEARS ADJUSTMENTS (CONTINUED)

25.3 Reconciliation of the statement of profit or loss and other comprehensive income for the year ended 31 December 2020

	Notes	Balance before adjustment as in IFRS for SMEs	Impact on transition	Balance after adjustment in accordance with IFRS
Revenue		359,254,004	-	359,254,004
	(25.5.b and 25.5.c)			
Cost of revenue		(291,262,786)	(140,734)	(291,262,786)
Gross profit		67,991,130	(140,734)	67,850,396
Selling and distribution expenses		(7,594,372)	-	(7,594,372)
General and administrative expenses	(25.5.b and 25.5.c)	(16,129,291)	235,904	(15,893,387)
Provision for expected credit losses	25.5.a	(2,500,000)	77,821	(2,422,179)
Other income		1,291,171	-	1,291,171
Operating profit		43,058,638	172,991	43,231,629
Finance costs	25.5.b	(700,135)	(915,804)	(1,615,939)
Net profit before Zakat		42,358,503	(742,813)	41,615,690
Zakat provision		(6,072,177)	-	(6,072,177)
Net profit for the year		36,286,326	(742,813)	35,543,513
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Re-measurement of employees' retirement benefit obligations	25.5.c	-	1,080,303	1,808,303
Other comprehensive income for the year		-	1,080,303	1,080,303
Total comprehensive income		36,286,326	337,490	36,623,816

25.4 Reconciliation on the statement of cash flows for the year ended 31 December 2020:

There are no material differences between the presentation of the statement of cash flows in accordance with International Financial Reporting Standards for Small and Medium-sized Entities ("IFRS for SMEs") and in accordance with the International Financial Reporting Standards endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") in the Kingdom of Saudi Arabia.

25.5 Notes to equity adjustments as at 1 January 2020 and 31 December 2020:

a. IFRS 9 'Financial Instruments'

In accordance with the International Financial Reporting Standard for Small and Medium-sized Entities ("IFRS for SMEs"), the Company used to calculate the provision for impairment of receivables if there is objective evidence indicating that the Company was unable to collect all the amounts due under the original terms of the receivables based on the useful lives of the receivables. On the date of the transition, the Company applied the IFRS 9 "Financial Instruments" in measuring the expected credit losses of receivables balances, expected credit losses are measured as the present value of all cash shortages (i.e. the difference between the cash flows due to the Company according to the contract and the cash flows that the Company expects to receive). Expected credit losses are discounted at the financial assets' effective interest rate.

Al Taiseer Group TALCO Industrial Company Closed Joint Stock
(A Saudi Closed Joint Stock Company)
Notes to the financial statements
For the year ended 31 December 2021
(All amounts are expressed in Saudi Riyals unless otherwise stated)

25. IMPACT OF TRANSITION TO IFRS AND PRIOR YEARS ADJUSTMENTS (CONTINUED)

25.5 Notes to equity adjustments as at 1 January 2020 and 31 December 2020: (continued)

b. IFRS 16 "Right-of-use-assets and lease liabilities"

In accordance with International Financial Reporting Standard for Small and Medium-sized Entities ("IFRS for SMEs"), the Company recognized the Rental expenses in the statement of profit or loss and other comprehensive income as per contract terms using straight-line method. On the date of transition, the Company has adopted IFRS 16 "Leases".

Retrospectively with the recognition of cumulative impact of the initial adoption of the standard at the date of initial adoption on 1 January 2020.

c. IFRS 19 "Employees' benefits"

In accordance with the International Financial Reporting Standard for Small and Medium-sized Entities ("IFRS for SMEs"), the Company has recognized all actuarial gains and losses in profit and loss. On the date of the transition, the Company applied IAS 19 'Employees' Benefits', which requires the Company to recognize actuarial gains and losses in other comprehensive income.

d. IFRS 1 "Presentation of Financial Statements"

An item of property, plant and equipment has been reclassified into intangible assets, which represents accounting and operating systems and software discovered during First-time Adoption of International Financial Reporting Standards (IFRS), and this adoption did not have any impact on net profit or equity up to the end of the financial year ended 31 December 2021.

26. NON-CASH TRANSACTIONS

The significant primary non-cash transactions for the year ended 31 December 2021 is the increase in the Company's capital, as this transaction did not result in any cash transactions, and the share capital was increased from the retained earnings account and the statutory reserve account of Al Taiseer Group TALCO Industrial Company Closed Joint Stock, and net equity transferred from the merged companies; Gulf Polyester Powder Coating Company and Al Fattouh Company for Aluminum Accessories and Insulation Yarn.

27. SUBSEQUENT EVENTS

a. On 21 February 2022, the Company's Board of Directors recommended to hold a General Assembly meeting to approve the increase of the Company's share capital to reach SR 400,000,000 divided into 40,000,000 shares of SR 10 each, which will be paid in full from the retained earnings account and an amount of SR 9.2 million to be distributed to the shareholders, each according to his/her share in the Company.

b. The new Regulations for Companies issued by Royal Decree M/132 on 12/1/1443H (corresponding to 30 June 2022) become effective on 26/6/1444H (corresponding to 19 January 2023). For certain provisions of the Regulations, full compliance is expected no later than two years from 26/6/1444H (corresponding to 19 January 2023). The management is currently evaluating the impact of the new Regulations for Companies and amending the Company's bylaws to align the bylaws with the provisions of the Regulations for Companies (if any). Thereafter, the Company shall present its amended bylaws to the shareholders in the Extraordinary Assembly meeting for their ratification. Otherwise, no other matters have occurred to date that could materially affect the financial statements and related disclosures for the financial year ended 31 December 2021.

28. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved by the Board of Directors on 1 Dhul Qi'dah 1444H (corresponding to 21 May 2023).

Al Taiseer Group TALCO Industrial Company Closed Joint Stock
(A Saudi Closed Joint Stock Company)
FINANCIAL STATEMENTS
For the year ended 31 December 2022
Together with
Independent Auditor's Report

AL TAISEER GROUP TALCO INDUSTRIAL COMPANY CLOSED JOINT STOCK
(A Saudi Closed Joint Stock Company)
Financial statements and independent auditor's report
For the year ended 31 December 2022

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KPMG Professional Services

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Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية

واجهة روشن، 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 Taiseer Group TALCO Industrial Company Closed Joint Stock (A Saudi Closed Joint Stock Company)

Opinion

We have audited the financial statements of Al Taiseer Group TALCO Industrial Company Closed Joint Stock (A Saudi Closed Joint Stock Company) ("the Company"), which comprise the statement of financial position as at 31 December 2022, the statements of profit or loss and other 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 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) 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 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 International Code of Ethics for Professional Accountants (including International Independence Standards), that is 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 the Code's 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.

KPMG professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia. With the paid-up capital of SAR 40,000,000. (Previously known as "KPMG Al Fozan & Partners Certified Public Accountants") A non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

كي بي إم جي للاستشارات المهنية شركة مبنية مساهمة مغلقة، مسجلة في المملكة العربية السعودية، رأسمالها (٤٠,٠٠٠,٠٠٠) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي للفرزان وشركاه محاسبون ومراجعون قانونيون". وهي عضو غير شريك في الشبكة العالمية للشركات كي بي إم جي المستقلة التابعة لـ كي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة.



Independent auditor's report (continued)

To the Shareholders of Al Taiseer Group TALCO Industrial Company Closed Joint Stock (A Saudi Closed Joint Stock Company)

Key audit matter	
Sales revenue recognition – refer to note (3.14) to the financial statements for the accounting policy relating to revenue recognition and note (16) to the financial statements for the related disclosures.	
Key audit matters	How the matter was addressed in our audit
<p>During the year ended 31 December 2022, the Company recognized sales revenue of SR 749.9 million (2021: SR 518.5 million).</p> <p>Revenue from contracts with customers are recognized at a point in time.</p> <p>We have identified revenue recognition as a key audit matter because revenue is one of the key performance indicators giving rise to an inherent risk that revenue could be subject to overstatement to meet targets or expectations.</p>	<p>Among other procedures, we performed the following procedures:</p> <ul style="list-style-type: none"> Assessed the appropriateness of the revenue recognition policy under IFRS (15) "Revenue from Contracts with Customers". Inquired from the management representatives regarding fraud awareness and the existence of any actual or suspected fraud cases. Assessed the design, implementation and testing the operational effectiveness of the manual internal control systems relevant to recognition of revenue. Tested a sample of recorded revenue transactions, to assess that the revenue is recorded in the correct period. Performed cut off procedures to assess that revenue was recognized in the correct period; and Evaluated the adequacy of disclosures made by the management in the financial statements.



Independent auditor's report (continued)

To the Shareholders of Al Taiseer Group TALCO Industrial Company Closed Joint Stock (A Saudi Closed Joint Stock Company)

Key audit matter (continued)	
Assessing expected credit losses of trade receivables, notes receivables, and cheques under collection – Refer for to Notes (3.7) to the financial statements for the accounting policy relating to impairment of financial assets and Note 8 to the financial statements for the related disclosures.	
Key audit matters	How the matter was addressed in our audit
<p>As at 31 December 2022, the Company's trade receivables, notes receivables, and cheques under collection net balance amounted to of SR 314.7 million (2021: SR 254 million).</p> <p>In accordance with the requirements of IFRS (9), the Company has applied expected credit losses model in calculating the impairment of trade receivables, notes receivables, and cheques under collection.</p> <p>Due to the estimation of expected credit losses that involves significant judgments and estimates that could have a material impact on the financial statements, the assessment of the expected credit losses, was considered as a key audit matter.</p>	<p>Among other procedures, our procedures included the following:</p> <ul style="list-style-type: none"> Assessed the design, implementation and testing the operational effectiveness of the manual internal control systems relevant to management calculation of the expected credit losses of trade receivables, notes receivables and cheques under collection. Assessed the methodology, assumptions and estimates used by management in preparing the expected credit losses models, including the assessment of future projections. Assessed the completeness and accuracy of the aging report of trade receivables, notes receivables, and cheques under collection. Involved our specialists to test the key assumptions used by management and to assess the reasonableness of the estimates used and the reasonableness of the estimates of the provision for impairment of trade receivables, notes receivables, and cheques under collection. Evaluated the adequacy of disclosures made by the management in the financial statements.



Independent Auditor's Report (continued)

To the Shareholders of Al Taiseer Group TALCO Industrial Company Closed Joint Stock (A 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, Company's bylaws 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 (ISAs) 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 are 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.



Independent auditor's report (continued)

To the Shareholders of Al Taiseer Group TALCO Industrial Company Closed Joint Stock (A Saudi Closed Joint Stock Company)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- 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 auditors' 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 Taiseer Group TALCO Industrial Company Closed Joint Stock**.

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 actions taken to eliminate threats or safeguards applied.

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



Fahd Mubarak Al Dossari
License No: 469



Riyadh, 18 Dhu'l-Hijjah 1444H
Corresponding to: 6 July 2023

AL TAISEER GROUP TALCO INDUSTRIAL COMPANY CLOSED JOINT STOCK

(A Saudi Closed Joint Stock Company)

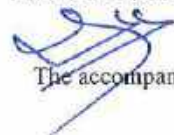
Statement of financial position

As at 31 December 2022

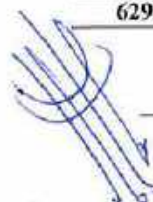
(All amounts are expressed in Saudi Riyals unless otherwise stated)

	Note	31 December 2022	31 December 2021
ASSETS			
Non-current assets			
Property, plant and equipment, net	4	115,473,814	119,107,833
Intangible assets, net	5	216,886	382,035
Right of use assets, net	6	5,097,439	6,385,800
Total non-current assets		120,788,139	125,875,668
Current assets			
Inventory	9	107,901,609	105,058,324
Trade receivables and other current assets	8	334,822,037	264,108,150
Cash and cash equivalents	7	65,709,712	55,636,709
Total current assets		508,433,358	424,803,183
Total assets		629,221,497	550,678,851
EQUITY AND LIABILITIES			
Equity			
Share capital	10	350,000,000	350,000,000
Statutory reserve		14,267,856	6,797,696
Retained earnings		80,500,551	35,576,812
Total equity		444,768,407	392,374,508
Non-current liabilities			
Lease liabilities- non-current portion	15	3,722,903	4,981,511
Employees' retirement benefits obligations	11	19,771,958	16,998,903
Total non-current liabilities		23,494,861	21,980,414
Current liabilities			
Trade payables and other current liabilities	12	148,775,581	125,190,869
Due to related parties	13	550,058	788,463
Lease liabilities - current portion	15	1,609,314	1,552,512
Provision for Zakat	14	10,023,276	8,792,085
Total current liabilities		160,958,229	136,323,929
Total liabilities		184,453,090	158,304,343
Total equity and liabilities		629,221,497	550,678,851

Assem Ezz El Arab
Financial Manager



Suliman Al Oufi
Chief Executive Officer



The accompanying notes (1) to (30) form an integral part of these financial statements.

AL TAISEER GROUP TALCO INDUSTRIAL COMPANY CLOSED JOINT STOCK

(A Saudi Closed Joint Stock Company)

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2022

(All amounts are expressed in Saudi Riyals unless otherwise stated)

	Note	31 December 2022	31 December 2021
Sales	16	749,874,192	518,543,403
Cost of sales	17	(622,565,514)	(424,691,050)
Gross profit		127,308,678	93,852,353
Selling and distribution expenses	18	(13,992,512)	(10,415,555)
General and administrative expenses	19	(30,976,405)	(18,502,864)
Expected credit losses	8	(209,404)	(1,621,033)
Other income	20	4,255,155	3,240,706
Operating profit		86,385,512	66,553,607
Finance costs	21	(1,660,639)	(1,142,537)
Net profit before Zakat		84,724,873	65,411,070
Zakat provision	14	(10,023,276)	(8,792,085)
Net profit for the year		74,701,597	56,618,985
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement of employees' retirement benefit obligations	11	(1,873,600)	(737,598)
Total other comprehensive loss		(1,873,600)	(737,598)
Total comprehensive income		72,827,997	55,881,387
Earnings per share			
Basic and diluted earnings per share	25	2.13	1.62

Assem Ezz El Arab
Financial Manager



Suliman Al Oufi
Chief Executive Officer



The accompanying notes (1) to (30) form an integral part of these financial statements.

AL Taiseer Group Talco Industrial Company Closed Joint Stock

(A Saudi Closed Joint Stock Company)

Statement of changes in equity

For the year ended 31 December 2022

(All amounts are expressed in Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserve	Retained earnings	Total equity
Balance as at 1 January 2021	200,000,000	40,963,413	31,568,416	272,531,829
Net profit for the year	-	-	56,618,985	56,618,985
Other comprehensive loss for the year	-	-	(737,598)	(737,598)
Total comprehensive income for the year	-	-	55,881,387	55,881,387
Equity transferred from merged companies at the date of merger (note 23)	32,000,000	11,391,042	53,227,942	96,618,984
Equity transferred from merged companies and used in capital increase	(32,000,000)	(10,050,222)	(42,016,036)	(84,066,258)
Increase in share capital upon merger	150,000,000	(40,963,413)	(24,970,329)	84,066,258
Dividends (note 22)	-	-	(32,657,692)	(32,657,692)
Transferred to statutory reserve	-	5,456,876	(5,456,876)	-
Balance as at 1 January 2022	350,000,000	6,797,696	35,576,812	392,374,508
Net profit for the year	-	-	74,701,597	74,701,597
Other comprehensive loss for the year	-	-	(1,873,600)	(1,873,600)
Total comprehensive income for the year	-	-	72,827,997	72,827,997
Dividends (note 22)	-	-	(20,434,098)	(20,434,098)
Transferred to statutory reserve	-	7,470,160	(7,470,160)	-
Balance as at 31 December 2022	350,000,000	14,267,856	80,500,551	444,768,407

Assem Ezz El Arab
Financial Manager

Suliman Al Oufi
Chief Executive Officer




The accompanying notes (1) to (30) form an integral part of these financial statements.

AL TAISEER GROUP TALCO INDUSTRIAL COMPANY CLOSED JOINT STOCK
(A Saudi Closed Joint Stock Company)
STATEMENT OF CASH FLOWS
For the year ended 31 December 2022
(All amounts are expressed in Saudi Riyals unless otherwise stated)

	31 December 2022	31 December 2021
Operating activities:		
Profit for the year before zakat	84,724,873	65,411,070
<i>Adjustments:</i>		
Depreciation of property, plant and equipment	20,142,090	17,150,141
Amortization of intangible assets	165,149	124,082
Depreciation on right-of-use of assets	1,547,426	1,179,028
Expected credit losses	209,404	1,621,033
Gains on disposals of property, plant and equipment	(106,574)	(55,233)
Provision for end-of-service benefits	2,360,886	1,903,007
Financial charges on employees' defined benefits obligations	804,620	559,274
Financial charges on lease liabilities	273,007	243,907
Losses of excluding leases	89,272	-
Changes in working capital:		
Trade receivables and other current assets	(70,923,291)	(60,731,426)
Inventory	(2,843,285)	(18,679,155)
Trade payables and other current liabilities	23,584,712	26,365,900
Change in advances paid to employees	(514,647)	34,723
Change in related parties	(238,405)	558,776
Cash flows generated from operating activities	59,275,237	35,685,127
Employee benefits paid	(1,751,404)	(2,743,465)
Zakat paid	(8,792,085)	(6,072,177)
Net cash flows generated from operating activities	48,731,748	26,869,485
Investing activities		
Additions to property, plant and equipment	(16,508,071)	(12,583,956)
Proceed from disposal of property, plant and equipment	106,574	55,233
Net cash flows used in investing activities	(16,401,497)	(12,528,723)
Financing activities		
Dividends paid	(20,434,098)	(32,657,692)
Payments of lease liabilities	(1,823,150)	(1,134,494)
Net cash flows used in financing activities	(22,257,248)	(33,792,186)
Net change in cash and cash equivalents during the year	10,073,003	(19,451,424)
Cash and cash equivalents as at the beginning of the year	55,636,709	57,969,726
Cash transferred from merged companies as at the date of merger (note 23)	-	17,118,407
Cash and cash equivalents as at the end of the year	65,709,712	55,636,709
Non-cash transactions		
Exclude non-cash transactions resulting from merge and part of which is used in the capital increase.	-	96,618,984
Right of use assets	626,133	768,579
Lease liabilities on right-of-use assets	626,133	768,579

Assem Ezz El Arab
Finance Manager



Suliman Al Oufi
Chief Executive Officer



The accompanying notes (1) through (30) form an integral part of these financial statement.

AL Taiseer Group TALCO Industrial Company Closed Joint Stock
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1. REPORTING ENTITY

Al Taiseer Group TALCO Industrial Company Closed Joint Stock (A Closed Saudi Joint Stock Company) (the "Company") (formerly known as Al Taiseer Aluminium Company (A Closed Saudi Joint Stock Company) incorporated as a Saudi Closed Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia under Commercial Registration No. 1010009737 dated 10 Jumada II 1396H (corresponding to 8 June 1976).

The Company is engaged in the production and coverage of various aluminium profiles, manufacturing of doors, windows, glass buildings facades, aluminum and wooden kitchen units, and production of marble kitchen surfaces.

On 24 December 2020, the shareholders of Al Taiseer Group TALCO Industrial Company Closed Joint Stock approved the merger of Gulf Polyester Powder Coating Company with Commercial Registration No. 1010086759 and its branches, as well as the merger of Al Fatouh Company for Aluminium Accessories and Insulation Yarn with Commercial Registration No. 1010086768 ("The Merged Companies") into Al Taiseer Group TALCO Industrial Company Closed Joint Stock, a Closed Saudi Joint Stock Company ("The Merging Company"), formerly known as Al Taiseer Aluminium Company (A Closed Saudi Joint Stock Company), which kept the same Commercial Registration No. 1010009737. Gulf Polyester Powder Coating Company and Al Fatouh Company for Aluminium Accessories and Insulation Yarn became branches of Al Taiseer Group TALCO Industrial Company Closed Joint Stock on 11 August 2021 "Date of Merger" (note 23).

On 10 November 2021, the members of the Extraordinary General Assembly approved the amendment of the Company's bylaws, changing the Company's name to Al Taiseer Group TALCO Industrial Company Closed Joint Stock (formerly known as Al Taiseer Aluminium Company (A Closed Saudi Joint Stock Company) and increasing the Company's share capital to SR 350 million (note 10) based on the recommendation of the Board of Directors on 18 October 2021. Accordingly, the bylaws were amended on 6 December 2021 and the Commercial Registration was amended to reflect the share capital increase on 24 February 2022.

The Extraordinary General Assembly, in its meeting held on 15 Rabi' Al-Awwal, 1444H, corresponding to 11 October 2022, approved the proposal of the Board of Directors of Al Taiseer Group TALCO Industrial Company Closed Joint Stock, to increase the Company's capital by SR 50 million, so that the total share capital becomes SR 400 million, and no other measures have been taken in this regard.

On 10 May 2022, the Board of Directors convened a meeting and decided to start the procedures for offering the company on the Saudi Stock Exchange Company (Tadawul) and to authorize the management to contract with the parties it deems appropriate in this regard, offering and listing advisors have been contracted and the procedures for submitting offering and listing documents are still under progress.

These financial statements include the financial position and results of the Company's operations and the following branches:

Branch name	Location	Entity's No.	Commercial Registration	Expiry date
			Date	
1- Gulf Polyester Powder Coating Company	Riyadh	7001800213	16/3/1412H	16/3/1448H
2- Gulf Polyester Powder Coating Company	Dammam	7002063696	2/3/1439H	2/3/1449H
3- Gulf Polyester Powder Coating Company	Jeddah	7010937600	2/3/1439H	2/3/1449H
4- Al Fatouh Company for Aluminium Accessories and Insulation Yarn	Riyadh	7001800205	16/3/1412H	13/9/1449H
5- Al Taiseer Group TALCO Industrial Company Closed Joint Stock	Jeddah	7004950973	9/2/1440H	9/2/1446H
6. Al Taiseer Group TALCO Industrial Company Closed Joint Stock	Riyadh	7016628609	14/5/1441H	14/5/1446H

The Company's registered office is located at the following address: Industrial Area II, Al-Kharj Road,

P.O Box 6416, Riyadh 11442, Kingdom of Saudi Arabia.

The financial year of the Company begins on 1 January and ends on 31 December of each year.

**AL TAISEER GROUP TALCO INDUSTRIAL COMPANY CLOSED JOINT STOCK
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2. BASIS OF PREPARATION

a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) 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') and Company's by-laws.

These financial statements have been prepared on a historical cost basis except for employees' defined benefits plans that are measured at present value of future obligations using the projected unit credit method. Further, the financial statements are prepared using the accrual basis of accounting and going concern concept.

Referring to note (1) in the paragraph related to proceeding with the procedures for offering and listing the Company's shares, two new policies that apply to the Company in terms of segment reporting and earnings per share have been added.

b) New or amended standards, and interpretations.

Several amendments and interpretations below were applied for the first time with the possibility of early adoption, yet the Company did not make the early adoption of any of them as they have no significant impact on the Company's consolidated financial statements.

New effective requirements:

This table includes the recent changes to the accounting standards that are required to be applied for the period of the annual report starting from 1 January 2022, which do not affect the accompanying financial statements.

Effective date	New standards or amendments
1 April 2021	COVID-19-Related Rent Concessions after 30 June 2021 - Amendment to IFRS 16 Onerous Contracts: Cost of Fulfilling a Contract (Amendment to IAS 37) Annual improvements to IFRSs 2018-2020 cycle
1 January 2022	Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) Reference to the Conceptual Framework (Amendment to IFRS 3)

Forthcoming requirements:

This table includes the recent changes to the accounting standards that are required to be applied for annual periods beginning after 1 January 2023 and that are available for early adoption in annual periods beginning on 1 January 2023.

Effective date	New standards or amendments
1 January 2023	Classification of liabilities as current/non-current (Amendments to IAS 1) IFRS 17 – "Insurance Contracts" Definition of accounting estimates - (Amendments to IAS 8) Disclosure of Accounting Policies - (Amendments to IAS 1 and IFRS Practice Statement 2) Deferred taxes related to the assets and liabilities arising from a single transaction - (Amendments to IAS 12 "Income Taxes")

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2. BASIS OF PREPARATION(CONTINUED)

c) Functional and presentation currency

The financial statements are presented in Saudi Riyals (SR) which is the Company's functional and presentation currency.

d) Use of estimates, assumptions and judgements

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, costs, assets and liabilities, and the accompanying disclosures and disclose of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.,

Revisions to accounting estimates are recognized in the period in which the estimates are revised or in the audit period and future periods if the amended estimates affect both current and future periods.

Information about assumptions and estimate uncertainties as at 31 December 2022 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year are as follows:

Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its assets to assess whether there is an indication that those assets may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows attributable to the asset are discounted to their present value using a pre-zakat discount rate that reflects current market assessments of the time value of money and the asset's specific risks. In determining fair value less costs to sell, recent market transactions are taken into account.

If the recoverable amount of assets is estimated to be less than its carrying amount, the carrying amount of the assets is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of profit or loss. Where the impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that could have been determined, which, if determined, no impairment loss for the asset will be recorded in the previous years. A reversal of an impairment loss is recognized immediately in the statement of profit or loss.

Provisions

Provisions are recognized when the Company has liabilities (legal or contractual) resulting from past events, and it is probable that the liability will be settled, and the amount of the liability can be reliably measured.

The provision is recorded at present value according to management's best estimate of the present value of expenses required to settle existing obligations as at the reporting date considering the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When the Company expects some or all of economic benefits that are required to settle a provision of third party to be reimbursed, the accrued amount is recognized as an asset if the reimbursed amount is virtually certain and its value can be reliably estimated.

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2. BASIS OF PREPARATION (CONTINUED)

d) Use of estimates, assumptions, and judgements (continued)

Useful life of property, plant and equipment

The management of the Company determines the estimated useful life of property, plant and equipment for calculating depreciation. This estimate is made after considering the expected usage of the asset or physical wear and tear. Management performs periodic review for the estimated useful lives and depreciation method at least annually to ensure that depreciation duration and method are consistent with the expected pattern for the economic benefits of the assets.

Assumptions for employees' benefits obligations

Post-employment benefits represent liabilities that will be settled in the future and require using of assumptions against expected liabilities.

IAS 19 requires management to use further assumptions regarding variables such as discount rate, increase in compensation rates, mortality rates, employees' turnover rate, and future healthcare costs. The Company's management uses an external actuary to calculate the liability. Changes in key assumptions can have a significant impact on the projected benefit obligation and/or periodic employees' benefits costs incurred.

Provision for slow-moving and obsolete inventories

Inventory is stated at the lower of cost and net realizable value. When inventories become old or obsolete, an estimate is made for their net realizable value. For individually significant amounts, this estimate is made on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of aging or obsolescence.

Fair value of financial instruments

Company's accounting policies and disclosures require the measurement of fair values, for financial assets and liabilities. The Company has developed a control framework with respect to the measurement of fair value. This includes a team that has overall responsibility for overseeing all significant fair value measurements and reports directly to the Financial Manager.

The team regularly reviews significant unobservable inputs and evaluation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified. The Company's audit team is informed of material valuation matters.

When measuring the fair value of an asset or a liability, the Company uses observable market 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 (unadjusted) market prices in active markets for assets or liabilities.

Level 2: Inputs other than quoted prices included in Level 1, which are observable inputs for an asset or liability, either directly (such as prices) or indirectly (derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of the assets and liabilities can fall within different levels in the fair value hierarchy, then the fair value is categorized as a whole using the lowest level of the fair value hierarchy inputs that are significant to the measurement as a whole.

The Company recognizes transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

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2. BASIS OF PREPARATION (CONTINUED)

d) Use of estimates, assumptions and judgments (continued)

Expected credit losses of receivables.

The Company applies the simplified approach to assess expected credit losses (ECLs), as defined in IFRS 9, by using a provision matrix to measure the expected credit losses of trade receivables from customers.

To measure ECLs, trade receivables are combined based on the common credit risk characteristics and the days in which they are due. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic activity indicators affecting the ability of the customers to settle the receivables. The Company has identified domestic products as primary inputs for adjusting the historical loss rates according to expected changes to these factors.

Discount rate for lease contracts

The management uses its estimates to determine the incremental borrowing rate for calculating the present value of the minimum lease payments.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company has applied the following accounting policies to all periods presented in these first financial statements in accordance with International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"). The significant accounting policies applied by the Company in the preparation of its financial statements are as follows:

3.1 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. Assets are classified as current when:

- expected to be realized or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within twelve months after the reporting period;
- Cash or cash equivalents unless restricted from being exchanged or used to settle liabilities for at least twelve months after the reporting period date.

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;
- 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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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Property, plant, and equipment

Recognition and measurement

Items of property, plant, and equipment are measured at cost, less accumulated depreciation and any accumulated impairment losses.

If significant parts of items of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Gains or losses arising from the disposal of an item of property, plant and equipment are determined on the basis of the difference between the net proceeds of sale and the carrying amount of the disposed items of property, plant and equipment and are included in the statement of profit or loss and other comprehensive income in the period in which the disposal occurs.

Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that future economic benefits associated with the expenditure will flow to the Company.

Depreciation

The depreciation method used should reflect the pattern in which the economic benefits of the asset are expected to be depreciated by the Company. The management used the following method to calculate the depreciation:

Straight-line method

Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives. Depreciation charge is recognized in the statement of profit or loss and other comprehensive income. Land is not depreciated.

The estimated useful lives of principal items of property and equipment are as follows:

<u>Assets</u>	<u>Useful life (Years)</u>
Building	13: 33
Motor vehicles	4
Plant and equipment	4: 20
Leasehold Improvements	5
Extrusion molds	2
Furniture & fixtures	4:7

Land and capital-work-in progress are not depreciated. The residual value, useful lives and methods of depreciation of the property, plant and equipment are reviewed as at the end of each year, and adjusted prospectively, when appropriate.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal, or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of the retired, sold or derecognized property, plant and equipment are determined by comparing the proceeds with the carrying amount of the asset and are included under "Other Income" in the statement of profit or loss and other comprehensive income.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

3.3 Intangible assets

Intangible assets acquired separately are measured at cost upon initial recognition. Subsequent to initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any.

The useful lives of intangible assets are categorized as either finite or indefinite. Intangible assets with definite useful lives are amortized over the estimated useful life and the impairment of indefinite assets is assessed whenever there is an indication that the intangible asset has been impaired. The amortization period and method for intangible assets with definite useful lives are reviewed at least each financial year. Changes in the expected useful life or the expected pattern of amortization of future economic benefits embodied in the asset, are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. Amortization expense on intangible assets with finite lives is carried in the statement of profit or loss under expenses in line with the objective of the intangible asset. Amortization of intangible assets is calculated on a straight-line basis over the estimated useful life of the asset as follows:

<u>Assets</u>	<u>Useful life (Years)</u>
Computer Software	4-7 years

The useful lives of intangible assets with finite lives are reviewed regularly “at each reporting date” to determine whether there is any indication that their current life assessment is correct. If not, the useful lives’ assessment is changed. Intangible assets with indefinite useful lives are not amortized but are tested for impairment annually and whenever there is an indication that the intangible asset may be impaired, either individually or at the cash-generating unit level.

Gains or losses resulting from the disposal of an intangible asset resulting from the difference between the net proceeds from the sale and the carrying amount of the asset are recognized. Gain or loss on disposal is recognized in the statement of profit or loss in the year in which the disposal is made.

3.4 Right of Use Assets and Lease Liabilities

The Company assesses as at contract inception 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.

Company as a lessee

At inception or on reassessment of an arrangement that contains a lease component, the Company allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, with regard to property leases, the Company elected not to separate the non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognizes right-of-use assets and lease liabilities as at the lease commencement date. The right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liabilities adjusted for any lease payments made as at or before the commencement date, plus any initial direct costs incurred and an estimate of the costs of dismantling and removing the underlying asset and cost of restoring the underlying asset or the site on which it is located (if any), less any lease incentives received.

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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

3.4 Right of Use Assets / Lease Liabilities (continued)

Company as a lessee (continued)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease liabilities are initially measured at the present value of the lease payments that were not paid as at the commencement date and are discounted using the implicit interest rate in the lease, or if that rate cannot be readily determined, the Company uses its incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liabilities comprise the following:

- Fixed payments (including in-substance fixed payments);
- Variable lease payments that depend on an index or a rate, that are initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option if the Company is reasonably certain to exercise the option, the lease payments in the optional renewal period if the Company is reasonably certain to exercise the extension option, and payments for penalties for early terminating the lease unless the Company is reasonably certain not to exercise the option of early termination.

Lease liabilities are measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in index or 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 it will choose the purchase, extension or termination.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use assets or is recorded in the statement of profit or loss and other comprehensive income if the carrying amount of the right-of-use assets has been reduced to Nil.

Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a term of 12 months or less and leases of low value assets. The Company recognizes the lease payments associated with these leases as expenses on a straight-line basis over the lease term in the statement of profit or loss and other comprehensive income.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Impairment of non-financial assets

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating unit). Non-financial assets, except for goodwill that have been fully or partially impaired are reviewed for possible reversal of all or part of the impairment loss as at the end of each reporting period.

Intangible assets that have an indefinite useful life are not subject to amortization and are instead tested annually for impairment. Assets subject to amortization/ depreciation are reviewed for impairment whenever events or change in circumstances indicate that the carrying amount may not be recoverable.

3.6 Foreign currencies

Transactions and balances

Foreign currency transactions are initially recorded by the Company's entities denominated in the functional currency of each of them according to the exchange rate prevailing on the date when the transaction becomes qualified for recognition for the first time. Monetary assets and liabilities denominated in foreign currencies as at the reporting date are translated to the functional currency as at the reporting date.

The differences arising on the settlement or translation of monetary items are recognized in the statement of profit and loss and other comprehensive income of the Company.

Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate prevailing as at the date of the initial transaction.

3.7 Financial Instruments

Recognition and initial measurement

Trade receivables issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. Trade receivables without a significant financing component is initially measured at the transaction price.

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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

3.7 Financial instruments (continued)

Financial assets

Classification of financial assets

On initial recognition, a financial asset is classified as: measured at amortized cost, fair value through other comprehensive income (FVTOCI) or fair value through profit and loss (FVTPL).

A financial asset is measured at amortized cost if it meets both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset shall be measured at FVTOCI if both of the following conditions are met:

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

A financial asset shall be measured at FVTPL unless it is measured at amortized cost or at FVTOCI.

Financial assets

Classification under IFRS 9

Cash and bank balances

Amortized cost

Trade receivables and other current assets

Amortized cost

Subsequent measurement

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 interest income and dividends are recognized in the statement of profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest rate method. Amortized value is reduced by impairment losses. Interest revenue, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss. Any gain or loss on derecognition of an investment is recognized in the statement of profit or loss.
Financial assets through other comprehensive income (debt investments)	Subsequently measured at fair value. Interest revenue calculated using the effective interest rate 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, accumulated gains and losses in OCI are reclassified to the statement of profit or loss.
Financial assets through other comprehensive income (investments in equity instruments)	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss. Any gains or losses on derecognition or recognition of investment is recognized in equity and may not be reclassified to the statement of profit or loss.

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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

3.7 Financial instruments (continued)

Financial assets (continued)

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

Derecognition

A financial asset is derecognized when:

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

Impairment of financial assets

IFRS 9 impairment requirements use more forward-looking information to recognize expected credit losses – the 'expected credit losses (ECL) model'. This replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortized cost and FVTOCI, trade receivables, contract assets recognized and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at FVTPL.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead, the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- Financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
 - Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2')
- 'Stage 3' would cover financial assets that have objective evidence of impairment as at the reporting date.

'12-month expected credit losses' are recognized for the first category while 'lifetime expected credit losses' are recognized for the second category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

3.7 Financial instruments (continued)

Financial assets (continued)

Presentation of impairment

Loss provisions for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Impairment losses related to receivables from customers are presented separately in the statement of profit or loss and other comprehensive income.

Expected credit losses assessment for trade and other receivables

The Company applies IFRS 9 simplified approach for measuring expected credit losses, which uses a lifetime expected losses allowance.

The expected loss rates are based on the payment profiles of receivables over a period of 12 months before each reported period and corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability the customers to settle the receivables.

The Company has identified GDP of Kingdom of Saudi Arabia, inflation rate and Saudi government spending (the country in which it renders the services) to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The expected loss approach breaks the total loss amount modelling into following parts: probability of default ("PD"), loss given default ("LGD"), exposure at default ("EAD"). These are briefly described below:

Loss given default (LGD): This is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It is usually expressed as a percentage of the EAD.

Probability of default (PD): the likelihood of a default over a particular time horizon.

Exposure At Default (EAD): This is an estimate of the exposure as at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities.

The Company uses a point in time (PIT) probability of default model to measure impairment on financial assets. Point-in-time PD models incorporate information from a current credit cycle and assess risk at a point-in-time. The point-in-time PD term structure can be used to measure credit deterioration and starting PD when performing the provision calculations. Also, when calculating lifetime expected credit losses, after the inputs are correctly converted, cash flows can be projected and gross carrying amount, loss provision, and amortized cost for the financial instrument are then calculated.

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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

3.7 Financial instruments (continued)

Financial assets (continued)

Presentation of impairment (continued)

Macroeconomic weighted average scenarios

The Company incorporates macroeconomic factor of GDP to develop multiple scenarios, the purpose is towards the realization of most likely outcome using worst and best case scenarios. The scenario-based analysis includes forward-looking information into the impairment estimation using multiple forward-looking macroeconomic scenarios. The estimate of expected credit losses reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes.

After the inputs to the model are adjusted for above mentioned macroeconomic scenarios, PD of each scenario is calculated and then weighted average PD based on likelihood of scenarios is calculated. In the last step, a weighted average lifetime ECL based on the likelihood of the scenarios is determined.

Definition of 'Default'

In the above context, the Company considers default when:

- the customer is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- The customer is more than 360 days past due on any material credit obligation to the Company. As the industry norm suggests that such a period fairly represents default scenario for the Company, this rebuts the presumption of 90 day mentioned in IFRS 9.

The carrying amount of the asset is reduced using the above model and the loss is recognized in the statement of profit or loss. Accounts receivable, together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced. If a write-off is later recovered, the recovery is recognized under other income in the statement of profit or loss.

Specific provision

Specific provision is recognized for each customer separately as at each reporting date. The Company recognizes specific provision against receivables from certain customers. Provisions are reversed only when the outstanding amounts are recovered from the customers.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

3.7 Financial instruments (continued)

Financial liabilities

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Company's financial liabilities mainly include trade payables, accrued expenses, other current liabilities, Islamic finance facilities and due to related parties.

After initial recognition, loans and borrowings are subsequently measured at amortized cost using the effective interest rate method.

Financial liabilities	IFRS classification
Trade payables and other current liabilities	Amortized cost
Lease commitments	Amortized cost
Due to related parties	Amortized cost

Derecognition

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

Modifications of financial assets and financial liabilities

If the terms of a financial assets are modified, the Company evaluates whether the cash flows of the modified assets are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized and a new financial asset is recognized at fair value.

If the cash flows of the modified asset carried at amortized cost are not substantially different, then the modification does not resulting de-recognition of the financial asset. In this case, the Company recalculates the gross carrying amount of the financial asset and recognizes the amount adjusting the gross carrying amount as modification gain or loss in the consolidated statement of profit or loss.

Financial liabilities

The Company derecognizes a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. In this case, new financial liabilities based on the modified terms are recognized at fair value. The difference between the carrying amount of the financial liability distinguished and the new financial liability with modified terms is recognized in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Non-current assets classified as held for sale are presented separately and are measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some held for sale assets such as financial assets, continue to be measured in accordance with the Company's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortization.

Any profit or loss arising from the sale of a discontinued operation or its remeasurement to fair value less costs to sell is presented as part of a single line item, profit or loss from discontinued operations.

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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

3.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits with banks, and other short-term, highly liquid investments whose maturity dates are within three months or less of the original investment date and available to the Company without restrictions.

3-9 Statutory reserve

In compliance with the Regulations for Companies in the Kingdom of Saudi Arabia, the Company is required to transfer 10% of the annual net profits to the statutory reserve (after absorbing the accumulated losses balance). This transfer ceases when the balance of this reserve reaches 30% of the share capital.

3.10 Dividends

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

3.11 Employees' benefits

Short term employees' benefits

Short term employees' benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Employees' benefits are payable to all employees under the terms and conditions of the labor law applicable on the Company, on termination of their employment contracts.

Defined contribution plan

Retirement benefit in the form of General Organization of Social Insurance (GOSI) is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the GOSI. The Company recognizes contribution payable to GOSI as an expense when due.

Defined benefits plans (employees' end-of-service benefits)

The Company operates defined benefits plans, under the Saudi Labor Law applicable based on employees' accumulated periods of service as at the date of statement of financial position.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method. Previously, "employees' end of service benefits' obligation" was calculated at the present value of the vested benefits to which the employee was entitled, should his service be terminated as at the reporting date.

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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

3.11 Employees' benefits (continued)

Defined benefits plans (employees' end-of-service benefits) (continued)

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in the statement of profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date on which the Company recognizes related restructuring costs.
- Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Company recognizes the following changes in the defined benefit obligation in the statement of profit or loss:

- Services costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements, and
- Net interest expense or income.

3.12 Accrued expenses and other current liabilities

Trade payables are obligations on the basis of normal credit terms and do not bear interest. Trade payables denominated in a foreign currency are translated into Saudi Arabian Riyals ("SR") using the exchange rate as at the reporting date. Foreign exchange gains or losses are included in other income or other expenses.

3.13 Zakat and Value Added Tax (VAT)

ZAKAT

Provision for Zakat is calculated as at the date of the statement of financial position in accordance with regulations of the Zakat, Tax and Customs Authority ("ZATCA").

The resulting provision is recorded in the statement of profit or loss and other comprehensive income. Additional Zakat liabilities, if any, related to prior years' assessments arising from ZATCA are recognized in the period in which the final assessments are finalized.

Value added tax ("VAT")

The Company is subject to a VAT on a monthly basis. VAT is paid and settled through the monthly statements submitted by the Company to the Zakat, Tax, and Customs Authority (the "ZATCA").

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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

3.14 Revenue from contracts with customers

The Company has adopted IFRS 15 'Revenue from Contracts with Customers' which was effective from 1 January 2018.

Revenue is measured based on consideration specified in a contract with a customer, includes unbilled revenue (contract asset) and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control over a product or service to a customer.

The Company assess the services promised in a contract with a customer and identifies as a performance obligation either:

- a) service that is distinct
- b) series of distinct services that are substantially the same and that have the same pattern of transfer to the customer (i.e. each distinct service is satisfied over the time and the same method is used to measure progress).

The Company recognizes revenue from contracts with customers based on a five-step model as set out in IFRS 15:

- Step 1: Identify contract(s) with a 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 in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- Step 3 - Determine the transaction price: The transaction price is the amount of consideration to which 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 to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate 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: Recognize revenue when (or as) the entity satisfies a performance obligation.

The Company satisfies a performance obligation and recognizes revenue overtime basis, if one of the following criteria is met:

- a) The Company's performance does not create an asset with an alternate use to the Company and the Company has an enforceable right to payment for performance completed to date.
- b) The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- c) The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs.

As the performance obligations, where one of the above conditions are met, revenue is recognized overtime basis at which time the performance obligation is satisfied.

When the Company satisfies a performance obligation by delivering the promised services it creates a contract-based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognized this gives rise to advances from customer (contract liability).

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably.

The application of IFRS 15 requires management to make the following judgments:

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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

3.14 Revenue from Contracts with Customers (Continued)

Satisfaction of performance obligations

The Company is required to assess each of its contracts with customers to determine whether performance obligations are satisfied overtime basis or at a point in time in order to determine the appropriate method of recognizing revenue. The Company has assessed that based on the agreement entered into with the customers, the Company does not create an asset with an alternative use to the Company and usually has an enforceable right to payment for performance completed to date. In these circumstances the Company recognizes revenue overtime basis. Where this is not the case revenue is recognized at a point in time. For sale of goods, revenue is generally recognized at a point in time.

Determination of transaction prices

The Company is required to determine the transaction price in respect of each of its agreements with customers. In making such judgment, the Company assess the impact of any variable consideration in the contract, due to discount or penalties, the existence of any significant financing component in the contract and any non-cash consideration in the contract.

Transfer of control in contracts with customers

In case where the Company determines that performance obligations are satisfied at a point in time, revenue is recognized when control over the assets that is subject of contract is transferred to the customer.

In addition, the application of IFRS 15 has resulted in the following estimation process:

A) Allocation of transaction price to performance obligation in contracts with customers

The Company has elected to apply the input method in allocating the transaction price to performance obligations where revenue is recognized at a point in time. The Company considers that the use of the input method, which requires revenue recognition on the basis of the Company's efforts to the satisfaction of performance obligation, provides the best reference of revenue actually earned. In applying the input method, the Company estimates the efforts or inputs to the satisfaction of a performance obligation. In addition to the cost of satisfying contractual obligation to the customers, these estimates mainly include the time elapsed for service contracts.

B) Other matters to consider

Variable consideration

If the consideration promised in a contract includes a variable amount, the Company estimates the amount of consideration to which it is entitled in exchange for transferring the promised goods or services to the customer. The Company estimates the transaction price on contracts with variable consideration using the expected value or most likely amount method. The method is applied consistently throughout the contract and to similar types of contracts.

Significant financing component

The Company shall adjust the promised amount of consideration for the time value of money if the contract contains a significant financing component.

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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

3.14 Revenue from contracts with customers (continued)

Revenue streams

The Company earns revenue from following streams:

Revenue streams	Revenue recognition
Revenue from aluminum activity Formation and sale of goods	At a point in time
Revenue from the aluminum accessories activity Sales of goods	At a point in time
Revenue from the aluminum accessories activity Sales of goods	At a point in time

Revenue from sale of goods

Revenue is measured based on consideration specified in the contracts with customers and excludes amounts collected on behalf of third parties. The Company recognizes revenue when control of the product is transferred to the customer, which happens on delivery to the customer.

If the consideration promised in a contract includes a variable amount, the Company estimates the fees to which it is entitled in exchange for transferring the promised goods or services to the customer.

3.15 Other income

All other income is recognized on an accrual basis when the Company's right to earn the income is established.

3.16 Cost of sales

Production costs and direct manufacturing expenses are classified as cost of sales. This includes raw material, direct labors, depreciation and other related general indirect costs. This also includes share of the related common overheads.

3.17 Selling and distribution expenses

This includes any costs incurred to execute or facilitate all sale transactions in the Company. These costs typically include salaries of the sales employees, costs of managing the exhibitions, marketing and distribution expenses, and logistics expenses as well as commissions, fees and the like. This includes share of the related general common costs.

3.18 General and administrative expenses

This relates to operating expenses that are not directly related to the production or sale of the company's products. This includes share of the related general common costs.

Common expenses between direct cost, selling and distribution expenses, and general and administrative expenses, when required, are allocated on a consistent basis.

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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

3.19 Finance cost

The finance cost consists of the interests and other costs that an entity incurs in connection with borrowing of allocated funds through the Company, the interest on the employee's end-of-service benefits according to IAS 19 'Employees' Benefits', and interest expenses on lease liabilities in accordance with IFRS 16 'Leases'.

All other borrowing costs are recognized in the statement of profit or loss in the year in which they are incurred.

3.20 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of finance and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalized is calculated using the Company weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amount capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalized as from the commencement of the development work until the date of practical completion, when substantially all of the development work is completed. The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted.

3.21 Contingent liabilities

They are liabilities that are likely to arise from past events and will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events and do not fall within the full control of the Company, or a present obligation arising from past events that are not recorded because it is unlikely that there will be a need for flow of resources embodying economic benefits to settle the obligation.

If the amount of the obligation cannot be measured with sufficient reliability, then the Company does not recognize contingent liabilities but discloses them in the financial statements.

3.22 Foreign currency translation

Transactions in foreign currency are translated into Saudi Riyal at the rate of exchange ruling as at the date of those transactions. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are retranslated into Saudi Riyal at the rate of exchange ruling at the year-end. Gains or losses arising from foreign currency payment or translations are carried at the statement of profit or loss.

3.23 Inventory

Inventory includes raw materials, work in progress, finished goods, supplies and spare parts that are recorded at the lower of cost or net realizable value. Work in progress and finished goods inventory include direct materials, direct labors and an appropriate proportion of fixed and variable indirect expenses.

Costs are assigned to the items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is considered as the estimated selling price in ordinary course of business, less estimated costs to completion and the estimated costs necessary to complete the sale.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.24 Segment reporting

An operating segment is a component of the Company:

- that engages in business activities from which it may earn revenues and incur expenses.
- Results of its operations are continuously analyzed by the chief operating decision maker in order to make decisions related to resources allocation and performance assessment; and
- for which discrete financial information is available.

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

IFRS 8 requires operating segments to be identified based on internal reports that are regularly reviewed by the Group executive management and used to allocate resources to segments and assess their performance. These operating segments described below in note (24) has been prepared in accordance with IFRS 8. Most of the Group's revenue, profits and assets arise by its operations in Saudi Arabia and arise from these specific business segments. The executive management monitors the operational results of these operating segments continuously for making decisions about resource allocation and performance evaluation. Segment performance is evaluated based on profit or loss and other performance measurement indicators.

3.25 Earnings per share

The Company presents basic earnings per share for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the number of ordinary shares outstanding during the year.

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4. PROPERTY, PLANT AND EQUIPMENT - NET

Cost	Building	Motor vehicles	Machinery and Equipment	Leasehold Improvements	Extrusion molds	Furniture & fixtures	Work in progress	Total
Balance as at 1 January 2021	82,969,961	3,450,681	283,817,351	-	77,244,203	5,308,531	-	452,790,727
Transferred from merged companies	23,392,126	4,316,147	68,370,984	2,798,360	-	6,372,931	-	105,250,548
Additions	36,000	191,122	2,402,179	798,124	8,944,959	211,572	-	12,583,956
Disposals	-	(140,600)	(137,577)	-	(2,780,259)	-	-	(3,058,436)
Balance as at 31 December 2021	106,398,087	7,817,350	354,452,937	3,596,484	83,408,903	11,893,034	-	567,566,795
Additions	586,487	509,451	4,019,564	22,700	9,737,062	1,632,807	-	16,508,071
Reclassification	-	-	-	(2,317,872)	-	-	2,317,872	-
Transferred from work in progress to buildings	2,317,872	-	-	-	-	-	(2,317,872)	-
Disposals	-	(270,500)	-	-	(4,340,438)	-	-	(4,610,938)
Balance as at 31 December 2022	109,302,446	8,056,301	358,472,501	1,301,312	88,805,527	13,525,841	-	579,463,928
Accumulated depreciation								
Balance as at 1 January 2021	55,559,800	3,317,803	217,970,793	-	70,356,664	5,126,488	-	352,331,548
Transferred from merged companies	13,920,620	4,315,680	57,181,350	815,167	-	5,802,892	-	82,035,709
Depreciation during the year	1,562,864	113,224	7,457,477	97,674	7,573,148	345,754	-	17,150,141
Disposals	-	(140,600)	(137,577)	-	(2,780,259)	-	-	(3,058,436)
Balance as at 31 December 2021	71,043,284	7,606,107	282,472,043	912,841	75,149,553	11,275,134	-	448,458,962
Depreciation during the year	1,932,485	147,572	8,606,382	260,467	8,723,336	471,848	-	20,142,090
Disposals	-	(270,500)	-	-	(4,340,438)	-	-	(4,610,938)
Balance as at 31 December 2022	72,975,769	7,483,179	291,078,425	1,173,308	79,532,451	11,746,982	-	463,990,114
Net carrying amount:								
As at 31 December 2021	35,354,803	211,243	71,980,894	2,683,643	8,259,350	617,900	-	119,107,833
As at 31 December 2022	36,326,677	573,122	67,394,076	128,004	9,273,076	1,778,859	-	115,473,814

Depreciation charged for the year has been allocated as follows:

	2022	2021
Costs of revenue (note 17)	19,538,136	16,910,821
Selling and distribution expenses (note 18)	4,688	19,798
General and administrative expenses (note 19)	599,266	219,522
	20,142,090	17,150,141

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5. INTANGIBLE ASSETS - NET

	<u>2022</u>	<u>2021</u>
Balance as at the beginning of the year	1,018,756	708,264
Transferred from merged companies	-	310,492
Balance as at the end of the year	1,018,756	1,018,756
Depreciation		
Balance as at the beginning of the year	(636,721)	(429,056)
Transferred from merged companies	-	(83,583)
Depreciation for the year (note 19)	(165,149)	(124,082)
Balance as at the end of the year	(801,870)	(636,721)
Net book value as at the end of the year	216,886	382,035

The above intangible assets represent cost of accounting and operating software systems.

6. RIGHT OF USE ASSETS - NET

	<u>2022</u>	<u>2021</u>
Cost		
Balance as at the beginning of the year	9,374,360	4,613,449
Transferred from merged companies	-	3,992,332
Additions during the year	626,133	768,579
Disposals	(462,766)	-
Balance as at the end of the year	9,537,727	9,374,360
Depreciation		
Balance as at the beginning of the year	(2,988,560)	(932,945)
Transferred from merged companies	-	(876,587)
Disposals	95,698	-
Depreciation expense charged for the year	(1,547,426)	(1,179,028)
Balance as at the end of the year	(4,440,288)	(2,988,560)
Net book value as at the end of the year	5,097,439	6,385,800

7. CASH AND CASH EQUIVALENTS

	<u>31 December 2022</u>	<u>31 December 2021</u>
Cash in hand	105,432	172,542
Cash at banks	65,604,280	55,464,167
Total	65,709,712	55,636,709

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8. TRADE RECEIVABLES AND OTHER CURRENT ASSETS

	31 December 2022	31 December 2021
Trade receivables	249,061,502	211,441,923
Impairment loss on trade receivables	(19,881,829)	(34,063,156)
Net trade receivables	229,179,673	177,378,767
Notes receivables and cheques under collection	96,187,939	88,353,455
Impairment loss on notes receivables and cheques under collection	(10,717,191)	(11,665,037)
Notes receivables and cheques under collection - net	85,470,748	76,688,418
Advances to suppliers *	13,125,608	4,224,709
Prepaid expenses	2,964,921	1,730,915
Other receivables	4,081,087	4,085,341
	334,822,037	264,108,150

* Advances to suppliers are settled against inventory and production equipment.

The movement of impairment loss on trade receivables is as follows:

	2022	2021
Balance as at the beginning of the year	34,063,156	29,119,916
Transferred from merged companies	-	3,573,241
Write-off during the year	(15,030,583)	-
Provided during the Year	849,256	1,369,999
Balance as at the end of the year	19,881,829	34,063,156

Movement of impairment loss on notes receivables and cheques under collection is as follows:

	2022	2021
Balance as at the beginning of the year	11,665,037	11,041,074
Transferred from merged companies	-	372,929
Written-off during the year	(307,994)	-
(Reversal) / provided during the year	(639,852)	251,034
Balance as at the end of the year	10,717,191	11,665,037

Movement of impairment loss on statement of profit or loss and other comprehensive income during the year is as follows:

	31 December 2022	31 December 2021
Expected credit losses of trade receivables	849,256	1,369,999
(Reversal)/ expected credit losses of notes receivables and cheques under collection	(639,852)	251,034
Balance as at the end of the year	209,404	1,621,033

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9. INVENTORY

	31 December 2022	31 December 2021
Raw materials	84,845,008	82,259,721
Finished Goods	23,861,450	23,603,452
Provision for slow moving inventories	(804,849)	(804,849)
	<u>107,901,609</u>	<u>105,058,324</u>

Movement summary in impairment for inventory is as follows:

	2022	2021
Balance as at the beginning of the year	804,849	800,208
Transferred from merged companies	-	412,443
Write-off	-	(407,802)
Balance as at the end of the year	<u>804,849</u>	<u>804,849</u>

10. SHARE CAPITAL

Share capital structure as at 31 December 2022 and 31 December 2021 is as follows:

Shareholder's name	No. of shares	Value of share/ SR	Total value	% of ownership
Mr. Mansour Kamel Ibrahim Al-Fattouh	5,889,876	10	58,898,760	16,83%
Mr. Naser Kamel Ibrahim Al-Fattouh	5,889,876	10	58,898,760	16,83%
Mr. Mowafak Kamel Ibrahim Al-Fattouh	5,005,220	10	50,052,200	14,30%
Ms. Elham Mahmoud Ibrahim	3,932,672	10	39,326,720	11,24%
Ms. Amal Kamel Al-Fattouh	2,502,611	10	25,026,110	7,15%
Ms. Dalal Kamel Al-Fattouh	2,502,611	10	25,026,110	7,15%
Ms. Manal Kamel Al-Fattouh	2,502,603	10	25,026,030	7,15%
Mr. Nawaf Khaled Al-Fattouh	2,576,820	10	25,768,200	7,36%
Mr. Abdulaziz Khaled Al-Fattouh	2,576,820	10	25,768,200	7,36%
Ms. Basma Hussein Al-Fattouh	736,235	10	7,362,350	2,10%
Mr. Faris Abdulaziz Al-Fattouh	221,164	10	2,211,640	0,63%
Mr. Muhammad Abdulaziz Al-Fattouh	221,164	10	2,211,640	0,63%
Mr. Ibrahim Abdulaziz Al-Fattouh	221,164	10	2,211,640	0,63%
Ms. Fatima Ali Al-Fattouh	110,582	10	1,105,820	0,32%
Ms. Reem Abdulaziz Al-Fattouh	110,582	10	1,105,820	0,32%
	<u>35,000,000</u>		<u>350,000,000</u>	<u>100%</u>

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10. SHARE CAPITAL (CONTINUED)

On 6 December 2021, the Company's bylaws were amended based on the Extraordinary General Assembly Meeting held on 10 November 2021 to increase the Company's capital from SR 200,000,000 to SR 350,000,000 shares at SR 10 each. On 24 February 2022, the commercial registrations of the Company and its branches were amended as follows:

- An amount of SR 24,970,329 from the retained earnings account of Al Taiseer Group TALCO Industrial Company Closed Joint Stock.
- An amount of SR 40,963,413 from the statutory reserve account of Al Taiseer Group TALCO Industrial Company Closed Joint Stock.
- An amount of SR 84,066,258 representing the net equity transferred from the merged companies; Gulf Polyester Powder Coating Company and Al Fatouh Company for Aluminium Accessories and Insulation Yarn.

11. EMPLOYEES' RETIREMENT BENEFITS OBLIGATIONS

The Company's employees benefit obligation for long term service payments under a government-mandated plan is based on the following:

	2022	2021
Balance as at the beginning of the year	32,429,426	21,007,858
Balance transferred from merged companies	-	10,965,154
Current period cost	2,360,886	1,903,007
Financial charges (note 21)	804,620	559,274
Paid during the year	(1,751,404)	(2,743,465)
Actuarial losses recognized in other comprehensive income	1,873,600	737,598
Total balance as at the end of the year	35,717,128	32,429,426
Less: advances paid to employees		
Balance as at the beginning of the year	(15,430,523)	(9,106,218)
Balance transferred from merged companies	-	(6,359,028)
Change in advances paid to employees	(514,647)	34,723
Total advance paid to employees	(15,945,170)	(15,430,523)
Net balance as at the end of the year	19,771,958	16,998,903

The most recent actuarial valuation was performed by an independent qualified actuary using the projected unit credit method.

Expenses recognized in the statement of profit or loss are as follows:

	Year ended 31 December	
	2022	2021
Current service cost	2,360,886	1,903,007
Interest cost	804,620	559,274
	3,165,506	2,462,281

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11. EMPLOYEES' RETIREMENT BENEFITS OBLIGATIONS

The main assumptions used for the purposes of the actuarial valuation are as follows:

	31 December 2022 %	31 December 2021 %
Discount rate	5.10	2.55
Salary growth rate	5.00	2.60

All changes in employees' defined benefits obligations are recognized in profit or loss, except for actuarial gains and losses which are recognized in other comprehensive income.

The movement in actuarial gains and losses recognised in OCI:

	2022	2021
Balance as at the beginning of the year	(738,101)	(503)
Actuarial losses arising from liability	(1,873,600)	(737,598)
Balance as at the end of the year	(2,611,701)	(738,101)

12. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	31 December 2022	31 December 2021
Notes payable	104,453,268	89,616,609
Advances from costumers	9,485,382	14,654,923
Trade payables	25,279,225	13,982,114
Accrued expenses	7,165,668	6,557,376
Other payables	2,392,038	379,847
	148,775,581	125,190,869

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13. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties of the Company consist of the shareholders, key management personnel, directors, and companies which are directly or indirectly controlled or influenced by the shareholders, directors, key management personnel. The transactions with related parties are made as per contracts and terms approved by the Board of Directors. The Company transacts with its related parties in the ordinary course of business.

13.1 Related party transactions during the year were as follows:

Related party	Nature of relationship	Nature of transaction	2022	2021
<u>Affiliates</u>				
RAL Investment Company	Affiliate	Rentals	550,058	788,463

13.2 Key management compensation

	31 December 2022	31 December 2021
Salaries and short-term benefits	9,315,913	6,970,502
Long term benefits	555,351	429,610
	9,871,264	7,400,112

3.13 Related parties balances

<u>Recognized under</u>	<u>Related party</u>	31 December 2022	31 December 2021
Due to related parties	RAL Investment Company	550,058	788,463

14. ZAKAT PROVISION

Zakat status and VAT

On 6 March 2022, a request was submitted to ZATCA to merge the file of Al Taiseer Group TALCO Industrial Company Closed Joint Stock with the files of Gulf Polyester Powder Coating Company and Al Fatouh Company for Aluminium Accessories and Insulation Yarn, in order for the Company to submit a Zakat return for the year 2021, pay VAT under the new name, and close the account of Gulf Polyester Powder Coating Company and Al Fatouh Company for Aluminium Accessories and Insulation Yarn in light of the merger procedures referred to in note (1). The files of the two merged companies were merged into the account of Al Taiseer Group TALCO Industrial Company Closed Joint Stock, and the Company's request to submit a consolidated return of the Company was approved as at 31 December 2021.

The Company has submitted its Zakat returns up until the year ended 31 December 2022 with ZATCA.

During the year, the Company has not received any Zakat assessments for all open years from ZATCA.

Zakat provision

For the year ended 31 December 2022, the Company has an accrual for Zakat of SR 10,023,276 on the Zakat base in accordance with the Saudi Arabian Zakat and Income Tax Regulations.

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14. PROVISION FOR ZAKAT (CONTINUED)

Movement of Zakat provision for the years ended 31 December 2022 and 2021 is as follows:

	2022	2021
Balance as at the beginning of the year	8,792,085	6,072,177
Provision for the year	10,023,276	8,792,085
Payments made during the year	(8,792,085)	(6,072,177)
Balance as at the end of the year	10,023,276	8,792,085

Zakat charge for the year is based on the Zakat base, which has the following significant components:

	31 December 2022	31 December 2021
Share capital	350,000,000	350,000,000
Reserves/ profits carried forward	21,940,410	2,458,149
Carrying amount of long-term assets - net	(120,788,139)	(119,489,869)
Provisions	50,461,940	35,828,675
Advances from customers (more than 360 days due)	5,145,815	7,757,393
Net profit for the year	84,724,873	76,769,037
Net Zakat base	391,484,899	353,323,385

15. LEASES LIABILITIES

	2022	2021
Balance as at the beginning of the year	6,534,023	3,800,072
Transferred from merged companies	-	2,855,959
Additions during the year	626,133	768,579
Disposals	(277,796)	-
Repayment during the year	(1,823,150)	(1,134,494)
Interest expense during the year (note 21)	273,007	243,907
Balance as at end of the year	5,332,217	6,534,023
Current	1,609,314	1,552,512
Non-Current	3,722,903	4,981,511
Balance as at the end of the year	5,332,217	6,534,023

16. SALES

	For the year ended 31 December 2022	2021
Sales from activity of forming and selling aluminum	652,002,574	480,980,662
Sales from the activity of selling metal coating powder	54,644,916	22,673,347
Sales from the activity of selling aluminum accessories	43,226,702	14,889,394
	749,874,192	518,543,403

Performance obligations

Information about the Company's performance obligations are summarized below:

Type of product	Nature and timing of satisfaction of performance obligations	Revenue recognition under IFRS 15
Sales of goods	Performance obligation is satisfied at a point in time.	Revenue is recognized when control of goods is transferred to customers.

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17. COST OF SALES

	For the year ended 31 December	
	2022	2021
Raw Materials	542,771,411	363,273,409
Employees' costs	29,600,531	23,116,411
Depreciation (Note 4)	19,538,136	16,910,821
Depreciation of usufruct assets - leases (note 6)	1,547,426	1,179,028
Manufacturing expense	12,931,432	10,228,763
Expenses of special sectors for aluminum	7,396,707	3,881,813
Utilities	7,003,674	4,821,066
Water	1,038,911	588,523
Other	737,286	691,216
	622,565,514	424,691,050

18. SELLING AND DISTRIBUTION EXPENSES

	For the year ended 31 December	
	2022	2021
Salaries and employees' related benefits	7,528,248	5,193,955
Cargo charges	4,052,798	3,688,577
Royalties	71,163	179,750
Advertising	1,001,879	167,069
Depreciation (note 4)	4,688	19,798
Other	1,333,736	1,166,406
	13,992,512	10,415,555

19. GENERAL AND ADMINISTRATIVE EXPENSES

	For the year ended 31 December	
	2022	2021
Salaries and employees' related benefits	19,750,533	14,120,957
Administrative fees	2,975,863	763,723
Offering and listing expenses	3,205,686	-
Repair and maintenance	437,938	626,235
Depreciation (note 4)	599,266	219,522
Depreciation of intangible assets (note 5)	165,149	124,082
Insurance	623,823	389,353
Printing and stationery	361,859	80,396
Other	2,856,288	2,178,596
	30,976,405	18,502,864

20. OTHER INCOME

	For the year ended 31 December	
	2022	2021
Non-refundable revenue for customers	3,917,086	3,040,388
Profit from sale of property plant and equipment	106,574	55,233
Other	231,495	145,085
	4,255,155	3,240,706

21. FINANCE COSTS

	For the year ended 31 December	
	2022	2021
Banking financial charges	583,012	339,356
Financial charges on employees' defined benefits obligations (note 11)	804,620	559,274
Financial charges on lease liabilities (note 15)	273,007	243,907
	1,660,639	1,142,537

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22. DIVIDENDS

The Extraordinary General Assembly, in its meeting held on 15 Rabi' Al-Awwal 1444H, corresponding to 11 October 2022, agreed to authorize the Board of Directors of Al Taiseer Group TALCO Industrial Company Closed Joint Stock to distribute cash dividends of SR 20.4 million (2020: SR 32.6 million) for the financial year 2021, to the Company's shareholders, each according to his share in the Company.

23. MERGING

As indicated in note 1, Gulf Polyester Powder Coating Company and Al Fatouh Company for Aluminium Accessories and Insulation Yarn "The Merged Companies" were merged into Al Taiseer Group TALCO Industrial Company Closed Joint Stock "The Merging Company", formerly known as Al Taiseer Aluminium Company (A Closed Saudi Joint Stock Company) on 11 August 2021 "the date of merger", which did not result in compensation.

The following are the balances of the two merged companies on the date of the merger, which are the assets, liabilities and equity transferred to the accounts of Al Taiseer Group TALCO Industrial Company Closed Joint Stock 'The Merging Company' on the date of merger. Statement of profit and loss and other comprehensive income for 2021, includes the results of the two merged companies from the date of merger until 31 December 2021.

	11 August 2021
Assets	
Non-current assets	
Property, plant and equipment	23,214,840
Intangible assets	226,909
Right-of-use assets	3,115,745
Total non-current assets	26,557,494
Current assets	
Inventory	36,824,117
Trade receivables and other current assets	31,245,655
Due from related parties	10,904,656
Cash and cash equivalents	17,118,407
Total current assets	96,092,835
Total assets	122,650,329
Liabilities	
Lease liabilities– non-current portion	2,192,893
Employees' retirement benefits obligations	4,606,126
Total Non-current liabilities	6,799,019
Current liabilities	
Trade payable and other current liabilities	17,959,570
Due to related parties	609,690
Lease liabilities – current portion	663,066
Total current liabilities	19,232,326
2) Total liabilities	26,031,345
Net transferred equity (1-2)	96,618,984

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24. REPORTING SEGMENTS

The Company's activities include a number of sectors as follows: -

- Aluminum forming and selling sector
- Metal coating powder sector
- Aluminum accessories sector

As at and for year ended in 31 December 2022	Aluminum forming and selling sector	Metal coating powder sector	Aluminum accessories sector	Interrelated transactions and balances	Total
Sales (note 16)	653,131,130	66,777,442	47,148,858	(17,183,238)	749,874,192
Cost of sales (note 17)	(557,501,085)	(51,848,805)	(30,398,862)	17,183,238	(622,565,514)
Expenses	(29,732,610)	(8,717,108)	(6,519,199)	-	(44,968,917)
Expected credit losses	340,384	(449,201)	(100,589)	-	(209,406)
Other income	4,062,482	71,254	121,421	-	4,255,157
Finance costs	(1,101,110)	(309,578)	(249,951)	-	(1,660,639)
Profit before Zakat	69,199,191	5,524,004	10,001,678	-	84,724,873
Total assets	554,268,981	63,806,563	28,329,191	(17,183,238)	629,221,497
Total liabilities	191,180,186	4,747,905	5,708,237	17,183,238)	184,453,090

As at and for year ended 31 December 2021	Aluminum forming and selling sector	Metal coating powder sector	Aluminum accessories sector	Interrelated transactions and balances	Total
Sales (note 16)	481,331,105	27,865,201	16,998,437	(7,651,340)	518,543,403
Cost of sales (note 17)	(401,194,080)	(20,104,413)	(11,043,897)	7,651,340	(424,691,050)
Expenses	(22,366,444)	(4,170,210)	(2,381,765)	-	(28,918,419)
Expected credit losses	(1,709,345)	59,876	28,436	-	(1,621,033)
Other income	3,216,418	-	24,288	-	3,240,706
Finance costs	(952,924)	(104,605)	(85,008)	-	(1,142,537)
Profit before Zakat and income tax	58,324,730	3,545,849	3,540,491	-	65,411,070
Total assets	437,471,103	86,703,640	34,155,448	(7,651,340)	550,678,851
Total liabilities	143,733,843	11,872,264	10,349,576	(7,651,340)	158,304,343

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25. EARNINGS PER SHARE – BASIC AND DILUTED

Basic and diluted earnings per share is calculated by dividing the profit for the period attributable to the shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

	<u>2022</u>	<u>2021</u>
Net profit for the year	<u>74,701,597</u>	56,618,985
Weighted average number of outstanding ordinary shares (share)	<u>35,000,000</u>	35,000,000
Basic and diluted earnings per share	<u>2.13</u>	1.62

The diluted earnings per share are equal to the basic earnings per share for the years ended 31 December 2022 and 31 December 2021, as there are no instruments with reduced earnings per share effect.

26. FINANCIAL INSTRUMENTS

a) Financial Risk Management

The Company is exposed to the following risks as a result of its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk
- Currency risk

Market risk

Market risk is the risk that arising from changes in market prices, such as currency rates and interest rates that will affect the Company profit or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises primarily from trade receivables, cash and cash equivalents and due from related parties.

The carrying amount of financial assets represents the maximum value to which a financial asset could be exposed to credit risk as at the statement of financial position date on 31 December, as follows:

	<u>31 December 2022</u>	<u>31 December 2021</u>
Cash and cash equivalents	<u>65,709,712</u>	55,636,709
Trade receivables	<u>249,061,502</u>	211,441,923
Notes receivables and cheques under collection	<u>96,187,939</u>	88,353,455
Other receivables	<u>4,081,087</u>	4,085,341
	<u>415,040,240</u>	359,517,428

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26. FINANCIAL INSTRUMENTS (CONTINUED)

A) Financial risk management (continued)

Credit risk (continued)

Trade receivables, notes receivables and cheques under collection

The Company is exposed to credit risk mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the business industry and countries in which customers operate.

The Management has established a credit policy according to which the creditworthiness of each new customer is analyzed before the Company establishes its terms and conditions for payment and supply.

The Company limits its exposure to credit risk from trade receivables by setting maximum collection limits and credit limits for its customers.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2022 and 31 December 2021:

	31 December 2022			31 December 2021		
	Total carrying amount	Weighted Average loss	Loss Allowance (%)	Total carrying amount	Weighted Average loss	Loss Allowance (%)
Not yet due	148,310,084	1,744,843	1%	128,765,399	1,885,586	1%
Past due 0 - 90 days	42,563,618	1,888,260	4%	27,750,375	1,744,277	6%
Past due 91-180 days	20,556,027	2,233,628	11%	16,786,927	2,589,946	15%
Past due 181 - 270 days	7,862,535	1,460,437	19%	5,004,284	1,200,411	24%
Past due 271 - 365 days	9,839,301	2,641,111	27%	2,686,681	1,028,264	38%
Past due more than 365 days	19,954,752	9,913,550	50%	30,985,128	25,614,672	83%
Total	249,086,317	19,881,829		211,978,794	34,063,156	

The following table provides information about the exposure to credit risk and ECLs for notes receivables and cheques under collection as at 31 December 2022 and 31 December 2021:

	31 December 2022			31 December 2021		
	Total carrying amount	Weighted Average loss	Loss Allowance (%)	Total carrying amount	Weighted Average loss	Loss Allowance (%)
Not yet due	59,814,087	1,321,868	2%	51,314,474	1,028,013	2%
Past due 0 - 90 days	16,751,377	2,914,158	17%	19,031,483	4,796,169	25%
Past due 91-180 days	602,250	105,298	16%	3,719,297	1,258,472	34%
Past due 181 - 270 days	8,160,382	2,776,556	34%	235,347	92,899	39%
Past due 271 - 365 days	-	-	0%	301,425	128,851	43%
Past due more than 365 days	10,859,844	3,599,311	33%	12,677,688	4,360,633	34%
Total	96,187,940	10,717,191		87,279,714	11,665,037	

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26. FINANCIAL INSTRUMENTS (CONTINUED)

Cash and Cash equivalents

As at 31 December 2022, The Company held cash and cash equivalents of SR 65,709,712 (2021: SR 55,636,709) Cash and cash equivalents are maintained with banks and financial institutions having sound credit ratings.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Liquidity risk is the difficulties that the Company will encounter in raising funds to meet commitments related to financial instruments. Liquidity risk may result from the inability to sell financial assets quickly at an amount close to its fair value.

The Company manages liquidity risk by maintaining the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the next 90 days. The Company also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables and ensures that bank facilities are available.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities as at the reporting date. The amounts are based on the gross undiscounted amount.

The following are the contractual maturities of non-derivative financial liabilities:

	Carrying amount	Contractual cash flows	
		Less than 1 year	More than 1 year
<u>31 December 2022</u>			
Trade payables and other current liabilities	148,775,581	148,775,581	-
Due to related parties	550,058	550,058	-
Lease liabilities	5,332,217	1,816,245	4,245,978
	154,657,856	151,141,884	4,245,978
		Contractual cash flows	
		Less than 1 year	More than 1 year
<u>31 December 2021</u>	Carrying amount		
Trade payables and other current liabilities	125,190,869	125,190,869	-
Due to related parties	788,463	788,463	-
Lease liabilities	6,534,023	1,861,954	4,711,397
	132,513,355	127,841,286	4,711,397

Liquidity risk is managed by monitoring on a regular basis and ensuring that sufficient funds and banking facilities are available to meet the Company's future liabilities.

AL TAISEER GROUP TALCO INDUSTRIAL COMPANY CLOSED JOINT STOCK
(A Saudi Closed Joint Stock Company)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2022
(All amounts are expressed in Saudi Riyals unless otherwise stated)

26 FINANCIAL INSTRUMENTS (CONTINUED)

Currency risk

The Group is exposed to currency risk on sales, purchases that are denominated in a currency other than the functional currency of the company's entities, which is in Saudi riyal.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

The following table illustrates the sensitivity of the Company to a reasonably possible change in the Saudi Riyals against major currencies (USD, Euro, AED) by 5% higher or lower with all other variables held constant, of the Group's monetary assets and liabilities:

	Profit /(loss) through statement of profit or loss and other comprehensive income for the year ended 31 December 2022	profit /(loss) through statement of profit or loss and other comprehensive income for the year ended 31 December 2022	Profit /(loss) through statement of profit or loss and other comprehensive income for the year ended 31 December 2022
	AED sensitivity	USD sensitivity	EUR sensitivity
Increase by 5%	125,306	(3,494,592)	(115,228)
Decrease by 5%	(125,306)	3,494,592	115,228

	Profit /(loss) through statement of profit or loss and other comprehensive income for the year ended 31 December 2021	Profit /(loss) through statement of profit or loss and other comprehensive income for the year ended 31 December 2021	Profit /(loss) through statement of profit or loss and other comprehensive income for the year ended 31 December 2021
	AED sensitivity	USD sensitivity	EUR sensitivity
Increase by 5%	100,666	(3,538,050)	(55,883)
Decrease by 5%	(100,666)	4,642,700	55,883

The Group's exposure to foreign currency risk as at the end of the reporting year, in SR, is as follows:

	2022			2021		
	Trade receivables	Trade payables	Cash and cash equivalents	Trade receivables	Trade payables	Cash and cash equivalents
USD	33,020,858	102,912,707	-	22,115,122	92,876,115	-
Euro	-	2,304,554	-	-	1,117,653	-
AED	845,712	-	1,660,398	599,412	-	1,413,900

AL TAISEER GROUP TALCO INDUSTRIAL COMPANY CLOSED JOINT STOCK
(A Saudi Closed Joint Stock Company)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2022
(All amounts are expressed in Saudi Riyals unless otherwise stated)

26 FINANCIAL INSTRUMENTS (CONTINUED)

Capital management

Share capital represents equity attributable to the shareholders of the Company. The Company objectives when managing capital are to safeguard its ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other beneficiaries and maintain an optimal capital structure to reduce the cost of capital. The management policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. The Company manages its capital structure and makes adjustments to it, in light of change in economic conditions. The management monitors the return on capital, which the Company defines as result from operating activities divided by total shareholders' equity. The Company also monitors the level of dividends to the shareholders. There were no changes in the Company approach to capital management during the year. The Company's debt ratio to adjusted capital as at the end of the financial reporting period was as follows:

	31 December 2022	31 December 2021
Total liabilities	184,453,090	158,304,343
Less: cash and bank balances	65,709,712	55,636,709
Adjusted net debt (a)	118,743,378	102,667,634
Total equity (b)	444,768,407	392,374,508
Adjusted net debt ratio from adjusted equity (a) / (b)	27%	26%

27. FINANCIAL INSTRUMENTS BY ITS CATEGORIES

Financial instruments have been categorised as follows:

	31 December 2022	31 December 2021
<u>Financial Assets Not Measured at Fair Value</u>		
Cash and cash equivalents	65,709,712	55,636,709
Trade receivables and other current assets	334,822,037	264,108,150
Total financial assets	400,531,749	319,744,859
	31 December 2022	31 December 2021
<u>Financial Liabilities Not Measured at Fair Value</u>		
Trade payables	148,775,581	125,190,869
Amounts due to related parties	550,058	788,463
Lease liability on right-of-use assets	5,332,217	6,534,023
Total Financial Liability	154,657,856	132,513,355

Fair values of financial assets and financial liabilities measured at amortized cost are not significantly different from their carrying amounts.

**AL TAISEER GROUP TALCO INDUSTRIAL COMPANY CLOSED JOINT STOCK
(A Saudi Closed Joint Stock Company)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2022
(All amounts are expressed in Saudi Riyals unless otherwise stated)**

28. CONTINGENT LIABILITIES

The Company has outstanding bank guarantees of SR 5 million (31 December 2021: SR nil) issued by local banks.

29. SUBSEQUENT EVENTS

The new Regulations for Companies issued by Royal Decree M/132 on 12/1/1443H (corresponding to 30 June 2022) become effective on 26/6/1444H (corresponding to 19 January 2023). For certain provisions of the Regulations, full compliance is expected no later than two years from 26/6/1444H (corresponding to 19 January 2023). The management is currently evaluating the impact of the new Regulations for Companies and amending the Company's bylaws to align the bylaws with the provisions of the Regulations for Companies (if any). Thereafter, the Company shall present its amended bylaws to the shareholders in the Annual General Assembly meeting for their ratification. Otherwise, no other matter has occurred up to date that could materially affect the financial statements and the related disclosures for the financial year ended 31 December 2022.

30. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements have been approved by the Board of Directors on 26 Dhul Qi'dah 1444H (corresponding to 15 June 2023).

AL TAISEER GROUP TALCO INDUSTRIAL COMPANY CLOSED JOINT STOCK

(A Saudi Closed Joint Stock Company)

**Condensed Interim Financial Statements (Unaudited)
Together with the Independent Auditor's Review Report
For the three-month and six-month period ended 30 June 2023**

AL TAISEER GROUP TALCO INDUSTRIAL COMPANY CLOSED JOINT STOCK
(A Saudi Closed Joint Stock Company)

Condensed Interim financial statements and independent auditor's review report
For the six-month period ended 30 June 2023

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Kingdom of Saudi Arabia
Commercial Registration No 1010425494

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية
واجهة رويشن، طريق المطار
صندوق بريد: ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent Auditor's Report on Review of Condensed Interim Financial Statements

To the Shareholders of Al Taiseer Group TALCO Industrial Company Closed Joint Stock

Introduction

We have reviewed the accompanying 30 June 2023 condensed interim financial statements of **Al Taiseer Group TALCO Industrial Company Closed Joint Stock** (A Saudi Closed Joint Stock Company) ("the Company"), which comprises:

- The condensed interim statement of financial position as at 30 June 2023;
- The condensed interim statement of profit or loss and other comprehensive income for the three-month and six-month period ended 30 June 2023;
- The condensed interim statement of changes in equity for the six-month period ended 30 June 2023;
- The condensed interim statement of cash flows for the six-month period ended 30 June 2023; and
- Notes to the condensed interim financial statements.

Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements (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 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 30 June 2023 condensed interim financial statements of **Al Taiseer Group TALCO Industrial Company Closed Joint Stock** are not prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting' as endorsed in the Kingdom of Saudi Arabia.

KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia with a paid-up capital of SAR40,000,000 (previously known as "KPMG Al Fideel & Partners, Certified Public Accountants") and a non-pecuniary member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

كي بي إم جي للاستشارات المهنية، شركة مساهمة مغلقة، مسجلة في المملكة العربية السعودية، رأسمالها (٤٠.٠٠٠.٠٠٠) ريال سعودي متوارث بالكامل، أصبحت سابقاً "شركة كي بي إم جي للفيدل وشركاه محاسبون ومراجعون قانونيون"، وهي عضو غير شركة في الشبكة العالمية للشركات كي بي إم جي الدولية والشبكة العالمية، كي بي إم جي العالمية للشركات، شركة مساهمة مغلقة، جميع الحقوق محفوظة.



Independent Auditor's Report on Review of Condensed Interim Financial Statements (continued)

To the Shareholders of Al Taiseer Group TALCO Industrial Company Closed Joint Stock

Other matter:

We have not audited or reviewed the condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows for the six-month period ended 30 June 2022 or related notes. Accordingly, we do not express an opinion or conclusion thereon.

KPMG Professional Services



Fahad Mubarak Al Dossari
License No. 469

Riyadh, 14 Safar 1445H
Corresponding to: 30 August 2023



AL TAISEER GROUP TALCO INDUSTRIAL COMPANY CLOSED JOINT STOCK
(A Saudi Closed Joint Stock Company)


Condensed Interim Statement of Financial Position (unaudited)

As at 30 June 2023

(All amounts are expressed in Saudi Riyals unless otherwise stated)

		30 June 2023	31 December 2022
	Note	(Unaudited)	(Audited)
<u>ASSETS</u>			
Non-current assets			
Property, plant and equipment, net	7	111,049,440	115,473,814
Intangible assets, net		985,737	216,886
Right of use assets, net		4,371,210	5,097,439
Total non-current assets		116,406,387	120,788,139
Current assets			
Inventory	9	129,320,004	107,901,609
Trade receivables and other current assets	8	328,832,876	334,822,037
Cash and cash equivalents		68,983,442	65,709,712
Total current assets		527,136,322	508,433,358
Total assets		643,542,709	629,221,497
<u>EQUITY AND LIABILITIES</u>			
Equity			
Share capital		350,000,000	350,000,000
Statutory reserve		14,267,856	14,267,856
Retained earnings		75,935,284	80,500,551
Total equity		440,203,140	444,768,407
Non-current liabilities			
Lease liabilities— non-current portion		3,083,984	3,722,903
Employees' retirement benefits obligations		21,514,398	19,771,958
Total non-current liabilities		24,598,382	23,494,861
Current liabilities			
Trade payables and other current liabilities	10	172,651,682	149,325,639
Lease liabilities – current portion		1,004,812	1,609,314
Provision for Zakat	12	5,084,693	10,023,276
Total current liabilities		178,741,187	160,958,229
Total liabilities		203,339,569	184,453,090
Total equity and liabilities		643,542,709	629,221,497


Assem Ezz El Arab
Finance Manager


Suliman Al Oufi
Chief Executive Officer

The accompanying notes (1) to (23) form an integral part of these interim condensed financial statements.


AL TAJSEER GROUP TALCO INDUSTRIAL COMPANY CLOSED JOINT STOCK
(A Saudi Closed Joint Stock Company)

Condensed Interim statement of profit or loss and other comprehensive income (unaudited)
For the three-month and six-month period ended 30 June 2023

(All amounts are expressed in Saudi Riyals unless otherwise stated)

	Note	For the three-month period ended 30 June (unaudited)		For the six-month period ended 30 June (unaudited)	
		2023	2022	2023	2022
Sales	13	155,369,716	194,680,679	336,590,540	377,880,860
Cost of sales	14	(124,996,533)	(168,112,431)	(267,628,195)	(318,794,948)
Gross profit		30,373,183	26,568,248	68,962,345	59,085,912
Selling and distribution expenses	15	(3,737,684)	(3,922,845)	(7,236,075)	(7,293,674)
General and administrative expenses	16	(9,660,384)	(7,910,177)	(18,678,537)	(14,200,130)
Expected credit losses		(656,329)	(394,585)	(803,161)	(446,937)
Other income	17	1,224,408	1,113,095	2,481,118	2,117,862
Operating profit		17,543,194	15,453,736	44,725,690	39,263,033
Finance costs	18	(115,004)	(205,510)	(344,650)	(412,993)
Net profit before Zakat		17,428,190	15,248,226	44,381,040	38,850,040
Zakat provision	12	(2,146,797)	(2,505,819)	(4,545,097)	(5,011,638)
Net profit for the period		15,281,393	12,742,407	39,835,943	33,838,402
Other comprehensive income					
<u>Items that will not be reclassified to profit or loss</u>					
Re-measurement of employees' retirement benefits obligations		(36,101)	(468,400)	(522,410)	(936,800)
Total other comprehensive loss		(36,101)	(468,400)	(522,410)	(936,800)
Total comprehensive income		15,245,292	12,274,007	39,313,533	32,901,602
Earnings per share					
Basic and diluted earnings per share	20	0.44	0.35	1.12	0.94


Assem Ezz El Arab
Finance Manager


Suliman Al-Ghadi
Chief Executive Officer

The accompanying notes (1) to (23) form an integral part of these interim condensed financial statements.

AL Taiseer Group Talco Industrial Company Closed Joint Stock
(A Saudi Closed Joint Stock Company)

Condensed Interim statement of changes in equity (unaudited)

For the six-month period ended 30 June 2023

(All amounts are expressed in Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserve	Retained earnings	Total equity
For the six-month period ended 30 June 2022				
Balance as at 31 December 2021 (audited)	350,000,000	6,797,696	35,576,812	392,374,508
Net profit for the period	-	-	33,838,402	33,838,402
Other comprehensive loss for the period	-	-	(936,800)	(936,800)
Total comprehensive income for the period	-	-	32,901,602	32,901,602
Dividends	-	-	(16,439,700)	(16,439,700)
Balance as at 30 June 2022 (unaudited)	350,000,000	6,797,696	52,038,714	408,836,410
For the six-month period ended 30 June 2023				
Balance as at 31 December 2022 (audited)	350,000,000	14,267,856	80,500,551	444,768,407
Net profit for the period	-	-	39,835,943	39,835,943
Other comprehensive loss for the period	-	-	(522,410)	(522,410)
Total comprehensive income for the period	-	-	39,313,533	39,313,533
Dividends	-	-	(43,878,800)	(43,878,800)
Balance as at 30 June 2023 (unaudited)	350,000,000	14,267,856	75,935,284	440,203,140


Assem Ezz El Arab
Finance Manager


Suliman Al Othfi
Chief Executive Officer


The accompanying notes (1) to (23) form an integral part of these interim condensed financial statements.


AL Taiseer Group TALCO Industrial Company Closed Joint Stock
(A Saudi Closed Joint Stock Company)

Condensed Interim statement of cash flows (unaudited)
For the six-month period ended 30 June 2023

(All amounts are expressed in Saudi Riyals unless otherwise stated)

	30 June 2023 (Unaudited)	30 June 2022 (Unaudited)
Operating activities:		
Profit before zakat for the period	44,381,040	38,850,040
Adjustments:		
Depreciation of property, plant and equipment	10,542,334	9,913,530
Amortization of intangible assets	111,834	82,575
Amortization on right of use assets	797,281	835,858
Expected credit losses	803,161	446,937
Provision for end-of-service benefits	1,866,821	3,042,335
Financial charges on lease liabilities	110,310	134,172
Changes in working capital:		
Trade receivables and other current assets	5,186,000	(75,472,038)
Inventory	(21,418,395)	(28,702,397)
Trade payables and other current liabilities	23,326,043	76,432,771
Change in advances paid to employees	(254,846)	(153,738)
Cash flows generated from operating activities	65,451,583	25,410,045
Employees' end-of-service benefits paid	(391,945)	(739,382)
Zakat paid	(9,483,680)	(8,792,085)
Net cash flows generated from operating activities	55,575,958	15,878,578
Investing activities		
Additions to property, plant and equipment	(6,117,960)	(6,442,988)
Additions to intangible assets	(880,685)	-
Net cash flows used in investing activities	(6,998,645)	(6,442,988)
Financing activities		
Dividends paid	(43,878,800)	(16,439,700)
Payments of lease liabilities	(1,424,783)	(1,732,115)
Cash flows used in financing activities	(45,303,583)	(18,171,815)
Net change in cash and cash equivalents during the period	3,273,730	(8,736,225)
Cash and cash equivalents as at beginning of the period	65,709,712	55,636,709
Cash and cash equivalents as at end of the period	68,983,442	46,900,484


Assem Ezz El Arab
Finance Manager


Suliman Al Oufi
Chief Executive Officer

The accompanying notes (1) to (23) form an integral part of these interim condensed financial statements.

AL Taiseer Group TALCO Industrial Company Closed Joint Stock
(A Saudi Closed Joint Stock Company)

Notes to the Condensed Interim Financial Statements (Unaudited)

For the six-month period ended 30 June 2023

(All amounts are expressed in Saudi Riyals unless otherwise stated)

1. REPORTING ENTITY

Al Taiseer Group TALCO Industrial Company Closed Joint Stock ("The Company") (formerly known as Al Taiseer Aluminum TALCO Company - A Closed Saudi Joint Stock Company) incorporated as a Saudi Closed Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia under Commercial Registration No. 1010009737 dated 10 Jumada II 1396H (corresponding to 8 June 1976).

The Company is engaged in the production and coverage of various aluminum profiles, manufacturing of doors, windows, glass buildings facades, aluminum and wooden kitchen units, and production of marble kitchen surfaces.

On 24 December 2020, the shareholders of Al Taiseer Group TALCO Industrial Company Closed Joint Stock approved the merger of Gulf Polyester Powder Coating Company with Commercial Registration No. 1010086759 and its branches. Also, the merger of Al Fattouh Company for Aluminum Accessories and Insulation Yarn with Commercial Registration No. 1010086760 ("The Merged Companies") into Al Taiseer Group TALCO Industrial Company Closed Joint Stock, a Saudi closed joint stock company ("The merging company") formerly known as Al Taiseer Aluminum TALCO Company, which kept the same Commercial Registration No. 1010009737. Gulf Polyester Powder Coating Company and Al Fattouh Company for Aluminum Accessories and Insulation Yarn became branches of Al Taiseer Group TALCO Industrial Company Closed Joint Stock starting from 11 August 2021 'Date of Merger'.

On 10 November 2021, the members of the Extraordinary General Assembly approved the amendment of the Company's bylaws, changing the Company's name to Al Taiseer Group TALCO Industrial Company Closed Joint Stock (formerly known as Al Taiseer Aluminum TALCO Company (A Closed Saudi Joint Stock Company) and increasing the Company's share capital to SR 350 million (note 10) based on the recommendation of the Board of Directors on 18 October 2021. Accordingly, the bylaws was amended on 6 December 2021 and the Commercial Registration was amended to reflect the share capital increase on 24 February 2022.

On 10 May 2022, the Board of Directors convened a meeting and decided to start the procedures for offering the company on the Saudi Stock Exchange Company (Tadawul) and to authorize the management to contract with the parties it deems appropriate in this regard, offering and listing advisors have been contracted and the procedures for submitting offering and listing documents are still under progress.

These Condensed Interim financial statements include the financial position and results of the Company's operations and the following branches:

Branch name	Location	Entity's No.	Commercial Registration Date	Expiry date
Gulf Polyester Powder Coating Company	Riyadh	7001800213	16/3/1412H	16/3/1448H
Gulf Polyester Powder Coating Company	Dammam	7002063696	2/3/1439H	2/3/1449H
Gulf Polyester Powder Coating Company	Jeddah	7010937600	2/3/1439H	2/3/1449H
Al Fattouh Company for Aluminum Accessories and Insulation Yarn	Riyadh	7001800205	16/3/1412H	13/9/1449H
Al Taiseer Group TALCO Industrial Company Closed Joint Stock	Jeddah	7004950973	9/2/1440H	9/2/1446H
Al Taiseer Group TALCO Industrial Company Closed Joint Stock	Riyadh	7016628609	14/5/1441H	14/5/1446H

AL Taiseer Group TALCO Industrial Company Closed Joint Stock

(A Saudi Closed Joint Stock Company)

Notes to the Condensed Interim Financial Statements (Unaudited)

For the six-month period ended 30 June 2023

(All amounts are expressed in Saudi Riyals unless otherwise stated)

1. REPORTING ENTITY (CONTINUED)

The Company's registered office is located at the following address:

- Industrial Area II, Al-Kharj Road, P.O Box 6416, Riyadh 11442, Kingdom of Saudi Arabia.
- The financial year of the Company begins on 1 January and ends on 31 December of each year.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

These Condensed Interim financial statements for the three-month and six-month period ended 30 June 2023 have been prepared in accordance with IAS 34 "Interim Financial Reporting" as endorsed in Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") and the Condensed Interim financial statements should be read in conjunction with the Company's financial statements for the year ended 31 December 2022 ("the financial statements of the previous year").

These Condensed Interim financial statements do not include all the required information to prepare a full set of financial statements in accordance with IFRS as endorsed in the Kingdom of Saudi Arabia; however, certain accounting policies and selected explanatory notes are included to explain events and transactions that are significant during the period to an understanding of the changes in the Company's financial position and performance since the previous year financial statements.

The results for the three-month and six-month period ended 30 June 2023 are not necessarily indicative of the results that may be expected for the year ended 31 December 2023.

3. USE OF ESTIMATES AND JUDGEMENT

The preparation of Company's Condensed Interim financial statements in accordance with IFRSs as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements as endorsed by SOCPA require management to make judgments, estimates, and assumptions that affect the amounts of revenues, costs, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. Actual results may differ from these estimates.

The significant estimates made by the management when applying the Company's accounting policies and the significant sources of uncertainties of the estimates were similar to those shown in the Company's annual financial statements as at 31 December 2022.

4. BASIS OF MEASUREMENT

The Condensed Interim financial statements have been prepared on the historical cost basis and the going concern concept, except for the following:

- Employees' defined benefits obligations that have been actuarially evaluated and measured at their present value using the projected unit credit method.

5. FUNCTIONAL AND PRESENTATION CURRENCY

These Condensed Interim financial statements are prepared in Saudi Riyals, which is the presentation and functional currency of the Company.

AL Taiseer Group TALCO Industrial Company Closed Joint Stock
(A Saudi Closed Joint Stock Company)

Notes to the Condensed Interim Financial Statements (Unaudited)

For the six-month period ended 30 June 2023

(All amounts are expressed in Saudi Riyals unless otherwise stated)

6. SIGNIFICANT ACCOUNTING POLICES

The accounting policies adopted in the preparation of the Condensed Interim financial statements are consistent with those adopted in preparing the Company's annual financial statements for the year ended 31 December 2022.

The principal accounting policies have been consistently applied to all periods presented in these Condensed Interim financial statements.

New standards, amendment to standards and interpretations

Standards issued but not yet effective are as follows:

Effective date	New standard or amendments
1 January 2024	Non-current liabilities with covenants - Amendments to IAS 1 Classification of liabilities as current or non-current - Amendments to IAS 1 Lease liability in a Sale and Leaseback- Amendments to IFRS 16
Available for optional adoption/ effective date deferred indefinitely	Sale and Contribution of Assets Between the Investor and Its Partner or Joint Venture (Amendments to IFRS 10 and IAS 28)

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2023, but these do not have an impact on the Condensed Interim financial statements of the Company.

7. PROPERTY, PLANT AND EQUIPMENT

As at 30 June 2023, the total cost of property, plant and equipment was SR 586 million (31 December 2022: SR 579 million) and the accumulated depreciation as at 30 June 2023 was SR 475 million (31 December 2022: SR 464 million). During the six-month period ended 30 June 2023, the Company has added property, plant and equipment amounting to SR 6 million - (31 December 2022: SR 17 million) which is mainly represented in extrusion molds and new machines.

8. TRADE RECEIVABLES AND OTHER CURRENT ASSETS

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Trade receivables	246,579,748	249,061,502
Expected credit losses	(20,514,195)	(19,881,829)
Net trade receivables	226,065,553	229,179,673
Notes receivables and cheques under collection	96,718,992	96,187,939
Expected credit losses	(10,887,986)	(10,717,191)
Notes receivables and cheques under collection, net	85,831,006	85,470,748
Advances to suppliers *	7,929,397	13,125,608
Prepaid expenses	4,816,828	2,964,921
Other receivables	4,190,092	4,081,087
	328,832,876	334,822,037

*Advances to suppliers are settled against to supplying inventory items.

AL Taiseer Group TALCO Industrial Company Closed Joint Stock
(A Saudi Closed Joint Stock Company)
Notes to the Condensed Interim Financial Statements (Unaudited)
For the six-month period ended 30 June 2023
(All amounts are expressed in Saudi Riyals unless otherwise stated)

9. INVENTORY

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Raw materials	106,230,193	84,845,008
Finished Goods	23,894,660	23,861,450
Inventory provision	(804,849)	(804,849)
	<u>129,320,004</u>	<u>107,901,609</u>

10. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Notes payables	125,983,872	104,453,268
Advances from costumers	8,238,200	9,485,382
Trade payables	29,411,181	25,279,225
Accrued expenses *	8,377,528	7,715,726
Other payables	640,901	2,392,038
	<u>172,651,682</u>	<u>149,325,639</u>

* The amounts of accrued expenses include liabilities to related parties of SR 572,633 as at 30 June 2023 (SR 550,058 as at 31 December 2022) refer note 11.

11. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties of the Company consist of the shareholders, key management personnel, directors, and companies which are directly or indirectly controlled or influenced by the shareholders, directors, or key management personnel. The transactions with related parties are made as per contracts and terms approved by the Board of Directors. The Company transacts with its related parties in the ordinary course of business.

Transactions with related parties during the period:

Related Party	Nature of relationship	Nature of transaction	For the three-month period ended 30 June (unaudited)		For the six-month period ended 30 June (unaudited)	
			2023	2022	2023	2022
Affiliates						
RAL Investment Company	Associate	Rentals	-	-	1,227,500	1,238,750
		Other	77,201	217,573	486,395	425,688

Remuneration and salaries of the key management personnel during the period:

	For the three-month period ended 30 June (unaudited)		For the six-month period ended 30 June (unaudited)	
	2023	2022	2023	2022
Salaries and short-term executives benefits	924,372	822,350	9,315,913	6,970,502
Long-term executives benefits	141,125	138,837	555,351	429,610
	<u>1,065,497</u>	<u>961,187</u>	<u>9,871,264</u>	<u>7,400,112</u>

AL Taiseer Group TALCO Industrial Company Closed Joint Stock

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Notes to the Condensed Interim Financial Statements (Unaudited)

For the six-month period ended 30 June 2023

(All amounts are expressed in Saudi Riyals unless otherwise stated)

12. ZAKAT STATUS AND VALUE ADDED TAX (VAT)

The Company has submitted its Zakat returns up until the year ended 31 December 2022 with Zakat, Tax and Customs Authority ("ZATCA").

During the period, the Company has not received any Zakat assessments for all open years from ZATCA.

13. SALES

	For the three-month period ended 30 June (unaudited)		For the six month period ended 30 June (unaudited)	
	2023	2022	2023	2022
Sales from activity of forming and selling aluminum	136,413,524	169,786,092	292,731,647	328,030,794
Sales from the activity of selling metal coating powder	10,735,763	14,843,466	24,519,037	27,902,598
Sales from the activity of selling aluminum accessories	8,220,429	10,051,121	19,339,856	21,947,468
	<u>155,369,716</u>	<u>194,680,679</u>	<u>336,590,540</u>	<u>377,880,860</u>

14. COST OF SALES

	For the three-month period ended 30 June (unaudited)		For the six month period ended 30 June (unaudited)	
	2023	2022	2023	2022
Raw Materials	102,473,927	147,109,244	224,448,171	278,043,092
Employees' costs	9,009,424	8,473,465	17,789,810	15,982,148
Depreciation	5,038,223	4,897,567	10,292,211	9,605,487
Amortization on right of use assets	242,124	240,372	479,021	454,607
Amortization of intangible assets	65,389	58,886	111,834	82,574
Manufacturing expenses	3,110,667	2,841,937	5,800,868	5,410,083
Utilities	1,710,477	1,759,334	3,485,935	3,509,615
Water	332,589	310,335	585,620	547,484
Expenses of special sectors for aluminum	2,587,411	1,974,248	3,463,220	4,086,660
Others	426,302	447,043	1,171,505	1,073,198
	<u>124,996,533</u>	<u>168,112,431</u>	<u>267,628,195</u>	<u>318,794,948</u>

15. SELLING AND DISTRIBUTION EXPENSES

	For the three-month period ended 30 June (unaudited)		For the six month period ended 30 June (unaudited)	
	2023	2022	2023	2022
Salaries and employees' related benefits	2,157,592	2,077,567	4,186,359	4,050,053
Cargo charges	915,962	1,013,616	1,862,780	1,941,521
Royalties	9,930	21,303	21,680	34,643
Advertising	169,678	9,003	432,808	253,130
Depreciation	-	-	-	4,687
Other	484,522	801,356	732,447	1,009,640
	<u>3,737,684</u>	<u>3,922,845</u>	<u>7,236,075</u>	<u>7,293,674</u>

AL TAISEER GROUP TALCO INDUSTRIAL COMPANY CLOSED JOINT STOCK
(A Saudi Closed Joint Stock Company)

Notes to the Condensed Interim Financial Statements (Unaudited)

For the six-month period ended 30 June 2023

(All amounts are expressed in Saudi Riyals unless otherwise stated)

16. GENERAL AND ADMINISTRATIVE EXPENSES

	For the three-month period ended 30 June (unaudited)		For the six month period ended 30 June (unaudited)	
	2023	2022	2023	2022
Salaries and employees' related benefits	6,917,542	5,163,410	13,093,499	10,217,196
Administration fee	660,104	722,192	1,208,373	933,768
Offering and listing expenses	1,028,829	1,068,562	1,723,517	1,068,562
Repair and maintenance	251,433	83,672	509,668	203,218
Depreciation	123,581	120,320	250,123	303,356
Insurance	265,898	154,682	383,662	312,867
Amortization on right of use assets	152,810	221,216	318,260	381,251
Printing and stationery	145,508	84,099	224,784	161,808
Other	114,679	292,024	966,651	618,104
	<u>9,660,384</u>	<u>7,910,177</u>	<u>18,678,537</u>	<u>14,200,130</u>

17. OTHER INCOME

	For the three-month period ended 30 June (unaudited)		For the six month period ended 30 June (unaudited)	
	2023	2022	2023	2022
Non-refundable revenue for customers	1,046,247	1,037,942	2,256,800	1,958,542
Other	178,161	75,153	224,318	159,320
	<u>1,224,408</u>	<u>1,113,095</u>	<u>2,481,118</u>	<u>2,117,862</u>

18. FINANCE COSTS

	For the three-month period ended 30 June (unaudited)		For the six month period ended 30 June (unaudited)	
	2023	2022	2023	2022
Banking financial charges	62,325	138,962	234,340	278,821
Financial charges on lease liabilities	52,679	66,548	110,310	134,172
	<u>115,004</u>	<u>205,510</u>	<u>344,650</u>	<u>412,993</u>

19. SEGMENTS REPORTS

The Company's activities include a number of sectors as follows:

- Aluminum forming and selling sector
- Metal coating powder sector
- Aluminum accessories sector

AL Taiseer Group TALCO Industrial Company Closed Joint Stock

(A Saudi Closed Joint Stock Company)

Notes to the Condensed Interim Financial Statements (Unaudited)

For the six-month period ended 30 June 2023

(All amounts are expressed in Saudi Riyals unless otherwise stated)

19. SEGMENT REPORTS

As at and for the period ended 30 June 2023 (Unaudited)	Aluminum forming and selling sector	Metal coating powder sector	Aluminum accessories sector	Interrelated transactions and balances	Total
Sales	294,118,821	30,923,163	21,377,377	(9,828,821)	336,590,540
Cost of sales	(243,565,537)	(21,674,741)	(12,216,738)	9,828,821	(267,628,195)
Expenses	(16,767,545)	(5,166,576)	(3,980,491)	-	(25,914,612)
Expected credit losses	(533,971)	(229,289)	(39,901)	-	(803,161)
Other income	2,430,019	4,091	47,008	-	2,481,118
Finance costs	(267,247)	(40,049)	(37,354)	-	(344,650)
Profit before Zakat	35,414,540	3,816,599	5,149,901	-	44,381,040
Total assets	529,978,986	91,333,819	32,058,725	(9,828,821)	643,542,709
Total liabilities	199,963,893	5,681,658	7,522,839	(9,828,821)	203,339,569

As at and for the period ended 30 June 2022 (Unaudited)	Aluminum forming and selling sector	Metal coating powder sector	Aluminum accessories sector	Interrelated transactions and balances	Total
Sales	329,804,813	34,075,510	24,006,607	(10,006,070)	377,880,860
Cost of sales	(287,251,777)	(25,772,667)	(15,776,574)	10,006,070	(318,794,948)
Expenses	(13,523,991)	(4,637,003)	(3,312,810)	-	(21,493,804)
Expected credit losses	(424,628)	(22,309)	-	-	(446,937)
Other income	2,028,002	35,392	54,468	-	2,117,862
Finance costs	(312,919)	(48,849)	(51,225)	-	(412,993)
Profit before Zakat	30,319,500	3,610,074	4,920,466	-	38,850,040
Total assets	531,487,322	92,213,142	27,657,937	(10,006,070)	641,352,331
Total liabilities	221,588,637	11,653,904	9,279,450	(10,006,070)	232,515,921

20. EARNINGS PER SHARE – BASIC AND DILUTED

Basic and diluted earnings per share is calculated by dividing the profit for the period attributable to the shareholders of the company by the weighted average number of ordinary shares outstanding during the period.

	For the three-month period ended 30 June (unaudited)		For the six month period ended 30 June (unaudited)	
	2023	2022	2023	2022
Net profit for the period attributable to the Company's shareholders	15,245,292	12,274,007	39,313,533	32,901,602
Weighted average number of outstanding ordinary shares (share)	35,000,000	35,000,000	35,000,000	35,000,000
Basic and diluted earnings per share *	0.44	0.35	1.12	0.94

* The diluted earnings per share is equal to the basic earnings per share for the period ended 30 June 2023 and for the period ended 30 June 2022 as there were no instruments with a diluting impact on earnings per share.

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(A Saudi Closed Joint Stock Company)
Notes to the Condensed Interim Financial Statements (Unaudited)
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(All amounts are expressed in Saudi Riyals unless otherwise stated)

21. CONTINGENT LIABILITIES

The Company has outstanding bank guarantees of SR 5 million (31 December 2022: SR 5 million) issued by local banks.

22. SUBSEQUENT EVENTS

The Extraordinary General Assembly, in its meeting held on 15 Rabi' I 1444H (corresponding to 11 October 2022), approved the proposal of the Board of Directors of Al Taiseer Group TALCO Industrial Company Closed Joint Stock, to increase the Company's capital by SR 50 million, so that the total share capital becomes SR 400 million. On 29 Muharram 1445H (corresponding to 16 August 2023), the Company has amended the Company's commercial registration and recorded the increase in the share capital account.

23. APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

The Condensed Interim financial statements have been approved by the Board of Directors on 14 Safar 1445H (corresponding to 30 August 2023).

AL TAISEER GROUP TALCO INDUSTRIAL COMPANY CLOSED JOINT STOCK
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FINANCIAL STATEMENTS
with
INDEPENDENT AUDITORS' REPORT
For the year ended 31 December 2023

AL TAISEER GROUP TALCO INDUSTRIAL COMPANY CLOSED JOINT STOCK
(A Saudi Closed Joint Stock Company)
FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
For the year ended 31 December 2023

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KPMG Professional Services

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Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية

واجهة روشن، 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 Taiseer Group TALCO Industrial Company Closed Joint Stock

Opinion

We have audited the financial statements of **Al Taiseer Group TALCO Industrial Company Closed Joint Stock** (A Saudi Closed Joint Stock Company) ("the Company"), which comprise the statement of financial position as at 31 December 2023, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, comprising material 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 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting 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 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 International Code of Ethics for Professional Accountants (including International Independence Standards) (the "Code"), that is 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 the Code's 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.

KPMG professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia. With the paid-up capital of SAR 40,000,000. (Previously known as "KPMG Al Fozan & Partners Certified Public Accountants") A non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

كي بي إم جي للاستشارات المهنية شركة مساهمة مغلقة، مسجلة في المملكة العربية السعودية، رأس مالها (٤٠,٠٠٠,٠٠٠) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي القوزان وشركاه محاسبون ومراجعون قانونيون". وهي عضو غير شريك في الشبكة العالمية للشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة.



Independent auditor's report (continued)

To the Shareholders of Al Taiseer Group TALCO Industrial Company Closed Joint Stock

Key audit matter	
Revenue recognition	
Sales revenue recognition – refer to note (3.17) to the financial statements for the accounting policy relating to revenue recognition and note (17) to the financial statements for the related disclosures.	
Key audit matters	How the matter was addressed in our audit
<p>During the year ended 31 December 2023, the Company recognized Revenue from sales of goods amounting to SR 671.4 million (2022: SR 749.9 million).</p> <p>Revenue from sales of goods is recognized at point in time when accepting and controlling the goods by the customer representative -which normally happens in dispatch area of the company premises- in accordance with "IFRS 15 Revenue from contracts with customers".</p> <p>The company is in the final stage for the initial public offering process and Revenue is one of the major indicators for measuring performance and estimating the company value, and consequently, there are inherent risks through recognizing revenue with more than its actual value or not recognizing in correct accounting period, in order to increase revenue and profitability. Therefore, the revenue recognition process has been considered as a key audit matter.</p>	<p>Among other procedures, we performed the following procedures:</p> <ul style="list-style-type: none"> ▪ Evaluated the appropriateness of the Company's accounting policies relating to revenue recognition and assessed the compliance with the applicable accounting standards. ▪ Assessed the design, implementation and testing the operational effectiveness of the manual internal control systems relevant to revenue recognition. ▪ Conducted analytical audit procedures for revenues, by comparing sales quantities and prices for the current year with the previous year, and determining whether there are any significant trends or fluctuations that need additional examination in light of our understanding of the current market conditions. ▪ Tested a sample of journal entries relating to revenue accounts and checked them to the underlying supporting documents. ▪ Performed cut-off procedures on the timing of revenue recognition from sales after the products were delivered to the customers and recorded during their correct accounting periods; and ▪ Evaluated the adequacy of disclosures made by the management in the accompanying financial statements.



Independent auditor's report (continued)

To the Shareholders of Al Taiseer Group TALCO Industrial Company Closed Joint Stock

Key audit matter (continued)	
Impairment of trade and notes receivables	
Expected credit losses of trade and notes receivables – Refer for to Notes (3.8) to the financial statements for the accounting policy relating to impairment of financial assets and Note 8 to the financial statements for the related disclosures.	
Key audit matters	How the matter was addressed in our audit
<p>As at 31 December 2023, the Company's gross trade and notes receivables balance amounted to SR 349 million (2022: SR 345.2 million), against which a corresponding allowance for impairment of SR 32.8 million (2022: SR 30.6 million) was recorded.</p> <p>The Company assesses at each reporting date whether its trade and notes receivables are credit impaired. The Company has applied a simplified expected credit loss (ECL) model to determine the allowance for impairment. The ECL model involves the use of various assumptions, macro-economic factors and study of historical trends.</p> <p>We considered this as a key audit matter due to the judgement and estimation involved in the application and calculation of ECL model in determining impairment loss allowance as per the requirements of IFRS 9.</p>	<p>Among other procedures, our procedures included the following:</p> <ul style="list-style-type: none"> Assessed the design, implementation and testing the operational effectiveness of the manual internal control systems relevant to management calculation of the expected credit losses of trade and notes receivables. Assessed the methodology, assumptions and estimates used by management in preparing the expected credit losses models, including the assessment of future projections. Assessed the completeness and accuracy of the aging report of trade and notes receivables. Involved our specialists to test the key assumptions used by management and assess the reasonableness of the estimates used to determine impairment losses against trade and notes receivables; and Evaluated the adequacy of disclosures made by the management in the accompanying financial statements.

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.



Independent Auditor's Report (continued)

To the Shareholders of Al Taiseer Group TALCO Industrial Company Closed Joint Stock

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 Accounting Standards as issued by the International Accounting Standards Board 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 bylaws 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 (ISAs) 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 are 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 auditors' 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.



Independent auditor's report (continued)

To the Shareholders of Al Taiseer Group TALCO Industrial Company Closed Joint Stock

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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 Taiseer Group TALCO Industrial Company Closed Joint Stock**.

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 actions taken to eliminate threats or safeguards applied.

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



Fahad Mubarak Al Dossari
License No: 469

Riyadh, 19 Shawwal 1445H
Corresponding to: 28 April 2024

AL TAISEER GROUP TALCO INDUSTRIAL COMPANY CLOSED JOINT STOCK
(A Saudi Closed Joint Stock Company)

STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

(All amounts are expressed in Saudi Riyals unless otherwise stated)

	Note	31 December 2023	31 December 2022
<u>ASSETS</u>			
Non-current assets			
Property, plant and equipment, net	4	108,533,370	115,473,814
Intangible assets, net	5	858,734	216,886
Right of use assets, net	6	3,528,441	5,097,439
Total non-current assets		112,920,545	120,788,139
Current assets			
Inventories, net	9	141,154,323	107,901,609
Trade receivables and other current assets, net	8	328,273,312	334,822,037
Cash and cash equivalents	7	77,388,154	65,709,712
Total current assets		546,815,789	508,433,358
Total assets		659,736,334	629,221,497
<u>EQUITY AND LIABILITIES</u>			
Equity			
Share capital	10	400,000,000	350,000,000
Statutory reserve	11	-	14,267,856
Retained earnings		83,440,490	80,500,551
Total equity		483,440,490	444,768,407
Non-current liabilities			
Lease liabilities – non-current portion	16	2,187,154	3,722,903
Employees' retirement benefits obligations	13	21,719,381	19,771,958
Total non-current liabilities		23,906,535	23,494,861
Current liabilities			
Trade payables and other current liabilities	14	139,393,727	149,325,639
Lease liabilities - current portion	16	1,617,254	1,609,314
Zakat provision	15	11,378,328	10,023,276
Total current liabilities		152,389,309	160,958,229
Total liabilities		176,295,844	184,453,090
Total equity and liabilities		659,736,334	629,221,497


Chief Financial Officer


Chief Executive Officer

The accompanying notes (1) through (30) form an integral part of these financial statements.

AL TAISEER GROUP TALCO INDUSTRIAL COMPANY CLOSED JOINT STOCK
(A Saudi Closed Joint Stock Company)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
As at 31 December 2023

(All amounts are expressed in Saudi Riyals unless otherwise stated)

	<u>Note</u>	<u>31 December 2023</u>	<u>31 December 2022</u>
Sales	17	671,353,847	749,874,192
Cost of sales	18	(530,729,072)	(622,565,514)
Gross profit		140,624,775	127,308,678
Selling and distribution expenses	19	(15,580,132)	(13,992,512)
General and administrative expenses	20	(35,473,213)	(30,976,405)
Impairment losses on trade receivables and other current assets	8	(2,234,813)	(209,404)
Other income	21	6,728,046	4,255,155
Operating profit		94,064,663	86,385,512
Finance costs	22	(2,560,152)	(1,660,639)
Net profit before Zakat		91,504,511	84,724,873
Zakat expense	15	(11,378,328)	(10,023,276)
Net profit for the year		80,126,183	74,701,597
Other comprehensive income			
<u>Items that will not be re-classified to profit or loss</u>			
Profits / (losses) on re-measurement of employees' retirement benefits obligations	13	2,424,700	(1,873,600)
Total other comprehensive income / (loss) for the year		2,424,700	(1,873,600)
Total comprehensive income		82,550,883	72,827,997
Earnings Per Share			
Basic and diluted earnings per share	24	2.00	1.87


Chief Financial Officer


Chief Executive Officer

The accompanying notes (1) through (30) form an integral part of these financial statements.

AL Taiseer Group TALCO Industrial Company Closed Joint Stock
(A Saudi Closed Joint Stock Company)

STATEMENT OF CHANGES IN EQUITY INCOME

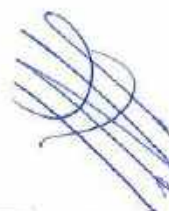
As at 31 December 2023

(All amounts are expressed in Saudi Riyals unless otherwise stated)

	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Retained earnings</u>	<u>Total equity</u>
Balance at 1 January 2022	350,000,000	6,797,696	35,576,812	392,374,508
Net profit for the year	-	-	74,701,597	74,701,597
Other comprehensive loss for the year	-	-	(1,873,600)	(1,873,600)
Total comprehensive income for the year	-	-	72,827,997	72,827,997
Dividends (note 12)	-	-	(20,434,098)	(20,434,098)
Transferred to statutory reserve	-	7,470,160	(7,470,160)	-
Balance at 31 December 2022	350,000,000	14,267,856	80,500,551	444,768,407
Net profit for the year	-	-	80,126,183	80,126,183
Other comprehensive income for the year	-	-	2,424,700	2,424,700
Total comprehensive income for the year	-	-	82,550,883	82,550,883
Share capital increase	50,000,000	(14,267,856)	(35,732,144)	-
Dividends (note 12)	-	-	(43,878,800)	(43,878,800)
Balance at 31 December 2023	400,000,000	-	83,440,490	483,440,490



Chief Financial Officer



Chief Executive Officer

The accompanying notes (1) through (30) form an integral part of these financial statements.

AL Taiseer Group TALCO Industrial Company Closed Joint Stock
(A Saudi Closed Joint Stock Company)

STATEMENT OF CASH FLOWS

As at 31 December 2023

(All amounts are expressed in Saudi Riyals unless otherwise stated)

	31 December 2023	31 December 2022
OPERATING ACTIVITIES		
Profit for the year before zakat	91,504,511	84,724,873
Adjustments:		
Depreciation of property, plant and equipment	20,885,383	20,142,090
Depreciation of intangible assets	238,837	165,149
Depreciation on right of use assets	1,568,998	1,547,426
Impairment losses on trade receivables and other current assets	2,234,813	209,404
Gains on disposals of property, plant and equipment	(53,753)	(106,574)
Provision for end-of-service benefits	2,661,960	2,360,886
Finance charges on employees' retirement benefits obligations	1,775,124	804,620
Financial charges on lease liabilities	213,437	273,007
Loss from disposal of right of use assets and derecognition of lease liabilities	-	89,272
Changes in working capital:		
Trade receivables and other current assets	4,313,912	(70,923,291)
Inventory	(33,252,714)	(2,843,285)
Trade payables and other current liabilities	(9,931,912)	23,346,307
Change in benefits for employees	1,756,561	(514,647)
Cash flows generated from operating activities	83,915,157	59,275,237
Employees' end-of-service benefits paid	(1,821,522)	(1,751,404)
Zakat paid	(10,023,276)	(8,792,085)
Net cash flows generated from operating activities	72,070,359	48,731,748
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(13,944,939)	(16,508,071)
Additions to intangible assets	(880,685)	-
Proceed from disposal of property, plant and equipment	53,753	106,574
Net cash flows used in investing activities	(14,771,871)	(16,401,497)
FINANCING ACTIVITIES		
Dividends paid	(43,878,800)	(20,434,098)
Payment of lease liabilities	(1,527,809)	(1,550,143)
Payment of interest on lease liabilities	(213,437)	(273,007)
Net cash flows used in financing activities	(45,620,046)	(22,257,248)
Net change in cash and cash equivalents during the year	11,678,442	10,073,003
Cash and cash equivalents at the beginning of the year	65,709,712	55,636,709
Cash and cash equivalents at the end of the year	77,388,154	65,709,712
Significant non-cash transactions:		
Additions to right-of-use assets against lease liabilities		
Right of use assets	-	626,133
Lease liabilities on right-of-use assets	-	626,133
Capital increase from statutory reserve and retained earnings		
Share capital	50,000,000	-
Statutory reserve	(14,267,856)	-
Retained earnings	(35,732,144)	-

Chief Financial Officer

Chief Executive Officer

The accompanying notes (1) through (30) form an integral part of these financial statements.

AL Taiseer Group TALCO Industrial Company Closed Joint Stock

(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2023

(All amounts are expressed in Saudi Riyals unless otherwise stated)

1. **REPORTING ENTITY**

Al Taiseer Group TALCO Industrial Company Closed Joint Stock ("The Company") (formerly known as Al Taiseer Aluminum TALCO Company - A Closed Saudi Joint Stock Company) incorporated as a Saudi Closed Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia under Commercial Registration No. 1010009737 dated 10 Jumada II 1396H (corresponding to 8 June 1976).

The Company is engaged in the production and coverage of various aluminum profiles, manufacturing of doors, windows, glass buildings facades, aluminum and wooden kitchen units, and production of marble kitchen surfaces.

On 24 December 2020, the shareholders of Al Taiseer Group TALCO Industrial Company Closed Joint Stock approved the merger of Gulf Polyester Powder Coating Company with Commercial Registration No. 1010086759 and its branches. Also, they approved the merger of Al Fattouh Company for Aluminum Accessories and Insulation Yarn with Commercial Registration No. 1010086760 and its branches ("The Merged Companies") into Al Taiseer Group TALCO Industrial Company Closed Joint Stock, a Saudi closed joint stock company ("The merging company") formerly known as Al Taiseer Aluminum TALCO Company, which kept the same Commercial Registration No. 1010009737. Gulf Polyester Powder Coating Company and Al Fattouh Company for Aluminum Accessories and Insulation Yarn became branches of Al Taiseer Group TALCO Industrial Company Closed Joint Stock starting from 11 August 2021 'Date of Merger'.

On 11 October 2022, the members of the Extraordinary General Assembly approved the amendment of the Company's bylaws, the Company's name has been changed to Al Taiseer Group TALCO Industrial Company Closed Joint Stock (formerly known as Al Taiseer Aluminum TALCO Company (A Closed Joint Stock Company) and the Company's share capital has been increased by SR 50 million to become SR 400 million (note 10) based on the recommendation of the Board of Directors on 21 February 2022. On 29 Muharram 1445H (corresponding to 16 August 2023), the Company has amended the Company's commercial registration and recorded the increase in the share capital account. The articles of association were amended accordingly on 29 October 2023.

On 11 May 2022, the Board of Directors convened and decided to start the procedures for offering the company shares on the Saudi Stock Exchange Company (Tadawul) and to authorize the Executive Committee to contract with the parties it deems appropriate in this regard. Accordingly, the Company contracted with consultants specialized in offering and listing and the file was submitted to the Capital Market Authority (CMA) on 8 November 2023.

On 31 December 2023, the Capital Markets Authority (CMA) announced the issuance of the CMA board resolution in the same date to approve the Company request to list its shares and offer 12,000,000 shares, representing 30% of the Company shares, for public subscription. CMA approval shall be deemed valid for six months from the date of CMA Board Resolution and CMA approval shall be deemed invalid in case of non-completion of the Company's shares offering and listing within such period. The Company is still in the process of studying offering and listing their shares to determine the appropriate time to do so.

The Company exercises its activities through the Head office, branches, factories and outlets under the following sub-commercial registrations:

	Location	Commercial Registration	
		Date	C.R. No
Factory of Al Taiseer Group TALCO Industrial Company Closed Joint Stock	Riyadh	10/6/1396H	1010009737
Factory of Al Taiseer Group TALCO Industrial Company Closed Joint Stock	Jeddah	9/2/1440H	4030312086
Factory of Al Taiseer Group TALCO Industrial Company Closed Joint Stock	Riyadh	14/5/1441H	1010621235
Factory of Gulf Polyester Powder Coating Company	Riyadh	16/3/1412H	1010086759
Factory of Gulf Polyester Powder Coating Company	Jeddah	2/3/1439H	4030596375
Factory Al Fattouh Company for Aluminum Accessories and Insulation Yarn	Riyadh	16/3/1412H	1010086760

AL TAISEER GROUP TALCO INDUSTRIAL COMPANY CLOSED JOINT STOCK

(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2023

(All amounts are expressed in Saudi Riyals unless otherwise stated)

1. REPORTING ENTITY (CONTINUED)

	Location	Commercial Registration Date	C.R. No
Outlet of Gulf Polyester Powder Coating Company	Jeddah	2/3/1439H	4030596375
Outlet of Gulf Polyester Powder Coating Company	Dammam	2/3/1439H	2050235804
Outlet of Gulf Polyester Powder Coating Company	Riyadh	16/3/1412H	1010086759
Outlet of Gulf Polyester Powder Coating Company	UAE - Sharjah	24/6/1420H	68988
Outlet of Al Fattouh Company for Aluminum Accessories and Insulation Yarn	Riyadh	16/3/1412H	1010086760
Outlet of Al Fattouh Company for Aluminum Accessories and Insulation Yarn	Dammam	18/8/1443H	2050156157

The Company's registered office is located at the following address:

Industrial Area II, Al-Kharj Road, P.O Box 6416, Riyadh 11442, Kingdom of Saudi Arabia.

The financial year of the Company begins on 1 January and ends on 31 December of each year.

2. BASIS OF PREPARATION

Statement of Compliance

The financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") that are endorsed in the Kingdom of Saudi Arabia ("KSA") and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") and the applicable requirements of the Regulations for Companies and the Company's By-Laws.

i. Basis of Measurement

These financial statements have been prepared on a historical cost and going concern basis, except for employees' defined benefits plans that are measured at present value of future obligations using the projected unit credit method.

ii. New Standards, Amendments to Standards, and Interpretations

There have been no new standards issued. However, there are a number of amendments to standards that are effective from 1 January 2023, which did not have a material impact on the financial statements.

Effective for annual periods beginning on or after	New Standards and Amendments
1 January 2023	IFRS 17 "Insurance Contracts*", including amendments to initial application of IFRS 17
	Definition of Accounting Estimates - Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

AL TAISEER GROUP TALCO INDUSTRIAL COMPANY CLOSED JOINT STOCK
(A Saudi Closed Joint Stock Company)
NOTES TO THE FINANCIAL STATEMENTS
As at 31 December 2023

(All amounts are expressed in Saudi Riyals unless otherwise stated)

2. BASIS OF PREPARATION (CONTINUED)

ii) New Standards, Amendments to Standards, and Interpretations (continued)

Effective for annual periods beginning on or after	New Standards and Amendments
1 January 2023	Disclosure Initiative: Accounting Policies – Amendments to IAS 1 “Presentation of Financial Statements” and IFRS Practice Statement 2 “Making Materiality Judgements”. Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 “Income Taxes”.
23 May 2023	International Tax Reform - Pillar Two Model Rules - Amendments to IFRS 12.

There are standards issued but effective for the periods beginning after 1 January 2024 with early adoption allowed for the periods as of 1 January 2023 as follows:

The Company has not early adopted the amendments to new IFRS that have been issued:

Effective for annual periods beginning on or after	New Standards and Amendments
1 January 2024	Classification of liabilities as current or non-current - Amendments to IAS 1 “Presentation of Financial Statements” and classification of liabilities as current and non-current. Lease liabilities in sales and lease back - amendments to IFRS 16. Supplier Finance Arrangements- Amendments to IFRS 7 and IAS 7.
1 January 2025	Lack of exchangeability - Adoption of adjustments to IAS 21
Available for optional adoption/effective date deferred indefinitely	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

iii. Functional and Presentation Currency

These financial statements are presented in Saudi Riyal (SR), which is the functional and presentation currency of the Company. All amounts have been rounded to the nearest SR, unless otherwise indicated.

iv. Use of Estimates, Assumptions and Judgements

The preparation of the Company’s financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, costs, assets and liabilities, and the disclosure of contingencies at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the asset or liability affected in the future.

These estimates and assumptions are based upon experience and other various factors that are believed to be reasonable under these circumstances and are used to estimate the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are reviewed regularly. Revisions to accounting estimates are recognized in the period in which the estimates are revised or in the revision period, if the effect of revision is limited to that period only, or they are recognized in the revision period and future periods if the revision affects both current and future periods.

AL TAISEER GROUP TALCO INDUSTRIAL COMPANY CLOSED JOINT STOCK

(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2023

(All amounts are expressed in Saudi Riyals unless otherwise stated)

2 **BASIS OF PREPARATION (CONTINUED)**

iv. **Use of Estimates, Assumptions and Judgements (continued)**

The key accounting assumptions concerning the future and key sources of estimation uncertainty at the end of the financial position date that have a significant risk of causing material adjustments to the carrying amounts of the assets and liabilities within the next financial year is discussed below:

Assumptions and Estimation Uncertainties

Information about assumptions and estimation uncertainties that have the most significant effect on the amounts recognized in the financial statements, are described below:

Impairment of non-financial assets

At each reporting date, the Company assesses the asset whether there is an indication that this asset may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell or its value in use. In assessing value in use, the estimated future cash flows attributable to the asset are 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. In determining fair value less costs to sell, recent market transactions are taken into account.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined that no impairment loss been recognized for the asset in prior years. An impairment loss reversal is recognized immediately in the statement of profit or loss.

Provisions

Provisions are recognized when the Company has liabilities (legal or contractual) resulting from past events, and it is probable that the liability will be settled and the amount of the liability can be reliably measured.

The amount recognized as a provision is the best estimate for the consideration required to settle the present obligation at reporting date taking into account risk and doubts specific to liability. Where the provision is measured using the cash flows estimated to settle the current liability, its carrying amount is the present value of those cash flows.

When the Company expects some or all of economic benefits that are required to settle a provision by third party to be reimbursed, the accrued amount is recognized as an asset if the reimbursed amount is virtually certain and its value can be reliably estimated.

Estimated useful life of property, plant and equipment

The management of the Company determines the estimated useful life of property, plant and equipment for calculating depreciation. The estimate is carried out after considering the expected usage of the assets or obsolescence.

AL TAISEER GROUP TALCO INDUSTRIAL COMPANY CLOSED JOINT STOCK

(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2023

(All amounts are expressed in Saudi Riyals unless otherwise stated)

2. BASIS OF PREPARATION (CONTINUED)

iv. Use of Estimates, Assumptions and Judgements (continued)

Assumptions and Estimation Uncertainties (continued)

Estimated useful life of property, plant and equipment (continued)

Management performs periodic review for the estimated useful lives and depreciation method to ensure that depreciation duration and method are consistent with the expected pattern for the economic benefit of the assets.

Assumptions for employees' benefits obligations

The Company operates an End of service benefit plan for its employees based on the prevailing Saudi Labor laws. The liability is being accrued based on projected credit unit method in accordance with the periodic actuarial valuations.

Certain actuarial assumptions have been adopted as disclosed in note 11 to these financial statements for valuation of present value of defined benefit obligations.

Any changes in these assumptions in future years might affect gains and losses in those years.

Expected adjustments of net realizable value

Management performs assessment to reach the net realizable value of inventory items if its cost is not recoverable or it becomes damaged / obsolete, or if its selling price is less than its cost or if there are any other factors that may lead to a decrease in its net realizable value for less than its cost. Estimates of net realizable value of inventories are based on the most reliable evidence at the time the estimates are made. These estimates take into consideration fluctuations of prices or costs directly related to events occurring subsequent to the financial statements date to the extent that such events confirm conditions existing as at the end of reporting period.

Going concern

The Company's management uses estimates and assumptions to assess the Company's ability to continue on a going concern basis, including an assessment of any material uncertainties that may cast significant doubts about the Company's ability to continue on a going concern basis.

Expected credit losses of receivables and other current assets

The Company calculate ECLs of trade receivables and other current assets based on days past due for groupings of various customer segments using a provision matrix to measure expected credit losses of trade receivables and other current assets.

The provision matrix is calculated based on the historical observable default rates. The Company calibrates the matrix to adjust historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the industry, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECLs is the most sensitive item to changes of circumstances and forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

AL TAISEER GROUP TALCO INDUSTRIAL COMPANY CLOSED JOINT STOCK

(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2023

(All amounts are expressed in Saudi Riyals unless otherwise stated)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

Discount rate for lease contracts

The management uses its estimates to determine the incremental borrowing rate for calculating the present value of the minimum lease payments, As well as to estimate options to continue in contracts.

The Company has consistently applied the following accounting policies to all periods presented in these financial statements, unless otherwise indicated. Further, the Company adopted the Disclosure of Accounting Policies (amendments to IAS 1 and Practice Statement 2) from 1 January 2023. Amendments require disclosure of “significant” rather than “material” accounting policies. Although the amendments did not result in any changes in the accounting policy itself, they did affect the size of accounting policy information that is disclosed in certain cases.

3.1 **Current versus non-current classification**

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. Assets are classified as current when:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period;
- Cash and cash equivalents unless restricted from being exchanged or used to settle liabilities for at least twelve months after the reporting period date.

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;
- 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.

3.2 **Property, Plant and Equipment**

Property, plant and equipment are stated at cost, net of any accumulated depreciation and any accumulated impairment losses, if any. Projects in progress are stated at cost less any accumulated impairment losses, if any.

Cost includes all amounts necessary for bringing the asset to the present condition and location to be ready for its intended use by management. Such cost includes the cost of replacing part of the property, plant and equipment if the recognition criteria are met, as well as costs incurred during the pre-operating period, less proceeds from sale of experimental production.

When parts of property, plant and equipment are significant in cost compared with total cost of asset, and when these parts/components have useful lives different from other parts and required to be replaced at different intervals, the Company has to recognize such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed (planned or unplanned), the cost attributable thereto directly is recognized in the carrying amount of the property, plant and equipment if the recognition criteria are satisfied. This is recorded as a separate part with a useful life equal to the period up to the upcoming planned overhaul. The carrying amount of the replaced part is written-off. In case the upcoming repair is made before the planned date, any outstanding carrying amount for previous repair is recorded as an expense. Other repair and maintenance costs are recognized in the statements of profit or loss as incurred.

AL TAISEER GROUP TALCO INDUSTRIAL COMPANY CLOSED JOINT STOCK

(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2023

(All amounts are expressed in Saudi Riyals unless otherwise stated)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

3.2 Property, Plant and Equipment (continued)

Depreciation is calculated from the date for which assets are available for their intended use. Self-constructed assets are from the date of completing such assets and be ready for their intended use. Depreciation on property, plant, and equipment is calculated using the straight-line method over the useful lives of assets as follows:

Assets	Useful life (Years)
Buildings	13: 33
Trucks	4
Plant and equipment	4 : 20
Leasehold Improvements*	5
Aluminum casting molds	2
Furniture & fixtures	4:7

*The Leasehold improvements are depreciated using expected useful live which is not exceeded the specified rental period of the leased asset.

Projects in progress are not depreciated.

The assets' residual values, useful lives and depreciation methods of the assets are reviewed and adjusted, if appropriate at the end of each year.

Any item of property, plant and equipment is written off when disposed or when it is probable that continues use of assets leads to future economic benefits. Profits and losses resulting from disposal of property, plant and equipment that are retired, sold or unrecognized are identified by comparing the proceeds with carrying amount of an asset and are recognized under "other income, net" in the statement of profit or loss.

An asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

3.3 Intangible assets

Intangibles assets are initially recognized at cost less accumulated amortization and impairment losses, if any. Costs associated with maintaining computer software are recognized as an expense as and when incurred.

Amortization is charged to statement of profit or loss by applying the straight-line basis whereby the carrying amount of an asset is amortized over its estimated useful life to the Company unless such life is indefinite. The estimated useful life of intangible assets which is represent computer software that ranges between 4 years to 7 years.

The Company accounts for impairment, where indications exist that required to reducing the asset's carrying amount to the recoverable amount.

3.4 Right-of-Use Assets and Lease Liabilities

The Company assesses at contract inception 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.

AL TAISEER GROUP TALCO INDUSTRIAL COMPANY CLOSED JOINT STOCK

(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2023

(All amounts are expressed in Saudi Riyals unless otherwise stated)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.4 Right-of-Use Assets and Lease Liabilities (continued)

Company as a lessee

At inception or on reassessment of an arrangement that contains a lease component, the Company allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, with regard to property leases, the Company elected not to separate the non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognizes right-of-use assets and lease liabilities at the lease commencement date. The right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and the estimated costs of dismantling and removing the underlying asset and cost of restoring the underlying asset or the site on which it is located (if any), less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The estimated useful lives of right of use assets are estimated based the expected use of underlying asset and based on the useful lives of property and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease liabilities are initially measured at the present value of the lease payments that were not paid at the commencement date and are discounted using the implicit interest rate in the lease, or if that rate cannot be readily determined, the Company uses its incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liabilities comprise the following:

- Fixed payments (including in-substance fixed payments).
- Variable lease payments that depend on an index or a rate, that are initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option if the Company is reasonably certain to exercise the option, the lease payments in the optional renewal period if the Company is reasonably certain to exercise the extension option, and payments for penalties for early terminating the lease unless the Company is reasonably certain not to exercise the option of early termination.

Lease liabilities are measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in index or 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 opt for purchase, extension or termination.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use assets, or is recorded in the statement of profit or loss and other comprehensive income if the carrying amount of the right-of-use assets has been reduced to Nil.

AL TAISEER GROUP TALCO INDUSTRIAL COMPANY CLOSED JOINT STOCK

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3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.4 Right-of-Use Assets and Lease Liabilities (continued)

Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a term of 12 months or less and leases of low value assets. The Company recognizes the lease payments associated with these leases as expenses on a straight-line basis over the lease term in the statement of profit or loss and other comprehensive income.

3.5 Impairment of Non-Financial Assets

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the highest of an asset's fair value less cost of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from assets or group of other assets (cash-generating units). Non-financial assets that have been impaired are reviewed for possible reversal of the impairment loss at the end of each reporting period.

3.6 Inventories

Inventory includes raw materials, work in progress, finished goods, packaging materials, and spare parts that are recorded at the lower of cost or net realizable value. Work in progress and finished goods inventory include direct materials, direct labors and an appropriate proportion of fixed and variable indirect expenses.

Costs are assigned to the items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is considered as the estimated selling price in ordinary course of business, less estimated costs to completion and the estimated costs necessary to complete the sale.

3.7 Foreign Currencies

Transactions and Balances

Foreign currency transactions are initially recorded by the Company's entities denominated in the functional currency of each of them according to the exchange rate prevailing on the date when the transaction becomes qualified for recognition for the first time. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the reporting date.

The differences arising on the settlement or translation of monetary items are recognized in the statement of profit and loss of the Company.

Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate prevailing at the date of the initial transaction.

3.8 Financial instruments

Recognition and Initial Measurement

Trade receivables issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

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3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.8 Financial instruments (continued)

Recognition and Initial Measurement (continued)

A financial asset (unless it is a receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. Trade receivables without a significant financing component is initially measured at the transaction price.

Financial Assets

Classification of financial assets

On initial recognition, a financial asset is classified as: measured at amortized cost, fair value through other comprehensive income (FVTOCI) or fair value through profit and loss (FVTPL).

A financial asset is measured at amortized cost if it meets both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset shall be measured at FVTOCI if both of the following conditions are met:

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

A financial asset shall be measured at FVTPL unless it is measured at amortized cost or at FVTOCI.

Financial Assets

IFRS 9 classification

Cash and bank balances

at amortized cost

Trade Receivables and Other Current Assets

at amortized cost

Subsequent measurement

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 interest income and dividends are recognized in the statement of profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest rate method. Amortized value is reduced by impairment losses. Interest revenue, foreign exchange gains and losses and impairment are recognized in the statement of income. Any gain or loss on derecognition of an investment is recognized in the statement of profit or loss.

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3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.8 Financial instruments (continued)

Financial Assets (continued)

Subsequent measurement (continued)

Financial assets through other comprehensive income (debt investments)	Subsequently measured at fair value. Interest revenue calculated using the effective interest rate 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, accumulated gains and losses in OCI are reclassified to the statement of profit or loss.
Financial assets through other comprehensive income (investments in equity instruments)	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss. Any gains or losses on derecognition or recognition of investment is recognized in equity, and may not be reclassified to the statement of profit or loss.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

Derecognition

A financial asset is derecognized when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement, and either:
 - the Company has transferred substantially all the risks and rewards of the asset, or
 - The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

IFRS 9 impairment requirements use more forward-looking information to recognize expected credit losses – the 'expected credit loss (ECL) model'. That replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortized cost and FVTOCI, trade receivables, contract assets recognized and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at FVTPL.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead, the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

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3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.8 Financial Instruments (continued)

Financial Assets (continued)

Impairment of financial assets (continued)

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2')
- 'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognized for the first category while 'lifetime expected credit losses' are recognized for the second category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Presentation of Impairment

Loss provisions for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Impairment losses related to receivables from customers are presented separately in the statement of profit or loss and other comprehensive income.

Expected credit losses assessment for trade and other receivables

The Company applies IFRS 9 simplified approach for measuring expected credit losses, which uses a lifetime expected loss provision.

The expected loss rates are based on the payment profiles of receivables over a period of 12 months before each reported period and corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability the customers to settle the receivables.

The Company has identified GDP of Kingdom of Saudi Arabia, inflation rate and Saudi government spending (the country in which it renders the services) to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The expected loss approach breaks the total loss amount modelling into following parts: probability of default ("PD"), loss given default ("LGD"), exposure at default ("EAD"). These are briefly described below:

Loss given default (LGD): This is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It is usually expressed as a percentage of the EAD.

Probability of default (PD): the likelihood of a default over a particular time horizon.

Exposure At Default (EAD): This is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities.

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3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.8 Financial Instruments (continued)

Presentation of Impairment (Continued)

The Company uses a point in time (PIT) probability of default model to measure impairment on financial assets. Point-in-time PD models incorporate information from a current credit cycle and assess risk at a point-in-time. The point-in-time PD term structure can be used to measure credit deterioration and starting PD when performing the provision calculations. Also, when calculating lifetime expected credit losses, after the inputs are correctly converted, cash flows can be projected and gross carrying amount, loss provision, and amortized cost for the financial instrument are then calculated.

Macroeconomic weighted average scenarios

The Company incorporates macroeconomic factor of GDP to develop multiple scenarios, the purpose is towards the realization of most likely outcome using worst and best case scenarios. The scenario-based analysis includes forward-looking information into the impairment estimation using multiple forward-looking macroeconomic scenarios. The estimate of expected credit losses reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes.

After the inputs to the model are adjusted for above mentioned macroeconomic scenarios, PD of each scenario is calculated and then weighted average PD based on likelihood of scenarios is calculated. In the last step, a weighted average lifetime ECL based on the likelihood of the scenarios is determined.

Definition of 'Default'

In the above context, the Company considers default when:

- the customer is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- The customer is more than 360 days past due on any material credit obligation to the Company. As the industry norm suggests that such a period fairly represents default scenario for the Company, this rebuts the presumption of 90 days mentioned in IFRS 9.

The carrying amount of the asset is reduced using the above model and the loss is recognized in the statement of comprehensive income. Accounts receivable, together with the associated provision are written off when there is no realistic prospect of future recovery and all collateral has been realized or transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced. If a write-off is later recovered, the recovery is recognized under other income in the statement of profit or loss.

Specific impairment

Specific impairment is recognized for each customer separately at each reporting date. The Company recognizes specific impairment against receivables from certain customers. Impairment are reversed only when the outstanding amounts are recovered from the customers.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

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3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.8 Financial Instruments (continued)

Presentation of Impairment (Continued)

Financial Liabilities

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, if any, net of directly attributable transaction costs.

The Company's financial liabilities mainly include trade payables, other current liabilities, lease liabilities, and due to related parties.

After initial recognition, loans and borrowings (if any) are subsequently measured at amortized cost using the effective interest rate method.

Financial Liabilities

Trade payables and other current liabilities
Due to related parties

IFRS classification

at amortized cost
at amortized cost

Derecognition

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

Modifications of Financial Assets and Financial Liabilities

If the terms of a financial assets are modified, the Company evaluates whether the cash flows of the modified assets are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized and a new financial asset is recognized at fair value.

If the cash flows of the modified asset carried at amortized cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Company recalculates the gross carrying amount of the financial asset and recognizes the amount adjusting the gross carrying amount as modification gain or loss in the consolidated statement of profit or loss.

The Company derecognises a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. In this case, new financial liabilities based on the modified terms are recognized at fair value. The difference between the carrying amount of the financial liability distinguished and the new financial liability with modified terms is recognized in the statement of profit or loss.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to set off the included amounts and there is an intention to settle on a net basis, to sell the assets and settle the liabilities simultaneously.

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3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.9 Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to settle 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 the primary market, in the most appropriate markets for the asset or liability.

The Company uses appropriate valuation techniques with surrounding conditions for which sufficient data are available to measure fair value, maximizing the use of appropriate inputs that can be monitored and minimizing the use of inputs that cannot be monitored to the greatest extent possible.

The measurement of the fair value of a non-financial asset takes into account the ability of the market participant to generate economic benefits by using the asset at its maximum and best use or by selling it to another market participant who may use the asset at its maximum and best use.

All assets and liabilities whose fair values are measured or disclosed in the financial statements are classified in the fair value hierarchy. This is described as follows, based on the lowest input level that is important for the overall measurement:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets and liabilities can be obtained at the measurement date.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for assets or liabilities either directly or indirectly.
- Level 3: Inputs for the asset or liability that are not based on observable market information (unobservable inputs).

For assets and liabilities that are measured in the financial statements at fair value on a recurring basis, the Group determines whether transfers have been made between hierarchy levels by reassessing the classification (based on the lowest input level that is significant for the overall measurement) at the end of each reporting period.

3.10 Cash and Cash Equivalents

For the purpose of presentation of the statement of cash flows, cash and cash equivalents include cash on hand, bank balances, short-term deposits, call deposits and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash, and which are not subject to significant risk of changes in value.

3.11 Dividends to the Company's Shareholders

Dividends to the Company's shareholders are recognized as liability in the financial statements of the Company in the year in which the dividends are approved by the Shareholders of the Company.

3.12 Employees' Benefits

Short Term Employees' Benefits

Short term employees' benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.12 Employees' Benefits (continued)

Short Term Employees' Benefits (continued)

Employees' benefits are payable to all employees under the terms and conditions of the labor law applicable on the Company, on termination of their employment contracts.

Defined Contribution Plan

Retirement benefit in the form of General Organization of Social Insurance (GOSI) is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the GOSI. The Company recognizes contribution payable to GOSI as an expense when due.

Defined Benefits Plans (employees' end-of-service benefits)

The Company operates defined benefits plans, under the Saudi Labor Law applicable based on employees' accumulated periods of service as at the date of statement of financial position.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method. Previously, "employees' end of service benefits' obligation" was calculated at the present value of the vested benefits to which the employee was entitled, should his service be terminated at the reporting date.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in the statement of profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date on which the Company recognizes related restructuring costs.
- Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Company recognizes the following changes in the defined benefit obligation in the statement of profit or loss:

- Services costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements, and
- Net interest expense or income.

3.14 Trade payables and other current liabilities

Trade payables and other current liabilities are obligations on the basis of normal credit terms and do not bear interest. Trade payables denominated in a foreign currency are translated into Saudi Arabian Riyals ("SR") using the exchange rate at the reporting date, if any. Foreign exchange gains or losses are included in other income or other expenses.

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3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.15 Zakat and Value Added Tax (VAT)

Zakat

Provision for Zakat is calculated at the date of the statement of financial position in accordance with regulations of the Zakat, Tax and Customs Authority ("ZATCA").

The resulting provision is recorded in the statement of profit or loss. Additional Zakat liabilities, if any, related to prior years' assessments arising from ZATCA are recognized in the period in which the final assessments are finalized.

Value added tax ("VAT")

The Company is subject to a VAT on a monthly basis. VAT is paid and settled through the monthly statements submitted by the Company to the Zakat, Tax, and Customs Authority (the "ZATCA").

3.16 Provisions

Provisions are recognized when the Company has a current liability (legal or constructive) as a result of a past event and it is probable that the liability will be settled and the amount of the liability can be reliably measured. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item recognized in the same item of liabilities may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

3.17 Recognition of Revenue from Contracts with Customers

The Company has adopted IFRS 15: Revenue from Contracts with Customers, which was effective from 1 January 2018.

Revenue is measured based on consideration specified in a contract with a customer, includes unbilled revenue (contract asset) and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control over a product or service to a customer.

The Company recognizes revenue from contracts with customers based on a five-step model as set out in IFRS 15:

- Step 1: Identify the contract(s) with a 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 in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- Step 3: Determine the transaction price: The transaction price is the amount of consideration to which 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 to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate 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: Recognize revenue when (or as) the entity satisfies a performance obligation.

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3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.17 Recognition of revenue from contracts with customers (continued)

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 of a contract (or both) is considered as a contract modification and the Group 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 in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently 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.

Revenue recognition

Revenue from contracts concluded with customers are recognized when control of goods are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for such goods. The Company has generally concluded that it is the principal in all its revenue arrangements as it controls the goods before transferring them to the customer at an amount that reflects the consideration that the entity expects to receive against such goods.

Sale of goods

The revenues represent net income resulting from selling goods in the Company's ordinary course of business after volume rebates and Value Added Tax (VAT). The sale of aluminum, metal powder coating and aluminum accessories is generally expected to be a sole performance obligation. Revenues from the sale of goods are recognised at a point in time when the control of goods is transferred to the customer, i.e., normally upon delivery, in a manner that reflects the consideration the Company expects to be entitled to against such goods.

The Company does not provide guarantee service for its sold products and does not grant its customers the right to return the goods sold, except for exceptional cases, which did not have a significant impact on the financial statements up to the reporting date.

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3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.17 Recognition of revenue from contracts with customers (continued)

Revenue streams

The Company earns revenue from following streams:

Revenue streams	Revenue recognition
Sales from activity of forming and selling aluminum	At point in time
Sales from the activity of selling metal coating powder	At point in time
Sales from the activity of selling aluminum accessories	At point in time

3.18 Other revenues

All other revenues are recognized on an accrual basis when the Company's right to earn the revenues is established.

3.19 Cost of sales

Production costs and direct manufacturing expenses are classified as cost of sales. This includes raw material, direct labors, depreciation and other related general indirect costs. This also includes share of the related common overheads.

3.20 Selling and distribution expenses

This include any costs incurred to execute or facilitate all sale transactions in the Company. These costs typically include salaries of the sales employees, costs of managing the exhibitions, marketing and distribution expenses, and logistics expenses as well as commissions, fees and the like. This includes share of the related general common costs.

3.21 General and administrative expenses

This relates to operating expenses that are not directly related to the production or sale of the company's products. This includes share of the related general common costs.

Common expenses between direct cost, selling and distribution expenses, and general and administrative expenses, when required, are allocated on a consistent basis.

3.22 Finance Cost

The finance cost consists of other bank commissions that an entity incurs in connection with issuing letters of guarantee and credit and other transactions and interest on the employee's end-of-service benefits according to IAS 19 'Employee Benefits', and interest expenses on lease liabilities in accordance with IFRS 16 'Leases'.

3.23 Contingent Liabilities

They are liabilities that are likely to arise from past events and will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events and do not fall within the full control of the Company, or a present obligation arising from past events that are not recorded because it is unlikely that there will be a need for flow of resources embodying economic benefits to settle the obligation. If the amount of the obligation cannot be measured with sufficient reliability, then the Company does not recognize contingent liabilities but discloses them in the financial statements.

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3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**3.24 Foreign Currency Translations**

Transactions in foreign currency are translated into Saudi Riyal at the rate of exchange ruling at the date of those transactions. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are retranslated into Saudi Riyal at the rate of exchange ruling at the year-end. Gain or loss arising from foreign currency payment or translations are recognized in the statement of profit or loss.

3.25 Segment Reporting

An operating segment is a component of the Company:

- that engages in business activities from which it may earn revenues and incur expenses.
- Results of its operations are continuously analyzed by the chief operating decision maker in order to make decisions related to resources allocation and performance assessment; and
- for which discrete financial information is available.

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

IFRS 8 requires operating segments to be identified based on internal reports that are regularly reviewed by the Company's executive management and used to allocate resources to segments and assess their performance. These operating segments described below has been identified in note (23) in accordance with IFRS 8. Most of the Company's revenues, profits and assets arise by its operations in Saudi Arabia and arise from these specific business segments. The executive management monitors the operational results of these operating segments continuously for making decisions about resource allocation and performance evaluation. Segment performance is evaluated based on profit or loss and other performance measurement indicators.

3.26 Earnings per Share

The Company presents basic earnings per share for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the number of ordinary shares outstanding during the year.

In a capitalization or bonus issue or a share split, ordinary shares are issued to existing shareholders for no additional consideration. Therefore, the number of ordinary shares outstanding is increased without an increase in resources. The number of ordinary shares outstanding before the event is adjusted for the proportionate change in the number of ordinary shares outstanding as if the event had occurred at the beginning of the earliest period presented.

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4. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Trucks	Plant and equipment	Leasehold improvements	Aluminum casting molds	Furniture & fixtures	Projects in progress	Total
Cost								
Balance at 1 January 2022	106,398,087	7,817,350	354,452,937	3,596,484	83,408,903	11,893,034	-	567,566,795
Additions	586,487	509,451	4,019,564	22,700	9,737,062	1,632,807	-	16,508,071
Reclassification	-	-	-	(2,317,872)	-	-	2,317,872	-
Transferred from work in progress to buildings	2,317,872	-	-	-	-	-	(2,317,872)	-
Disposals	-	(270,500)	-	-	(4,340,438)	-	-	(4,610,938)
Balance at 31 December 2022	109,302,446	8,056,301	358,472,501	1,301,312	88,805,527	13,525,841	-	579,463,928
Additions	54,852	349,326	2,637,525	-	9,039,695	1,863,541	-	13,944,939
Disposals	-	-	-	-	(5,965,553)	-	-	(5,965,553)
Balance at 31 December 2023	109,357,298	8,405,627	361,110,026	1,301,312	91,879,669	15,389,382	-	587,443,314
Accumulated depreciation								
Balance at 1 January 2022	71,043,284	7,606,107	282,472,043	912,841	75,149,553	11,275,134	-	448,458,962
Depreciation during the year	1,932,485	147,572	8,606,382	260,467	8,723,336	471,848	-	20,142,090
Disposals	-	(270,500)	-	-	(4,340,438)	-	-	(4,610,938)
Balance at 31 December 2022	72,975,769	7,483,179	291,078,425	1,173,308	79,532,451	11,746,982	-	463,990,114
Depreciation during the year	1,887,420	219,437	8,597,875	32,789	9,316,081	831,781	-	20,885,383
Disposals	-	-	-	-	(5,965,553)	-	-	(5,965,553)
Balance at 31 December 2023	74,863,189	7,702,616	299,676,300	1,206,097	82,882,979	12,578,763	-	478,909,944
Net carrying amount:								
As at 31 December 2022	36,326,677	573,122	67,394,076	128,004	9,273,076	1,778,859	-	115,473,814
As at 31 December 2023	34,494,109	703,011	61,433,726	95,215	8,996,690	2,810,619	-	108,533,370

Depreciation charge for the year has been allocated as follows:

	2023	2022
Cost of sales (note 18)	20,398,663	19,538,136
Selling and distribution expenses (note 19)	-	4,688
General and administration expenses (Note 20)	486,720	599,266
	20,885,383	20,142,090

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5. INTANGIBLE ASSETS

	2023	2022
Balance at the beginning of the year	1,018,756	1,018,756
Additions	880,685	-
Balance at the end of the year	1,899,441	1,018,756
Depreciation		
Balance at the beginning of the year	(801,870)	(636,721)
Depreciation for the year (note 20)	(238,837)	(165,149)
Balance at the end of the year	(1,040,707)	(801,870)
Net carrying amount as at the end of the year	858,734	216,886

The above intangible assets represent cost of accounting and operating software systems.

6. RIGHT OF USE ASSETS

The Company has leases for buildings (Outlets, residential buildings and storages) and lands used for building plants and office premises. The company depreciates these contracts over the lease term on a straight-line basis.

	2023	2022
Cost		
Balance at the beginning of the year	9,537,727	9,374,360
Additions during the year	-	626,133
Disposals	-	(462,766)
Balance at the end of the year	9,537,727	9,537,727
Depreciation		
Balance at the beginning of the year	(4,440,288)	(2,988,560)
Disposals	-	95,698
Depreciation charge for the year	(1,568,998)	(1,547,426)
Balance at the end of the year	(6,009,286)	(4,440,288)
Net carrying amount at the end of the year	3,528,441	5,097,439

7. CASH AND CASH EQUIVALENTS

	31 December 2023	31 December 2022
Cash in hand	581,568	105,433
Cash at banks	76,806,586	65,604,280
Total	77,388,154	65,709,712

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8. TRADE RECEIVABLES AND OTHER CURRENT ASSETS

	31 December 2023	31 December 2022
Trade receivables	266,061,787	249,061,502
Impairment losses on trade receivables	(25,346,381)	(19,881,829)
Net trade receivables	240,715,406	229,179,673
Notes receivables	82,967,941	96,187,939
Impairment losses on notes receivable	(7,487,452)	(10,717,191)
Net notes receivable	75,480,489	85,470,748
Advances to suppliers *	5,619,311	13,125,608
Prepaid expenses	2,783,217	2,964,921
Other receivables	3,674,889	4,081,087
	328,273,312	334,822,037

* Advances to suppliers are settled against supplying inventory items.

The movement in impairment losses on trade receivables is as follows:

	2023	2022
Balance at the beginning of the year	19,881,829	34,063,156
Write-off during the year	-	(15,030,583)
Provided during the year	5,464,552	849,256
Balance at the end of the year	25,346,381	19,881,829

The movement in impairment losses on notes receivable is as follows:

	2023	2022
Balance at the beginning of the year	10,717,191	11,665,037
Write-off during the year	-	(307,994)
Reversal during the year	(3,229,739)	(639,852)
Balance at the end of the year	7,487,452	10,717,191

The movement in impairment losses on trade receivables and notes receivables in the statement of profit or loss during the year is as follows:

	For the year ended 31 December 2023	2022
Impairment losses on trade receivables	5,464,552	849,256
Reversal of impairment losses on notes receivables	(3,229,739)	(639,852)
Balance at the end of the year	2,234,813	209,404

9. INVENTORY

	31 December 2023	31 December 2022
Finished Goods	14,398,686	16,744,005
Raw materials	115,489,409	79,159,559
Work in progress	2,719,844	7,117,445
Spare parts	8,569,334	4,666,107
Packing and packaging materials	781,899	1,019,342
Total	141,959,172	108,706,458
Less: Expected adjustments of net realizable value	(804,849)	(804,849)
Net inventory	141,154,323	107,901,609

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10. SHARE CAPITAL

Share capital at 31 December 2023 is detailed as:

Shareholder's name	No. of shares	Value of share/ SR	Total value	% of shareholding
Mr. Mansour Kamel Ibrahim Al-Fattouh Albalawi	6,731,287	10	67,312,870	16,83%
Mr. Naser Kamel Ibrahim Al-Fattouh Albalawi	6,731,287	10	67,312,870	16,83%
Mr. Mowafak Kamel Ibrahim Al-Fattouh Albalawi*	5,720,251	10	57,202,510	14,30%
Ms. Elham Mahmoud Ibrahim	4,494,482	10	44,944,820	11,24%
Ms. Amal Kamel Al-Fattouh Albalawi	2,860,127	10	28,601,270	7,15%
Ms. Dalal Kamel Al-Fattouh Albalawi	2,860,127	10	28,601,270	7,15%
Ms. Manal Kamel Al-Fattouh Albalawi	2,860,118	10	28,601,180	7,15%
Mr. Nawaf Khaled Al-Fattouh Albalawi	2,944,937	10	29,449,370	7,36%
Mr. Abdulaziz Khaled Al-Fattouh Albalawi	2,944,937	10	29,449,370	7,36%
Ms. Basma Hussein Al-Fattouh Albalawi	841,412	10	8,414,120	2,10%
Mr. Faris Abdulaziz Al-Fattouh Albalawi	252,759	10	2,527,590	0,63%
Mr. Muhammad Abdulaziz Al-Fattouh Albalawi	252,759	10	2,527,590	0,63%
Mr. Ibrahim Abdulaziz Al-Fattouh Albalawi	252,759	10	2,527,590	0,63%
Ms. Fatima Ali Al-Fattouh Albalawi	126,379	10	1,263,790	0,32%
Ms. Reem Abdulaziz Al-Fattouh Albalawi	126,379	10	1,263,790	0,32%
	40,000,000		400,000,000	100%

As indicated in Note (1), the Company recorded the increase in the capital account which is represent SR 50,000,000, such increase was covered as follows:

- An amount of SR 35,732,144 from the retained earnings account.
- An amount of SR 14,267,856 from the statutory reserve account.

(*) On 15 January 2024, Mr. Mowafak Kamel Ibrahim Al-Futuh Al-Balawi who owned 14.30% out of the total share capital as of the reporting has passed away. therefore, the company started the process of transferring these shares to the legal heirs in accordance with the provisions of Islamic Sharia.

Share capital structure at 31 December 2022 is detailed as:

Shareholder's name	No. of shares	Value of share / SR	Total value	% of shareholding
Mr. Mansour Kamel Ibrahim Al-Fattouh Albalawi	5,889,876	10	58,898,760	16.83%
Mr. Naser Kamel Ibrahim Al-Fattouh Albalawi	5,889,876	10	58,898,760	16.83%
Mr. Mowafak Kamel Ibrahim Al-Fattouh Albalawi	5,005,220	10	50,052,200	14,30%
Ms. Elham Mahmoud Ibrahim	3,932,672	10	39,326,720	11,24%
Ms. Amal Kamel Al-Fattouh Albalawi	2,502,611	10	25,026,110	7,15%
Ms. Dalal Kamel Al-Fattouh Albalawi	2,502,611	10	25,026,110	7,15%
Ms. Manal Kamel Al-Fattouh Albalawi	2,502,603	10	25,026,030	7,15%
Mr. Nawaf Khaled Al-Fattouh Albalawi	2,576,820	10	25,768,200	7,36%
Mr. Abdulaziz Khaled Al-Fattouh Albalawi	2,576,820	10	25,768,200	7,36%
Ms. Basma Hussein Al-Fattouh Albalawi	736,235	10	7,362,350	2,10%
Mr. Faris Abdulaziz Al-Fattouh Albalawi	221,164	10	2,211,640	0,63%
Mr. Muhammad Abdulaziz Al-Fattouh Albalawi	221,164	10	2,211,640	0,63%
Mr. Ibrahim Abdulaziz Al-Fattouh Albalawi	221,164	10	2,211,640	0,63%
Ms. Fatima Ali Al-Fattouh Albalawi	110,582	10	1,105,820	0,32%
Ms. Reem Abdulaziz Al-Fattouh Albalawi	110,582	10	1,105,820	0,32%
	35,000,000		350,000,000	100%

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11. STATUTORY RESERVE

In accordance with the companies law in force in the Kingdom of Saudi Arabia, the Company is required to transfer 10% of the annual net profit to the statutory reserve (after absorbing the accumulated losses balance). This transfer ceases when the balance of this reserve reaches 30% of the share capital.

With the introduction of the new companies law in the Kingdom of Saudi Arabia into force starting from 19 January 2023, the requirement to form a statutory reserve is no longer necessary. Accordingly, the Company's shareholders, in the Extraordinary General Assembly meeting held on 22 October 2023, decided to amend the Company's bylaws in accordance with the new companies law and to unwind the item related to the creation of a statutory reserve. These legal formalities for amending the Company's bylaws have been finalized on 29 October 2023.

12. DIVIDENDS

The Extraordinary General Assembly, in its meeting held on 7 Rabi' II 1445H (corresponding to 22 October 2023), approved authorizing the Board of Directors of Al Taiseer Group TALCO Industrial Company Closed Joint Stock, a closed joint-stock company, to pay cash dividends for the fiscal year 2022 to the company's shareholders, each according to their share in the company, in the amount of SR 43.88 million (2022: SR 20.43 million).

13. EMPLOYEES' RETIREMENT BENEFITS OBLIGATIONS

The Company's employees' benefits obligations related to long-term service payments are based on a government-mandated plan which is as follows:

	2023	2022
Balance at the beginning of the year	35,717,128	32,429,426
Current period cost	2,661,960	2,360,886
Financial charges (note 22)	1,775,124	804,620
Paid during the year	(1,821,522)	(1,751,404)
Actuarial gains / (losses) recognized in other comprehensive income	(2,424,700)	1,873,600
Total balance at the end of the year	35,907,990	35,717,128
Less: advances paid to employees from their end of service		
Balance at the beginning of the year	(15,945,170)	(15,430,523)
Change in advances paid to employees	1,756,561	(514,647)
Total advance paid to employees	(14,188,609)	(15,945,170)
Net balance at the end of the year	21,719,381	19,771,958

Expense recognized in the statement of profit or loss

	Year ended 31 December	
	2023	2022
Current service cost	2,661,960	2,360,886
Interest cost	1,775,124	804,620
	4,437,084	3,165,506

All changes in employees' defined benefits obligations are recognized in profit or loss, except for actuarial gains and losses which are recognized in other comprehensive income.

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13 EMPLOYEES' RETIREMENT BENEFITS OBLIGATIONS (CONTINUED)

The movement in actuarial gains and losses recognised in OCI:

	2023	2022
Balance at the beginning of the year	(2,611,701)	(738,101)
Actuarial gains / (losses)	2,424,700	(1,873,600)
Balance at the end of the year	(187,001)	(2,611,701)

The most recent actuarial valuation was performed by an independent qualified actuary using the projected unit credit method.

The main assumptions used for the purposes of the actuarial valuation are as follows:

	31 December 2023 %	31 December 2022 %
Discount rate	4.7	5.10
Salary growth rate	4.5	5

Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the principal assumptions used is as follows:

Impact on the balance of the defined benefit obligations in 2023

	Change	Increase in assumption	Decrease in assumption
Discount rate	1%	33,603,434	38,553,164
Salary growth rate	1%	38,684,550	33,448,624
Mortality rate	10%	35,906,093	35,909,894
Withdrawal rate	10%	35,835,260	35,985,047

Impact on the balance of the defined benefit obligations in 2022

	Change	Increase in assumption	Decrease in assumption
Discount rate	1%	33,046,083	38,761,380
Salary growth rate	1%	38,917,783	32,861,996
Mortality rate	10%	35,714,425	35,719,845
Withdrawal rate	10%	35,652,938	35,785,122

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to happen, and changes in some assumptions may be related to others. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit obligation recognized in the statement of financial position.

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14. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	<u>31 December 2023</u>	<u>31 December 2022</u>
Letters of credit	103,098,373	104,453,268
Advances from customers	6,065,924	9,485,382
Trade payables	18,592,183	25,279,225
Accrued expenses - (Note 25)	11,015,183	7,715,726
Other payables	622,064	2,392,038
	<u>139,393,727</u>	<u>149,325,639</u>

15. ZAKAT PROVISION

Zakat status and VAT

The Company has submitted its Zakat returns up until the year ended 31 December 2022 with Zakat, Tax and Customs Authority ("ZATCA").

The Company has been reviewed for the years from the beginning of the activities up to 2018 by ZATCA, and the final assessment was issued by ZATCA. The Company repaid the differences resulting from this assessment.

Zakat provision

For the year ended 31 December 2023, the Company recorded Zakat provision amounting to SR 11,378,328 (2022: SR 10,023,276) based on the Zakat base in accordance with the Zakat, Tax and Customs Authority regulations in the Kingdom of Saudi Arabia.

Movement in provision for Zakat for the year ended 31 December 2022 and 2023 is as follows:

	<u>2023</u>	<u>2022</u>
Balance at the beginning of the year	10,023,276	8,792,085
Provision for the year	11,378,328	10,023,276
Payments made during the year	(10,023,276)	(8,792,085)
Balance at the end of the year	<u>11,378,328</u>	<u>10,023,276</u>

Zakat charge for the year is based on the Zakat base, which has the following significant components:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Share capital	400,000,000	350,000,000
Reserves/ profits carried forward	3,314,307	21,940,410
Carrying amount of long-term assets - net	(112,920,545)	(120,788,139)
Provisions	56,318,738	50,461,940
Lease liabilities and advances from customers (more than 360 days due)	6,112,446	5,145,815
Profit for the year	91,504,511	84,724,873
Zakat base	<u>444,329,457</u>	<u>391,484,899</u>

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16. LEASE LIABILITIES

	2023	2022
Balance at the beginning of the year	5,332,217	6,534,023
Additions during the year	-	626,133
Disposals	-	(277,796)
Repayment during the year	(1,741,246)	(1,823,150)
Interest expense during the year (note 22)	213,437	273,007
Balance at end of the year	3,804,408	5,332,217
Current	1,617,254	1,609,314
Non-Current	2,187,154	3,722,903
Balance at the end of the year	3,804,408	5,332,217

17. SALES

	For the year ended 31 December	
	2023	2022
Sales from activity of forming and selling aluminum	582,736,755	652,002,574
Sales from the activity of selling metal coating powder	50,696,388	54,644,916
Sales from the activity of selling aluminum accessories	37,920,704	43,226,702
	671,353,847	749,874,192

Performance obligations

Information about the Company's performance obligations are summarized below:

Type of product	Nature and timing of satisfaction of performance obligations	Revenue recognition under IFRS 15
Sales of goods	Performance obligation is satisfied at a point in time.	Revenue is recognized when control of goods is transferred to customers.

Geographical markets

	For the year ended 31 December	
	2023	2022
Local sales	523,242,017	578,789,540
External sales	148,111,830	171,084,652
	671,353,847	749,874,192

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18. COST OF SALES

	For the year ended 31 December	
	2023	2022
Raw Materials	442,030,093	542,771,411
Employees' costs	37,368,250	29,600,531
Depreciation (Note 4)	20,398,663	19,538,136
Manufacturing expenses	12,573,900	12,931,432
Utilities	7,068,968	7,003,674
Depreciation of right of assets - leases (note 6)	1,568,998	1,547,426
Water	1,357,065	1,038,911
Others	8,363,135	8,133,993
	<u>530,729,072</u>	<u>622,565,514</u>

19. SELLING AND DISTRIBUTION EXPENSES

	For the year ended 31 December	
	2023	2022
Salaries and employees' related benefits	8,552,404	7,528,248
Cargo charges	3,984,134	4,052,798
Advertisement and publicity	1,321,457	1,001,879
Royalties	39,954	71,163
Depreciation (note 4)	-	4,688
Other	1,682,183	1,333,736
	<u>15,580,132</u>	<u>13,992,512</u>

20. GENERAL AND ADMINISTRATIVE EXPENSES

	For the year ended 31 December	
	2023	2022
Salaries and employees' related benefits	21,703,916	19,750,533
remuneration	3,219,000	1,296,500
Offering and listing expenses	3,182,767	3,205,686
Administrative fees	1,612,502	1,679,363
Repair and maintenance	620,101	437,938
Insurance	767,759	623,823
Depreciation (note 4)	486,720	599,266
Printing and stationery	473,647	361,859
Depreciation of intangible assets (note 5)	238,837	165,149
Other	3,167,964	2,856,288
	<u>35,473,213</u>	<u>30,976,405</u>

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21. OTHER INCOME

	For the year ended 31 December	
	2023	2022
Income from molds	6,506,628	3,917,086
Gain from sale of property, plant and equipment	53,753	106,574
Other	167,665	231,495
	6,728,046	4,255,155

22. FINANCE COSTS

	For the year ended 31 December	
	2023	2022
Net foreign exchange loss	571,591	583,012
Interest on employees defined benefit obligation (note 13)	1,775,124	804,620
Interest on lease liabilities (Note 16)	213,437	273,007
	2,560,152	1,660,639

23. SEGMENT REPORTS

The Company's activities include a number of sectors as follows:

- Aluminum forming and selling sector
- Metal coating powder sector
- Aluminum accessories sector

	As at and for the year ended 31 December 2023			As at and for the year ended 31 December 2022		
	Aluminum forming and selling sector	Metal coating powder sector	Aluminum accessories sector	Aluminum forming and selling sector	Metal coating powder sector	Aluminum accessories sector
External Sales	582,736,755	50,696,388	37,920,704	652,002,574	54,644,916	43,226,702
Inter-segment Sales	2,424,494	12,533,735	4,043,339	1,128,556	12,132,526	3,922,156
Segment Sales	585,161,249	63,230,123	41,964,043	653,131,130	66,777,442	47,148,858
Cost of sales	(463,353,094)	(40,433,654)	(23,976,231)	(538,782,157)	(50,098,433)	(29,782,601)
Other Expenses	(32,780,693)	(10,490,585)	(7,056,510)	(29,611,417)	(8,138,602)	(6,449,795)
Depreciation and amortization	(19,317,065)	(2,698,595)	(677,557)	(18,840,122)	(2,328,879)	(685,665)
Expected credit losses	(1,273,904)	(877,501)	(83,408)	340,386	(449,201)	(100,589)
Other income	6,642,618	6,983	78,445	4,062,480	71,254	121,421
Finance costs	(1,710,906)	(490,633)	(358,613)	(1,101,110)	(309,578)	(249,951)
Income before Zakat	73,368,205	8,246,138	9,890,169	69,199,191	5,524,004	10,001,678
Total assets	553,110,184	94,206,276	31,421,442	554,268,981	63,806,563	28,329,191
Total liabilities	180,138,880	7,467,020	7,691,512	191,180,186	4,747,905	5,708,237

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23 SEGMENT REPORTS (CONTINUED)

The information by geographical distribution is as follows:

	Inside Kingdom of Saudi Arabia	Outside Kingdom of Saudi Arabia	Total
As at and for the year ended 31 December 2023			
Sales	523,242,017	148,111,830	671,353,847
Total Trade and notes receivable	257,884,298	91,145,430	349,029,728
	Inside Kingdom of Saudi Arabia	Outside Kingdom of Saudi Arabia	Total
As at and for the year ended 31 December 2022			
Sales	578,789,540	171,084,652	749,874,192
Total Trade and notes receivable	263,574,449	81,674,992	345,249,441

According to geographical distribution, below are the balances of Trade and notes receivable, and the sales for the most important foreign markets:

A) Sales

	For the year ended 31 December	
	2023	2022
Oman	65,635,184	73,980,712
UAE	24,444,324	5,609,222
Kuwait	19,879,275	10,425,350
Bahrain	12,307,718	12,141,512
Egypt	6,690,749	42,974,139
Iraq	5,086,471	7,513,880
Lebanon	5,619,856	891,756
other countries	8,448,253	17,548,081
	<u>148,111,830</u>	<u>171,084,652</u>

B) Trade and notes receivable

	31 December 2023	31 December 2022
Oman	29,859,109	31,555,054
Egypt	24,598,561	27,217,092
Kuwait	12,390,614	3,370,987
UAE	10,005,709	8,390,999
Bahrain	7,878,091	4,423,309
Lebanon	1,661,837	607,429
Iraq	280,709	1,779,099
other countries	4,470,800	4,331,023
	<u>91,145,430</u>	<u>81,674,992</u>

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24. EARNINGS PER SHARE – BASIC AND DILUTED

Basic and diluted earnings per share is calculated by dividing the profit for the period attributable to the shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

	31 December 2023	31 December 2022
Net profit for the year	80,126,183	74,701,597
Weighted average number of outstanding ordinary shares (share)*	40,000,000	40,000,000
Basic and diluted earnings per share	2.00	1.87

(*) Weighted average of the number of shares during the financial year ended 31 December 2022 has been adjusted to become 40 million shares instead of 35 million shares, as the increase in shares resulted from the distribution of bonus shares.

25. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties of the Company comprise of shareholders, members of the board of directors, and executive management. The Company transacts with its related parties in the ordinary course of business. The transactions with related parties are undertaken at mutually agreed terms and are approved by the management. Related party transactions during the year are as follows:

Related party	Nature of relationship	Nature of transaction	31 December 2023	31 December 2022
RAL Investment Company	A Company controlled by Mr. Mansaour Al Fatouh	Rentals	1,072,822	550,058

25-1 Transactions with Key Management Personnel

	For the year ended 31 December	
	2023	2022
Board and its Committees' expenses and allowances	1,309,000	1,296,500
Compensations of the key management personnel (*)	6,523,625	9,871,264
	7,832,625	11,167,764

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25. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (CONTINUED)

25-1 Transactions with Key Management Personnel (continued)

(*) Compensations of the key management personnel:	For the year ended 31 December	
	2023	2022
Short-term employees' benefits	5,634,999	9,315,913
Long term benefits	888,626	555,351
	6,523,625	9,871,264

Mr. Mansour Kamel Ibrahim Al-Fattouh Albalawi is the ultimate controlling party of the company.

25.2 Related Party Balances

Included in trade payables and other current liabilities	Related party	31 December 2023	31 December 2022
	RAL Investment Company		
Due to Related parties		50,521	550,058

26. FINANCIAL INSTRUMENTS

The Company is exposed to the following risks as a result of its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk
- Currency risk

Key management is responsible for risk management. Financial instruments carried on the statement of financial position include cash and cash equivalents, trade receivables and notes receivables, due to related parties, trade payables and other current liabilities. The particular recognition methods used in the accounting policies related to each item are disclosed. Financial assets and liabilities are offset and net amounts reported in the statement of financial position, when the Company has a legally enforceable right to set off the recorded amounts, or it intends either to settle on a net basis, or to recognize the asset and settle the liability simultaneously.

Market Risks

Market risk is the risk that arising from changes in market prices, such as currency rates and interest rates that will affect the Company profit or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

No interest rate sensitivity risk is presented as there are no borrowings as at the reporting date.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk principally arises from trade receivables and notes receivables, cash and cash equivalents, and other receivable balances.

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26. FINANCIAL INSTRUMENTS (CONTINUED)

The carrying value of financial assets represents the maximum value to which a financial asset could be exposed to credit risk as at the statement of financial position date at 31 December, as follows:

	31 December 2023	31 December 2022
Cash and cash equivalents	77,388,154	65,709,712
Trade receivables	266,061,787	249,061,502
Notes receivables	82,967,941	96,187,939
	426,417,882	410,959,153

Trade receivables and notes receivables

The Company is exposed to credit risk mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the business industry and countries in which customers operate.

The Management has established a credit policy according to which the creditworthiness of each new customer is analyzed before the Company establishes its terms and conditions for payment and supply. The Company limits its exposure to credit risk from trade receivables and notes receivables by setting maximum collection limits and credit limits for its customers.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2023 and 2022:

	31 December 2023			31 December 2022		
	Gross carrying amount	Weighted average loss	Loss allowance (%)	Gross carrying amount	Weighted average loss	Loss allowance (%)
Not yet due	148,961,558	1,868,398	1%	148,310,084	1,744,834	1%
Less than 3 months	46,908,045	1,882,370	4%	42,562,618	1,888,260	4%
More than 3 months and less than 6 months	21,962,227	2,167,447	10%	20,556,027	2,233,628	11%
More than 6 months and less than 9 months	3,733,931	668,362	18%	7,862,535	1,460,437	19%
More than 9 months and less than one year	7,256,753	1,766,675	24%	9,839,301	2,641,111	27%
Greater than one year	37,239,273	16,993,129	46%	19,930,937	9,913,550	50%
Total	266,061,787	25,346,381		249,061,502	19,881,829	

The following table provides also information about the exposure to credit risk and ECLs for notes receivables as at 31 December 2023 and 2022:

	31 December 2023			31 December 2022		
	Gross carrying amount	Weighted average loss	Loss allowance (%)	Gross carrying amount	Weighted average loss	Loss allowance (%)
Not yet due	54,326,232	578,058	1%	59,814,087	1,321,868	2%
Less than 3 months	13,334,899	626,752	5%	16,751,377	2,914,158	17%
More than 3 months and less than 6 months	2,145,407	302,207	14%	602,250	105,298	16%
More than 6 months and less than one year	1,603,804	385,307	24%	8,160,382	2,776,556	34%
Greater than one year	11,557,599	5,595,128	48%	10,859,843	3,599,311	33%
Total	82,967,941	7,487,452		96,187,939	10,717,191	

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26. FINANCIAL INSTRUMENTS (CONTINUED)

Credit Risk (Continued)

Cash and Cash equivalents

As at 31 December 2023, the Company held cash and cash equivalent of SR 77,388,154 (2022: SR 65,709,712). Cash and cash equivalents are held with banks and financial institutions having sound credit ratings range from -BBB and above. The Company regularly updates its cash flows. Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers using internal and external rating criteria. Outstanding customer receivables are monitored regularly.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Liquidity risk is the difficulties that the Company will encounter in raising funds to meet commitments related to financial instruments. Liquidity risk may result from the inability to sell financial assets quickly at an amount close to its fair value.

The Company manages liquidity risk by maintaining the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the next 90 days. The Company also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables and ensures that bank facilities are available.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are based on the gross undiscounted amount.

The following are the contractual maturities of non-derivative financial liabilities:

	Carrying amount	Contractual Cash flows	
		Less than 1 year	More than one and less than five years
31 December 2023			
Trade payables and other current liabilities	139,343,206	139,343,206	-
Due to related parties	50,521	50,521	-
Lease liabilities	3,804,408	1,611,345	2,975,381
	143,198,135	141,005,072	2,975,381
		Contractual Cash flows	
		Less than 1 year	More than one and less than five years
31 December 2022			
Trade payables and other current liabilities	148,775,581	148,775,581	-
Due to related parties	550,058	550,058	-
Lease liabilities	5,332,217	1,816,245	4,245,978
	154,657,856	151,141,884	4,245,978

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26. FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity Risk (CONTINUED)

Exposure to liquidity risk (continued)

Liquidity risk is managed by monitoring on a regular basis and ensuring that sufficient funds are available to meet the Company's future liabilities.

Currency Risk

The Company is exposed to currency risk on sales, purchases that are denominated in a currency other than the respective functional currencies of Company's entities, which is in Saudi Riyals.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

The following table illustrates the sensitivity of the Company to a reasonably possible change in the Saudi Riyals against major currencies (USD, Euro, AED and GBP) by 5% higher or lower with all other variables held constant, of the Group's monetary assets and liabilities:

Profit/(loss) through statement of profit or loss and other comprehensive income for the year ended 31 December 2023:

	AED sensitivity	USD sensitivity	EUR sensitivity	GBP sensitivity
Increase by 5%	506,379	(3,689,096)	(12,365)	(39,019)
Decrease by 5%	(506,379)	3,689,096	12,365	39,019

Profit/(loss) through statement of profit or loss and other comprehensive income for the year ended 31 December 2022

	AED sensitivity	USD sensitivity	EUR sensitivity
Increase by 5%	125,306	(3,494,592)	(115,228)
Decrease by 5%	(125,306)	3,494,592	115,228

The Company's exposure to foreign currency risk at the end of the reporting year, in SR, is as follows:

	2023		
	Trade receivables and notes receivable	Trade payables and notes payable	Cash and cash equivalents
USD	30,148,693	103,930,620	-
Euro	-	247,291	-
AED	10,005,709	791,233	913,105
Pound Sterling (GBP)	-	780,371	-
Swiss Franc	-	-	-

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26. FINANCIAL INSTRUMENTS (CONTINUED)

Currency Risk (continued)

	2022		
	Trade receivables and notes receivable	Trade payables and notes payable	Cash and cash equivalents
USD	33,020,858	102,912,707	-
Euro	-	2,304,558	-
AED	845,712	-	1,660,398

Capital Management

Share capital represents equity attributable to the shareholders of the Company. The Company objectives when managing capital are to safeguard its ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other beneficiaries and maintain an optimal capital structure to reduce the cost of capital. The management policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. The management monitors the return on capital, which the Company defines as result from operating activities divided by total shareholders' equity. The Company also monitors the level of dividends to the shareholders. There were no changes in the Company approach in capital management during the year.

The Company's debt ratio to adjusted capital at the end of the financial reporting period was as follows:

	31 December 2023	31 December 2022
Total liabilities	176,295,844	184,453,090
Less: Cash at banks	77,388,154	65,709,712
Adjusted net debt (a)	98,907,690	118,743,378
Total equity (b)	483,440,490	444,768,407
Adjusted net debt ratio from adjusted equity (a) / (b)	20%	27%

27. FINANCIAL INSTRUMENTS BY CATEGORY

Financial instruments have been categorized as follows:

	31 December 2023	31 December 2022
Financial Assets Not Measured at Fair Value		
Cash and cash equivalents	77,388,154	65,709,712
Trade receivables and other current assets	328,273,312	334,822,037
Total financial assets	405,661,466	400,531,749

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27. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

	31 December 2023	31 December 2022
<u>Financial Liabilities Not Measured at Fair Value</u>		
Trade payables	139,393,727	148,775,581
Amounts due to related parties	50,521	550,058
Lease liability on right-of-use assets	3,804,408	5,332,217
Total financial liabilities	143,248,656	154,657,856

Fair value of financial assets and liabilities which is measured at amortized cost are not significantly different from their carrying amount.

28. COMMITMENTS AND CONTINGENCIES

Contingent liabilities

The Company has an outstanding bank letter of guarantee of SR 5 million as of 31 December 2023 (31 December 2022: SR 5 million), issued by a local bank in favor of the Zakat, Tax and Customs Authority in relation to customs duties on imported goods.

Capital Commitments

As at 31 December 2023, the Company has no Capital Commitments (2022: nil).

29. SUBSEQUENT EVENTS

On 25 Ramadhan 1445 (corresponding to 4 April 2024) the shareholders in their Ordinary General Assembly Meeting approved a recommendation from the Board of Directors on 8 Ramadan 1445 (corresponding to 18 March 2024) to distribute cash dividend amounting to SR 46,212,618, Other than this there are no significant subsequent events since the end of the year, which may require disclosure or adjustment in these financial statements.

30. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved by the Board of Directors on 19 Shawwal 1445H (corresponding to 28 April 2024).



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