Offering Period: A period of two working days

starting on Wednesday, 27 Sha'ban 1446H (corresponding to 26 February 2025G)

until 2:00 p.m. Thursday 28 Rajab Sha'ban 1446H (corresponding to 27 February 2025G).

Prospectus of Arabian Company for Agricultural and Industrial Investment

A Saudi closed joint stock company with Commercial Registration No. 1010318944 dated 24 Thul-Qi'dah 1432H (corresponding to 22 October 2011G).

Offering of nine million (9,000,000) ordinary shares representing 30 per cent. of the share capital of Arabian Company for Agricultural and Industrial Investment through an initial public offering at an offer price of fifty Saudi Arabian Riyals (SAR 50) per share.

Arabian Company for Agricultural and Industrial Investment (hereinafter referred to as the "**Company**" or the "**Issuer**") is a Saudi closed joint stock company with Commercial Registration No. 1010318944 dated 24 Thul-Qi'dah 1432H (corresponding to 22 October 2011G) issued in Riyadh, Kingdom of Saudi Arabia (the "**Kingdom**"). The Company's head office and registered address is located at Prince Sultan bin Abdulaziz Road, Al Olaya District, P.O. Box 53845, Postal Code 12311, Riyadh, Kingdom of Saudi Arabia. As of the date of this prospectus (the "**Prospectus**"), the current share capital of the Company is three hundred million Saudi Arabian Riyals (SAR 300,000,000), divided into thirty million (30,000,000) ordinary shares with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per share (the "**Shares**").

The Company's operations date back to 2004G, when the Foods Business Unit of Arabian Agricultural Services Company ("**ARASCO**") established the "Entaj" brand for the production and marketing of broiler chickens. The Company was officially established as a limited liability company on 24 Thul-Qi'dah 1432H (corresponding to 22 October 2011G) with a share capital of fifty million Saudi Arabian Riyals (SAR 50,000,000), divided into fifty thousand (50,000) Shares, with a fully paid nominal value of one thousand Saudi Arabian Riyals (SAR 1,000) per Share. It was established to serve as the investment arm of ARASCO. At the time of its founding, ARASCO owned 99 per cent. of the Company's Shares, while 0.8 per cent. was owned by eight natural persons and the remaining 0.2 per cent. was owned by one legal person. On 17 Jumada al-Ula 1442H (corresponding to 1 January 2021G), ARASCO began transferring its entire poultry operations, along with the "Entaj" brand, to the Company. The Company started issuing its own financial statements, including for its poultry operations, in the year 2021G. Pursuant to Shareholders Resolution No. 257597 dated 18 Shawwal 1442H (corresponding to 30 May 2021G), all shareholders agreed to transfer their Shares to ARASCO, making the former Shareholders' ownership in ARASCO an indirect ownership in the Company instead of direct ownership in their personal or legal capacity. Pursuant to the Shareholder's Resolution dated 28 Rabi' al-Thani 1445H (corresponding to 12 November 2023G), the Company's share capital was increased from fifty million Saudi Arabian Riyals (SAR 50,000,000) divided into fifty thousand (50,000) Shares with a nominal value of one thousand Saudi Arabian Riyals (SAR 1,000) per Share, to three hundred million Saudi Arabian Riyals (SAR 300,000,000), divided into three hundred thousand (300,000) Shares, with a fully paid nominal value of one thousand Saudi Arabian Riyals (SAR 1,000) per Share, by converting into the capital account an amount of one hundred twenty million two hundred eighteen thousand four hundred seventy-four Saudi Arabian Riyals (SAR 120,218,474), which represents the total balance of the non-current portion of amounts due to a Related Party (ARASCO), and an amount of one hundred twenty-nine million seven hundred eighty-one thousand five hundred twenty-six Saudi Arabian Riyals (SAR 129,781,526), which represents a portion of the balance of the current portion of amounts due to a Related Party (ARASCO). Pursuant to Shareholders Resolution No. 1000550012 dated 19 Jumada al-Akhirah 1445H (corresponding to 1 January 2024G), ARASCO transferred a portion of its Shares amounting to fourteen thousand seven hundred Saudi Arabian Riyals (SAR 14,700), with a nominal value of one thousand Saudi Arabian Riyals (SAR 1,000) per Share, representing 4.9 per cent. of the Company's share capital, to Ocean Line Marine Services Company. The transfer was made in exchange for cash at a value corresponding to the percentage of net assets. As a result, ARASCO's shareholding became two hundred eighty-five thousand three hundred (285,300) Shares with a nominal value of one thousand Saudi Arabian Riyals (SAR 1,000) per Share, representing 95.1 per cent. of the Company's share capital. Each fully paid Share with a nominal value of one thousand Saudi Arabian Riyals (SAR 1,000) was split into one hundred (100) Shares with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per Share. The Company was converted from a limited liability company to a closed joint stock company with a share capital of three hundred million Saudi Arabian Riyals (SAR 300,000,000), divided into thirty million (30,000,000) ordinary Shares, with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per Share (for further details on the history of the Company, see Section 4.2 (*Corporate History*)).

As of the date of this Prospectus, the Company's share capital is three hundred million Saudi Arabian Riyals (SAR 300,000,000), divided into thirty million (30,000,000) ordinary Shares, with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per Share.

The initial public offering of the Company's Shares (the "**Offering**") will consist of nine million (9,000,000) ordinary Shares (collectively, the "**Offer Shares**" and each an "**Offer Share**"). The offer price will fifty Saudi Arabian Riyals (SAR 50) 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 30 per cent. of the issued share capital of the Company. Subscription to the Offer Shares shall be restricted to the following two groups of investors (collectively, the "**Investors**"):

Tranche (A) Participating Parties: This tranche comprises the parties entitled to participate in the book-building process specified under the Book-Building Instructions (as defined in Section 1 (*Definitions and Abbreviations*)) issued by the Capital Market Authority (the "**CMA**"). This includes investment funds, Qualified Foreign Investors, GCC Corporate Investors, and certain other foreign investors under swap agreements (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 is nine million (9,000,000) Offer Shares, representing one hundred per cent. (100%) of the Offer Shares. The final allocation will be made after the end of the subscription period for Individual Subscribers (as defined in tranche (B) below) by the Financial Advisor (as defined in Section 1 (*Definitions and Abbreviations*)) 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. If there is sufficient demand from Individual Subscribers, the Financial Advisor shall have the right, in coordination with the Company, to reduce the number of Offer Shares allocated to Participating Entities to eight million one hundred thousand (8,100,000) Offer Shares, representing ninety per cent. (90%) of the Offer Shares.

Tranche (B) Individual Subscribers: This tranche comprises Saudi Arabian natural persons, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi spouse, who can subscribe for her own benefit in the names of her minor children on the condition that she submits proof that she is a divorcee or widow and the mother of her minor children, as well as any non-Saudi natural person resident in the Kingdom or GCC natural person who has an investment account and an active investment portfolio with one of the Receiving Agents (collectively, the "**Individual Subscribers**" and each an "**Individual Subscriber**", and 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 nine hundred thousand (900,000) Offer Shares representing ten per cent. (10%) of the total Offer Shares shall be allocated to Individual Subscribers. If Individual Subscribers 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 Subscribers in proportion to the number of Offer Shares subscribed by them.

Prior to the Offering, the Company's current shareholders (whose names are mentioned on page (xii)) own all of the Shares in the Company. The Offer Shares will be sold by ARASCO (hereinafter referred to as the "**Selling Shareholder**") in accordance with Table 4 (*Direct Ownership Structure of the Company Pre- and Post-Offering*). Upon completion of the Offering, the Selling Shareholder will own 65.10 per cent. of the Shares and will consequently retain a controlling interest in the Company. After deducting the Offering expenses (the "**Net Offering Proceeds**"), the Offering proceeds (the "**Offering Proceeds**") will be paid to the Selling Shareholder. The Company will not receive any part of the Net Offering Proceeds (for further details, see Section 8 (*Use of Offering Proceeds*)). The Offering is fully underwritten by the underwriter (for further details, see Section 12 (*Underwriting*)). ARASCO is considered a substantial shareholder in the Company (hereinafter referred to as the "**Substantial Shareholder**"), holding a 95.1 per cent. ownership stake in the Company's Shares prior to the Offering. Table 2 (*Substantial Shareholder and Its Ownership in the Company Pre- and Post-Offering*) of this Prospectus provides details on the ownership percentage of the Substantial Shareholder before and after the Offering. The Substantial Shareholder will be prohibited from selling its Shares for a period of six (6) months from the date of commencement of trading of the Company's Shares on the Saudi Exchange ("**Tadawul**" or the "**Exchange**") (the "**Lock-up Period**"). Following the end of the Lock-up Period, the Substantial Shareholder may dispose of its Shares.

The Offering for Individual Subscribers will commence on Wednesday, 27 Sha'ban 1446H (corresponding to 26 February 2025G) until 2:00 p.m. Thursday 28 Rajab Sha'ban 1446H (corresponding to 27 February 2025G). (the "**Offering Period**"). Subscription to the Offer Shares by Individual Subscribers through the website and platforms of the receiving agents (the "**Receiving Agents**") listed on page (viii) to their clients (for further details, see Section 16 (*Subscription Terms and Conditions*)). Participating Parties can bid for the Offer Shares through the Bookrunner within the book-building period before the Shares are offered to Individual Subscribers.

Each Individual Subscriber who subscribes to the Offer Shares must apply for a minimum of ten (10) Offer Shares. The maximum number of Offer Shares that he/she subscribe to is two hundred fifty thousand (250,000) Offer Shares. The minimum number of allocated Offer Shares is ten (10) Offer Shares per Individual Subscriber. The remaining 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 Subscriber. If the number of Individual Subscribers exceeds ninety thousand (90,000), the Company will not guarantee the minimum allocation and the Offer Shares will be allocated at the discretion of the Financial Advisor in coordination with the Company. Excess subscription monies, if any, will be refunded to Individual Subscribers without any charge or withholding by the relevant Receiving Agent. The announcement of the final allocation shall be made no later than Tuesday, 4 Ramadan 1446H (corresponding to 4 March 2025G) and the refund of excess subscription monies, if any, will be made no later than Tuesday, 10 Ramadan 1446H (corresponding to 10 March 2025G) (for further details, see "*Key Dates and Subscription Procedures*" on page (xvi) and Section 16 (*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 the Company's general assembly meetings (the "**General Assembly**"). No Shareholder benefits from any preferential voting rights. A Shareholder is entitled to delegate another person, who is not a Company Director, to attend and vote in General Assembly meetings on their behalf. Offer Shares entitle their holders to receive their share of any dividends declared by the Company starting from the date of this Prospectus and for subsequent financial years (for further details, see Section 7 (*Dividend Policy*)).

Prior to the Offering, the Company's Shares have not been listed or traded on any market in the Kingdom or elsewhere. The Company has submitted an application to the CMA for the registration and offering of the Shares, and an application to Tadawul for the listing of the Shares on the Exchange. This Prospectus has been approved, and the required documents have been submitted, to the relevant authorities. All of the requirements have been met and all of the official approvals for the Offering have been obtained. It is expected that trading in the Shares on the Exchange will commence shortly after the final allocation of the Shares and the satisfaction of all relevant regulatory requirements (for further details, see "*Key Dates and Subscription Procedures*" on page (xvi)). Saudi natural persons, non-Saudi natural persons holding valid residence permits in the Kingdom, citizens of Cooperation Council for the Arab States of the Gulf (the "**GCC**") countries, and companies, banks and investment funds established in the Kingdom or the GCC will be permitted to trade in the Shares after the trading on the Exchange commences. 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 persons who are not residents in the Kingdom and non-GCC institutions incorporated outside the Kingdom (collectively referred to as 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 licenced by the CMA to acquire and trade shares listed on the Exchange on behalf of Foreign Investors ("**Capital Market Institutions**"). Under such swap agreements, the Capital Market Institutions will be the registered legal owner of such Shares. Other Foreign Investors that are clients of a Capital Market Institution authorised by the CMA to conduct managing activities will be permitted to trade in the Shares, provided that the Capital Market Institution has been appointed under terms that enable it to make all investment decisions on the client's behalf without obtaining prior approval from the client.

Subscription to the Offer Shares involves certain risks and uncertainties. For a discussion of certain factors to be carefully considered before deciding 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.

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 CMA and the application for the listing of securities in compliance with the requirements of the Listing Rules of the Saudi Exchange Company. The Directors, whose names appear in this Prospectus, collectively and individually bear 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 bear 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 (http://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.

Financial Advisor, Lead Manager, Bookrunner and Underwriter

Receiving Agents

This Prospectus was issued on 27 Rabi' al-Awwal 1446H (corresponding to 30 September 2024G).

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Important Notice

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

With respect to the Offering, SNB Capital has been appointed by the Company as financial advisor (the "**Financial Advisor**"), lead manager (the "**Lead Manager**"), underwriter (the "**Underwriter**") and bookrunner (the "**Bookrunner**") (for further details see Section 12 (*Underwriting*)).

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 and the Listing Rules of the Saudi Exchange. The Directors, whose names appear on page (iv), collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus, and they confirm that according to their knowledge and belief, after undertaking all reasonable enquiries, there are no other facts the omission 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 none of the Company, the Selling Shareholder, the Financial Advisor, or any of the Company's advisors whose names appear on pages (vi) to (vii) of this Prospectus (together with the Financial Advisor, the "**Advisors**") has any reason to believe that any of the market and industry information is materially inaccurate, none of the Company, the Selling Shareholder, or any of the Advisors has independently verified such information, and thus 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 or other factors over which the Company has no control (for further details, see Section 2 (*Risk Factors*)). Neither the presentation 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 Shareholder, 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 the particular investment needs of the persons 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 licenced financial advisor in relation to the Offering and must rely on their 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 whether to invest as a basis for their own examination of the investment opportunity and such investor's individual circumstances.

The Offering is limited to two tranches of investors:

Tranche (A): Participating Parties, comprising the parties entitled to participate in the book-building process as specified under the Book-Building Instructions issued by the CMA, 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 Subscribers, comprising Saudi Arabian natural persons, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi spouse who can subscribe for her own benefit in the names of her minor children, on the condition that she submits proof that she is a divorcee or widow and the mother of her minor children, as well as any non-Saudi natural person resident in the Kingdom or GCC natural person who has an investment account and an active investment portfolio with one of the Receiving Agents. 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 16 (*Subscription Terms and Conditions*).

The distribution of this Prospectus and the sale of the Offer Shares to any person in any country other than the Kingdom are expressly prohibited, except for GCC investors, Qualified Foreign Investors and/or certain Foreign Investors through swap agreements. This Offering does not constitute an offer to sell securities or solicitation of an offer to buy securities in any country in which this Prospectus would be unlawful or prohibited. All of the recipients of this Prospectus must inform themselves of all legal restrictions relevant to the Offering and the sale of the Offer Shares and observe all such restrictions. Both eligible Individual Subscribers and Participating Parties must read this Prospectus in full and seek advice from their legal advisors, 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 from their legal advisors, financial advisors and other advisors regarding all matters related to investing 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 represent the Company's estimates using data from independent third parties. Statistics, data and other information related to the market, market size, market share, market position 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.

Unless otherwise specifically stated, the information in Section 3 (*Market Overview*) is derived from the market study report dated 19 Muharram 1446H (corresponding to 25 July 2025G) (the "**Market Study Report**") prepared by Euromonitor International Limited (the "**Market Consultant**") exclusively for the Company. The Market Consultant is an independent third-party provider of consulting services related to strategic market research. For further details about the Market Consultant, visit its website (www.euromonitor.com).

The Market Consultant has prepared this study 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 for the use of its name, 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 rapid change due to possible changes in the business and industry. 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 the Market Consultant derived 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 Shareholder.

Financial and Statistical Information

The Company's audited financial statements for the financial years ended 31 December 2021G, 2022G and 2023G have been prepared in accordance with the International Financial Reporting Standards ("**IFRS**") as endorsed in the Kingdom and other standards and pronouncements endorsed by the Saudi Organisation for Chartered and Professional Accountants ("**SOCPA**"). The Company's unaudited interim condensed financial statements for the three-month period ended 31 March 2024G have been prepared in accordance with IAS 34 (Interim Financial Reporting) endorsed in the Kingdom. Ernst & Young Professional Services (Professional LLC) (hereafter referred to as the "**Auditor**") audited the financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and reviewed the Company's unaudited interim condensed financial statements for the three-month period ended 31 March 2024G. These financial statements are included in Section 18 (*Financial Statements and Auditor's Reports*). 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 the first decimal point, where applicable. Accordingly, where numbers have been rounded up, there may be minor differences between the figures set out in the Prospectus and in the audited financial statements or the unaudited interim condensed financial statements included in this Prospectus. Additionally, 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 representation or warranty is made with respect to the accuracy or completeness of any of these forecasts. The Company affirms that, to the best of its knowledge, the statements contained in this Prospectus are based on 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. There are many factors that could cause the actual results, performance or achievements of the Company to be significantly different from any future results, performance or achievements that may be expressed or implied. Some of the risks and factors that could have such an effect are described in more detail in other sections of this Prospectus (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 the 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 for the aforementioned circumstances, the Company does not intend to update or 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 and review all forward-looking statements in light of these explanations and should not rely mainly on these statements.

Definitions and Abbreviations

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

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Corporate Directory

Company's Board of Directors

The Company is managed by a Board of Directors comprised of six (6) Directors appointed by the General Assembly by means of cumulative vote for a term not exceeding four (4) years. The current session of the Board of Directors commenced on 19 Jumada al-Akhirah 1445H (corresponding to 1 January 2024G) and will end on 3 Sha'ban 1449H (corresponding to 31 December 2027G).

The following table sets out the details of the Directors:

Table 1: Company's Board of Directors

Name	Position	Nationality	Membership Status[1]	Direct Share Ownership (%)		Indirect Share Ownership (%)[2]		Date of Appointment[3]
				Pre-Offering	Post-Offering	Pre-Offering	Post-Offering	
Bader Hamed Abdulrazik Al Aujan	Chairman	Saudi	Non-Independent	-	-	-	-	28 Jumada al-Ula 1445H (corresponding to 12 December 2023G)
Ziyad Abdullatif Saleh Al Sheikh[4]	Vice Chairman	Saudi	Non-Executive	-	-	0.85%	0.59%	28 Jumada al-Ula 1445H (corresponding to 12 December 2023G)
Fahad Mutlaq Saleh Al Henaki	Director	Saudi	Non-Executive	-	-	-	-	22 Jumada al-Ula 1445H (corresponding to 6 December 2023G)
Ibrahim Abdulaziz Ibrahim Al Muhanna	Director	Saudi	Independent	-	-	-	-	22 Jumada al-Ula 1445H (corresponding to 6 December 2023G)
Faris Abdullah Ibrahim Al Habib[5]	Director	Saudi	Non-Executive	-	-	1.49%	1.04%	22 Jumada al-Ula 1445H (corresponding to 6 December 2023G)
Rami Hassan Farhat	Director	Lebanese	Independent	-	-	-	-	28 Safar 1446H (corresponding to 1 September 2024G)[6]

Source: The Company.

(1) Independent member: a non-executive member of the Board of Directors who enjoys complete independence in their position and decisions, and to whom none of the conditions affecting independence, as stipulated in the Corporate Governance Regulations, apply. These conditions are as follows:
- if he/she holds five per cent. or more of the Shares of the Company or any other company within its group; or is a relative of someone who owns such percentage.
- if he/she is a relative of any of the Company's Directors, or a board member at any other company within the Company's group;
- if he/she is a relative of any of the Company's Senior Executives, or a senior executive at any other company within the Company's group;
- if he/she is a board member at any company within the group of the company for which he/she is nominated for Board membership.
- if he/she is or was an employee, during the preceding two years, of the Company or a company within its group, or if he/she 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 main suppliers, during the preceding two years.
- if he/she has a direct or indirect interest in the businesses and contracts executed for the Company's account.
- if he/she receives financial consideration from the Company in addition to the remuneration for his/her membership on the Board or any of its committees exceeding SAR 200,000 or 50 per cent. of his/her remuneration in the prior year for membership on the Board or any of its committees, whichever is less.
- if he/she engages in a business where he/she competes with the Company or conduct business in any of the Company's activities.
- if he/she has served for more than nine years, consecutive or inconsecutive, as a Company Director.

(2) For further details on the Company's ultimate individual owners and their indirect ownership stake in the Company, see Section 4.4 (*Current Shareholding Structure*).

(3) The dates provided in this table are the dates of appointment to the current positions on the Board of Directors. The biographies of the Board members provided below indicate the dates of each member's appointment to the Board or to any other position.

(4) As of the date of this Prospectus, Ziyad Abdullatif Saleh Al Sheikh indirectly owns approximately 256,500 Shares in the Company due to his direct ownership of 12.5 per cent. of the shares in Al Emar Agricultural Group, which in turn owns 6.84 per cent. of the capital of ARASCO, which directly owns 95.1 per cent. and indirectly owns 4.9 per cent. of the Company's Shares.

(5) As of the date of this Prospectus, Faris Abdullah Ibrahim Al Habib indirectly owns approximately 446,126 Shares in the Company due to his direct ownership of 99.0 per cent. of the shares in Faris Abdullah Al Habib Commercial Investment Company, which in turn owns 12.0 per cent. of the shares in Abnaee Holding Group, which fully owns Mafaz International Development Company. Mafaz International Development Company owns 12.39 per cent. of the capital of ARASCO, which directly owns 95.1 per cent. and indirectly owns 4.9 per cent. of the Company's Shares.

(6) The vacant Board member position was filled by the appointment of Rami Hassan Farhat pursuant to the Board of Directors resolution dated 12 Safar 1446H (corresponding to 16 August 2024G) and the General Assembly's approval of his appointment on 21 Rabi' al-Awwal 1446H (corresponding to 24 September 2024G).

The current Secretary of the Company's Board of Directors is Ali Abdulrahman Othman Al-Ghamdi, who was appointed pursuant to a resolution of the Board of Directors dated 28 Jumada al-Ula 1445H (corresponding to 12 December 2023G) (for further details regarding a summary biography of the Company Secretary, see Section 5.2.4.7 (*Ali Abdulrahman Othman Al-Ghamdi, Secretary of the Board of Directors*)).

Company's Address, Representatives and Board Secretary

Company	
Arabian Company for Agricultural and Industrial Investment Prince Sultan bin Abdulaziz Rd, Al Olaya District P.O. Box 53845, Postal Code 12311 Riyadh Kingdom of Saudi Arabia Tel: +966 (11) 261 2222 Website: www.entaj.com Email: info@Entaj.com	

Company's Representatives	
Ziyad **Abdullatif Saleh Al Sheikh**	**Amir Mahmoud Kamil**
Vice Chairman of the Board of Directors	Vice President of Finance
Prince Sultan bin Abdulaziz Rd, Al Olaya District	Prince Sultan bin Abdulaziz Rd, Al Olaya District
P.O. Box 53845, Postal Code 12311 Riyadh	P.O. Box 53845, Postal Code 12311 Riyadh
Kingdom of Saudi Arabia	Kingdom of Saudi Arabia
Tel: +966 (54) 922 2226	Tel: +966 (54) 725 8223
Website: www.entaj.com	Website: www.entaj.com
Email: Ziyad@arasco.com	Email: A.Kamil@entaj.com

Secretary of the Board of Directors
Ali Abdulrahman Othman Al-Ghamdi Secretary of the Board of Directors Prince Sultan bin Abdulaziz Rd, Al Olaya District P.O. Box 53845, Postal Code 12311 Riyadh Kingdom of Saudi Arabia Tel: +966 (54) 571 3030 Website: www.entaj.com Email: AA.Alghamdi@ARASCO.com

Stock Exchange
Saudi Exchange (Tadawul) Tawuniya Towers, Northern Tower King Fahad 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 Center Company (Edaa) King Fahad Road, Al Olaya 6897 Unit No. 11 Riyadh 12211-3388 Kingdom of Saudi Arabia Tel: + 966 92 002 6000 Website: www.edaa.com.sa E-mail: cc@edaa.com.sa

ADVISORS
Financial Advisor, Lead Manager, Bookrunner and Underwriter
SNB Capital SNB Regional Building King Saud Road P.O. Box 22216, Riyadh 11495 Kingdom of Saudi Arabia Tel: + 966 (92) 0000222 Fax: +966 (11) 4060052 Website: www.alahlicapital.com E-mail: snbc.cm@alahlicapital.com
Legal Advisor
STAT Law Firm Sky Towers, North Tower, 2nd Floor 8899, King Fahad 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
Legal Advisor to the Financial Advisor, Lead Manager, Bookrunner and Underwriter
White & Case Law Firm The Business Gate Building Building No. 26, Zone C Airport Road P.O. Box 1080, Riyadh 11431 Kingdom of Saudi Arabia Tel: +966 (11) 4167300 Fax: +966 (11) 4167399 Website: www.whitecase.com E-mail: wcprojectoyster@whitecase.com
Financial Due Diligence Advisor
PricewaterhouseCoopers - Public Accountants Kingdom Tower, 21st Floor King Fahad 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_project_oyster_pwc@pwc.com

Market Consultant	
Euromonitor International Ltd. 60-61 Britton Street London EC1M 5UX United Kingdom Tel: +44 (20) 72518024 Fax: +44 (20) 71083149 Website: www.euromonitor.com E-mail: info-mena@euromonitor.com	

Auditor for the Financial Years Ended 31 December 2021G, 2022G and 2023G and the Three-Month Period Ended 31 March 2024G	
Ernst & Young Professional Services (Professional LLC) Al Faisaliah Office Tower, 14th Floor King Fahad Road P.O. Box 2732 Riyadh 11461 Kingdom of Saudi Arabia Tel: +966 (11) 215 9898 Fax: +966 (11) 273 4730 Website: www.ey.com E-mail: ey.ksa@sa.ey.com	

Note: All of the abovementioned Advisors and the Auditor have given and, as of the date of this Prospectus, have not withdrawn their written consent to the inclusion of their names, logos and statements or reports (as applicable) attributed to each of them in the manner in which they appear in this Prospectus, and neither they, nor their employees (forming part of the engagement team serving the Company), or 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
SNB Capital King Saud Street P.O. Box 2575 Riyadh 12624 Kingdom of Saudi Arabia Phone: +966 (92) 000 0232 Website: www.alahlicapital.com Email: snbc.cm@alahlicapital.com.sa
Saudi Fransi Capital King Fahad Road – 8092 P.O. Box 23454 Riyadh 12313-3735 Kingdom of Saudi Arabia Tel: +966 (11) 282 6666 Fax: +966 (11) 282 6823 Website: www.bsfcapital.sa E-mail: sfc-supportcenter@FransiCapital.com.sa
Al Rajhi Capital Head Office, King Fahd Road, Al Murouj District P.O. Box 5561 Riyadh 12263 Kingdom of Saudi Arabia Tel: +966 92 000 5856 Fax: +966 (11) 460 0625 Website: www.alrajhi-capital.com Email:InvestmentBankingTeam@alrajhi-capital.com
Riyad Capital 2414 - Al Shahada District, Unit No. 69 P.O. Box 13241 Riyadh 7279 Kingdom of Saudi Arabia Tel: +966 (11) 486 5649 Fax: +966 (11) 486 5908 Website: www.riyadcapital.com Email: ask@riyadcapital.com
Al Bilad Investment King Fahd Road - Al Olaya Riyadh 3701- 12313 Kingdom of Saudi Arabia Tel: +966 (92) 000 3636 Fax: +966 (11) 290 6299 Website: www.albilad-capital.com Email: investmentbanking@albilad-capital.com

Receiving Agents
Al Jazira Capital King Fahd Street, Al Rahmaniya P.O. Box 20438 Riyadh 11455 Kingdom of Saudi Arabia Tel: +966 (11) 225 6000 Fax: +966 (11) 225 6182 Website: www.aljaziracapital.com.sa Email: contactus@aljaziracapital.com.sa
Investment Securities and Brokerage Company King Fahd Road P.O. Box 6888 - 11452 Riyadh Kingdom of Saudi Arabia Tel: +966 (11) 254 7666 Fax: +966 (11) 489 6253 Website: www.alistithmarcapital.com Email: WebEcare@icap.com.sa
Derayah Financial Al-Takhasusi Street - Prestige Centre - Third Floor Riyadh Kingdom of Saudi Arabia Tel: +966 (11) 299 8000 Fax: +966 (11) 419 5498 Website: web.derayah.com Email: support@derayah.com
Alinma Investment Al Anood Tower 2, King Fahd Road P.O. Box 55560 Riyadh 11544 Kingdom of Saudi Arabia Tel: +966 (11) 218 5999 Fax: +966 (11) 218 5970 Website: www.alinmainvestment.com Email: info@alinmainvest.com
ANB Capital ANB Capital Building, King Faisal Street 3851 New Al Moayed - Al Murabba District P.O. Box 220009 Riyadh 11311 Kingdom of Saudi Arabia Tel: +966 (11) 406 2500 Fax: +966 (11) 406 2548 Website: anbcapital.com.sa Email: investment.banking@anbcapital.com.sa

Receiving Agents
Yaqeen Capital Al-Wurud District - Al-Olaya Street P.O. Box 884 Riyadh 11421 Kingdom of Saudi Arabia Tel: 800 429 8888 Fax: +966 (11) 205 4827 Website: http://www.yaqeen.sa Email: addingvalue@yaqeen.sa
Al Khabeer Financial Madinah Road P.O. Box 128289 Jeddah 21362 Kingdom of Saudi Arabia Tel: +966 (12) 612 9345 Fax: +966 (12) 685 6663 Website: www.alkhabeer.com Email: info@alkhabeer.com
Al-Awwl Investment (SAB Invest) Al-Olaya General Street P.O. Box 1467 Riyadh 11431 Kingdom of Saudi Arabia Tel: 8001242442 Fax: +966 (12) 216 9102 Website: www.sabinvest.com Email: customercare@sabinvest.com
Saham Capital Financial Company Building 3.05 - KAFD Riyadh 13519 Kingdom of Saudi Arabia Tel: +966 (11) 4145260 Website: www.sahmcapital.com Email: info@sahmcapital.com
GIB Capital Low Rise Building 1, Granada Business & Residential Park Eastern Ring Road P.O Box 89589 Riyadh 11692 Kingdom of Saudi Arabia Tel: +966 (11) 511 2200 Fax: +966 (11) 511 2201 Website: www.gibcapital.com Email: GIBC.IB@gibcapital.com

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 only 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 prospective investors should be based on a consideration of this Prospectus as a whole and not be based solely on this summary.

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	The Company's operations date back to 2004G, when the Foods Business Unit of Arabian Agricultural Services Company ("**ARASCO**") established the "Entaj" brand for the production and marketing of broiler chickens. The Company was officially established as a limited liability company on 24 Thul-Qi'dah 1432H (corresponding to 22 October 2011G) with a share capital of fifty million Saudi Arabian Riyals (SAR 50,000,000), divided into fifty thousand (50,000) Shares, with a fully paid nominal value of one thousand Saudi Arabian Riyals (SAR 1,000) per Share. It was established to serve as the investment arm of ARASCO. At the time of its founding, ARASCO owned 99 per cent. of the Company's Shares, while 0.8 per cent. was owned by eight natural persons and the remaining 0.2 per cent. by one legal person. On 17 Jumada al-Ula 1442H (corresponding to 1 January 2021G), ARASCO began transferring its entire poultry operations, along with the "Entaj" brand, to the Company. The Company started issuing its own financial statements, including for its poultry operations, in the year 2021G. Pursuant to Shareholders Resolution No. 257597 dated 18 Shawwal 1442H (corresponding to 30 May 2021G), all shareholders agreed to transfer their Shares to ARASCO, making the former Shareholders' ownership in ARASCO an indirect ownership in the Company instead of direct ownership in their personal or legal capacity. Pursuant to the Shareholder's Resolution dated 28 Rabi' al-Thani 1445H (corresponding to 12 November 2023G), the Company's share capital was increased from fifty million Saudi Arabian Riyals (SAR 50,000,000) divided into fifty thousand (50,000) Shares with a nominal value of one thousand Saudi Arabian Riyals (SAR 1,000) per Share, to three hundred million Saudi Arabian Riyals (SAR 300,000,000), divided into three hundred thousand (300,000) Shares, with a fully paid nominal value of one thousand Saudi Arabian Riyals (SAR 1,000) per Share, by converting into the capital account an amount of one hundred twenty million two hundred eighteen thousand four hundred seventy-four Saudi Arabian Riyals (SAR 120,218,474), which represents the total balance of the non-current portion of amounts due to a Related Party (ARASCO), and an amount of one hundred twenty-nine million seven hundred eighty-one thousand five hundred twenty-six Saudi Arabian Riyals (SAR 129,781,526), which represents a portion of the balance of the current portion of amounts due to a Related Party (ARASCO). Pursuant to Shareholders Resolution No. 1000550012 dated 19 Jumada al-Akhirah 1445H (corresponding to 1 January 2024G), ARASCO transferred a portion of its Shares amounting to fourteen thousand seven hundred Saudi Arabian Riyals (SAR 14,700), with a nominal value of one thousand Saudi Arabian Riyals (SAR 1,000) per Share, representing 4.9 per cent. of the Company's share capital, to Ocean Line Marine Services Company. The transfer was made in exchange for cash at a value corresponding to the percentage of net assets. As a result, ARASCO's shareholding became two hundred eighty-five thousand three hundred (285,300) Shares with a nominal value of one thousand Saudi Arabian Riyals (SAR 1,000) per Share, representing 95.1 per cent. of the Company's share capital. Each fully paid Share with a nominal value of one thousand Saudi Arabian Riyals (SAR 1,000) was split into one hundred (100) Shares with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per Share. The Company was converted from a limited liability company to a closed joint stock company with a share capital of three hundred million Saudi Arabian Riyals (SAR 300,000,000), divided into thirty million (30,000,000) ordinary Shares, with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per Share (for further details on the history of the Company, see Section 4.2 (*Corporate History*)).
Company's Activities	In accordance with its Bylaws, the Company's activities consist of the following: – Real estate activities; – Professional, scientific, and technical activities; – Agriculture, forestry, and fishing; – Manufacturing industries; – Transportation and storage; and – Wholesale and retail trade and repair of motor vehicles and motorcycles. In accordance with its main Commercial Registration, the Company's activities consist of the following: – Grain agriculture (including wheat, barley, yellow and white corn, etc.); – Fiber crop agriculture (including cotton, jute, kenaf, flax, etc.); – Fodder crop agriculture, such as alfalfa and other animal feeds; – Cattle rearing; – Camel rearing; – Egg production; and – Broiler chicken production, support activities for livestock production, production of chilled and frozen meat, meat preservation and processing using various methods such as drying and canning, production of egg products and egg albumin, preparation and processing of egg products, land goods transport, wholesale of dairy products, wholesale of eggs and egg products, and wholesale of frozen meat and poultry.

<table>
<tr><td>Company's Activities</td><td>
The Company has obtained the necessary licences related to the production of broiler chickens, livestock production support activities, the production of chilled and frozen meat, preservation and processing of meat and meat products, land goods transport, wholesale of eggs and egg products, and wholesale of frozen meat and poultry. The Company has not obtained all the licences required for some of the aforementioned activities, since it has not yet commenced such activities. In the event that the Company wishes to engage in any of the unlicensed activities, it will obtain the necessary licence prior to commencing such activity.
As of the date of this Prospectus, the Company's principal business lines consist of the following (for further details, see Section 4.7 (Overview of the Company's Business)):

Poultry Products Segment: The poultry segment under the "Entaj" brand represents a significant portion of the Company's revenue, offering a diverse range of high-quality fresh poultry products distributed across supermarkets, distributors and food service providers within the Kingdom, regionally and through online stores. This segment includes fresh and frozen whole birds, prepared using an air-chilling technique to maintain quality, and a variety of fresh and frozen chicken parts packaged for consumer convenience. The marinated poultry range, catering to modern lifestyles, offers ready-to-cook options. Additionally, the Company adapts to market demands by selling live birds. Each product category within this segment contributes notably to the Company's revenue, reflecting its success in meeting diverse consumer needs and preferences in the poultry market.
Table Eggs Segment: In the table eggs segment, the Company offers fresh eggs under the "Entaj" brand, sourced from local suppliers and rebranded to align with its trusted identity. These eggs are sold in practical 30-egg trays, catering to both household and commercial needs, and sometimes bundled with other products in the online store for convenience. This segment demonstrates the Company's adaptability and commitment to quality, diversifying its product range to meet daily consumer needs and contributing to its revenue over recent financial years.
Red Meat Products Segment: In the red meat segment, the Company offers a variety of high-quality fresh lamb products through its "Entaj" brand, sold directly to consumers or via its online stores. The range includes different lamb cuts, all carefully sourced, processed, and packaged to meet diverse consumer preferences. This segment, reflecting the Company's commitment to quality and customer satisfaction, further contributes to its revenue and diversifies its product portfolio, reinforcing its market position as a provider of premium packaged red meat products.
Cold Store Segment: In the cold store and other services segment, the Company strategically leases excess cold storage capacity to third parties, enhancing its business network and generating additional revenue. These facilities, equipped with advanced technology, cater to various sectors requiring refrigerated storage. This segment underlines the Company's innovative approach to resource management.

</td></tr>
<tr><td>Substantial Shareholder</td><td>
The Company's Substantial Shareholder, which owns five per cent. or more of the Company's Shares, is ARASCO. The number of Shares and ownership of ARASCO in the Company pre- and post-Offering are provided in the table below:
Table 2: Substantial Shareholder and Its Ownership in the Company Pre- and Post-Offering
<table>
<tr><th rowspan="2">Shareholder</th><th colspan="3">Pre-Offering</th><th colspan="3">Post-Offering</th></tr>
<tr><th>Number of Shares</th><th>Ownership (%)</th><th>Overall Nominal Value (SAR)</th><th>Number of Shares</th><th>Ownership (%)</th><th>Overall Nominal Value (SAR)</th></tr>
<tr><td>ARASCO</td><td>28,530,000</td><td>95.10%</td><td>285,300,000</td><td>19,530,000</td><td>65.10%</td><td>195,300,000</td></tr>
<tr><td>Total</td><td>28,530,000</td><td>95.10%</td><td>285,300,000</td><td>19,530,000</td><td>65.10%</td><td>195,300,000</td></tr>
</table>
Source: The Company.
ARASCO owns the entire capital of Ocean Line Marine Services Company, which directly holds 4.90 per cent. of the Company's Shares prior to the Offering. Accordingly, ARASCO owns the entire capital of the Company both directly and indirectly before the Offering.
</td></tr>
<tr><td>Company's Share Capital</td><td>Three hundred million Saudi Arabian Riyals (SAR 300,000,000).</td></tr>
<tr><td>Total Number of Issued Shares</td><td>Thirty million (30,000,000) fully paid ordinary Shares.</td></tr>
<tr><td>Nominal Value per Share</td><td>Ten Saudi Arabian Riyals (SAR 10) per Share.</td></tr>
<tr><td>Offering</td><td>The offering will consist of nine million (9,000,000) ordinary Shares, with a fully paid nominal value of ten Saudi Arabian Riyal (SAR 10) per Share, representing thirty per cent. (30%) of the Company's capital at an Offer Price of fifty Saudi Arabian Riyals (SAR 50) per Offer Share.</td></tr>
<tr><td>Total Number of Offer Shares</td><td>Nine million (9,000,000) ordinary Shares.</td></tr>
<tr><td>Percentage of Offer Shares to the Total Number of Issued Shares</td><td>The Offer Shares represent thirty per cent. (30%) of the Company's share capital.</td></tr>
<tr><td>Offer Price</td><td>Fifty Saudi Arabian Riyals (SAR 50) per Offer Share.</td></tr>
</table>

Total Value of the Offer Shares	Four hundred and fifty million Saudi Arabian Riyals (SAR 450,000,000).
Use of Proceeds	The Net Offering Proceeds amounting to approximately four hundred and twenty million Saudi Arabian Riyals (SAR 420,000,000) (after deducting the Offering expenses estimated at thirty million Saudi Arabian Riyals (SAR 30,000,000)) will be distributed to the Selling Shareholder. The Company will not receive any part of the Offering Proceeds (for further details, see Section 8 (*Use of Offering Proceeds*)).
Total Number of Shares Underwritten	Nine million (9,000,000) ordinary Shares.
Total Offering Amount Underwritten	Four hundred and fifty million Saudi Arabian Riyals (SAR 450,000,000).
Categories of Targeted Investors	Subscription to the Offer Shares is restricted to two groups of Investors, namely: – **Tranche (A)** Participating Parties: This tranche includes the 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 Subscribers: This tranche includes Saudi natural persons, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi spouse who can subscribe for her own benefit or in the names of her minor children, on the condition that she provides proof that she is a divorcee or widow and the mother of her minor children, as well as any non-Saudi natural person resident in the Kingdom or GCC natural person who has an investment account and an active investment portfolio with a Receiving Agent. 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	
Number of Shares Offered for Participating Parties	Nine million (9,000,000) Shares, representing one hundred per cent. (100%) of the Offer Shares. If there is sufficient demand from Individual Subscribers and Participating Entities subscribe to all Offer Shares allocated to them, the Financial Advisor in coordination with the Company, has the right to reduce the number of Offer Shares allocated to Participating Entities to eight million, one hundred thousand (8,100,000) Offer Shares, representing ninety per cent. (90%) of the Offer Shares. Initially, three million five hundred and ninety-nine thousand and nine hundred and ninety-nine (3,599,999) Shares will be allocated to public funds, representing forty per cent. (40%) of the total number of Offer Shares. In the event that there is sufficient demand from Individual Subscribers to subscribe to the Offer Shares, the Lead Manager may reduce the number of Shares allocated to public funds to a minimum of three million and two hundred and thirty-nine thousand and nine hundred and ninety-nine (3,239,999) Shares, representing thirty-six per cent. (36%) of the total number of Offer Shares, after completion of the Individual Subscribers' subscription process.
Number of Shares Offered to Individual Subscribers	A maximum of nine hundred thousand (900,000) Shares, representing ten per cent. (10%) of the Offer Shares.
Subscription Method for Each Targeted Investor Category:	
Subscription Method for Participating Parties	The Participating Parties, as defined in Section 1 (*Definitions and Abbreviations*), may apply for participation in the book-building process by completing a Bidding Participation Application that will be provided by the Bookrunner to the Participating Entities during the book-building process. After the provisional allocation, the Participating Parties shall complete the Subscription Application Forms that will be provided to them by the Bookrunner in accordance with the instructions mentioned in Section 16 (*Subscription Terms and Conditions*).
Subscription Method for Individual Subscribers	Individual Subscribers who intend to subscribe to the Offer Shares shall submit a Subscription Application Form electronically through the Receiving Agents' websites and platforms that provide this service or through any other means provided by the Receiving Agents through which Individual Subscribers will be able to subscribe to the Company's Shares during the Offering Period. For further details, see Section 16 (*Subscription Terms and Conditions*).
Minimum Number of Shares to be Applied for by Each Targeted Investor Category:	
Minimum Subscription for Participating Entities	One hundred thousand (100,000) Shares.
Minimum Subscription for Individual Subscribers	Ten (10) Shares.
Minimum Subscription Amount for Each Targeted Investor Category:	

Minimum Subscription Amount for Participating Entities	Five million Saudi Arabian Riyals (SAR 5,000,000).
Minimum Subscription Amount for Individual Subscribers	Five hundred Saudi Arabian Riyals (SAR 500).
Maximum Number of Shares to be Applied for by Each Targeted Investor Category:	
Maximum Subscription for Participating Entities	One million four hundred ninety-nine thousand nine hundred ninety-nine (1,499,999) Offer Shares, and for public funds only, no more than the maximum for each participating public fund, which will be determined pursuant to the Book-Building Instructions.
Maximum Subscription for Individual Subscribers	Two hundred fifty thousand (250,000) Offer Shares.
Maximum Subscription Amount for Each Targeted Investor Category:	
Maximum Subscription Amount for Participating Entities	Seventy four million and nine hundred and ninety-nine thousand and nine hundred and fifty Saudi Arabian Riyals (SAR 74,999,950).
Maximum Subscription Amount for Individual Subscribers	Twelve million and five hundred thousand Saudi Arabian Riyals (SAR 12,500,000).
Allocation Method and Refund of Excess Subscription Monies for Each Targeted Investor Category:	
Allocation of Offer Shares to Participating Entities	The final allocation of Offer Shares to Participating Entities will be made through the Bookrunner after completion of the subscription process for Individual Subscribers as the Financial Advisor deems appropriate, in coordination with the Company, using the discretionary allocation mechanism. Thus, it is possible that certain Participating Entities will not be allocated any Shares. The number of Offer Shares to be provisionally allocated to Participating Entities is nine million (9,000,000) ordinary Shares, representing one hundred per cent. (100%) of the Offer Shares. If there is sufficient demand from Individual Subscribers for the Offer Shares, the Financial Advisor, in coordination with the Company, shall have the right to reduce the number of Offer Shares allocated to Participating Entities to a minimum of eight million, one hundred thousand (8,100,000) ordinary Shares, representing ninety per cent. (90%) of the Offer Shares. Initially, three million five hundred and ninety-nine thousand and nine hundred and ninety-nine (3,599,999) Shares will be allocated to public funds, representing forty per cent. (40%) of the total number of Offer Shares. In the event that there is sufficient demand from Individual Subscribers to subscribe to the Offer Shares, the Lead Manager may reduce the number of Shares allocated to public funds to a minimum of three million and two hundred and thirty-nine thousand and nine hundred and ninety-nine (3,239,999) Shares, representing thirty-six per cent. (36%) of the total number of Offer Shares after completion of the Individual Subscribers' subscription process.
Allocation of Offer Shares to Individual Subscribers	The allocation of the Offer Shares to Individual Subscribers is expected to be completed no later than Tuesday 4 Ramadan 1446H (corresponding to 4 March 2025G). The minimum allocation for each Individual Subscriber is ten (10) ordinary Shares, and the maximum allocation for each Individual Subscriber is two hundred and fifty thousand (250,000) ordinary Shares, with the remaining Offer Shares, if any, being allocated on a pro-rata basis based on the number of Offer Shares applied for by each Individual Subscriber to the total Offer Shares subscribed for. If the number of Individual Subscribers exceeds ninety thousand (90,000) Individual Subscribers, the Company will not guarantee the minimum allocation of ten (10) Offer Shares for each Individual Subscriber. In this case, the Offer Shares will be allocated to Individual Subscribers at the discretion of the Financial Advisor in coordination with the Company.
Refund of Excess Subscription Monies	Excess subscription monies, if any, will be refunded to the Subscribers without the Lead Manager or the Receiving Agents withholding any charge or commission. The announcement of the final allocation will be made no later than Tuesday, 4 Ramadan 1446H (corresponding to 4 March 2025G) and the refund of excess subscription monies, if any, will be made no later than Tuesday, 10 Ramadan 1446H (corresponding to 10 March 2025G). For further details, see "*Key Dates and Subscription Procedures*" on page (xvi) and Section 16 (*Subscription Terms and Conditions*).
Offering Period	The Offering will commence on Wednesday, 27 Sha'ban 1446H (corresponding to 26 February 2025G) until 2:00 p.m. Thursday 28 Rajab Sha'ban 1446H (corresponding to 27 February 2025G) for a period of two days. (for further details, see "*Key Dates and Subscription Procedures*" on page (xvi)).
Entitlement to Dividends	Holders of Offer Shares will be entitled to their share of any dividends declared by the Company starting from the date of this Prospectus and for the subsequent financial years (for further details, see Section 7 (*Dividend Policy*)).

Voting Rights	The Company has one class of Shares, which are all ordinary Shares. None of the Shares carry 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 may delegate another person, who is not a Company Director or employee, to attend and vote in General Assembly meetings on their behalf (for further details, see Section 11.12 (*Summary of Bylaws*) and Section 11.13 (*Description of Shares*)).
Restrictions on the Shares (Lock-up Period)	The Substantial Shareholder is subject to a Lock-up Period of six (6) months from the date on which trading of the Company's Shares on the Exchange commences. It may not dispose of any of its Shares during such period. Following the end of the Lock-up Period, the Substantial Shareholder may dispose of its Shares (for further details regarding Substantial Shareholder, see Table 2 (*Substantial Shareholder and Its Ownership in the Company Pre- and Post-Offering*)).
Listing of Shares	Prior to the Offering, the Shares have not been listed in the Kingdom or elsewhere. The Company has submitted an application to the CMA for the registration and offer of its securities in accordance with the Rules on the Offer of Securities and Continuing Obligations. The Company has also submitted an application to the Exchange (Tadawul) for the listing of its Shares in accordance with the Listing Rules. All of the relevant approvals required to conduct the Offering have been obtained, and all of the supporting documents requested by the CMA and Tadawul have been submitted. It is expected that the trading of the Shares on the Exchange will commence after the final allocation of the Shares (for further details, see "*Key Dates and Subscription Procedures*" on page (xvi)).
Risk Factors	There are certain risks related to investing in the Offer Shares. These risks can be categorised as follows: (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 (*Risk Factors*) and should be considered carefully prior to making an investment decision with respect to the Offer Shares.
Offering Expenses	The expenses and costs associated with the Offering will be paid by the Selling Shareholder and are estimated to be approximately thirty million Saudi Arabian Riyals (SAR 30,000,000). These expenses will be deducted from the Offering Proceeds, and include the fees of the Financial Advisor, the Lead Manager, the Bookrunner, the Underwriter, the Legal Advisor, the Financial Due Diligence Advisor, the Market Consultant, the Legal Advisor to the Financial Advisor, Bookrunner, Underwriter and Lead Manager and the Exchange, as well as marketing, printing and distribution expenses and other costs related to the Offering.
Underwriter	**SNB Capital** SNB Regional Building King Saud Road P.O. Box 22216, Riyadh 11495 Kingdom of Saudi Arabia Tel: + 966 (92) 0000222 Fax: +966 (11) 4060052 Website: www.alahlicapital.com E-mail: snbc.cm@alahlicapital.com

Note: The "*Important Notice*" section on page (i) and Section 2 (*Risk Factors*) should be read thoroughly prior to making an investment decision 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	From Sunday, 10 Sha'ban 1446H (corresponding to 9 February 2025G) until the 3:00 p.m. Thursday, 14 Sha'ban 1446H (corresponding to 13 February 2025G)
Deadline for Submission of Subscription Application Forms Based on the Number of Shares Provisionally Allocated to Participating Entities	On Tuesday, 26 Sha'ban 1446H (corresponding to 25 February 2025G)
Subscription Period for Individual Subscribers	For a period of two days, starting on Wednesday, 27 Sha'ban 1446H (corresponding to 26 February 2025G) until 2:00 p.m. Thursday 28 Sha'ban 1446H (corresponding to 27 February 2025G)
Deadline for Payment of the Subscription Amount by Participating Entities Based on the Number of Provisionally Allocated Offer Shares	On Wednesday, 27 Sha'ban 1446H (corresponding to 26 February 2025G)
Deadline for Submission of Subscription Application Forms and Payment of the Subscription Amount by Individual Subscribers	On Thursday, 28 Sha'ban 1446H (corresponding to 27 February 2025G)
Announcement of the Final Allocation of the Offer Shares	No later than Tuesday, 4 Ramadan 1446H (corresponding to 4 March 2025G)
Refund of Excess Subscription Monies (if any)	No later than Tuesday, 10 Ramadan 1446H (corresponding to 10 March 2025G)
Expected Commencement Date for Trading the Shares on the Exchange	Trading of the Company's Shares on the Exchange is expected to commence after the fulfilment of all requirements and the completion of all of the relevant legal procedures. The commencement of trading of the Shares will be announced in local newspapers and on Tadawul's website (www.saudiexchange.sa).

Note: The above timetable and dates therein are approximate. The actual dates will be announced on the websites of Tadawul (www.saudiexchange.sa), the Financial Advisor (www.alahlicapital.com) and the Company (www.entaj.com).

How to Apply for the Offer Shares

Subscription is restricted to the following two tranches of Investors:

- **Tranche (A):** Participating Parties: comprising the parties entitled to participate in the book-building process 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 16 (*Subscription Terms and Conditions*)); and
- **Tranche (B):** Individual Subscribers: comprising Saudi natural persons, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi spouse who can subscribe for her own benefit in the names of her minor children, on the condition that she submits proof that she is a divorcee or widow and the mother of her minor Saudi children, as well as any non-Saudi natural person resident in the Kingdom or GCC natural person who has an investment account and an active investment portfolio with a Receiving Agent. 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, which will be provided by the Bookrunner to Participating Parties during the book-building process, and obtaining Subscription Application Forms from the Bookrunner after provisional allocation. The Bookrunner shall, after obtaining the approval of the CMA, offer the Offer Shares to the Participating Entities only during the book building period. Subscriptions by the Participating Entities shall commence during the Offering Period, which also includes the Individual Subscribers, according to the terms and conditions detailed in the Subscription Application Forms. A signed Subscription Application Form must be submitted to the Bookrunner and represents a legally binding agreement between the Selling Shareholder and the relevant Participating Entity submitting the application.

B. Individual Subscribers

Subscription Application Forms for Individual Subscribers will be provided during the Offering Period by the Receiving Agents. Individual Subscribers can also subscribe through the websites and platforms of the Receiving Agents that provide some or all of these services to Individual Subscribers, provided that:

(a) the Individual Subscriber has an investment account and an active investment portfolio at a Receiving Agent which offers such services;

(b) there have been no changes in the personal information or data of the Individual Subscriber since their subscription in a recent initial public offering; and

(c) non-Saudi Individual Subscribers or GCC nationals have an investment account and an active investment portfolio at one of the Capital Market Institutions which offer such services.

Subscription Application Forms must be filled out by each applicant according to the instructions mentioned in Section 16 (*Subscription Terms and Conditions*). Each applicant must complete all of the relevant sections of 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, 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 a legally binding agreement between the relevant Subscriber and the Selling Shareholder (for further details, see Section 16 (*Subscription Terms and Conditions*)).

Excess subscription monies, if any, will be refunded to the Individual Subscriber's investment account with the Receiving Agent from which the subscription amount was debited in the first place, without the Lead Manager or Receiving Agents withholding any charge or commission. Excess subscription monies will not be refunded in cash or to third party accounts.

For further details regarding subscription by Individual Subscribers or Participating Entities, see Section 16 (*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. This summary must be treated as an introduction to this Prospectus, and persons 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 their decision solely on this summary.

Overview of the Company

The Company's Main Activities

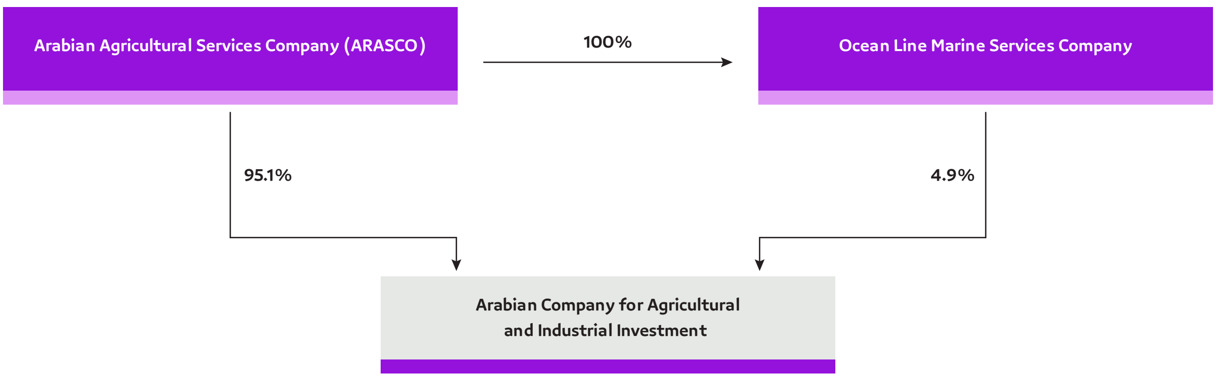
As of the date of this Prospectus, the Company's principal business lines consist of the following (for further details, see Section 4.7 (*Overview of the Company's Business*)):

- **Poultry Products Segment:** The poultry segment under the "Entaj" brand represents a significant portion of the Company's revenue, offering a diverse range of high-quality fresh poultry products distributed across supermarkets, distributors and food service providers within the Kingdom, regionally and through online stores. This segment includes fresh and frozen whole birds, prepared using an air-chilling technique to maintain quality, and a variety of fresh and frozen chicken parts packaged for consumer convenience. The marinated poultry range, catering to modern lifestyles, offers ready-to-cook options. Additionally, the Company adapts to market demands by selling live birds. Each product category within this segment contributes notably to the Company's revenue, reflecting its success in meeting diverse consumer needs and preferences in the poultry market.
- **Table Eggs Segment:** In the table eggs segment, the Company offers fresh eggs under the "Entaj" brand, sourced from local suppliers and rebranded to align with its trusted identity. These eggs are sold in practical 30-egg trays, catering to both household and commercial needs, and sometimes bundled with other products in the online stores for convenience. This segment demonstrates the Company's adaptability and commitment to quality, diversifying its product range to meet daily consumer needs and contributing to its revenue over recent financial years.
- **Red Meat Products Segment:** In the red meat segment, the Company offers a variety of high-quality fresh lamb products through its "Entaj" brand, sold directly to consumers or via its online stores. The range includes different lamb cuts, all carefully sourced, processed, and packaged to meet diverse consumer preferences. This segment, reflecting the Company's commitment to quality and customer satisfaction, further contributes to its revenue and diversifies its product portfolio, reinforcing its market position as a provider of premium packaged red meat products.
- **Cold Store Segment:** In the cold store and other services segment, the Company strategically leases excess cold storage capacity to third parties, enhancing its business network and generating additional revenue. These facilities, equipped with advanced technology, cater to various sectors requiring refrigerated storage. This segment underlines the Company's innovative approach to resource management.

Ownership Structure

The following chart illustrates the current ownership structure of the Company as of the date of this Prospectus:

Exhibit 1: The Current Structure of the Company as of the Date of this Prospectus



Source: The Company.

As of the date of this Prospectus, the current share capital of the Company is three hundred million Saudi Arabian Riyals (SAR 300,000,000), divided into thirty million (30,000,000) 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	Ownership (%)	Overall Nominal Value (SAR)	Number of Shares	Ownership (%)	Overall Nominal Value (SAR)
ARASCO	28,530,000	95.1%	285,300,000	19,530,000	65.1%	195,300,000
Ocean Line Marine Services Company(1)	1,470,000	4.9%	14,700,000	1,470,000	4.9%	14,700,000
Public	-	-	-	9,000,000	30.00%	90,000,000
Total	**30,000,000**	**100.00%**	**300,000,000**	**30,000,000**	**100.00%**	**300,000,000**

Source: The Company.

(1) ARASCO owns the entire capital of Ocean Line Marine Services Company. As a result, ARASCO owns the entire capital of the Company, both directly and indirectly, prior to the Offering.

Vision, Mission and Strategy

Vision

To establish "Entaj" as the most well-known and preferred poultry food brand in the Kingdom.

Mission

Using world-class sustainable technologies to support the Kingdom's food security goals in relation to poultry.

Strategy

The Company's strategy is designed to enhance its competitive edge and align with Vision 2030's goals of supporting local content in the poultry industry and increasing self-sufficiency in the Kingdom. The Company aims to fill market gaps with high-quality fresh poultry products based on the following seven pillars:

Expand Market Share

Given the supply gaps in the Kingdom for poultry products, the Company intends to leverage the brand equity of "Entaj" and capitalise on its existing infrastructure to further expand its market share. This includes the following key initiatives:

- **Increasing Production Capacity:** Scaling up production to meet growing demand through investing in new facilities and upgrading existing ones;
- **Enhancing Distribution Channels:** Partnering with leading supermarkets, hypermarkets and food service providers to improve logistics and distribution efficiencies; and
- **Implementing Marketing Campaigns:** Raising brand awareness and driving consumer preference for "Entaj" products through targeted marketing campaigns.

Strengthen Brand Recognition and Reputation

Building a strong brand and maintaining a positive reputation are crucial for long-term success. This strategy includes the following:

- **Executing Brand Awareness Campaigns:** Increasing visibility and recognition of the "Entaj" brand through various marketing channels;
- **Participating in Industry Events**: Showcasing the Company's products and achievements to enhance the Company's reputation and credibility; and
- **Corporate Social Responsibility (CSR) Initiatives**: Focusing on community engagement, environmental sustainability and supporting local agriculture.

Continuous Growth and Technology Investments

The Company is committed to solidifying its capabilities by expanding its upstream operations and achieving fully integrated captive operations. This involves the following:

- **Investing in Advanced Farming Technologies**: Adopting modern farming technologies and automation systems to increase productivity and reduce operational costs;
- **Upgrading Processing Facilities**: Modernising slaughtering lines, implementing advanced packaging systems and enhancing quality control measures; and
- **Exploring Vertical Integration Opportunities**: Expanding into breeder farming in addition to its own hatcheries to better control the supply chain.

Digital Transformation

The Company recognises the importance of digital transformation in enhancing efficiency and competitiveness through the following:

- **Adopting Advanced Data Analytics**: Leveraging data-driven decision-making to optimise strategies and improve outcomes;
- **Enhancing E-Commerce Platforms**: Providing a seamless online shopping experience for customers; and
- **Implementing IoT and Smart Farming Solutions**: Monitoring and optimising farm operations through real-time data.

Excel in Research & Development and Innovation

The Company focuses on research and development to drive competitive advantages and produce value-added products. Key initiatives include the following:

- **Developing New Product Lines**: Offering marinated and ready-to-cook poultry products, to cater to changing consumer preferences;
- **Collaborating with Local and International Research Institutions**: Partnering with local and international research institutions to access the latest developments; and
- **Investing in Sustainability-Focused R&D**: Developing environmentally-friendly farming practices and products.

Optimise Supply Chain Operations for Cost Efficiency

The Company is dedicated to achieving cost efficiency and improving overall performance through:

- **Implementing Advanced Logistics and Inventory Management Systems**: Reducing waste and ensuring the timely delivery of products; and
- **Establishing Strategic Partnerships with Key Suppliers**: Securing competitive pricing and stabilising access to high quality raw materials.

Enrich Local Talent Through Growth and Enablement

The Company is committed to nurturing and empowering local talent to ensure sustainable growth and operational excellence. Efforts include the following:

- **Launching Comprehensive Training Programmes**: Developing the skills and expertise of employees across all levels;
- **Creating Clear Career Paths**: Offering promotions and professional development opportunities to attract and retain top talent; and
- **Collaborating with Educational Institutions**: Supporting the development of a skilled workforce through internships, apprenticeships and scholarships.

By focusing on these strategic pillars, the Company aims to strengthen its position as a leading provider of high-quality poultry products in the Kingdom, contribute to the national goal of achieving food security and self-sufficiency, meet the needs of health-conscious consumers and ensure sustainable growth and operational excellence.

Competitive Advantages

The Company's competitive advantages stem from its extensive experience, strong brand recognition, advanced operational capabilities and strategic positioning within the Kingdom's poultry industry. The key competitive advantages of the Company include the following eleven key pillars:

Track Record in Poultry Business Excellence

The Company has established a robust track record in poultry business excellence, driven by its extensive experience and comprehensive value chain capabilities, including the following key elements:

- **Extensive Experience**: With over 20 years of experience in poultry management, the Company is capable of ensuring high standards of productivity and profitability, which results in consistent performance and reliable production outcomes;
- **Comprehensive Value Chain Capabilities**: The Company has strong capabilities across the entire value chain, from breeding to processing and distribution, which ensures quality control, optimises operational efficiency and maximises profitability; and
- **Quality Certifications**: The Company has received numerous certifications that are a testament to the Company's rigorous quality control processes and its dedication to maintaining the highest levels of product safety and quality.

Perceived Quality Brand

The Company's "Entaj" brand has built a reputation for quality and reliability, earning widespread recognition and trust among consumers. This competitive advantage is highlighted through the following:

- **Strong Brand Reputation**: The "Entaj" brand is widely recognised and trusted for delivering high-quality products, which enhances the Company's market presence and differentiates it from competitors; and
- **Consumer Loyalty**: Because its products are associated with quality, by maintaining rigorous quality control standards and ensuring that every product meets the highest standards of freshness and safety, the Company has enhanced strong loyalty among its customer base.

Excellent Livestock Operations

The Company's livestock operations are a cornerstone of its competitive advantage, characterised by experienced teams, advanced breeding methods and an advanced hatchery plant. This strategic advantage includes the following:

- **Experienced Teams**: The Company is backed by professionals with high-level experience in multinational poultry companies, which bring extensive knowledge and expertise in livestock management;
- **Advanced Breeding Methods**: The Company utilises a variety of advanced farming methods and technologies to optimise livestock management and productivity, including precision farming techniques and automated feeding systems; and
- **Advanced Hatchery Plant**: The Company operates an advanced hatchery plant equipped with the latest technology and systems to ensure ideal management for poultry and achieve high productivity.

Poultry Processing Plant

The Company's poultry processing plant is a key competitive advantage, equipped with innovative solutions and dedicated to performance excellence. This includes the following:

- **Innovative Solutions**: The poultry processing plant was built by a global leader in processing plant construction, featuring advanced systems and equipment, including automated processing lines and advanced packaging technologies; and
- **Performance Excellence**: The poultry processing plant's design and operations adhere to the highest international standards, ensuring that every product meets stringent quality and safety requirements.

Strong Brand Positioning in the Kingdom Market

The Company's enjoys strong brand positioning in the Kingdom market, driven by its reputation for high-quality products and robust market presence. This strategic advantage includes the following:

- High-Quality Products: The Company is renowned for producing high-quality poultry products by adhering to stringent quality control standards and employing best practices in production; and
- Market Presence: The Company has established a strong presence in the Kingdom's market, especially in the Central Region and the Eastern Region, with a wide distribution network and strategic partnerships with leading retailers and food service providers.

Efficient and Integrated Business Model

The Company's integrated business model is characterised by efficient in-house operations, cost efficiency, optimal decision-making and high product quality. This includes the following:

- In-House Operations: The Company operates all critical production stages in-house, which ensures the maintenance of stringent quality standards and better coordination at every step;
- Cost Efficiency: Streamlined operations reduce production costs, which allows the Company to benefit from economies of scale and offer competitive pricing; and
- Product Quality: The integration of primary and further processed plants enables consistent high-quality product production.

Wide Self-Operated Distribution Network

The Company's wide self-operated distribution network is a critical competitive advantage, which includes cold-chain distribution and is characterised by widespread coverage and strategically located sales offices and warehouses. This includes the following:

- Cold-Chain Distribution: The Company operates a self-managed distribution network via temperature-controlled vehicles, which ensures that poultry products are transported under optimal conditions;
- Widespread Coverage: An extensive distribution network ensures high-quality product delivery and exceptional customer service across major cities in the Kingdom and other GCC markets;
- Sales Offices and Warehouses: Sales offices and warehouses in strategic locations support the Company's distribution network by providing localised storage and sales capabilities; and
- Risk Mitigation: A geographically scattered distribution network of live chicken helps mitigate supply risks, reducing the impact of potential disruptions such as localised disease outbreaks, environmental factors or logistical challenges.

Experienced Senior Leadership Team

The Company's experienced team of Senior Executives is a significant competitive advantage, characterised by diverse industry experience and a focus on efficiency and quality. This includes the following:

- Diverse Industry Experience: The Senior Executive team possesses extensive experience in the GCC poultry industry, which provides a comprehensive understanding of the regional market dynamics and industry best practices; and
- Focus on Efficiency and Quality: The Senior Executive team places a strong emphasis on operational efficiency, quality and service, ensuring that the Company delivers superior products and services.

Strong Historical Growth and Profitability

The Company's strong historical growth and profitability are underscored by a comprehensive approach to financial management, as evidenced by its robust balance sheet and track record of strong financial performance across several metrics:

- Growth in Poultry Segments: Strong growth in the fresh poultry segment has been demonstrated through strategic investments in production capacity and market penetration efforts;
- Increasing Profitability: Profitability has improved, supported by operational efficiencies and focused distribution strategies, leading to better profit margins;
- Utilisation Capacity Enhancement: Utilisation capacity for key production facilities has shown improvement over the years, reflecting the Company's efforts to maximise operational efficiency; and
- Recurring Revenue Growth: Revenue from recurring clients as a percentage of total revenue has grown, indicating strong customer loyalty and satisfaction.

Strategic Alliances and Long-Term Relationships

The Company's strategic alliances and long-term relationships are pivotal to its sustained success and market leadership. This includes the following:

- **Key Customer Relationships**: Established strong business relationships with key customers, ensuring steady demand for its products and gaining valuable insights into market trends and
- **customer preferences; and**
- **Strategic Partnerships**: Long-term partnerships with suppliers, distributors and industry stakeholders enhance the Company's operational capabilities and market reach.

Customer-Centric Approach

The Company's customer-centric approach is a critical competitive advantage, characterised by special product offerings, exceptional customer service and robust customer feedback integration. This includes the following:

- **Tailored Product Offerings**: Development of customised products to meet the specific needs and preferences of different customer segments;
- **Exceptional Customer Service**: Commitment to providing exceptional customer service, resulting in high levels of customer satisfaction and loyalty; and
- **Customer Feedback Integration**: Employment of robust mechanisms for gathering and integrating customer feedback to continuously improve its products and services.

By leveraging these competitive advantages, the Company aims to maintain its leadership position in the poultry industry, drive sustainable growth and contribute to the Kingdom's food security and self-sufficiency goals.

Market Overview

The ongoing socio-economic reforms under Saudi Vision 2030 continue to support economic growth by reducing the Kingdom's dependence on oil and fostering the development of other sectors such as tourism, industry, retail, etc.

Since the socio-economic reforms under the umbrella of Saudi Vision 2030 were initiated, the Kingdom has witnessed a significant decline in its reliance on oil and a shift towards diversifying its income sources and enhancing competitiveness. The success of these reforms is reflected in the Kingdom's massive GDP, which reached SAR 4.1 trillion in 2023G, after achieving a strong compound annual growth rate (CAGR) of 11.3 per cent. between 2021G and 2023G. Notably, key sectors such as industry, retail, transport, real estate and tourism have emerged as pivotal growth drivers, supported by strong domestic demand and Government measures. Comprehensive business-supportive reforms and increased consumer spending have played a crucial role in bolstering the resilience of the Kingdom's economy. This was partially reflected in the Kingdom's visa policies, which were adjusted to extend the allowable stay duration. The Kingdom went further in 2023G by implementing a new electronic visa programme, dedicated to business visit visas, short-term work permits, and labour visas, covering 20 countries, including Pakistan, Morocco, and Thailand. It's no surprise that the Kingdom has emerged as the second fastest-growing tourism hub in the world. Efforts to boost the tourism sector led the United Nations World Tourism Organisation (UNWTO) to commend the Kingdom in early 2024G for achieving its goal of hosting 100 million tourists in 2023G (27 million foreign tourists and 73 million domestic tourists), seven years ahead of schedule. The total tourism expenditure in that year amounted to USD 67 billion (equivalent to SAR 251.3 billion), and the Government is currently targeting 150 million tourists by 2030G. This robust growth is expected to benefit various sectors, including increasing demand for food and beverages across retail and food service channels.

Consumer spending trends remain promising, driven by a demographic environment characterised by a large young population and ongoing urban expansion. The growth in disposable income has also contributed to gains in overall consumer spending, which recorded a compound annual growth rate (CAGR) of 7.5 per cent. between 2021G and 2023G, reaching SAR 1,601 billion in 2023G. Total consumer spending is expected to increase at a strong CAGR of over 3.2 per cent., based on constant 2023G prices, from 2023G to 2028G. In terms of food and beverage spending, the Kingdom of Saudi Arabia recorded a CAGR of 6.8 per cent. between 2021G and 2023G. In 2023G, consumer spending on food and beverages reached SAR 328.9 billion, accounting for approximately 20.5 per cent. of total consumer spending. The average age of the Kingdom's population is 33.6 years, indicating a young demographic, with 43 per cent. of the population aged between 20 and 39 years, according to 2023G data. These are key factors driving the growth of food and beverage products in the Kingdom.

Companies rely on investing in vertical integration across supply chains and leverage strategic partnerships and acquisitions to achieve comprehensive dominance in the highly concentrated poultry meat market in the Kingdom.

The Kingdom is striving to achieve self-sufficiency in poultry meat production, with a target of reaching 90 per cent. by 2030G, highlighting the Kingdom's commitment to strengthening its local capabilities. This has played a pivotal role in driving domestic consumption of poultry meat and eggs, alongside favorable demographic factors and economic conditions. The domestic consumption of fresh poultry meat and eggs saw significant growth (with a compound annual growth rate (CAGR) of 9 per cent. and 4 per cent., respectively, between 2021G and 2023G). This growth was fueled by increased demand in the retail and food service sectors. Consumption cycles are influenced by seasonal variations (with consumption peaking in winter months) and religious occasions (such as Haj, Ramadan, and Eid Al Adha), as well as the rise in tourist inflows. The growth in local production, improved logistics, and the availability of products through delivery services, often referred to as last-mile solutions (along with their widespread presence in traditional retail outlets), have boosted the consumption of fresh poultry meat and eggs. As a result, retail sales continue to be a key pillar in this market. Moreover, sales have increased in value due to the growing demand for chicken cuts and the continued growth of the whole chicken category. In contrast, the growth of frozen poultry meat has been slower (primarily due to the availability of fresh poultry meat), with the food services sector accounting for most of the consumption.

The growth of the poultry meat and egg sector is also driven by strategic investments that have facilitated the shift from simple, traditional operations toward large-scale commercial farms. Additionally, Government incentives, including subsidies, sustainable farming initiatives, and development loans, are reinforcing this transformation, creating a suitable environment for local breeders and farmers.

The poultry meat market (both fresh and frozen) is highly concentrated, dominated by major companies that benefit from vertically integrated supply chains and strategic partnerships and acquisitions, which have allowed them to establish a strong presence across the Kingdom. In the fresh poultry meat segment, leading companies (Al Watania Poultry, Alyoum Poultry (a subsidiary of Almarai), and Tanmiah Food Company) accounted for over 50 per cent. of the total local market by volume in 2023G. This dominance is attributed to their advanced and efficient production facilities, investments in integrated supply chains, and strategic acquisitions, enabling them to serve both the retail and food service sectors in the Kingdom. Meanwhile, the Brazilian company BRF, with its brands Sadia and Doux, dominated the frozen poultry meat market, holding an 85 per cent. market share by volume in 2023G.

The Company is considered a leader in the fresh poultry meat market and has a presence in the egg market. It has successfully achieved optimal levels of quality, profitability, and scalability through its mixed supply model, which involves investing in a fully integrated vertical supply chain while maintaining flexibility through continuous collaboration with leased farms and farmers. The Company recorded revenue of SAR 1.1 billion in 2023G, following an impressive compound annual growth rate (CAGR) of 21.4 per cent. since 2021G. This growth is attributed to significant investments in expanding its capacities (targeting the production of 185 million chickens and 200 million chicks annually) and its strong quality certifications (with over 1,000 tests conducted across the supply chain).

In contrast, the egg market appears to be fragmented, with a group of small, non-branded companies accounting for 52 per cent. of the total market by volume in 2023G. Only two major companies, Al Watania Poultry and Rahima Poultry Farm, each hold a market share of over 10 per cent., enjoying a presence across the Kingdom and possessing integrated supply chains. Meanwhile, the other leading companies dominate only in one or two regions of the Kingdom.

Summary of Financial Information and Key Performance Indicators

The Company's financial information set out below was derived from (i) the audited financial statements for the financial year ended 31 December 2022G, which include the financial information as of and for the comparative period ended 31 December 2021G; (ii) the audited financial statements for the financial year ended 31 December 2023G, which include the financial information as of and for the comparative period ended 31 December 2022G, each prepared in accordance with the International Financing Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organisation for Chartered and Professional Accountants (SOCPA); and (iii) the unaudited interim condensed financial statements for the three-month period ended 31 March 2024G, which include the financial information for the comparative period ended 31 March 2023G, prepared in accordance with International Accounting Standard (IAS) 34 ("Interim Financial Reporting"), as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements endorsed by the Saudi Organisation for Chartered and Professional Accountants (SOCPA). For more information, refer to Section 6 (*Management's Discussion and Analysis of Financial Position and Results of Operations*). The financial information contained in this Prospectus has been rounded, so there may be slight differences between the figures shown for the same item in different tables, and the total in some tables may not equal the sum of the preceding figures.

Table 5: Summary of the Company's Financial Information as of and for the Financial Years Ended 31 December 2021G, 2022G and 2023G and the Three-Month Periods Ended 31 March 2023G and 2024G

SAR '000	As of/For the Financial Year Ended 31 December			As of/For the Three-Month Period Ended 31 March	
	2021G	2022G	2023G	2023G (Unaudited)	2024G (Unaudited)
Statement of Profit or Loss and Other Comprehensive Income Data					
Revenue	**729,082**	**1,030,900**	**1,099,349**	**280,690**	**339,618**
Cost of Revenue[1]	(602,763)	(801,023)	(869,047)	(222,759)	(264,467)
Gross Profit	**126,319**	**229,878**	**230,302**	**57,931**	**75,151**
General, Administration, Selling and Distribution Expenses	(110,436)	(120,169)	(147,367)	(32,307)	(36,571)
Provision for Expected Credit Losses for Accounts Receivables[2]	(1,633)	(18,411)	(7,845)	(3,306)	(9,160)
Profit from Operations	**14,250**	**91,298**	**75,090**	**22,318**	**29,420**
Other Income (expenses), net	61	(162)	3,499	641	3,444
Share of (loss) profit from investment in an associate	(6.9)	0	0	0	0
Gain/ (loss) on fair value adjustments on biological asset[3]	4,646	2,701	2,687	(2,372)	(5,517)
Finance Costs	(15,267)	(14,297)	(16,767)	(4,047)	(5,377)
Profit Before Zakat	**3,683**	**79,540**	**64,508**	**16,540**	**21,970**
Zakat	0	0	(1,848)	(450)	0
Profit for the Year/ Period	**3,683**	**79,540**	**62,660**	**16,090**	**21,970**
Remeasurement (loss)/ gain on employee's defined benefit liabilities	(269)	801	(1,671)	110	109
Total Comprehensive Income for the Year/ Period	**3,413**	**80,341**	**60,989**	**16,200**	**22,080**
Statement of Financial Position Data					
Total Non-current Assets	526,909	706,820	911,484	N/A	924,391
Total Current Assets	251,276	248,063	281,139	N/A	399,238
Total Assets	778,185	954,883	1,192,622	N/A	1,323,630
Total Non-Current Liabilities	414,095	547,236	535,439	N/A	517,113
Total Current Liabilities	318,841	282,056	220,603	N/A	347,857
Total Liabilities	732,935	829,292	756,042	N/A	864,970
Total Equity	45,250	125,591	436,580	N/A	458,660
Total Liabilities and Equity	778,185	954,883	1,192,622	N/A	1,323,630
Statement of Cash Flows Data					
Net Cash flows from (used in) Operating Activities	106,065	132,459	160,426	(52,024)	75,247
Net Cash Used in Investing Activities	(55,538)	(221,024)	(191,244)	(56,604)	(27,229)
Net Cash from (used in) Financing Activities	(93,593)	83,581	51,953	108,923	49,989
Net (decrease)/ increase in Cash and Cash Equivalents for the Year/ Period	(43,066)	(4,984)	21,135	295	98,007

SAR '000	As of/For the Financial Year Ended 31 December			As of/For the Three-Month Period Ended 31 March	
	2021G	2022G	2023G	2023G (Unaudited)	2024G (Unaudited)
Cash and Cash Equivalents at Beginning of Year/ Period	50,004	6,937	1,953	1,953	23,088
Cash and Cash Equivalents at End of Year/ Period	6,937	1,953	23,088	2,248	121,095

Source: The Company's audited financial statements for the financial years ended 31 December 2022G (where the comparative data for the financial year 2021G was extracted) and 2023G, as well as the Company's unaudited interim condensed financial statements for the three-month period ended 31 March 2024G.

(1) The line item "Government subsidies earned" was shown separately in the Company's audited financial statements for the financial year ended 31 December 2022G. For the purpose of this table only, Government subsidies earned for the year ended 31 December 2021G was netted off with Cost of Revenue to be consistent with the presentation for the financial years ended 31 December 2022G and 2023G.

(2) The line item "Provision for Expected Credit Losses for Accounts Receivables" was clubbed with selling and distribution expenses in the Company's audited financial statements for the financial year ended 31 December 2022G. For the purpose of this table only, Provision for Expected Credit Losses for accounts receivables for the year ended 31 December 2021G for is shown separately to be consistent with the presentation of the financial years ended 31 December 2022G and 2023G.

(3) The name of the profit/(loss) item has been changed from fair value adjustments to biological assets in the financial statements for the first quarter of 2024G.

Table 6: Company's Key Performance Indicators as of and for the Financial Years Ended 31 December 2021G, 2022G and 2023G and the Three-Month Periods Ended 31 March 2023G and 2024G

Key Performance Indicators	As of / for Financial Year Ended 31 December			As of / for Three-Month Period Ended 31 March	
	2021G	2022G	2023G	2023G (Unaudited)	2024G (Unaudited)
Revenue Growth Rate Compared to the Prior Period (%)	N/A	41.4%	6.6%	N/A	21.0%
Gross Profit Margin (%)[1]	17.3%	22.3%	20.9%	20.6%	22.1%
Net Profit Margin (%)[2]	0.5%	7.7%	5.7%	5.7%	6.5%
Return on Assets (%)[3]	0.9%	9.2%	5.8%	N/A	1.7%
Return on Equity (%)[4]	8.5%	93.1%	22.3%	N/A	4.9%
Current Ratio (%)[5]	78.8%	87.9%	127.4%	N/A	114.8%
Average Collection Period for Sales (Days)[6]	50	37	32	N/A	24
Average Inventory Conversion Period (Days)[7]	50	35	37	N/A	36
Average Days Payable Outstanding (Days)[8]	28	17	21	N/A	25
Debt to Equity Ratio (Times)[9]	7.4	3.5	1.2	N/A	1.3
Liabilities-to-Equity Ratio (%)[10]	1,619.8%	660.3%	173.2%	N/A	188.6%

Source: The Company's audited financial statements for the financial years ended 31 December 2022G (where the comparative data for the financial year 2021G was extracted) and 2023G, as well as the Company's unaudited interim condensed financial statements for the three-month period ended 31 March 2024G.

(1) The gross profit margin was calculated by dividing the gross profit for the year/period by the revenue for the year/period.

(2) The net profit margin was calculated by dividing the profit for the year/period by the revenue for the year/period.

(3) The return on assets for the years ended 31 December 2021G, 2022G and 2023G was calculated by dividing the profit for the year by the average total assets for the year. The average total assets was arrived at as the sum of total assets as of the end of the previous year/ period and the current year/period, divided by 2. The return on assets for the period ended 31 March 2024G was calculated by dividing the profit for the period by the average total assets for the period.

(4) The return on equity for the years ended 31 December 2021G, 2022G and 2023G was calculated by dividing the profit for the year by the average total equity for the year. The average total equity was arrived at as the sum of total equity as of the end of the previous year/period and current year/period, divided by 2. The return on equity for the period ended 31 March 2024G was calculated by dividing the profit for the period by the average total equity for the period.

(5) The current ratio was calculated as total current assets divided by total current liabilities as of 31 December 2021G, 2022G and 2023G, and as of 31 March 2024G.

(6) The average collection period for sales was calculated by dividing the average total accounts receivables as of the end of the period for the previous and current period by total revenue, multiplied by 365 days, for the financial years ended 31 December 2021G, 2022G and 2023G. The average collection period for sales for the period ended 31 March 2024G was calculated by dividing the average total trade receivables as of the end of the period for the previous and current period by total revenue (for the period), multiplied by 365 days and by 3/12.

(7) The average inventory conversion period is calculated by dividing the average total inventories as of the end of the period for the previous and current period by the total cost of revenue, multiplied by 365 days, for the financial years ended 31 December 2021G, 2022G and 2023G. The average inventory conversion period for the period ended 31 March 2024G was calculated by dividing the average total inventories as of the end of the period for the previous and current period by the total cost of revenue (for the period), multiplied by 365 days and by 3/12.

(8) The average days payable outstanding is calculated by dividing the average total accounts payable as of the end of the period for the previous and current period by the total direct costs related to accounts payable (calculated excluding (a) indirect expenses, (b) salaries and wages, (c) depreciation costs, (d) provisions, and (e) Government subsidies earned), multiplied by 365 days, for the financial years ended 31 December 2021G, 2022G and 2023G. The average days payable outstanding for the period ended 31 March 2024G was calculated by dividing the average total accounts payable as of the end of the period for the previous and current period by the total direct costs related to accounts payable, multiplied by 365 days and by 3/12.

(9) The debt-to-equity ratio (Times) was calculated by dividing the total non-current and current portions of loans from a related party by total equity as of 31 December 2021G , 2022G and 2023G and as of 31 March 2024G.

(10) The Liabilities-to-equity ratio (%) was calculated by dividing total liabilities by total equity as of 31 December 2021G, 2022G and 2023G and as of 31 March 2024G.

Summary of Risk Factors

Prior to making an investment decision with respect to the Offer Shares, prospective investors should carefully consider all 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 Outbreaks of Poultry Diseases and High Mortality Rates
- Risks Related to Financing
- Risks Related to the Company's Mortgaged and Owned Real Estate
- Risks Related to Licences and Approvals
- Risks Related to Contamination of Poultry and Other Meat Products
- Risks Related to Infectious Disease
- Risks Related to Operational Dependency on the Substantial Shareholder
- Risks Related to the Near Maximum Capacity of the Poultry Processing Plant and the Development of New Facilities
- Risks Related to Concentration of Revenues from Key Customers
- Risks Related to Supplier Concentration and Key Raw Materials
- Risks Related to the Company's Inability to Execute its Growth Strategy
- Risks Related to Major CAPEX Investments Straining the Company's Liquidity
- Risks Related to the Treasury Function Being Historically Handled by its Substantial Shareholder
- Risks Related to Increased Costs Associated with Employees Transferred from the Substantial Shareholder to the Company
- Risks Related to the Company's Future Revenue Growth Rates
- Risks Related to the Non-Registration of Lease Agreements on the Ejar Platform
- Risks Related to Dependence on Leased Farms and Other Leased Production Facilities
- Risks Related to the Company's Failure to Renew Material Agreements with the Company's Key Clients and Suppliers
- Risks Related to Developing a New Facility and Replacement of Old Assets
- Risks Related to the Inability to Identify Changing Consumer Preferences and Trends
- Risks Related to the Company's Reputation and the Quality of Services Provided
- Risks Related to Inventory Management
- Risks Related to Related Party Transactions and Agreements
- Risks Related to the Engagement of Directors or Senior Executives in Business Competing with the Company's Business
- Risks Related to Rising Raw Material Prices
- Risks Related to the Company's Revenue Growth Rates During Previous Financial Periods Due to Higher Product Prices and Quantities Sold
- Risks Related to the Concentration of the Company's Revenues in Some of its Large Poultry Farms
- Risks Related to the Concentration of Revenue from the Poultry Sector and the Decline in Revenue from Other Sectors
- Risks Related to the Financial Impact of Government Subsidies
- Risks Related to Adverse Changes in Exchange Rates
- Risks Related to the Collection of Receivables from the Company's Customers
- Risks Related to Adverse Changes in Interest Rates
- Risks Related to the Reliance on Executive Management and Key Personnel
- Risks Related to Employee Misconduct and Errors
- Risks Related to Hiring and Sponsoring Non-Saudi Employees
- Risks Related to Reliance on Information Technology Infrastructure
- Risks Related to Failure to Secure Adequate Insurance Coverage
- Risks Related to Litigation

- Risks Related to Protection of Intellectual Property Rights
- Risks Related to Potential Zakat Entitlements
- Risks Related to Estimated Fair Value of Biological Assets
- Risks Related to the Use of Accounting Assumptions to Estimated Post-Employment Benefits
- Risks Related to Competition and Antitrust Regulations

Risks Related to the Market, Industry and Regulatory Environment

- Risks Related to High Competition in the Poultry Market Sector
- Risks Related to Consumer Spending Due to Weak Economic Conditions
- Risks Related to Political Instability and Security Concerns in the Middle East Region
- Risks Related to Climate
- Risks Related to Changes in the Regulatory Environment
- Risks Related to Zakat and Income Tax Calculation Mechanism Change
- Risks Related to Non-Compliance with Value Added Tax, New Taxes or Additional Fees
- Risks Related to Certification for Products Slaughtered According to Islamic Laws (Halal)
- Risks Related to Changes in Energy Prices
- Risks Related to Non-Compliance with Saudisation Requirements
- Risks Related to the Recent Application of the Corporate Governance Rules
- Risks Related to Compliance with the Companies Law, Implementing Regulations and the Corporate Governance Regulations
- Risks Related to the New Civil Transactions Law and its Implementation

Risks Related to the Offer Shares

- Risks Related to Effective Control by the Current Shareholders after the Offering
- Risks Related to the Absence of a Prior Market for the Offer Shares
- Risks Related to the Sale of a Large Number of Shares on the Exchange
- Risks Related to the Issuance of New Shares
- Risks Related to Fluctuation in the Market Price of the Shares
- Risks Related to the Distribution of Dividends and Restrictions Imposed on the Distribution of Dividends by Financers

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LIST OF EXHIBITS

Definitions and Abbreviations

1. Definitions and Abbreviations

Accounting Standards Endorsed in the Kingdom	Accounting standards generally accepted in the Kingdom of Saudi Arabia and approved by the Saudi Organisation for Chartered and Professional Accountants (SOCPA).
Advisors	The Advisors of the Company in relation to the Offering, whose names appear on pages (vi) to (vii) 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.
Audit Committee	The Audit Committee of the Company.
Auditor	Ernst & Young Professional Services (Professional LLC).
Bidding Participation Application	The application submitted by the Participating Parties to the Bookrunner to register their application for Offer Shares during the book-building process, to be submitted to the Bookrunner no later than the last day of the book-building period. This term includes, when applicable, the appended applications when and if the price range is changed.
Board Member	Includes the members of the Company's Board of Directors.
Board of Directors or Board	The Board of Directors of the Company.
Book-Building Instructions	The Instructions for the Book-Building Process and Allocation Method in Initial Public Offerings, issued pursuant to CMA Board Resolution No. 2-94-2016, dated 15 Shawwal 1437H (corresponding to 20 July 2016G), as amended by CMA Board Resolution No. 1-103-2022, dated 2 Rabi al-Awwal 1444H (corresponding to 28 September 2022G).
Bookrunner	SNB Capital.
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 11.12 (*Summary of Bylaws*).
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 pursuant to Royal Decree M/30 dated 2 Jumada al-Akhirah 1424H (corresponding to 31 July 2003G), as amended.
Committees	The Audit Committee and the Nomination and Remuneration Committee of the Company.
Companies Law	The Companies Law issued pursuant to Royal Decree No. M/132 dated 1 Thul-Hijjah 1443H (corresponding to 30 June 2022G), and as further amended from time to time.
Company or Issuer	Arabian Company for Agricultural and Industrial Investment (ACAII).
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: (i) holding thirty per cent. (30%) or more of the voting rights in the Company; or (ii) the right to appoint thirty per cent. (30%) or more of the administrative staff. The word "controller" shall be construed accordingly.
Corporate Governance Regulations	The Corporate Governance Regulations, issued pursuant to CMA Board Resolution No. 8-16-2017 dated 16 Jumada al-Ula 1438H (corresponding to 13 February 2017G), and amended pursuant to CMA Board Resolution No. 8-5-2023, dated 25 Jumada al-Akhirah 1444H (corresponding to 18 January 2023G), based on the Companies Law issued by Royal Decree No. M/132, dated 1 Thul-Hijjah 1443H (corresponding to 30 June 2022G), as amended.
Directors (and each a Director)	The members of the Company's Board of Directors appointed by the General Assembly and whose names appear in Section 5 (*Organisational Structure and Corporate Governance*)
Exchange or Tadawul	The Saudi Exchange (Tadawul).
Executive Management	The Senior Executives at the Company.
Extraordinary General Assembly	An Extraordinary General Assembly of the Company's Shareholders convened in accordance with the Bylaws.

Financial Advisor	SNB Capital.
Financial Due Diligence Advisor	PricewaterhouseCoopers Public Accountants (PwC).
Financial Statements	The Company's financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and the accompanying notes thereto that have been prepared in accordance with the IFRS endorsed in the Kingdom and other standards and pronouncements endorsed by SOCPA and audited by the Auditor, and the Company's unaudited interim condensed financial statements for the three-month period ended 31 March 2024G and the accompanying notes thereto prepared in accordance with IAS 34 ("Interim Financial Reporting") endorsed in the Kingdom and reviewed by the Auditor. Such statements are contained in Section 18 (*Financial Statements and Auditor's Reports*).
Financial Year	The Company's financial year starting from 1 January to 31 December of each calendar year.
Foreign Investors	(1) non-GCC individuals residing outside the Kingdom and non-GCC institutions registered outside the Kingdom, who are entitled to invest indirectly to acquire economic benefits in the Offer Shares by entering into swap agreements with Capital Market Institutions licensed by the CMA to purchase shares listed on the Exchange; and (2) any foreign natural or legal person who is a client of a Capital Market Institution licensed by the CMA to practice management activities, provided that the Capital Market Institution has been appointed under conditions that enable it to make all investment decisions on behalf of the client without the need to obtain prior approval from them.
Foreign Strategic Investors	A foreign legal person aiming to acquire a direct interest 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 such listed company.
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 owned by GCC natural persons or governments and having the nationality of a GCC State according to the definition mentioned in the GCC Supreme Council Resolution issued in the 15th session and approved by Council of Ministers Resolution No. 16 dated 20 Muharram 1418H (corresponding to 27 May 1997G), as well as GCC funds in which a majority of the capital is 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 or an Ordinary General Assembly of the Company's Shareholders; "General Assembly" means any general assembly of the Company.
GOSI	The General Organisation for Social Insurance in the Kingdom.
Government	The Government of the Kingdom of Saudi Arabia (and "Governmental" shall be interpreted accordingly).
H	The Hijri calendar.
IASB	International Accounting Standards Board.
IFRS	International Financial Reporting Standards issued by the International Accounting Standards Board (IASB).
IFRS endorsed in the Kingdom	IFRS as endorsed in the Kingdom, along with other standards and pronouncements endorsed by the Saudi Organization for Certified Public Accountants (SOCPA), which cover technical matters not addressed by international standards, such as the issue of Zakat.
Implementing Regulation of the Companies Law	The Implementing Regulation of the Companies Law for Listed Joint Stock Companies issued by CMA Board Resolution No. 8-127-2016 dated 16 Muharram 1438H (corresponding to 17 October 2016G) pursuant to the Companies Law issued by Royal Decree M/132 dated 1 Thul-Hijjah 1443H (corresponding to 30 June 2022G), as amended pursuant to CMA Board Resolution No. 8-5-2023 dated 25 Jumada al-Akhirah 1444H (corresponding to 18 January 2023G), and as further amended from time to time.
Individual Subscribers	Saudi natural persons, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi spouse who can subscribe in the names of her minor children, on the condition that she submit proof that she is the mother of her minor children, as well as any non-Saudi natural person resident in the Kingdom or GCC natural person who has an investment account and an active investment portfolio with one of the Receiving Agents.
Investment Funds Regulations	The Investment Funds Regulations issued pursuant to CMA Board 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, as amended by CMA Board Resolution No. 2-22-2021 on 12 Rajab 1442H (corresponding to 24 February 2021G), and as further amended from time to time.

Investors	The Participating Parties and Individual Subscribers.
Kingdom	The Kingdom of Saudi Arabia.
Labour Law	The Saudi Labour Law issued pursuant to Royal Decree No. M/51, dated 23 Sha'ban 1426H (corresponding to 27 September 2005G), as amended.
Lead Manager	SNB Capital.
Legal Advisor	STAT Law Firm.
Listing	Listing 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.
Listing Rules	The Listing Rules approved by CMA Board Resolution No. 3-123-2017 dated 9 Rabi' al-Thani 1439H (corresponding to 27 December 2017G), as amended by CMA Board Resolution No. 4-114-2024 dated 4 Rabi' al-Thani 1446H (corresponding to 7 October 2024G).
Lock-up Period	The six-month period from the date on which trading of the Shares commences on the Exchange during which the Substantial Shareholder may not dispose of any of its Shares.
Main Market	The market in which registered and offered shares are traded under Part IV of the Rules on the Offer of Securities and Continuing Obligations.
Market Consultant	Euromonitor International Ltd.
Market Study Report	The Market Study Report exclusively prepared 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.
Mortality	Abnormal or mass death of poultry. Mortality can occur due to various reasons such as diseases (e.g. avian influenza), poor environmental conditions (e.g. high temperatures or poor ventilation), malnutrition, or poisoning.
National Transformation Programme	A programme designed to assist in achieving "Saudi Vision 2030" and to identify the challenges faced by Government entities in the economic and developmental sectors.
Net Offering Proceeds	The Offering Proceeds net of expenses related to the Offering.
Nominal Value	Ten Saudi Arabian Riyals (SAR 10) per Share.
Nomination and Remuneration Committee	The Nomination and Remuneration Committee of the Company.
Offer Price	Fifty Saudi Arabian Riyals (SAR 50) per Share.
Offer Shares	Nine million (9,000,000) ordinary Shares, representing thirty per cent. (30%) of the Company's share capital.
Offering	The initial public offering of nine million (9,000,000) ordinary Shares with a nominal value of ten Saudi Arabian Riyals (SAR 10) per Share, representing thirty per cent. (30%) of the Company's share capital at an Offer Price of fifty Saudi Arabian Riyals (SAR 50) per Share.
Offering Period	The period of two days, starting on Wednesday, 27 Sha'ban 1446H (corresponding to 26 February 2025G) until 2:00 p.m. Thursday 28 Sha'ban 1446H (corresponding to 27 February 2025G).
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 participating in the book-building process from amongst the Participating Parties.

Participating Parties	In accordance with the Book-Building Instructions, parties entitled to participate in the Book-Building Process, as follows: (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) Persons authorised to trade in securities as principals, in compliance with the provisions of the Prudential Rules upon the submission of a Bidding Participation Application; (3) clients of a person authorised by the CMA to conduct management activities in accordance with the provisions and restrictions set forth in the Book-Building Instructions; (4) legal persons allowed to open an investment account in the Kingdom, and an account with the Securities Depository Center, including foreign legal persons who are allowed to invest on the Exchange, in accordance with the controls on investment of listed companies in securities listed on the Exchange 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 Center; (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 CMA Board Resolution No. 1-40-2012 dated 17 Safar 1434H (corresponding to 30 December 2012G), amended pursuant to CMA Board Resolution No. 1-129-2022 dated 4 Jumada al-Akhirah 1444H (corresponding to 28 December 2022G) and its amendments.
Public	Persons other than the following: (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 persons 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; or (8) persons acting in concert, with a collective shareholding of five per cent. or more of the class of shares to be listed.
Qualified Foreign Investors (QFIs)	A foreign investor qualified in accordance with the Rules for Foreign Investment in Securities to invest in listed securities.
Receiving Agents	The Receiving Agents whose names appear on page (viii) of this Prospectus.
Related Party	Includes, in this Prospectus, the term "Related Party" or "Related Parties" in accordance with the Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority issued by CMA Board Resolution No. 4-11-2004 dated 20 Sha'ban 1425H (corresponding to 4 October 2004G), as amended by CMA Board Resolution No. 6-3-2024 dated 5 Rajab 1445H (corresponding to 17 January 2024G), being: (1) Affiliates of the Issuer, except companies wholly owned by the Issuer; (2) Substantial Shareholder 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 persons described in paragraphs 1, 2, 3 or 5 above; or (7) any company controlled by any person described in paragraphs 1, 2, 3, 5 or 6 above.
Relatives	Husbands, wives and minor children. For the purposes of the Corporate Governance Regulations: (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 to subscribe 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), as amended.

Rules on the Offer of Securities and Continuing Obligations	The Rules on the Offer of Securities and Continuing Obligations issued by CMA 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), as amended by CMA Board Resolution No. 3-114-2024 dated 4 Rabi' al-Thani 1446H (corresponding to 7 October 2024G).
SAMA	The Saudi Central Bank (SAMA).
SAR	The Saudi Arabian Riyal, which is the official currency of the Kingdom of Saudi Arabia.
Saudisation	Nationalisation requirements applicable in the Kingdom in relation to the labour market.
Secretary	The Secretary of the Company's Board of Directors.
Selling Shareholder or Substantial Shareholder	ARASCO with its ownership percentage stated in Table 4 (*Direct Ownership Structure of the Company Pre- and Post-Offering*), which will sell a portion of its Shares in the Offering.
Senior Executives	The members of the Company's senior management whose names appear in 5.4 (*Senior Management*).
Shareholder	Any holder of Shares in the Company.
Shares	Any ordinary share 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 in the Kingdom.
Subscribers	The Participating Entities and Individual Subscribers participating in the Offering.
Subscription Application Form	The subscription application form to be filled out by Participating Parties and Individual Subscribers (as the case may be) to subscribe for the Offer Shares.
Swap Agreements	Non-Saudi individual residing outside the Kingdom and institutions registered outside the Kingdom (except for investors who are foreign legal persons and Strategic Foreign Investors in accordance with the Rules for Foreign Investment in Securities) are permitted to acquire an economic interest in the Shares by entering into swap agreements with Capital Market Institutions authorised by the CMA to purchase, own and trade shares listed on the stock exchange for Foreign Investors. Under swap agreements, the Capital Market Institutions will be registered as the legal owner of such shares.
Underwriter	SNB Capital.
Underwriting Agreement	The Offering Underwriting Agreement entered into between the Company, the Selling Shareholder and the Underwriter in connection with the Offering.
Value Added Tax (VAT)	The Council of Ministers resolved on 2 Jumada Al-Ula 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 applied by specific sectors in the Kingdom and in GCC Countries. The amount of this tax was initially five per cent., and a number of products (such as basic food, health care and education services) were exempted from such tax. As of 1 July 2020G, VAT was further increased to 15 per cent. by the Ministry of Finance.
Vision 2030	The national strategic economic programme announced by the Saudi Government in 2016G, aimed at reducing dependency on oil and the petrochemical industry, diversifying the Saudi economy, and developing public services.
ZATCA	The Zakat, Tax and Customs Authority in the Kingdom.

Risk Factors

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 the risks that might affect the Company or that are 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 in the Shares.

The Company's Directors confirm that, to the best of their knowledge and belief, there are no material risks as of the date of this Prospectus other than those mentioned in this Section that may affect investors' decisions to invest in the Offer Shares. All prospective investors who wish to invest in 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 are able to 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 order reflecting their significance or expected impact on the Company.

2.1 Risks Related to the Activities and Operations of the Company

2.1.1 Risks Related to Outbreaks of Poultry Diseases and High Mortality Rates

An outbreak of poultry diseases, or the perception that such an outbreak may occur, could significantly restrict the Company's ability to conduct its operations or affect its sales, even if such outbreak does not directly affect the Company's poultry. An outbreak of poultry disease could result in Governmental restrictions on the sale of the Company's poultry products or the destruction of one or more of its flocks. This could result in direct economic losses and adverse publicity, resulting in the cancellation of pre-orders by the Company's customers, which would have a material adverse effect on the Company's business, financial position, results of operations and/or prospects.

In particular, the Saudi Arabian poultry industry has been negatively impacted by outbreaks of Newcastle Disease, Gumboro (IBD), infectious bronchitis and avian influenza in the past. The Company's poultry mortality rate reached 17.3 per cent., 6.2 per cent., 5.9 per cent. and 7.3 per cent. in the financial years ended 31 December 2021G, 2022G and 2023G and the three-month period ended 31 March 2024G, respectively.

The table below shows the Company's monthly poultry mortality rate from 2021G to 2024G:

Table 2.1: Monthly Poultry Mortality Rate

Monthly Poultry Mortality Rate												
Year	January	February	March	April	May	June	July	August	September	October	November	December
2024G	8.0%	10.4%	3.8%									
2023G	2.5%	5.7%	5.2%	3.9%	6.6%	6.6%	7.0%	8.2%	4.4%	7.1%	5.5%	6.6%
2022G	7.2%	7.0%	7.3%	4.8%	8.5%	7.6%	8.7%	6.5%	4.4%	4.2%	3.7%	4.4%
2021G	12.1%	10.8%	22.1%	17.8%	31.3%	22.9%	7.4%	17.9%	17.6%	8.1%	13.1%	30.6%

Source: The Company.

According to data from the Ministry of Environment, Water and Agriculture (**MEWA**), a highly dangerous strain of Wuhan Virus producing avian influenza was detected in a live bird market in Riyadh in December 2017G. The Company's poultry mortality rate reached 17.3 per cent. in the financial year ended 31 December 2021G, with a peak of 31.3 per cent. in May 2021G and 30.6 per cent. in December 2021G, mainly driven by two viral infections (infectious bronchitis virus (IB-VAR2) and avian influenza). In the financial years ended 31 December 2022G and 2023G, the mortality rates were significantly reduced to an average of 6.2 per cent. and 5.9 per cent., respectively, by implementing measures such as reducing broiler density and enhancing treatment and vaccination programs.

The potential impacts and risks associated with high mortality rates and disease outbreaks include:

- **Impact on Supply and Costs**: High mortality rates, as seen in the financial year ended 31 December 2021G, can disrupt supply and increase costs. While geographically dispersed farms help secure a stable supply and reduce reliance on the spot market, spot buys are usually more expensive and may impact profitability. Additionally, the quality of broilers from the spot market cannot be controlled as effectively as those raised within the Company's own farms;
- **Biosecurity and Health Management**: The occurrence of viral infections underscores the importance of stringent biosecurity measures and effective health management protocols. Lapses in these areas can lead to high mortality rates, operational disruptions and financial losses. Continuous investment in biosecurity and health management is essential to prevent future outbreaks and keep mortality rates within acceptable ranges;
- **Governmental Actions and Insurance Risks**: The Company does not have insurance coverage for its poultry and cannot guarantee that its flocks will not be affected by poultry diseases in the future. There is also no assurance that the Government will compensate the Company for any losses resulting from poultry disease outbreaks. If diseases were to affect a significant number of the Company's flocks, that might materially reduce domestic demand for its products. The Government might also take preventive measures even if the Company's flock is not specifically impacted by viral infections. For example, in 2017G, a highly virulent strain of H5N8 avian influenza virus was detected in a live bird market in Riyadh according to data from MEWA. The virus continued to spread to the Provinces of Riyadh, Al-Qassim, Makkah, Aseer, Al-Madinah and Jizan until March 2018G. As a result, MEWA issued a decision under its contingency plan to preventively cull around nine million birds in March 2018G to contain the spread of the disease; and
- **Operational Adjustments and Expansion Risks**: In response to high mortality rates, the Company implemented measures to improve health management, resulting in reduced mortality rates in subsequent years. The gradual rollout of the expansion project, which began in November 2023G, increased daily processing capacity and is expected to be fully operational in 2024G. However, the success of this expansion relies on maintaining low mortality rates to ensure sufficient supply for the increased capacity.

Therefore, the risks associated with disease outbreaks and high mortality rates could have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.2 Risks Related to Financing

The Company relies on four financing facilities from commercial banks and the Agricultural Development Fund (ADF) to fund its business concluded through the Substantial Shareholder. As of the date of this Prospectus, all three facility agreements with the ADF and one agreement with Saudi Awwal Bank were transferred to the Company on the same terms and conditions. The Company's total loans from related party (ARASCO) amounted to SAR 334.3 million, SAR 441.3 million, SAR 517.2 million and SAR 577.5 million, representing 43.0 per cent., 46.2 per cent., 43.4 per cent. and 43.6 per cent. of its total assets and 738.9 per cent., 351.4 per cent., 118.5 per cent. and 125.9 per cent. of its total equity as of 31 December 2021G, 2022G and 2023G and the three-month period ended 31 March 2024G, respectively. As of 31 March 2024G, the total limit of the facilities was SAR 582.6 million, of which a total of SAR 582.6 million has been utilised, including prepaid and scheduled administrative fees according to the financing agreements with the Agricultural Development Fund. This amount does not include financing expenses from Saudi Awwal Bank, as they vary from time to time (based on the SAIBOR rate for the period). Finance costs on loans from related parties amounted to SAR 12.1 million, SAR 10.5 million, SAR 10.6 million and SAR 3.8 million for the financial years ended 31 December 2021G, 2022G and 2023G and the three-month period ended 31 March 2024G, respectively, representing 3.6 per cent., 2.4 per cent., 2.0 per cent. and 2.6 per cent. of the total loan value for the same respective periods. It should be noted that a portion of the finance costs for project-specific loans from related parties was capitalised. Such capitalised portions amounted to SAR 2.6 million, SAR 18 million and SAR 3.8 million for the financial years ended 31 December 2022G and 2023G and the three-month period ended 31 March 2024G, respectively. Had these amounts not been capitalised, the finance cost percentages would have been 3.0 per cent., 5.5 per cent. and 5.2 per cent. for the financial years ended 31 December 2022G and 2023G and the three-month period ended 31 March 2024G, respectively.

The terms of the financing agreements limit the Company's ability to distribute dividend in excess of certain rates. For example, the financing agreements between the Company and ADF include restrictions on the Company's ability to distribute dividend from net profit without first obtaining ADF's written consent. A Sharia-compliant facility offer letter between the Company and Saudi Awwal Bank contains terms requiring the provision of prior notice to Saudi Awwal Bank before making any change of control to the Company or its ownership structure, when offering its Shares for public subscription. The Company has obtained the required approvals from Saudi Awwal Bank in this regard. Breach of any of these undertakings may constitute an event of default, which would result in the accelerated repayment of the amounts under the financing agreement and may also result in the accelerated repayment of any other debt under other financing agreements. In the event of any breach under the Company's financing agreements, creditors may decide to terminate their lending commitments and declare that all existing loans, along with accumulated and outstanding commissions and any fees and other obligations, are due and payable. If creditors decide to expedite the date of repayment of the debt owed to them, the Company may not possess sufficient assets to repay such debt, which could lead the Company towards bankruptcy or liquidation. In addition, lenders may exercise their rights to enforce the guarantees provided with respect to the financing facilities extended to the Company (for further details regarding such guarantees and undertakings and the material terms of the financing agreements concluded by the Company, see Section 11.5 (*Financing Agreements*)). Moreover, all of the loans are pass through loans from the Substantial Shareholder. The occurrence of any of the aforementioned factors would have a material adverse effect on the Company's business, financial position, results of operations and prospects.

The Company's ability to expand its business depends on several factors, among the most important of which is its ability to secure funding sources through internal and external cash resources. If these loans are not available or are discontinued, or if they are not provided on the same terms by banks, or if the Company incurs higher financing costs or is unable to secure sufficient alternative sources of financing in a timely manner and on favourable terms, the Company may not be able to expand its business, which would have a material adverse effect on its future strategy, business, results of operations, financial position and prospects.

In addition to certain contractual obligations, there may be other material adverse consequences related to indebtedness, along with a number of current or future financial commitments, including the following:

- allocation by the Company of a substantial portion of its cashflow from operations to repay its debts, consequently reducing funds available for working capital and capital expenditure;
- increasing the Company's exposure to increases in interest rates;
- increasing the Company's vulnerability to adverse economic and industry conditions, which could place it at a competitive disadvantage compared to competitors that have proportionately less indebtedness; and
- limiting the Company's flexibility in preparing for, or reacting to, changes in its business and the poultry market.

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

As of the date of this Prospectus, the Company has entered into several financing agreements for purposes related to its business. The following table shows these agreements:

Table 2.2: Financing Agreements

Financing Agreement	Date and Duration	Guarantees	Amount and Purpose	Security
A Sharia-compliant facility offer letter agreement between the Company and Saudi Awwal Bank (formerly Saudi British Bank)	The agreement commences on 7 Shawwal 1445H (corresponding to 16 April 2024G) and lasts for six years.	A promissory note for SAR 450,000,000. A company guarantee from ARASCO for SAR 450,000.000.	SAR 450,000,000 for the purpose of financing working capital to expand the Company's production line.	N.A.
Agricultural loan agreement between the Company and the Agricultural Development Fund	The agreement commences on 29 Sha'ban 1445H (corresponding to 10 March 2024G) and ends on 15 Thul-Qi'dah 1450H (corresponding to 30 March 2029G).	N.A.	The Agricultural Development Fund approved a loan of SAR 25,249,902 for the purpose of financing the Company's hatchery expansion project to produce the chicks required for broiler farming.	Bank guarantee from Arab National Bank in the amount of SAR 4,177,837. A total of six promissory notes issued by Abdulmalik Abdullah Al-Hussaini to the Agricultural Development Fund, each in the amount of SAR 3,933,310. Property mortgage in the amount of SAR 22,389,360. Property mortgage in the amount of SAR 375,000. Property mortgage in the amount of SAR 187,500,000. Property mortgage in the amount of SAR 5,389,777.50. Property mortgage in the amount of SAR 2,228,625.
Agricultural loan agreement between the Company and the Agricultural Development Fund	The agreement commences on 29 Sha'ban 1445H (corresponding to 10 March 2024G) and ends on 15 Sha'ban 1452H (corresponding to 11 December 2030G).	N.A.	The Agricultural Development Fund approved a loan of SAR 34,244,447 for the purpose of financing the expansion of automated slaughterhouses with a production capacity of up to 600,000 birds per day.	Bank guarantee from Saudi Awwal Bank (formerly Saudi British Bank) in the amount of SAR 30,590,217. Property mortgage in the amount of SAR 187,000. Property mortgage in the amount of SAR 3,850,875. Property mortgage in the amount of SAR 187,500. Property mortgage in the amount of SAR 4,156,875.

Financing Agreement	Date and Duration	Guarantees	Amount and Purpose	Security
Agricultural loan agreement between the Company and the Agricultural Development Fund	The agreement commences on 25 Jumada al-Ula 1446H (corresponding to 27 November 2024G) and ends on 11 Muharram 1456H (corresponding to 1 April 2034G).	N.A.	The Agricultural Development Fund approved a loan of SAR 185,081,258 for the purpose of financing the broiler chicken production project, specifically the expansion of cage farms for raising broilers with an additional production capacity of 2.4 million chickens per cycle.	A total of 18 property mortgages valued at SAR 113,619,751, a bank guarantee valued at SAR 16,344,000, and a mortgage on the project's assets (including machinery and equipment) valued at SAR 95,980,462.

Source: The Company.

(For more details, see Section 11.5 (*Financing Agreements*)). In the event these guarantees are withdrawn, the relevant banks may require additional collateral or credit support. If the Company is unable to provide them, it could result in additional financing costs, or the relevant banks may terminate the financing agreement, which would have a material adverse effect on the Company's business, financial position, results of operations, and prospects.

The Company has three agreements with the Agricultural Development Fund, and these agricultural loan agreements between the Company and the Agricultural Development Fund contain the following covenants:

- agreement not to take any legal action with respect to the mortgaged properties without the prior written consent of the lender;
- in the event of leasing the mortgaged properties, the Company agrees to:
  - ensure that the terms of the lease are acceptable to the lender;
  - ensure that the term of the lease is at least 15 years from the date of the loan agreement;
  - restrict the tenant's ability to assign the leased property until all loan instalments have been paid; and
  - acknowledge the lender's right to seize and sell the leased property for the purpose of debt recovery in connection with the loan agreement;
- the Company may not take any action, whether directly or indirectly, that could result in the transfer of ownership of the mortgaged properties without the prior written consent of the lender;
- the Company must grant the lender, its employees, authorised representatives, and any relevant Governmental entities unrestricted access to the mortgaged properties (including farms, projects, or land) during reasonable hours for inspection purposes; and
- the Company shall bear full and equal responsibility for repayment of the entire loan amount and all associated obligations until the loan is fully repaid.

Moreover, there may be material adverse consequences if the Company fails to adhere to these covenants, which would have a material adverse effect on its future strategy, business, results of operations, financial position and prospects.

2.1.3 Risks Related to the Company's Mortgaged and Owned Real Estate

As of the date of this Prospectus, the Company has 24 plots of land with a net book value of SAR 39.27 million which are mortgaged in favour of the Agricultural Development Fund .These plots amount to 4.51 per cent. of total property and equipment as of 31 March 2024G and 63.2 per cent. of total land as of 31 March 2024G. In the event that the market value of the mortgaged real estate decreases, this may negatively affect the Company's ability to meet its financial obligations. A decrease in the market value of such real estate could create a gap between the mortgage value and the market value, which may expose the Company to the risk of foreclosure and loss of assets. Foreclosures may affect the Company's financial liquidity and limit its ability to execute its projects or meet its financial obligations. Accordingly, this would have a material adverse effect on the Company's business, financial position, results of operations and prospects.

Table 2.3: Mortgages Associated with the Assets of Existing Projects

No	Deed Number	Area	Project	Financing Contract Number	Mortgage Value (SAR) (1)	Net Book Value as of 31 March 2024G	Percentage of Net Book Value from Total Assets as of 31 March 2024G
1	311511010502	1,188,600 sqm	Hatcheries	2110569104300	2,228,625.00	2,160,000	0.25%
2	911506002920	213,232 sqm	Hatcheries	2110569104300	23,988,600.00	3,280,000	0.38%
3	360001590060	1,818,969 sqm	Amal Farm	2111061878700	2,291,900.94	4,320,000	0.50%
4	211506002714	1,100,000 sqm	Hatcheries	2110569104300	5,389,777.50	2,880,000	0.33%
5	311511010483	500,000 sqm	Hatcheries and Parent Farms	2110669104300	4,156,875.00	797,637	0.09%
6	711507013128	854,000 sqm	Hatcheries and Parent Farms	2110669104300	3,850,875.00	1,362,363	0.16%
7	960001590275	1,000,000 sqm	Amal Farm	2111061878700	8,400,000.00	344,609	0.04%
8	811515013639	1,000,000 sqm	Amal Farm	2111061878700	9,100,000.00	344,609	0.04%
9	360001590132	1,000,000 sqm	Amal Farm	2111061878700	8,400,000.00	344,609	0.04%
10	911508011838	50,000 sqm	Amal Farm	2111061878700	560,000.00	4,594,783	0.53%
11	560001591575	100,000 sqm	Amal Farm	2111061878700	1,120,000.00	239,605	0.03%
12	811506002713	50,000 sqm	Slaughterhouse	2110669104300	187,500.00	239,605	0.03%
13	911507010541	100,000 sqm	Amal Farm	2111061878700	1,120,000.00	239,605	0.03%
14	611511010482	50,000 sqm	Slaughterhouse	2110669104300	187,500.00	239,605	0.03%
15	311511010480	50,000 sqm	Hatcheries	2110569104300	187,500.00	239,605	0.03%
16	311515013915	50,000 sqm	Amal Farm	2111061878700	560,000.00	239,605	0.03%
17	411511010503	100,000 sqm	Hatcheries	2110569104300	375,000.00	239,605	0.03%
18	760001547848	2,000,000 sqm	Amal Farm	2111061878700	1,400,000.00	100,327	0.01%
19	460001547315	2,000,000 sqm	Amal Farm	2111061878700	1,400,000.00	100,327	0.01%
20	360001547826	2,000,000 sqm	Amal Farm	2111061878700	1,400,000.00	100,327	0.01%
21	460001547854	2,000,000 sqm	Amal Farm	2111061878700	1,400,000.00	7,424,173	0.85%
22	433805000331	2,000,000 sqm	Amal Farm	2111061878700	1,400,000.00	7,323,847	0.84%
23	660001590058	2,537,641 sqm	Amal Farm	2111061878700	621,722.04	1,058,139	0.12%
24	313401006879	2,178,460 sqm	Amal Farm	2111061878700	533,722.70	1,058,139	0.12%
					80,259,598	**39,271,120**	**4.51%**

Source: The Company.

(1) The mortgage value was determined based on the real estate appraisal according to market prices and accepted by the financing entity.

2.1.4 Risks Related to Licences and Approvals

In order to carry out and expand its business, the Company must obtain various licences, certificates, permits and approvals from regulatory, legal, administrative, tax, and other Governmental authorities and agencies in the Kingdom. In particular, this includes a municipality licence for the conduct of commercial activities, a civil defence licence for its facilities in the Kingdom, and licences to practice agricultural and food activities for its facilities which are involved in agricultural and food-related activities such as farms, slaughterhouses and warehouses. The process for obtaining these licences, certificates, permits and approvals are often lengthy and most of them are subject to conditions under which they can be suspended or terminated if the licensee fails to comply with certain requirements. As of the date of this Prospectus, the Company has five expired licences that it is renewing out of the total 47 licences required to operate its facilities in the Kingdom. Additionally, as of the date of this Prospectus, the Company has eight licences that have not been issued for its branches located in the governorates of Al Aflaj, Al Kharj and Shaqra. These include an egg production licence from the Ministry of Environment, Water and Agriculture, four commercial activity licences from the Riyadh, Al Kharj and Shaqra municipalities, and three civil defence licences. The Company is working to obtain these licences immediately once the project for these branches commences. The Company may be subject to penalties and sanctions if these branches are operated without obtaining the necessary licences. Examples of such penalties could include financial fines or the closure of the non-compliant branch. As of the date of this Prospectus, the Company has seven licences in the name of its Substantial Shareholder that it is in the process of transferring to its own name. These include a municipal licence for practising commercial activities, three licences from the Ministry of Environment, Water and Agriculture for poultry farming operations, and two licences from the Ministry of Environment, Water and Agriculture for poultry farming, as well as a disclosure licence for an unauthorised well from the Ministry of Environment, Water, and Agriculture. The Company may be subject to penalties and sanctions if it fails to transfer these licences to its name (for further information regarding Government licences, certificates, permits and approvals, see Section 11.3 (*Government Consents, Licences and Certificates*)). The Company may be subject to penalties and fines if it continues to practice its activities without renewing the aforementioned licences. Furthermore, when renewing or modifying the scope of a licence, certificate or permit, the relevant authority may not approve such renewal or modification and may impose conditions that would negatively impact the Company's performance if it does renew or amend such documents. If the Company is unable to maintain, obtain or renew the relevant licences, permits and approvals, its ability to achieve its strategic objectives may be impaired and it may be forced to close the facilities lacking operational licences or be subject to financial penalties, which would have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.5 Risks Related to Contamination of Poultry and Other Meat Products

Poultry and other meat products may contain microscopic disease-producing organisms such as Listeria monocytogenes, Salmonella and generic E. coli. These microscopic pathogens are generally found in the environment. It is also possible that foreign materials such as metal, plastic or other material used could contaminate the products. The Company's products may be contaminated by pathogens or foreign material during transit to customers and consumers. Additionally, contamination that results from improper handling of the products by customers, consumers or third parties may nevertheless be attributed to the Company. Any publicity regarding product contamination or consequential illness or death would have a material adverse effect on the Company's business and reputation.

2.1.6 Risks Related to Infectious Disease

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 new strain of the coronavirus (COVID-19) was discovered in Wuhan, Hubei Province, China. This disease has spread to most countries of the world, causing many countries, including the Kingdom, to take various measures to limit the spread of the coronavirus, including the imposition of temporary restrictions, such as travel bans, curfews, banned movement between cities within the Kingdom and the restriction of activities that do not allow social distancing, as well as requiring people coming from other countries to stay in quarantine for a certain period of time. The Company's supply chain was also affected by the impact of the pandemic on both domestic and external raw material suppliers, delaying the Company's receipt of raw materials from these suppliers. There are also risks associated with the Company's employees becoming infected with the infectious diseases, which may lead to restrictions on their daily movement and work, thus affecting the daily operations of the Company. Further, there are risks related to the collection of debts owed by its clients due to the pandemic. As a result, the Covid-19 pandemic and the global volatile economic conditions caused by it have exacerbated some of the risk factors mentioned in this section. If Covid-19 or any other infectious disease were to spread again and restrictions to limit its spread are imposed, this would have a material adverse impact on the Company's business, financial position, results of operations and prospects.

2.1.7 Risks Related to Operational Dependency on the Substantial Shareholder

Despite the carve-out from the Substantial Shareholder, the Company has continued to rely on its Substantial Shareholder for various operational functions during the period covered in this Prospectus. These dependencies were managed through service level agreements ("**SLAs**") for shared services across all key areas including finance, facility management, human resources, information technology, legal and procurement. Although the Company has taken steps to internalise certain functions, the ongoing reliance on its Substantial Shareholder involves several risks:

- **Dependency on Shared Services**: The Company's dependence on its Substantial Shareholder for shared services has gradually declined, with payments to the Substantial Shareholder made on a monthly basis. Expenses related to these services represented 3.2 per cent., 2.1 per cent. and 1.9 per cent. of revenue during the financial years ended 31 December

2021G, 2022G and 2023G, respectively, and 1.3 per cent. of revenue during the three-month period ended 31 March 2024G. Nevertheless, any disruption in these services could adversely affect the Company's operations and its ability to maintain efficient business processes;

- **Internalisation Challenges**: While the finance and procurement functions were internalised in the financial year ended 31 December 2023G, the human resources and legal functions are still in the process of being internalised. Delays or issues in this transition could lead to operational inefficiencies and increased costs, impacting the Company's performance and strategic goals;
- **Service Level Agreements (SLAs)**: The SLAs with the Substantial Shareholder outline the pricing mechanisms and terms for the shared services provided. These agreements include a facility rental service agreement for the Company's headquarters for an annual amount of SAR 4.5 million, an IT support services agreement for an annual amount of SAR 10 million, and a talent acquisition and rewards support services agreement for an annual amount of SAR 4.2 million. These agreements were made on commercial terms and remain in effect for future periods. Any changes in these terms or failure to adhere to them could result in financial disputes, service interruptions and additional costs. Furthermore, the Company needs to continuously evaluate the cost-effectiveness and quality of these services to ensure they meet operational standards; and
- **Strategic and Operational Independence**: Achieving full operational independence from the Substantial Shareholder is crucial for the Company's long-term success. Any prolonged dependency on the Substantial Shareholder may hinder the Company's ability to implement its strategic initiatives and adapt to market changes effectively. This could limit the Company's growth prospects and competitive edge in the market.

While the Company has made significant progress in reducing its operational dependencies on the Substantial Shareholder, there remain inherent risks associated with this transition which could have a material adverse impact on the Company's business, financial position, results of operations and prospects.

The risks related to compliance and transfer and the potential change in expenses could have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.8 Risks Related to the Near Maximum Capacity of the Poultry Processing Plant and the Development of New Facilities

The Company's poultry processing plant has operated at relatively high production capacities for the majority of the previous periods, reaching 81.3 per cent., 93.6 per cent., 97.4 per cent. and 96.5 per cent. during the financial years ended 31 December 2021G, 2022G and 2023G and the three-month period ended 31 March 2024G, respectively. The number of birds processed amounted to 75,554,346 birds, 85,301,342 birds, 92,693,753 birds and 27,455,138 birds during the financial years ended 31 December 2021G, 2022G and 2023G and the three-month period ended 31 March 2024G, respectively. The total production capacity of the plant stood at 92,961,000 birds, 91,179,000 birds, 95,176,000 birds and 28,450,000 birds for the aforementioned periods, with an unutilised production capacity of 17,406,654 birds, 5,877,658 birds, 2,482,247 birds and 994,862 birds during the financial years ended 31 December 2021G, 2022G and 2023G and the three-month period ended 31 March 2024G, respectively. This high utilisation has limited the Company's processing output and introduces several risks that may impact the Company's operations and growth prospects. To address this, the Company has undertaken significant investments in expanding its poultry processing plant and associated operational assets. As of 31 March 2024G, the value of properties under construction amounted to SAR 277.5 million. The gradual rollout of the expansion project started in November 2023G, with an increase in daily processing capacity to 350,000 birds, which progressively reached 390,000 birds in March 2024G. The expansion project is expected to be fully operational by 31 December 2024G. However, the development of new facilities and the replacement of assets present the following additional risks:

- **Capacity Constraints and Operational Risks**: Operating at near-maximum capacity restricts the Company's ability to increase production to meet rising demand. This could lead to missed market opportunities and potential loss of market share. High utilisation levels also increase the risk of operational disruptions, equipment failures and maintenance issues. Any significant downtime could adversely affect the Company's production schedules, leading to delays in fulfilling customer orders and impacting revenue;
- **Construction and Financial Risks**: The Company's ability to complete the construction of new facilities on time and within budget is subject to several risks and challenges, such as the need to make an accurate assessment of the market size and economic feasibility, obtain the necessary permits and approvals from relevant Governmental entities, and secure the required financing. Any delays or cost overruns in completing this expansion could adversely impact the Company's ability to achieve the desired increase in production capacity and affect its financial performance. The significant capital expenditure required for the expansion project places financial constraints on the Company. Managing these costs is crucial to avoid overextending its financial resources, which could impact liquidity and overall financial stability;
- **Market and Strategic Risks**: The success of the expansion project depends on the Company's ability to capture additional market share and increase sales to justify the increase in production capacity. Any changes in market conditions, such as a decline in demand for poultry products or increased competition, could affect the anticipated benefits from the expansion. Focusing on expansion may also divert Management's attention and deplete resources required for other strategic initiatives, impacting operational efficiency and growth; and

- **Asset Replacement and Refurbishment**: The Company's competitiveness, success and growth depend on its ability to replace or refurbish assets needed for the operation of its poultry and other related facilities. This could result in a significant increase in capital expenditure. If the Company fails to complete construction on schedule, find additional farms available for lease for the expansion of its poultry operations, or otherwise achieve the expected benefits from the new facility, or if it is unable to replace or refurbish obsolete assets, its 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 revenue and operating income, which in turn would have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.9 Risks Related to Concentration of Revenues from Key Customers

While the Company continues to expand its contracted customer base across its various segments, certain key customers represent a relatively high percentage of the Company's total revenue. The Company's top 10 customers contributed 20.3 per cent., 21.1 per cent., 26.2 per cent. and 24.5 per cent. of the Company's total revenue for the financial years ended 31 December 2021G, 2022G and 2023G and the three-month period ended 31 March 2024G, respectively. The total revenue from the Company's top 10 customers amounted to SAR 147,953,707, SAR 217,483,114, SAR 288,179,606 and SAR 83,291,826 for the financial years ended 31 December 2021G, 2022G and 2023G and the three-month period ended 31 March 2024G, respectively. Moreover, the concentration of revenue from the Company's top five customers changed over the same periods from 18.0 per cent. during the financial year ended 31 December 2021G to 15.6 per cent. during the financial year ended 31 December 2022G, then to 17.1 per cent. during the financial year ended 31 December 2023G, and further to 18.7 per cent. during the three-month period ended 31 March 2024G.

The potential impacts and risks associated with revenue concentration from key customers include:

- **Dependence on Key Customers**: The Company's reliance on a small number of key customers for a significant portion of its revenue involves considerable risk as the loss of some of these customers or a reduction in their order volumes could have an adverse effect on the Company's revenue and profitability;
- **Negotiation Power of Key Customers**: The significant contribution of key customers to the Company's revenue gives them substantial negotiation power. These customers may demand price reductions or special terms such as the ability to return products, all of which could negatively impact the Company's profit margins;
- **Impact on Financial Performance**: A high concentration of revenue from a few customers increases the Company's vulnerability to changes in these customers' business strategies or financial health. Any adverse developments affecting these key customers could directly affect the Company's financial performance;
- **Market Dynamics and Competition**: The Company's ability to retain its key customers is influenced by market dynamics and competition. Competitors may offer better terms, prices or products, which could lead to the loss of key customers and consequently impact the Company's revenue; and
- **Unstable Sales Volumes**: Contractual relationships with key customers could change at any time and as such, there is no guarantee that sales volumes will be sustained. Accordingly, the loss of some of these key customers or a decline in the volume of business with them would negatively affect the Company's revenues and sales.

Accordingly, the risks associated with revenue concentration and dependence on key customers could have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.10 Risks Related to Supplier Concentration and Key Raw Materials

The Company faces several risks due to the concentration of its main suppliers who have long-term contracts with the Company, particularly suppliers of key raw materials such as feed and hatching eggs. The Company's five largest suppliers (identified based on purchase values) collectively provided 61.6 per cent., 68.8 per cent., 81.6 per cent. and 74.7 per cent. of the Company's total cost of revenue, and the Company's purchases from the five largest suppliers amounted to SAR 371.2 million, SAR 550.8 million, SAR 709.3 million and SAR 197.5 million in the financial years ended 31 December 2021G, 2022G and 2023G and the three-month period ended 31 March 2024G, respectively. This concentration poses several risks:

- **Dependence on the Substantial Shareholder for Feed Supply**: The Company purchases almost 100 per cent. of its feed from the Substantial Shareholder on a commercial basis and at market prices. Feed is the main raw material used in raising broilers and accounted for 56.5 per cent., 67.5 per cent., 68.6 per cent. and 70.2 per cent. of direct materials in the financial years ended 31 December 2021G, 2022G and 2023G and the three-month period ended 31 March 2024G, respectively. The reason for the increase in the percentages in the feed materials is that the more the Company expands its farms, the more it relies on ARASCO's feed supplies. Any disruption in supply from the Substantial Shareholder could adversely affect the Company's operations, leading to potential production stoppages and financial losses (for further details regarding the feed supply agreement, see Section 11.8 (*Related Party Contracts and Transactions*).
- **Limited Supplier Base for Hatching Eggs**: The Company does not currently own any farms for breeding parent stock to produce hatching eggs, which are used to hatch chicks that are then raised into birds through a feeding process. Previously, the majority of hatching eggs were imported from three suppliers. For further details, see Section 4.7.5

(*Geographic Locations and Operations*). These suppliers collectively represented 96.0 per cent., 91.5 per cent., 83.2 per cent. and 86.3 per cent. of hatching egg purchases in the financial years ended 31 December 2021G, 2022G and 2023G and the three-month period ended 31 March 2024G, respectively. The total cost of hatching eggs utilised in the chick production process represented 36.5 per cent., 25.9 per cent., 30.8 per cent. and 30.6 per cent. of the total direct material costs in the financial years ended 31 December 2021G, 2022G and 2023G and the three-month period ended 31 March 2024G, respectively. While the Company has expanded its supplier base and started purchasing from a local supplier through an agreement during the three-month period ended 31 March 2024G, the top three foreign suppliers from Belgium, Oman and Spain still represented 68.6 per cent. of all hatching eggs purchased during the same period. For more details about these suppliers, see Section 4.7.2.1 (*Breeding and Hatching*) and Section 4.7.7 (*Suppliers*). Therefore, any failure by these suppliers to deliver the required quantities could disrupt the Company's operations and affect its ability to meet its production targets.

- Overall Supplier Concentration Risks: The reliance on the top five suppliers for a significant portion of total purchases increases the risk of supply chain disruptions. If the Company loses these suppliers or if they are unable to deliver their products to the Company, the Company may not be able to find alternative suppliers or enter into agreements with them in a timely manner or on favourable terms, potentially disrupting the Company's production operations and having a material adverse effect on the Company's ability to provide and deliver products to its customers (for more details about suppliers, see Section 4.7.7 (*Suppliers*)).
- Price Fluctuations and Supply Chain Disruptions: The reliance on a limited number of suppliers for key raw materials exposes the Company to price fluctuations and supply chain disruptions. Changes in market conditions, geopolitical factors, or regulatory changes in the countries where these suppliers are based can negatively impact the availability and cost of feed and hatching eggs.
- Quality Control Issues: The Company may face quality control issues due to sourcing hatching eggs from external suppliers. Unlike broilers raised on the Company's farms, the quality of hatching eggs received from external suppliers cannot be controlled with the same level of effectiveness, which may affect the quality and general health of the broilers produced.
- Operational and Financial Risks: Dependence on key suppliers involves operational and financial risks, including potential production delays, increased costs due to spot market purchases, and reduced profitability. The Company's efforts to diversify its supplier base and enhance supply chain resilience are crucial in mitigating these risks.

Accordingly, the concentration risks associated with key raw material suppliers and the overall supplier concentration could have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.11 Risks Related to the Company's Inability to Execute its Growth Strategy

The Company regularly evaluates its expansion plans, such as building of new facilities. Such expansion involves risks, including but not limited to the ability of the Company to secure additional financing, its effect on the Company's financial position, efficient integration of new facilities into the Company's operations, efficient management of the expansion, timely and cost-effective response to poultry industry changes and developments, recruitment and training of the Company's key managers and employees, all while continuing to efficiently operate the Company's existing operations. The Company's inability to properly manage the expansion or its failure to exploit growth opportunities through expansion or implementation of its growth strategy in the future could have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.12 Risks Related to Major CAPEX Investments Straining the Company's Liquidity

During the financial years ended 31 December 2021G, 2022G and 2023G, the Company reinvested all of its cash flows generated from operating activities, in addition to relying on long-term external debt, to fund its expansion plans. This significant capital expenditure (CAPEX) has resulted in several risks that could impact the Company's liquidity and financial stability:

- Cash Flow Reinvestment and External Debt: The Company utilised all cash flows generated from its operations and relied heavily on external financing to support its expansion plans. This strategy has strained the Company's liquidity, making it reliant on continued access to external funding sources to meet its financial obligations and sustain operations. For further details, see also Section 2.1.3 (*Risks Related to Financing*);
- Expansion Project Costs: The Company's expansion project required substantial investment to increase production capacity to 600,000 birds, with an amount of SAR 277.5 million reported under projects in progress as of 31 March 2024G. The Company anticipates further CAPEX requirements of SAR 78.3 million to complete this project in the financial year ended 31 December 2024G. Any delays or cost overruns in this project could exacerbate liquidity challenges;
- Cash Flow Bridging and Liquidity Management: To bridge its cash flow needs, the Company has relied on external financing. While cash flow requirements for the expansion plans reduced in the three-month period ended 31 March 2024G, allowing the Company to start building up its cash levels, any unexpected expenses or delays could quickly deplete these reserves, impacting the Company's ability to meet its financial commitments;

- **Financial Flexibility and Debt Servicing**: The significant reliance on external debt increases the Company's financial leverage and reduces its financial flexibility. Higher debt levels also result in increased debt servicing costs, which could divert cash flows away from operational and strategic initiatives. Any difficulty in servicing this debt could lead to financial distress or adversely affect the Company's credit rating;
- **Potential Impact on Future Investments**: The heavy investment in CAPEX may limit the Company's ability to undertake future strategic investments or respond to market opportunities. This could hinder the Company's growth prospects and competitive position in the industry; and
- **Economic and Market Conditions**: The Company's ability to manage its liquidity effectively is also dependent on broader economic and market conditions. Any adverse changes in these conditions, such as increases in interest rates or tighter credit markets, could adversely impact the Company's access to financing and its overall financial health.

Therefore, the Company's significant CAPEX investments introduce substantial risks related to liquidity and financial stability that could have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.13 Risks Related to the Treasury Function Being Historically Handled by its Substantial Shareholder

During the majority of the historical period, the treasury function for the Company was managed by its Substantial Shareholder. This arrangement continued until October 2023G, when the Company internalised this function to further increase its independence from the Substantial Shareholder. While this transition aims to enhance the Company's financial autonomy, it introduces several risks that could impact the Company's financial and operational stability:

- **Relatively Low Liquidity Levels**: The Company has reported relatively low levels of cash and net working capital in its financial statements for the previous periods. Balances due to or from the Substantial Shareholder have been netted off and settled. Operations are recorded on a daily basis and balances are settled approximately on a monthly basis, resulting in the Company continuously maintaining low levels of liquidity. This poses a risk of inadequate liquidity to meet its operational needs and unforeseen financial obligations;
- **Transition Risks**: Although the treasury function has been set up within the Company, the process is still ongoing to ensure optimal operation. During this period, the Company may need to continue relying on the Substantial Shareholder, which could delay the full realisation of benefits from internalisation. Any inefficiencies or disruptions during this transition period could adversely affect the Company's cash management and financial planning. For further details, see also Section 2.1.8 (*Risks Related to Operational Dependency on the Substantial Shareholder*);
- **Dependency on Financial Institutions**: The Company's operations require continuous dealings with financial institutions for activities such as issuing letters of credit to source key raw materials from abroad. The increases in borrowings to fund planned expansions, coupled with relatively low reported working capital levels in the financial statements, indicate a potential need for additional sources of credit. Effective cash management is critical, and any failure to manage these interactions effectively could impact the Company's ability to secure additional financing on suitable terms (for further details, see also Section 2.1.3 (*Risks Related to Financing*));
- **Operational and Financial Risks**: The internalisation of the treasury function necessitates robust internal controls and efficient management systems. Any lapses in these areas could lead to financial mismanagement, increased costs, and operational disruptions. Ensuring compliance with financial regulations and maintaining effective oversight during this transition period is crucial to mitigate these risks; and
- **Potential Impact on Borrowing Costs**: As the Company in-houses its treasury function, there may be variations in borrowing costs and additional bank charges associated with the transfer of loans from the Substantial Shareholder. A total of four loans were transferred to the Company with the same financing costs and terms and conditions, suggesting that there is no change in borrowing costs resulting from the loan transfers. However, a loan transfer fee of SAR 2,128,997.13 was charged by the Agricultural Development Fund, while no transfer fees were charged by Saudi Awwal Bank. These variations could increase the Company's financial expenses and affect its overall profitability.

Accordingly, the internalisation of the treasury function presents several risks that could have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.14 Risks Related to Increased Costs Associated with Employees Transferred from the Substantial Shareholder to the Company

The Company faces significant risks related to increased costs associated with employees transferred from the Substantial Shareholder. When employees are transferred to the Company, this may result in additional costs including financial compensation and job benefits, as well as training and qualification costs for new employees to ensure their compatibility with the new work environment. In addition, the transferred employees may have different expectations regarding salaries and benefits compared to what they received at the previous company. This may lead to an increase in the Company's operating costs beyond initial estimates, particularly if the Company is required to provide competitive salaries and benefits in order to attract and retain such employees. On the other hand, the Company may face challenges related to the cultural and organisational integration of the transferred employees, which could affect the overall level of performance and operational effectiveness of the Company. If the Company is unable to manage these risks effectively, this could have a negative impact on its profitability and consequently on the expected returns to Shareholders, which may negatively and materially affect the Company's business, financial position, results of operations and prospects.

2.1.15 Risks Related to the Company's Future Revenue Growth Rates

The Company derives revenue from the sale of fresh chicken. Such sector is affected by various factors (see Section 6 (*Management's Discussion and Analysis of Financial Position and Results of Operations*) for more information on the financial and operational performance of business segments and the factors affecting them). In addition, this sector is subject to many of the risks stated in this section of the Prospectus (see Section 2.1.1 (*Risks Related to Outbreaks of Poultry Diseases and High Mortality Rates*), which, if they occur, may affect the business of this sector and thus the growth rates of the Company's revenue. The Company's revenue witnessed a significant increase of 41.4 per cent. compared to the financial year ended 31 December 2021G, reaching SAR 1,030,900,250 in the financial year ended 31 December 2022G. This growth is attributed to the increase in poultry sales volume from 64.2 million kilogrammes to 79.1 million kilogrammes, driven by the rising demand for local products and the reduction in imports of foreign poultry to support the domestic poultry industry as well as an increase in the selling prices of poultry products from SAR 10.9 to SAR 12.5 per kilogramme during the financial years ended 31 December 2021G and 2022G, respectively. Additionally, revenue growth of 6.6 per cent. was recorded during the financial year ended 31 December 2023G compared to the financial year ended 31 December 2022G, and a percentage of 21.0 per cent. during the three-month period ended 31 March 2024G, compared to the same period ended 31 March 2023G. Accordingly, the Company may not achieve success in its efforts to increase revenue or the pace of growth in its business. In addition, revenue growth rates in previous periods should not be taken as an indication of their future growth rates. The Company may not be able to overcome the risks and difficulties it may face in the poultry sector. The demand for its products may decrease or the Company may be forced to reduce its prices. Consequently, the Company's total revenue would decrease, which would have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.16 Risks Related to the Non-Registration of Lease Agreements on the Ejar Platform

The Company has entered into a number of lease agreements related to its business as a lessee, including eight poultry farm leases that are not registered on the Ejar platform. Those farms represent two per cent. of the Company's total broiler production. Any material changes to these agreements could potentially impact the Company's production and revenue. As of 31 March 2024G, pursuant to Council of Ministers' Resolution No. 292 dated 16 Jumada al-Ula 1438H (corresponding to 13 February 2017G) and the Ministry of Justice circular approving the application of this to all contracts concluded after 4 Jumada al-Ula 1440H (corresponding to 10 January 2019G), a lease contract not registered on the Ejar platform is considered invalid and without administrative or judicial effects. Thus, in the event of a dispute between the parties regarding unregistered lease contracts on the Ejar platform, the dispute may not be considered by Saudi courts, potentially preventing the Company from protecting its rights if the landlord breaches its contractual obligations. An electronic lease agreement is deemed an executory deed and the parties can execute it directly through the enforcement courts, without the need to file a lawsuit in the event that a party has breached its material obligations arising thereunder. Therefore, this poses several risks to the Company in the event it does not register the lease agreements on the Ejar platform. Examples of such risks are withdrawal of the leased property and the inability to issue the required licences to practice the activity at that branch without registering the relevant contracts on the Ejar platform, thus the disruption of the Company's business, which would have a material adverse effect on the Company's business, financial position, results of operations and prospects

2.1.17 Risks Related to Dependence on Leased Farms and Other Leased Production Facilities

The Company conducts poultry raising activities on both leased and owned farms. As of 31 March 2024G, the Company had lease agreements with farm owners for eight breeder and broiler farms and one hatchery (distributed over 13 rented spaces), in addition to five warehouses and housing quarters for workers. Leased farms account for 29.6 per cent. of the total number of farms utilised by the Company, with a total lease cost of SAR 117,887,948, which constitutes 21.8 per cent. of total revenue for the three-month period ended 31 March 2024G. These leases generally have terms of two to 13 years and typically provide for renewal options for a similar number of years subject to agreement by both parties (for further details about the lease agreements, see Section 11.7.2 (*Leases*)). The Company may not be able to negotiate the renewal of any of these lease agreements on commercially agreeable terms. This reliance on leased properties introduces a degree of uncertainty and potential instability into the Company's business. If the Company is unable to secure lease renewals under favourable terms, it may be forced to relocate its facilities or construct new ones, entailing substantial financial and operational resources and potentially disrupting business continuity. Moreover, the property owners could terminate the leases with minimal notice, which would also disrupt operations and entail significant costs for the transfer. If any of the above were to occur, it would adversely affect the Company's business, financial position, results of operations and prospects.

2.1.18 Risks Related to the Company's Failure to Renew Material Agreements with the Company's Key Clients and Suppliers

The Company entered into several material agreements related to its business as a supplier or client. As of 31 March 2024G, the total value of these material agreements was estimated at SAR 85 million, representing 25 per cent. of the total revenue for the same period. As of the date of this Prospectus, none of the Company's material agreements with its key customers and suppliers have expired. In the event such agreements expire and the Company is unable to renew them, this could lead to a disruption Company's business, financial position, results of operations and prospects (for more details about the material agreements of the Company, see Section 11.4 (*Material Agreements*)). As of the date of this Prospectus, some of the material agreements contain material clauses. For example, the supply agreement between the Company and Panda Retail Company includes a clause stating that if delivery is delayed beyond the specified time, a penalty of one per cent. of the total order value will be imposed for each day of delay, up to a maximum of five per cent. of the total order value. If the Company delays the delivery of orders within the specified time, it may be subject to financial penalties of up to five per cent. of the total order value. These losses could affect profit margins and increase unexpected costs, and if delays in order deliveries become frequent, it could lead to a deterioration in customer relationships. Managing these risks requires adherence to delivery schedules. Additionally, the Company has a supply agreement with Al Romansiah, a closed joint stock company, and this agreement contains a clause stating that either party has the right to terminate the agreement without any liability arising from such termination, provided that a 30-day prior notice is given. This could pose a risk to the Company in terms of instability in the business relationship, affecting relationships with customers and suppliers. Failure by the Company to comply with these provisions could have a material adverse effect the Company's business, financial position, results of operations and prospects.

2.1.19 Risks Related to Developing a New Facility and Replacement of Old Assets

The Company's ability to complete construction of any new facility at the appropriate time and within the planned budget entails a number of risks and challenges. In particular, completing construction of a new facility requires making a precise assessment of the market and the economic feasibility of establishing this new facility, as well as obtaining the required permits and approvals from the relevant Government body, for which there is no guarantee. Construction of a new facility for the Company also relies on its ability to secure the required financing to complete construction. The Company's failure to assess the economic feasibility of establishing the new facility or the Company's inability to obtain the permits and approvals required to operate such new facilities could have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.20 Risks Related to the Inability to Identify Changing Consumer Preferences and Trends

The Company's success regarding fresh poultry and other products offered by the Company depends on its ability to offer them in a way that appeals to the Company's customers and responds to evolving consumer preferences and trends. Such preferences and trends are influenced by several factors, such as the product offering, quality, brand perception, product packaging, branding and marketing activities. Consumer perceptions can be impacted by adverse publicity and rumours about food production, with such risks amplified by the expanding role of social and digital media. The impact of negative publicity can remain for a long time and may lead to the loss of consumer confidence in the safety and quality of the Company's products. If the Company fails to promptly and effectively address potential negative publicity about its products or fails to identify changes in consumer perceptions or trends, this may lead to lower demand and pricing for the Company's products, which could have a material adverse effect on its business, financial position, results of operations and prospects.

Moreover, the Company may introduce new or improved products from time to time to meet evolving consumer preferences and may incur significant development and marketing costs in doing so. If the Company's products do not meet consumer preferences or if the Company's marketing efforts are unsuccessful, this could adversely affect the Company's business, financial position, results of operations and prospects.

2.1.21 Risks Related to the Company's Reputation and the Quality of Services Provided

Since its inception, the Company has sought to establish a good reputation for its brand and preserve its reputation and brand by enhancing the quality of services it provides to its customers. This relies on several factors, including making available the full range of the Company's products through electronic platforms and in the retail market. Accordingly, the Company's failure to provide or maintain the quality of services provided to its customers would 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, leading to a decrease in customer appetite for its products. The Company's reputation may be affected if it is unable to maintain the quality of services provided to its customers, which could have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.22 Risk Related to Inventory Management

The Company relies on its experience in the poultry market and accurate poultry demand forecasts to manage its inventory of food ingredients and frozen poultry products comprising whole birds and cuts, which have a shelf life of one year from the date of production (for further details, see Section 6.6.2.2 (*Current Assets*)). Demand for poultry products, however, can be significantly different from the forecasts since it may be affected by new product launches in the market, changes in product cycles, pricing, changes in customer spending patterns, new entrants to the market and other factors, any of 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 or adequately manage production quantities, it may produce more poultry products than is needed by its customers, resulting in excess inventory levels. Excess inventory and its poor management might lead to products expiring or the Company having to lower prices in order to sell inventory prior to the expiration date, which could have an adverse effect on the Company's business, financial position, results of operations and prospects.

As of 31 December 2021G, 2022G and 2023G and 31 March 2024G, the total inventory amounted to SAR 84.3 million, SAR 68.7 million, SAR 105.8 million and SAR 103.9 million, respectively. These figures represented 10.8 per cent., 7.2 per cent., 8.9 per cent. and 7.9 per cent. of the Company's total assets as of the respective dates. Provisions for slow moving inventories for the Company were SAR 9.7 million, SAR 12.3 million, SAR 12.5 million and SAR 13.2 million as of 31 December 2021G, 2022G and 2023G and 31 March 2024G, respectively. Total inventory waste amounted to SAR 13.1 million, SAR 12.4 million, SAR 3.8 million and SAR 0.12 million during the financial years ended 31 December 2021G, 2022G and 2023G and the three-month period ended 31 March 2024G, respectively. This represented 15.5 per cent., 18.0 per cent., 3.6 per cent. and 0.1 per cent. of the net inventory as of the end of the respective periods. Net realizable value was calculated by comparing the market value to the cost of inventory, resulting in a negative adjustment for the abovementioned periods. Consequently, any negative adjustment in the market value may lead to a reduction in the value of the inventory reported in the financial statements. Finished goods are presented in the Company's financial statements with a net realisable value adjustment of SAR 367,234, SAR 4,650,039 and SAR 7,305,841 for the financial years ended 31 December 2022G and 2023G and the three-month period ended 31 March 2024G. The inventory turnover ratio for the financial years ended 31 December 2021G, 2022G and 2023G and the three-month period ended 31 March 2024G was 50 days, 35 days, 37 days and 36 days, respectively.

2.1.23 Risks Related to Related Party Transactions and Agreements

In its ordinary course of business, the Company enters into, on a commercial basis, agreements and transactions with certain Related Parties and affiliates, including its Substantial Shareholder, Directors and Senior Executives (see Section 11.8 (*Related Party Contracts and Transactions*)). Balances due to Related Parties amounted to SAR 276.8 million, SAR 257.7 million, SAR 50.3 million and SAR 70.2 million as of 31 December 2021G, 2022G and 2023G and 31 March 2024G, respectively, representing 37.8 per cent., 31.1 per cent., 6.7 per cent. and 8.1 per cent. of the Company's total liabilities as of the respective dates. Balances due from Related Parties amounted to SAR 168,906, SAR 110,342, SAR 157,712 and SAR 104,694 as of 31 December 2021G, 2022G and 2023G and 31 March 2024G, respectively, representing 0.02 per cent., 0.01 per cent., 0.01 per cent. and 0.01 per cent. of the Company's total assets as of the same dates, respectively. Total revenue from transactions with Related Parties amounted to SAR 181,906, SAR 4,279,863, SAR 915,391 and SAR 7,598,119 in the financial years ended 31 December 2021G, 2022G and 2023G and the three-month period ended 31 March 2024G, respectively, representing 0.02 per cent., 0.42 per cent., 0.08 per cent. and 2.24 per cent. of the Company's total revenue in the same periods. The total value of transactions, consisting of purchases and shared services from Related Party, amounted to SAR 261.7 million, SAR 361.0 million, SAR 416.5 million and SAR 78.7 million in the financial years ended 31 December 2021G, 2022G and 2023G and the three-month period ended 31 March 2024G, respectively. These transactions represented 35.7 per cent., 39.2 per cent., 41.0 per cent. and 26.1 per cent. of the Company's total operating costs (sum of cost of revenue, selling and distribution, general and administration expenses) in those periods. Total loans from the Substantial Shareholder amounted to SAR 334,331,549, SAR 441,289,654, SAR 517,202,785 and SAR 577,469,358 as of 31 December 2021G, 2022G and 2023G and 31 March 2024G, respectively, representing 100 per cent. of the Company's total loans as of the same dates. The Company relies on the Substantial Shareholder in performing many operational functions through service level agreements (for further details, see Section 2.1.7 (*Risks Related to Operational Dependency on the Substantial Shareholder*). The Company has executed an agreement to settle these outstanding amounts with Related Parties on a monthly basis, starting in October 2023G. All such transactions were entered into on a commercial basis pursuant to written agreements governing the contractual relationship between the parties. The transactions and agreements in which a Director has a direct or indirect interest were approved by the General Assembly in its meeting held on 11 Thul-Qi'dah 1445H (corresponding to 19 May 2024G). As of the date of this Prospectus, the Company entered into a supply agreement with Al Hanaki Trading Establishment on 3 Muharram 1446H (corresponding to 9 July 2024G), and the General Assembly approved the agreement at its meeting held on 21 Rabi' al-Awwal 1446H (corresponding to 24 September 2024G).

As of the date of this Prospectus, the Company has one expired contract that has not been renewed. If any additional contracts are not renewed, and if contracts and transactions with Related Parties are not documented in the future in written agreements or, if they are not concluded on commercial grounds or not approved by the General Assembly as required, this could have an adverse effect on the Company's business, financial position, results of operations and prospects.

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

As of the date of this Prospectus, none of the Company's Directors or Senior Executives participate in activities that compete with the Company. However, from time to time, some of them may compete with the Company in the future either through their membership on other boards or ownership of companies whose business is similar to the Company's business. In the event that a conflict of interests arises between the Company and Directors or Senior Executives this could have a material adverse impact 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 party to any agreement, arrangement or understanding under which they are prohibited from competing with the Company or any similar obligation related to the Company's business. To engage in businesses in competition 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.

2.1.25 Risks Related to Rising Raw Material Prices

The Company's revenue and profits are dependent on several factors, among the most important of which is the prices of raw materials. The basic raw materials used in the Company's manufacturing and production processes are feed and breeding materials, including feed and hatching eggs. These materials are subject to price fluctuations based on the prevailing prices in local and global markets, which are driven by domestic and international supply and demand. In the event that the prices of raw materials used in the manufacturing process of the Company's products rise, this would 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 raw material prices. As a result, the volume of demand for the Company's products may be adversely affected, as increasing the selling prices of the Company's products may lead to a decrease in the volume of demand for such products. It is worth noting that raw material prices experience significant fluctuations due to several factors, including changes in global commodity prices such as corn and soybeans, which are key components in feed. These commodities are directly affected by climate change, transportation costs and fluctuations in energy prices, such as oil, where rising energy prices lead to increased transportation and production costs. Additionally, global markets may experience volatility due to geopolitical disruptions, which can impact supply chains, leading to shortages and rising prices. These increases in raw material costs can be sudden and significant, making it difficult for the Company to anticipate and adapt to them. Average feed prices consumed in poultry farming operations increased by 26 per cent. in the financial year ended 31 December 2022G compared to the previous year, and increased by two per cent. in the financial year ended 31 December 2023G compared to the previous year. There was no increase during the three-month period ended 31 March 2024G compared to the previous year. The Company's profitability may also be affected by external factors that affect raw material prices and production costs that the Company has no control over. All of these factors could significantly affect raw material prices. It is worth noting that basic raw materials are usually subject to time restrictions in terms of the permitted storage period following processing in order to maintain their quality. For example, raw materials are not permitted to be stored after processing for periods that vary according to the nature of each item. Furthermore, since the Company is bound by long-term contracts with a number of its suppliers (particularly in the feed sector), the Company's inability to increase product prices to reflect increases in the production costs thereof would have a material adverse effect on the Company's business, prospects, results of operations, cash flows and financial position.

2.1.26 Risks Related to the Company's Revenue Growth Rates During Previous Financial Periods Due to Higher Product Prices and Quantities Sold

The Company recorded a growth in revenue of 41.4 per cent. between the financial years ended 31 December 2021G and 2022G, 6.6 per cent. between the financial years ended 31 December 2022G and 2023G, and 21.0 per cent. between the three-month period ended 31 March 2023G compared to the three-month period ended 31 March 2024G. The growth in the Company's revenue during the aforementioned financial periods was driven by an increase in both product prices and quantities sold, amounting to SAR 301,817,814, SAR 68,448,708 and SAR 58,927,724 in the financial years ended 31 December 2022G and 2023G and the three-month period ended 31 March 2024G, respectively. Although this growth reflects improved performance, it is largely dependent on market conditions and the ability to maintain product prices at high levels. In the event that product prices decline in the future, growth may be negatively affected, which may lead to a decline in revenue. It is worth noting that a portion of this growth is attributable to an increase in product prices and such growth was not solely due to an increase in quantities sold. Although this growth reflects improved performance, it is heavily dependent on market conditions and the ability to maintain product prices at elevated levels. It is important to note that this price increase was driven by the rise in raw material costs, which affected production costs. Consequently, if product prices decline in the future or if the Company is unable to pass on the increases in raw material costs to its customers, growth may be negatively impacted, which could lead to a decline in revenues. Moreover, these segments are exposed to numerous risks outlined in this section of the Prospectus, which, if they materialise, could affect the business of such segments and consequently the growth rates of the Company's revenues. Accordingly, the Company may not be able to sustain its success in diversifying its products, increasing its revenue or accelerating its business growth. Revenue growth rates in previous periods should not be considered an indication of the Company's future growth rates. The Company may not be able to overcome the risks and difficulties that it may face in the various segments in which it operates, as demand for its products may decline or the Company may have to reduce its prices, which could result in an overall decline in the Company's revenue. Furthermore, numerous factors beyond the

Company's control may arise that could impact its ability to sustain its historical growth rate, expand the scope of its operations or develop its business. Consequently, this would have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.27 Risks Related to the Concentration of the Company's Revenue in Some of its Large Poultry Farms

The Company's total revenue from six of its large poultry farms (out of 26 broiler farms in total comprising 19 owned and seven leased chicken broiler farms), constituted 20.2 per cent., 18.6 per cent., 32.7 per cent. and 38.4 per cent. of its total revenue in the financial years ended 31 December 2021G, 2022G and 2023G and the three-month period ended 31 March 2024G, respectively. As such, the Company's financial performance depends to a large extent on the financial performance of these farms. Any adverse factors that affect any of these farms, such as a production declines, disease outbreaks, increases in feed costs or any matters beyond the control of the Group, such as severe weather conditions or force majeure events, could have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.28 Risks Related to the Concentration of Revenue from the Poultry Sector and the Decline in Revenue from Other Sectors

Revenues from non-poultry sectors decreased by 29.4 per cent. in the financial year ended 31 December 2023G compared to the financial year ended 31 December 2022G, and 81.6 per cent. in the three-month period ended 31 March 2024G compared to the same period in 2023G. Table egg sector revenues decreased by 30.0 per cent. between the financial years ended 31 December 2022G and 2023G, and by 82.5 per cent. for the three-month period ended 31 March 2024G, compared to the same period in 2023G. Similarly, red meat sector revenues declined by 33.4 per cent. between the financial years ended 31 December 2022G and 2023G, and by 62.2 per cent. for the three-month period ended 31 March 2024G, compared to the same period in 2023G. Despite the increase in cold storage revenues by 42.1 per cent. between the financial years ended 31 December 2022G and 2023G, they decreased by 100.0 per cent. in the three-month period ended 31 March 2024G, compared to the same period in 2023G. The Company's performance depends largely on the poultry sector, which generated revenues of SAR 697.9 million, SAR 992.0 million, SAR 1,071.9 million and SAR 336.9 million for the financial years ended 31 December 2021G, 2022G and 2023G and the three-month period ended 31 March 2024G, respectively, representing 95.7 per cent., 96.2 per cent., 97.5 per cent. and 99.2 per cent. of the Company's total revenue for the same periods. This heavy dependence on a single sector represents a concentration of risk. If the decline in revenues from other sectors continues, or if there is any downturn in demand for poultry products, it may increase the Company's exposure to market fluctuations and lead to over-reliance on the poultry sector. This could negatively impact the sustainability of the Company's overall growth and revenue in the long term, which may have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.29 Risks Related to the Financial Impact of Government Subsidies

Government subsidies and loans play a significant role in supporting the Company's financial performance. The Company receives Government support from the Ministry of Environment, Water, and Agriculture as part of a national initiative to promote local poultry production. These subsidies are determined based on the production capacity of licensed farms in terms of the number of birds and the weight of carcasses resulting from processing operations. The Ministry of Environment, Water, and Agriculture allocates an annual budget for this subsidy programme and grants subsidies to poultry producers based on the net weight of processed broiler chickens. The Government subsidies amounted to SAR 18.0 million, SAR 29.4 million, SAR 14.3 million and SAR 3.3 million during the financial years ended 31 December 2021G, 2022G and 2023G and the three-month period ended 31 March 2024G, respectively, which had a significant impact on the Company's profitability. It is worth noting that the method of recognising Government subsidies was changed during this period. Previously, the Company recognised them under the revenue line item, whereas, starting from the financial year ended 31 December 2023G, the recognition method was adjusted to include them within the cost of goods sold. This change may affect how these subsidies are reflected in future financial statements.

In addition to Government subsidies, the Company also benefited from discounted loans provided by the Agricultural Development Fund to finance its capital expenditure for expansion projects at an interest rate that is 6.0 per cent. lower than loans offered by the commercial banks (for more details, see Section 11.5 (*Financing Agreements*)).

These various support programs are part of the Kingdom's strategic plan to enhance local food production and reduce dependence on imported food. If these subsidies had not been provided to the Company, or if the Company had not benefited from these subsidies during the historical period, it would have had a significant and negative impact on the Company's financial performance and profitability. The lands for the hatchery project, farm expansions, as well as the lands, machinery and equipment for the slaughterhouse expansion project have been mortgaged to the Agricultural Development Fund (for more details, see Section 2.1.3 (*Risks Related to the Company's Mortgaged and Owned Real Estate*)).

Potential impacts and risks related to Government subsidies include:

- **Dependence on Government Support**: The Company's financial performance may be affected by Government subsidies and interest rates on loans that are below market rates. Any reduction or cessation of these subsidies, or the inability to secure reduced loans in the future, could have a negative impact on the Company's profitability;
- **Regulatory Changes**: Changes in Government policies or regulations regarding subsidies and loans could affect the financial stability of the Company. For example, adjustments in subsidy monitoring standards or increases in interest rates on loans could result in higher operating costs;
- **Market Competitiveness**: The Company's reliance on Government support could also affect its ability to compete, especially if competitors receive more Government support; and
- **Financial Uncertainty**: Any future changes in Government support could lead to financial uncertainty, impacting the Company's strategic planning and operational stability.

Based on the above, the risks associated with Government subsidies may have a material adverse impact on the Company's business, financial position, results of operations, and prospects.

2.1.30 Risks Related to Adverse Changes in Exchange Rates

The Company's results of operations may be affected by volatility in currency exchange rates and the Company's ability to effectively manage its currency risks. As the Company continues to expand its equipment purchases to cope with the increased volume of its processed poultry products, the Company's exposure to currency risks may increase. The Company's purchases in currencies other than the Saudi Arabian Riyal (including the UAE Dirham, GBP Sterling, the Euro and the US Dollar) were SAR 157.7 million, SAR 240.7 million, SAR 223.5 million and SAR 47.4 million for the financial years ended 31 December 2021G, 2022G and 2023G and the three-month period ended 31 March 2024G, respectively. Unanticipated exchange rate movements may increase the Company's costs. Although the Kingdom currently has a policy of pegging the Saudi Arabian Riyal to the US Dollar, should there be any change to this policy in the future, the Company may experience a significant change in costs currently valued in the Saudi Arabian Riyal. As the Company has not concluded any hedging agreements to reduce its currency exposure, changes in exchange rates could affect the foreign exchange rates used by the Company in its business for the Saudi Arabian Riyal, which would have a material adverse effect on the Company's business, financial position, results of operations and/or prospects.

2.1.31 Risks Related to the Collection of Receivables from the Company's Customers

The Company may face difficulties collecting receivables from its customers (for further details on the ageing of receivables, see Table 2.4 (*Ageing of Receivables from Customers of the Company as of the Financial Years Ended 31 December 2021G, 2022G and 2023G and the Three-Month Period Ended 31 March 2024G*) below. Total accounts receivables of the Company as of 31 December 2023G compared to 31 December 2022G declined by 13.8 per cent. due to improved collection. Sales to key customers "Hypermarkets, Hotels, Modern Channels" increased by SAR 370.2 million between 2021G to 2023G, which led to an improvement of average days receivable from 37 to 32 days in the financial year ended 31 December 2023G compared to the financial year ended 31 December 2022G. The expected credit loss provisions recorded for total outstanding receivables amounted to SAR 18.1 million, SAR 37.2 million, SAR 45.0 million and SAR 54.2 million as of 31 December 2021G, 2022G and 2023G and 31 March 2024G, respectively. The following table shows the ageing of receivables from customers of the Company as of the financial years ended 31 December 2021G, 2022G and 2023G and the three-month period ended 31 March 2024G:

Table 2.4: Ageing of Receivables from Customers of the Company as of the Financial Years Ended 31 December 2021G, 2022G and 2023G and the Three-Month Period Ended 31 March 2024G

Age of Debts	As of 31 December									As of 31 March		
	2021G			2022G			2023G			2024G		
	Total Book Value	Expected Credit Losses	Credit Losses Rate	Total Book Value	Expected Credit Losses	Credit Losses Rate	Total Book Value	Expected Credit Losses	Credit Losses Rate	Total Book Value	Expected Credit Losses	Credit Losses Rate
Current	70,876,692	184,610	0.3%	73,760,423	774,707	1.1%	61,574,202	498,861	0.8%	79,959,903	2,057,165	2.6%
1-30 days	12,316,274	200,677	1.6%	19,518,528	1,186,497	6.1%	7,067,479	184,698	2.6%	7,822,165	806,177	10.3%
31-60 days	6,771,956	276,962	4.1%	6,271,926	501,125	8.0%	6,371,765	488,132	7.7%	5,257,839	916,360	17.4%
61-90 days	2,369,175	174,748	7.4%	4,780,548	365,219	7.6%	1,922,141	156,827	8.2%	2,435,258	519,495	21.3%
91-120 days	1,856,635	503,145	27.1%	4,794,843	455,770	9.5%	849,384	76,222	9.0%	1,556,786	450,770	20.0%
121-180 days	8,222,252	2,245,198	27.3%	2,132,201	912,495	42.8%	1,064,724	261,526	24.6%	3,336,571	2,084,230	62.5%

Age of Debts	As of 31 December									As of 31 March		
	2021G			2022G			2023G			2024G		
	Total Book Value	Expected Credit Losses	Credit Losses Rate	Total Book Value	Expected Credit Losses	Credit Losses Rate	Total Book Value	Expected Credit Losses	Credit Losses Rate	Total Book Value	Expected Credit Losses	Credit Losses Rate
181-365 days	8,657,528	7,273,040	84.0%	6,746,428	4,368,557	64.8%	11,843,797	7,673,504	64.8%	6,457,123	6,272,365	97.1%
More than 365 days	7,260,581	7,260,581	100.0%	28,639,874	28,639,874	100.0%	35,709,456	35,709,456	100.0%	41,102,950	41,102,950	100.00%
Total	**118,331,093**	**18,118,961**	**15.3%**	**146,644,771**	**37,204,244**	**25.4%**	**126,402,948**	**45,049,226**	**35.6%**	**147,928,595**	**54,209,512**	**36.6%**

Source: The Company's audited financial statements for the financial years ended 31 December 2022G (where comparative data for the financial year 2021G was extracted from) and 2023G and management information.

If the Company's customers dispute the invoiced amounts or face any financial difficulties which impact their ability to repay the Company, this may lead to an increase in uncollected invoices and total receivables past their due dates and would have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

2.1.32 Risks Related to Adverse Changes in Interest Rates

The Company relies on financing facilities from commercial banks, Governmental lenders and other financiers for its cashflow management and to fund capital expenditure and expansions. Therefore, the Company's financing arrangements are greatly affected by changes in interest rates, which are highly sensitive to a number of factors, including Governmental, monetary and tax policies, as well as domestic and international economic and political circumstances. Higher interest rates and related finance charges may reduce the Company's cash flow, which could have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.33 Risks Related to Reliance on Executive Management and Key Personnel

The Company relies on the efforts, diligence, skill, network of business contacts and close supervision of its Executive Management team and key personnel for the implementation of its strategy and day-to-day operations. It is expected that the operational complexity of the Company's business and the responsibility of its Executive Management will continue to increase in the future. Further, there is significant competition in attracting appropriately qualified personnel with the relevant expertise in the Kingdom. The loss of services of an Executive Management member or key employee could prevent or delay the implementation and completion of its strategic objectives and divert the management's attention to seeking qualified replacements. This could adversely affect the Company's ability to manage its business effectively. Moreover, any member of the Executive Management, as well as any of the key employees, may resign at any time. Inability to recruit and retain key executives and employees with high levels of skills in the relevant domains through developing recruitment and retention programmes would have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

2.1.34 Risks Related to Employee Misconduct and Errors

Employee misconduct or errors could lead to the Company being in violation of applicable laws and regulations and may result in regulatory sanctions being imposed on the Company by the competent authority. Such sanctions vary according to the misconduct or error and may result in financial liability and/or serious damage to the Company's reputation. Such misconduct or errors may be non-compliance with applicable laws or internal controls and procedures, including failure to properly document transactions in accordance with the Company's standardised documentation and processes (or failure to seek appropriate legal advice in relation to non-standard documentation, as required by the Company's internal policies) or to obtain proper internal permission or authorisation. If there are incidents of employee misconduct or errors, it could have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.35 Risks Related to Hiring and Sponsoring Non-Saudi Employees

According to applicable Saudi Arabian laws and regulations, a non-Saudi employee may only work for his/her sponsor 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 business. 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.

In addition, the Employee Transfer Service allows expatriate workers to switch to another job upon the expiry of their employment contracts without the employer's consent, and the initiative also sets out the transition mechanisms during the contract validity period provided that the notice period and specified controls are adhered to. The departure and return service allows expatriate workers to travel outside the Kingdom when submitting the application with electronic notification of the employer, while the final exit service enables expatriate workers to leave immediately after the termination of the contract with electronic notification to the employer without requiring the employer's consent, in addition to the possibility of leaving the Kingdom with the worker bearing all the penalties of avoiding the contract. All these services are available through the "Absher" platform and the "Qiwa" platform of the Ministry of Human Resources and Social Development (MHRSD). As a result, the Company may be adversely affected if a large number of employees decide to relocate to other companies as the Company will only be able to prevent them under their employment contracts, and therefore the Company may have difficulties hiring new employees in their place. Moreover, should the Government, as it has done in the past, raise fees for non-Saudi residence permit issuance and renewals, this would drive up living costs and may result in non-Saudi employees seeking jobs in countries with lower living costs. This would further limit the Company's ability to retain these employees and incur additional Governmental fees related to the issuance and renewal of residence permits for non-Saudi employees and their families. As of 31 March 2024G, the Company was classified within the "Medium Green" range, with a Saudisation rate of 14.07 per cent. and a total of 1,755 employees. The total number of the Company's non-Saudi employees was 1,508, representing 85.92 per cent. of its employees. Should the Company lose a large number of its employees due to their switching to other companies or leaving the Kingdom, without the ability to hire new employees to replace them, this would have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.36 Risk Related to Reliance on Information Technology Infrastructure

The Company relies on information technology (IT) systems to operate equipment in the Company's hatcheries. To manage its business effectively, the Company depends on the efficiency of these systems. Therefore, any potential failure to properly manage these systems would have a material adverse effect on the Company's business, financial position, results of operations and prospects.

The Company's IT systems may be corrupted by computer viruses, natural disasters, hacker attacks, hardware or software malfunctions, voltage fluctuation, cyberterrorism, and other similar occurrences. In addition, a breach of the Company's cyber security measures could result in the loss, destruction or theft of confidential or proprietary information, which could lead to the Company incurring material losses or liability to customers, suppliers or parties dealing with the Company. Similar risks exist with respect to third parties who may possess the Company's confidential information, such as its IT support providers, professional advisors and banks and financial institutions that the Company deals with.

Cyberattacks and other electronic incidents are occurring more frequently and are continuously evolving in their nature and sophistication. Should the Company fail to maintain appropriate cybersecurity measures and keep up with new and evolving threats, its systems may become vulnerable. Additionally, any weaknesses in the Company's systems and failure to detect or respond to cyber incidents in a timely manner would have a materially adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.37 Risks Related to Failure to Secure Adequate Insurance Coverage

There is no insurance against some potential risks that the Company's biological assets may face (for example poultry diseases, one of the Company's primary business risks). As a result, any material loss or damage to the Company's flocks due to the spread of poultry diseases would have a material adverse effect on the Company's business, financial position, results of operations and prospects. The Company maintains various insurance policies to cover its operations, including transportation of its products and fire hazards relating to its farms. However, the insurance coverage may not be sufficient in all cases, or the insurance may not cover all risks to which the Company may be exposed. The Company may be exposed to uninsured losses or the cost of such losses may exceed its insurance coverage. In addition, the Company's insurance policies include exceptions or limits for coverage, under which certain types of loss, damage and liability are excluded from insurance coverage. In these cases, the losses incurred by the Company could have an adverse impact on its business and results of operations.

As of the date of this Prospectus, the Company had no expired insurance. However, there is no guarantee that any of the Company's current insurance policies will be sufficient to cover the losses arising from certain events or that it will be renewed under similar or commercially reasonable terms. In addition, the Company's insurance policies include exceptions or limits for coverage, under which certain types of loss, damage and liability are excluded from insurance coverage. In these cases, the losses incurred by the Company could have an adverse impact on its business and results of operations. In addition, the Company's inability to renew insurance policies with the current coverage on commercially reasonable terms or at all, or the lack or unavailability of sufficient insurance for various areas of its business would have a material adverse effect on the Company's business, financial position, results of operations and prospects (for further details on insurance policies, see Section 11.6 (*Insurance Policies*)).

2.1.38 Risks Related to Litigation

The Company may become involved as a defendant in lawsuits and legal proceedings related to its business operations with a number of parties, including suppliers, customers, employees, regulatory authorities or independent farm owners. An unfavourable outcome in such lawsuits and proceedings could have a material adverse effect on the Company's business, financial position, results of operations and prospects.

In addition, any lawsuits or judicial proceedings, regardless of the outcome, could result in substantial costs and may require the Company to allocate substantial resources to defend against these lawsuits, which could have an adverse effect on the Company's business, financial position, and results of operations and prospects.

As of the date of this Prospectus, seven non-material cases have been filed by the Company against third parties, and the total amount claimed by the Company in those non-material cases is SAR 7,082,410.00. One material lawsuit has been filed by the Company against a third party, with a total amount of SAR 7,890,691.14 claimed by the Company. Three non-material cases have also been filed against the Company and the total amount claimed in the non-material cases amounts to approximately SAR 611,006. One material lawsuit has been filed against the Company, with a total amount of SAR 14,435,580 claimed. An ECL provision of SAR 6,410,563 was set against accounts receivable balance for the lawsuit filed by the Company in relation to seven ongoing non-material claims. A further provision of SAR 727,700.00 was set aside for the lawsuit filed against the Company in relation to three ongoing non-material claims. With respect to the ongoing material claim against the Company, a provision of SAR 7,890,691 has been set aside for the lawsuit filed against the Company (for further details regarding the Company's legal disputes, see Section 11.11 (*Litigation*)).

2.1.39 Risks Related to Protection of Intellectual Property Rights

As of the date of this Prospectus, all the trademarks used by the Company in its business have been registered except for 6 of 22 trademarks. The Company is in the process of registering the unregistered trademarks (for further details, see Section 11.10.1 (*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 or damages its reputation, 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.

In addition, the Company may from time to time be required to renew those trademarks, register new trademarks or file lawsuits to protect its trademarks and other intellectual property rights. Other parties may accuse the Company of violating or misusing their intellectual property rights, which may result in legal measures against the Company. There is no guarantee of the outcome of lawsuits related to the Company's intellectual property rights and they may cause the Company to incur significant legal costs, which could have an adverse effect on the Company's profits, regardless of whether or not the Company is able to successfully prove or defend its intellectual property rights. Any of the abovementioned factors could have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.40 Risk Related to Potential Zakat Liabilities

The Substantial Shareholder, as the holding company responsible for the unified Zakat and tax filing for the group, has submitted all of the group's unified Zakat returns comprising the Substantial Shareholder and its subsidiaries, including the Company. The Substantial Shareholder paid the Zakat due from the Company and obtained certificates from ZATCA for all years up to 31 December 2023G. The Substantial Shareholder also received final Zakat assessments up to financial year 2018G. It should be noted that the Company has not created a provision for potential Zakat liabilities to cover any future Zakat obligations.

The unified Zakat declaration for the group, which includes the Company, is submitted based on the special purpose consolidated financial statements (the unified Zakat base) for the Substantial Shareholder and its subsidiaries. The Company's Zakat declarations have been submitted to ZATCA along with the Substantial Shareholder's unified Zakat declaration. The Substantial Shareholder did not allocate any Zakat obligations to the Company for the financial years ended 31 December 2021G and 2022G. However, for the financial year ended 31 December 2023G, an amount of SAR 1.8 million was allocated to the Company. Upon the Company's listing, the Company will be separated from the Substantial Shareholder's unified Zakat declaration.

Additionally, the Company does not have an internal team dedicated to managing taxes and Zakat to oversee tax and Zakat matters. The Company heavily relies on the financial team of its Substantial Shareholder. The absence of a specialised team may lead to delays in submitting declarations or failure to comply with requirements, which could result in penalties or additional claims.

On 19 Muharram 1446H (corresponding to 25 July 2024G), the Substantial Shareholder undertook to bear any additional future claims imposed by ZATCA on the Company related to prior years up to the date of Listing. Additionally, the Company will not be required to cover any Zakat claims that may arise from ZATCA for previous years. If ZATCA issues Zakat assessments to the Company and demands additional Zakat payments for years during which the Company did not receive the final Zakat assessment, and if the Substantial Shareholder fails to fulfil its commitment to pay these additional amounts, this could have a material adverse effect on the Company's business, financial position, results of operations and prospects.

The Substantial Shareholder may fail to fulfil its commitment to bear any additional future claims imposed by ZATCA, making the Company susceptible to significant financial risks, which would in turn affect its positions, financial projections, results of operations and prospects.

2.1.41 Risks Related to Estimated Fair Value of Biological Assets

The Company's biological assets consist of live poultry inventories (i.e., inventory of broilers). The fair value of these biological assets in the financial statements was SAR 38.3 million, SAR 41.2 million and SAR 52.6 million as of 31 December 2021G, 2022G and 2023G and SAR 53.2 million as of 31 March 2024G, respectively. Under IAS 41 (Agriculture), biological assets are measured at fair value less costs to sell from initial recognition of such biological assets up to the point of harvest. Given that there is no active market for live broilers in the Kingdom and no observable market data available, the assessment of Level 1 and Level 2 under IFRS 13 "Fair Value Measurement" is not possible.

As a result, the Company used a "Level 3" technique under IFRS 13 "Fair Value Measurement" to determine the fair value of these biological assets (i.e., broilers). This resulted in gain on the fair value of these assets of SAR 4.6 million, SAR 2.7 million and SAR 2.7 million during the financial years ended 31 December 2021G, 2022G and 2023G, and a loss of SAR 5.5 million during the three-month period ended 31 March 2024G. Such technique relates to input of assets or liabilities not based on observable market data (i.e., the average weight of live birds, mortality rates and estimated selling prices). If the fair value of these biological assets is determined based on prices of similar assets in an active market that can be obtained at the date of measurement, the difference between the fair value and cost may be material if the sale price decreases, which would have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.42 Risks Related to the Use of Accounting Assumptions to Estimate Post-Employment Benefits

As of 31 December 2023G, the Company had specific employee benefit obligations for a total amount of SAR 24.6 million relating to employees' defined benefits liabilities. The post-employment benefits obligation is calculated on the basis of the employee's service period in accordance with the provisions of the Saudi Labour Law. According to international standards, the calculation of the liability amount involves making reliable estimates of the cost to be incurred by the Company for the post-employment benefits that the employee is expected to earn for his or her expected service period, using actuarial assumptions. The actuarial valuation includes several assumptions including determination of the discount rate, future salary increases, employee turnover and death rates. Given the complexity and long-term nature of the valuation, the post-employment benefits obligation is highly sensitive to changes in these assumptions. Consequently, all assumptions are reviewed at least on a quarterly basis. Any adjustments that the Company may make in the future to the actuarial assumptions may cause a material change in the calculation of the post-employment benefits obligation, which would have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.43 Risks Related to Competition and Antitrust Regulations

The Company is subject to all antitrust and competition regulatory framework and legal framework in the countries where it operates.

The Competition Law issued by Royal Decree No. M/75 dated 29 Jumada al-Akhirah 1440H (corresponding to 6 March 2019G) and its implementing regulations (the "**Competition Law**") issued by the General Authority for Competition under Decision No. 337 dated 25 Muharram 1441H (corresponding to 24 September 2019G), restricts the abuse of a dominant position, regulates economic concentration and prohibits anti-competitive practices (including agreements or contracts between parties, whether written or verbal, explicit or implicit) with anti-competitive objectives or effects, such as price-fixing of goods or service fees or terms of purchase and sale.

On 23 Shawwal 1445H (corresponding to 2 May 2024G), the General Authority for Competition issued a notice to the Company regarding an investigation into the alleged increase of poultry prices by the Company with its competitors. The Company responded to the notice sent by the General Authority for Competition on 23 May 2024G, proposing a settlement of SAR 500,000 without admission of liability. This matter is still under investigation as of the date of this Prospectus. If the General Authority for Competition determines that the Company has violated the Competition Law, it may impose a fine of up to 10 per cent. of the total annual sales value related to the violation, with a maximum limit of SAR 10,000,000 if the value cannot be estimated. Furthermore, the General Authority for Competition may, at its discretion, impose a fine of up to three times the revenue obtained from the violation and order the partial or complete suspension of the Company's activities temporarily, or permanently in cases of repeated violations.

Additionally, the Company must carefully manage strategic growth in the market to comply with competition regulations. Therefore, entities wishing to participate in economic concentrations which include various forms of equity transfers and integration strategies that alter control dynamics, must notify the General Authority for Competition and seek approval before completing such transactions.

Given the Company's market share, any deal, whether domestic or international, may require notification of the General Authority for Competition. Failure to comply with this procedure could result in penalties including fines or the cancellation of the transaction entirely, which could affect the Company's growth plans. Furthermore, future potential acquisitions or strategic partnerships of the Company may face regulatory hurdles. Withheld or conditional approvals or delays by the General Authority for Competition or similar authorities abroad could impede the Company's strategic objectives, negatively affecting its business trajectory and consequently its stock value.

The Company could face fines and other penalties, including temporary or permanent closure of its operations, if it is found to be in a dominant position and abuses this position to eliminate competition by preventing competitors from accessing the market, selling below production cost, or preventing suppliers or customers from dealing with other competitors. Local competition authorities are responsible for investigating and assessing whether a company holds a dominant position in a specific market and determining whether a company in a dominant position has abused that position. Additionally, defending against such proceedings can be lengthy and costly for the Company.

Any of these risks, should they occur, could have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.2 Risks Related to the Market, Industry, and Regulatory Environment

2.2.1 Risks Related to High Competition in the Poultry Market Sector

The poultry sector is characterised by numerous competitors, as the Company is competing with other entities, including local micro enterprises serving domestic markets and large companies serving regional, national and global markets. One of its potential competitors could obtain substantial financial resources, have a strong track record in the same sector, high ratings and access to technical expertise. Competition in the poultry sector relies on various competitive factors, including price, quality, geographic presence, innovation and customer service. Some of the Company's competitors, particularly larger companies, may have lower labour and overhead costs, enabling them to offer their products at lower prices than the Company. Additionally, some competitors may have financial, technological and human resources that exceed those of the Company. There is no guarantee that competitors will not enhance their expertise and resources to offer products that surpass the Company's offerings in terms of price and quality. Furthermore, it is uncertain whether the Company will be able to maintain or strengthen its competitive position in the markets where it offers its products or retain its customer base at current levels. If the Company fails to meet these competitive challenges, this would have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.2.2 Risks Related to Consumer Spending Due to Weak Economic Conditions

Poultry sales may be negatively affected by any deterioration in general economic conditions, decrease in wages, reduction in the availability of consumer credit, increases in interest and tax rates (including VAT), or political events that diminish consumer spending in any of the geographical areas in which the Company operates, specifically in the fresh poultry sector. In addition, certain competitors may react to such conditions by reducing poultry prices and promoting discounts, putting further pressure on the Company, which could have a material adverse effect on the Company's business, financial position, results of operations and prospects.

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 located in the Kingdom and within the Middle East and North Africa (MENA) region. The MENA region is subject to a number of geopolitical and security risks that may impact the GCC countries, including the Kingdom.

For instance, the recent series of attacks in the Bab al-Mandab Strait, a crucial maritime route in the Red Sea, has introduced significant risks and disruptions for global shipping and supply chain operations. The targeting of commercial and military vessels by Houthi forces underscores a heightened threat level in this strategic waterway. Such incidents not only pose serious immediate dangers to maritime personnel and assets but also have broader implications for the Company's logistics and supply chain. Given the Bab al-Mandab Strait's critical role in international trade, any disruption can lead to significant shipping delays, increased transportation costs and potential rerouting of vessels. As the Company is reliant on timely raw material deliveries, these disruptions could exacerbate supply chain vulnerabilities, impact production schedules and inflate operational costs, particularly in connection with its purchases of hatching eggs.

Moreover, as the MENA region remains subject to continuing political, economic and social changes, investment in the MENA region is considered high risk. Any unexpected changes in the political, social, economic or other 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 on investments that the Company has made or may make in the future, which would have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.2.4 Risks Related to Climate

Extreme weather in the Kingdom such as excessive cold or heat, floods, storms or other natural disasters could impair the health or growth of the Company's flocks or interfere with the Company's hatching, production or distribution operations. Moreover, climate change could increase the severity of adverse weather events. Regardless of its cause, extreme weather could affect the Company's business due to:

- damage to the Company's infrastructure or facilities;
- increased mortality of the Company's flocks;

- power outages and water shortages;
- disruption of distribution channels; or
- damage to the Company's operations due to the impact of these weather conditions.

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

2.2.5 Risks Related to Changes in the Regulatory Environment

The poultry industry is subject to numerous laws and regulations in the Kingdom and other jurisdictions in which the Company operates with regard to the production of animal food and the processing, packaging, storage, distribution, advertising, labelling, quality and safety of food products. New laws and regulations unknown to the Company or lack of understanding by the Company of existing laws and regulations may materially affect the Company's business and operations or increase its costs in the future. The Company may be subject to fines and penalties if it does not comply with applicable laws and regulations or if it does not comply with licensing requirements, which may change from time to time. This would increase the Company's costs or harm the Company's reputation, which would reduce the Company's competitive position and demand for its products. Moreover, the Company's loss of or failure to obtain necessary permits could delay or prevent it from meeting customer demand, introducing new products or implementing its growth plan. Accordingly, this would have a material adverse effect on the Company's business, financial position, results of operations and prospects.

The Company's operations are also governed by regulations enforced by the General Authority of Meteorology and Environmental Protection that are related to several matters, including the environmental impact of the materials used and the treatment and disposal of waste. Failure to comply with these regulations may lead to penalties or affect the Company's reputation. The detection of cases of contamination at or near the Company's properties in the future would lead to the Company incurring additional expenses, which would have a material adverse effect on its business, financial position, results of operations and prospects.

Moreover, legal requirements frequently change and may require interpretation. This may lead to the Company incurring significant costs or modifying its business practices or could restrict the Company's ability to conduct business. This would have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.2.6 Risks Related to Zakat and Income Tax Calculation Mechanism Change

ZATCA issued Circular No. 6768/16/1438 on 5 Rabi' al-Awwal 1438H (corresponding to 5 December 2016G) requiring Saudi companies listed on the Exchange to calculate income and Zakat on the basis of the nationality of shareholders and actual ownership of Saudi and GCC citizens and other nationals as described in the Tadawulaty system at the end of the year. Prior to the issuance this Circular, companies listed on the Exchange were generally subject to payment of Zakat or tax on the basis of the ownership of their founders in accordance with their articles of association. The effect of listed shares in determining the Zakat base was not taken into account. This Circular was to be applied in the financial year ended 31 December 2016G and subsequent years. However, ZATCA subsequently issued Letter No. 12097/16/1438H on 19 Rabi' al-Thani 1438H (corresponding to 17 January 2017G), postponing the application of the Circular to the financial year ended 31 December 2017G and the coming years. Until ZATCA issues guidelines regarding the mechanics and the procedures for implementing the Circular, the implementation of such Circular, including final requirements to be met, remains under consideration, as are the rules subjecting all non-GCC residents who are shareholders in Saudi listed companies to income tax and applying withholding tax to dividend distributions to non-resident shareholders, regardless of their nationality. The Company has not assessed the financial impact of this Circular, nor has it taken adequate steps to ensure compliance therewith. In the event that the financial impact of this Circular, upon application, is significant, or if the Company incurs additional costs to take the necessary steps to ensure compliance therewith, this will adversely affect its business, results of operations, financial position and prospects.

Furthermore, in the financial years ended 31 December 2021G, 2022G and 2023G, the Substantial Shareholder contracted with non-residents for the purpose of providing services (mainly technical and advisory services), which benefited the subsidiaries of the Substantial Shareholder, including the Company. The Substantial Shareholder included these payments for those services in the withholding tax and paid the withholding tax to ZATCA. Since the Substantial Shareholder signed and directly paid for these contracts, any additional claims for the withholding tax arising from these contracts should, in principle, be directed at the Substantial Shareholder. However, ZATCA may evaluate the withholding tax at the Company level, as it was also a beneficiary of these services. While the Substantial Shareholder undertook to compensate the Company for any withholding tax claims prior to the Offering, any failure to fulfil this undertaking could expose the Company to significant financial risks, which would affect its financial position and prospects.

Any of the abovementioned factors could have a material adverse effect on the Company's business, financial position, results of operations or prospects.

2.2.7 Risks Related to Non-Compliance with Value Added Tax, New Taxes or Additional Fees

The VAT Law came into force on 1 January 2018G, imposing a five per cent. VAT on a number of products and services. The Ministry of Finance announced an additional increase in VAT to 15 per cent. as of 1 July 2020G. VAT is imposed on all the products the Company sells, as well as the products and services it purchases. The Company cannot guarantee that VAT will not be further increased. An increase in VAT could reduce demand for the Company's products or reduce the profitability of the Company if it is unable to pass on such VAT increase to its clients.

In addition, in the financial years ended 31 December 2021G, 2022G and 2023G, the Company did not settle its suppliers' invoices for more than 12 months from the date of supply. However, the Company claimed VAT on these invoices in the tax return in the month in which the invoices were received from suppliers. According to the VAT regulations, if a taxpayer does not pay its supplier within a period of 12 months from the date of supply, then the previously claimed VAT must be added to the tax return. The Company did not make such adjustments to the tax returns for these long-outstanding invoices. Thus, there is a risk that ZATCA will reject the VAT on to these invoices and may impose fines on the Company.

Additionally, some of the sales invoices, purchase invoices and credit letters issued by the Company are non-compliant with the Kingdom's VAT and e-invoicing regulations, as they lack mandatory information or may contain inaccurate dates, which could result in fines imposed by ZATCA in addition to letters of credit and purchase invoices being declined. While the Substantial Shareholder has undertaken to compensate the Company for VAT claims prior to the Offering, any failure by the Substantial Shareholder to comply with its undertaking will expose the Company to significant financial risks, which would impact its financial position and prospects.

Moreover, the Government may impose new taxes or fees on companies in the future. In the event that new taxes or additional fees are imposed on companies, this may have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.2.8 Risks Related to Certification for Products Slaughtered According to Islamic Laws (Halal)

Under applicable law, only Halal-certified meat products can be sold in the Kingdom. The relevant authorities in the Kingdom or other countries where the Company operates which only allow sale of Halal-certified products may change the criteria for obtaining certification for products slaughtered using the Islamic method (Halal). In such circumstances, the Company may be prohibited from obtaining Halal certification for its meat products. Failure to comply with applicable laws and regulations in relation to certification of products slaughtered using the Islamic method (Halal) would result in the Company being unable to obtain such certification and prohibit it from selling its products in jurisdictions where such requirements apply. This would have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.2.9 Risks Related to Changes in Energy Prices

The Company is sensitive to increases in diesel prices as all of its water used for farms is underground water pumped from diesel-powered machines and equipment, and an increase in diesel prices has an adverse effect on the Company's business. On 24 Rabi' al-Awwal 1439H (corresponding to 12 December 2017G), the Ministry of Energy issued a statement on the Fiscal Balance Programme Plan to reform prices of energy products, and as a result, the prices of 91 petrol, 95 petrol, diesel for industries and utilities, diesel for transportation and kerosine increased as of 14 Rabi' al-Awwal 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. In accordance with such procedures, effective 1 January 2024G, Saudi Aramco raised the retail price of diesel from SAR 0.75 per litre to SAR 1.15 per litre, representing a 53 per cent. price increase. When energy costs increase, it results in an increase in the Company's operating costs, thereby making its products less competitive compared to similar or alternative products offered by competitors. Accordingly, any further increases in diesel prices would have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.2.10 Risks Related to Non-Compliance with Saudisation Requirements

Compliance with Saudisation requirements is a Saudi regulatory requirement, under which all companies in the Kingdom, including the Company, are required to employ and maintain a certain ratio of Saudi personnel among their staff. The percentage of Saudi workers varies on the basis of 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 in order to improve market performance and development and to eliminate non-productive Saudisation. Although such amendment was to come into force 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. To date, 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 implementation the "Nitaqat Mawzon" programme. Therefore, the Company may be unable to promptly respond to a new implementation deadline when the "Nitaqat Mawzon" programme is announced, which would negatively affect the Company's ability to comply with Saudisation requirements. This would have an adverse effect on the Company's business, financial position, result of operations and prospects.

As of 31 March 2024G, the Company was compliant with the Saudisation requirements of the "Nitaqat" programme and was classified in the "Mid-Green" category (with a Saudisation percentage of 12 per cent.). In the event that the Company is non-compliant with the applicable Saudisation requirements, it would be subject to penalties or sanctions by Governmental entities, such as suspension of requests for work visas and transfers of sponsorship for non-Saudi employees and exclusion from Government loans. 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 without incurring additional costs. In particular, the Company relies on several qualified non-Saudi employees with relevant industry experience in related areas such as poultry breeding and logistics to manage the Company's operations. Any changes in local regulations which adversely impact non-Saudi employees in the Kingdom may result in disruption to the Company's operations. Moreover, the Company is sensitive to the costs of salaries and related benefits, which amounted to SAR 77.8 million, SAR 107.9 million, SAR 121.8 million and SAR 39.8 million in the financial years ended 31 December 2021G, 2022G and 2023G and three-month period ended 31 March 2024G respectively, representing 10.6 per cent., 11.5 per cent., 12.0 per cent. and 13.2 per cent. of its operating cost (sum of cost of revenue, selling and distribution and general and administration expenses) for the same periods, respectively. There may be a significant increase in costs of salaries in the event that the Company hires a larger number of Saudi employees. The occurrence of any of the above would have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.2.11 Risks Related to the Recent Application of the Corporate Governance Rules

The Company was established as a joint-stock company on 19 Jumada al-Akhirah 1445H (corresponding to 1 January 2024G), and the Board of Directors approved the Company's internal Corporate Governance Manual on 11 Thul-Qi'dah 1445H (corresponding to 19 May 2024G). These regulations include, but are not limited to, rules and procedures related to corporate governance derived from the Corporate Governance Regulations issued by the CMA. The success of the Company's corporate governance practices will depend on the extent to which the Board of Directors, its Committees and the Senior Executives understand and effectively implement such rules, particularly with respect to appropriate training of the Board of Directors and its Committees on the rules and procedures related to corporate governance, independence requirements, rules related to conflicts of interest and dealings with Related Parties. The Company's failure to comply with the Corporate Governance Rules, particularly the mandatory rules derived from the Corporate Governance Regulations issued by the CMA, will expose it to regulatory penalties, which would have a material adverse effect on the Company's reputation, business, financial position, results of operations and prospects.

2.2.12 Risks Related to Compliance with the Companies Law, Implementing Regulations and the Corporate Governance Regulations

The Company's management and business are subject to the provisions of the Companies Law, which entered into force on 25 Rajab 1437H (corresponding to 2 May 2016G). On 16 Muharram 1438H (corresponding to 17 October 2016G), the CMA Board issued the Implementing Regulations of the Companies Law for Listed Joint Stock Companies. In addition, on 16 Jumada al-Ula 1438H (corresponding to 13 February 2017G), the CMA Board issued the Corporate Governance Regulations, which became effective as of 22 April 2017G (except for certain provisions that entered into force on 31 December 2017G) and were amended on 24 Muharram 1444H (corresponding to 22 August 2022G). The Companies Law and the Corporate Governance Regulations mandate certain procedures to ensure compliance with these requirements. The Companies Law imposes stricter penalties for violation of its mandatory provisions and rules. Consequently, the Company may be subject to such penalties if it fails to comply with the requirements of the Law. If the Company fails to comply with the Companies Law on an ongoing basis, this would have a material adverse effect on the Company's business, financial position, results of operations and prospects. Furthermore, on 1 Thul-Hijjah 1443H (corresponding to 30 June 2022G), the Companies Law was amended by Royal Decree No. 132/M. The new Companies Law came into effect on 26 Jumada al-Akhirah 1444H (corresponding to 19 January 2023G) and stipulates new requirements that could have a material impact on the Company and its future activities. These new requirements include mandatory registration for all companies, including unregistered joint ventures, as well as the formalisation and documentation of share and stock option arrangements. The new requirements also impose certain preconditions for the distribution of dividends. The Company has not yet assessed the impact of the new draft Companies Law on its operations. However, if such impact is material or if the Company incurs additional costs in order to take the necessary steps to ensure compliance therewith, this would have a material adverse effect on its business, financial position, results of operations and prospects.

2.2.13 Risks Related to the New Civil Transactions Law and its Implementation

The new Civil Transactions Law was issued pursuant to Royal Decree No. M/191 dated 29 Thul-Qi'dah 1444H (corresponding to 19 June 2023G) and entered into force on 3 Jumada al-Akhirah 1445H (corresponding to 16 December 2023G). The Civil Transactions Law represents a pivotal development in the Kingdom's legal system, signifying one of the most substantial reforms in recent history. This new legislation creates a comprehensive codification of the rules applicable to the Company's operations and activities, as it includes new provisions relating to contractual damages, compensation for contractual breaches (which includes loss of profit and compensation for moral damage), damages arising from tortious acts, limitation periods for specific claims, etc. Furthermore, the Civil Transactions Law is set to be applied retroactively, except where a party has relied on a statutory provision or judicial principle that contradicts its provisions, and where its provisions relate to a special prescriptive period prior to the Law coming into force. As of the date of this Prospectus, the Company has not conducted an assessment of the impact of the new Civil Transactions Law and the scope of its retroactive application on its operations. If the impact is material, or if the Company incurs additional costs to carry out the necessary measures to ensure compliance, it could have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.3 Risks Related to the Offer Shares

2.3.1 Risks Related to Effective Control by the Current Shareholders after the Offering

Following the Offering, the Selling Shareholders will own 70 per cent. of the Company's Shares. As a result, the current 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. In cases 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 current Shareholders may exercise their control over the Company in a manner that will have a material adverse effect on the Company's business, financial position, results of operations and prospects.

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

Currently, there is no market for the Company's Shares, and there is no guarantee or confirmation that an active and liquid market for the Shares after the Offering will exist and continue. If an active and liquid market is not developed, the trading price of the Company's Shares could be adversely affected, which would adversely and significantly affect Subscribers' anticipated returns or result in the loss of all or a portion of their investment in the Company's Shares.

2.3.3 Risks Related to the Sale of a Large Number of Shares on the Exchange

The sale of a large 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 Company will be subject to the Lock-up Period of six months following the Offering, starting from the date of trading of the Shares on the Exchange begins, during which it may not dispose of any of its Shares. However, if the Company sells a substantial number of Shares after the end of the Lock-up Period, or if there is a perception that such sale will occur, this could have an adverse effect on the price of the Company's Shares on the Exchange.

2.3.4 Risks Related to Issuance of New Shares

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 dilute Shareholders' 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 is determined based upon several factors, including the past performance of the Company, the prospects for the Company's business, the industry in which it operates, the markets in which it competes and an assessment of the Company's management, operations and financial results. However, Subscribers may not be able to sell their Shares after the Offering at the Offer Price or at a higher price. The Company's Share price may be highly volatile and may not be stable due to several factors, including the following:

- **Operating Performance and Competitive Pressure**: Negative volatility in the Company's operating performance and improved performance of its competitors can impact the Company's Share price. Fluctuations in the Company's quarterly or annual operating results can also affect market perceptions and investor confidence;
- **Analyst Reports and Market Sentiment**: Publication of negative research reports by securities analysts about the Company, its competitors or the poultry industry can lead to adverse market reactions. Additionally, the public's negative reaction to the Company's press releases and other public announcements can affect the Share price;

- **Key Personnel Changes**: The resignation or retirement of key personnel can lead to uncertainty and negatively impact investor confidence, thereby affecting the Company's Share price;
- **Strategic Decisions and Business Strategy**: Negative important and strategic decisions by the Company or its competitors, as well as negative changes in business strategy, can have an adverse effect on investor sentiment and Share price volatility;
- **Press Coverage and Market Perception**: Press coverage, whether factual or not, about the Company or the poultry industry in the Kingdom or the GCC region can affect market perceptions and the Company's Share price;
- **Regulatory Environment**: Changes in the regulatory environment affecting the Company or the poultry industry can lead to uncertainty and impact the Company's Share price. This includes changes in adopted accounting rules and policies;
- **External Events**: External events such as terrorist acts, war, widespread civil unrest, natural and other disasters, judicial disputes, and Government investigations can lead to market volatility and impact the Company's Share price; and
- **Economic and Market Conditions**: Changes in general market and economic conditions can result in fluctuations in the Share price. Stock markets witness from time to time extreme price and volume fluctuations, which could result in volatility in the price of the Company's Shares.

The occurrence of any of these risks or other factors could cause the market price of the Shares to decline significantly. Stock markets witness from time to time fluctuations in share prices, leading to a decline in the value of the Shares and higher price volatility if the trading volume of the Shares is low. This would adversely and materially affect Subscribers' anticipated returns or result in the loss of all or a portion of their investment in the Company.

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

Future distribution of dividends will depend on, inter alia, future earnings, financial position, cash flows, working capital requirements, capital expenditures, distributable reserves of the Company and other factors. The Company may not be able to pay dividends to Shareholders, and the Board of Directors may not recommend, and the Shareholders may not approve, the payment of dividends. In addition, dividend distribution is subject to restrictions set out in the financing agreements entered into with the financiers. For example, the financing agreement with the Agricultural Development Fund (ADF) contains restrictions under which the Company may not distribute dividends unless it first obtains approval from the ADF (for further details, see Section 11.5 (*Financing Agreements*)). The Company may be subject to restrictions stipulated in its future financing agreements and credit facilities related to dividend payments. The Company may incur expenses or liabilities that would reduce or eliminate the cash available for dividend distribution. If the Company does not pay dividends to Shareholders, Shareholders may 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. For further details regarding the Company's dividend distribution policy, see Section 7 (*Dividend Policy*).

Market Overview

3. Market Overview

3.1 Economic Overview of the Kingdom of Saudi Arabia

3.1.1 Macroeconomic Overview

The Kingdom's economy is set for a rebound on the back of a resilient non-oil sector, ongoing localisation efforts and gains in private consumption.

The Kingdom, the largest economy in the Middle East and North Africa (MENA) region, experienced robust economic growth in recent years, driven primarily by strong oil demand and ongoing economic reforms aimed at diversifying the economy. Despite a slight slowdown in 2023G due to global economic uncertainties and oil output cuts, the country is poised for a resurgence, supported by resilient non-oil sectors, declining inflation, and sustained investments. In 2022G, real GDP growth surged to 8.7 per cent., marking the fastest pace in a decade, but experienced a mild contraction of -0.9 per cent. in 2023G. Despite this, inflation remained contained at 2.3 per cent. in 2023G, down from 2.5 per cent. in 2022G, while the minimum wage rose by a third, bolstering the labour market and disposable incomes. Notably, the unemployment rate declined from 7.7 per cent. in 2021G to 5.1 per cent. in Q3 2023G, indicating healthy employment growth.

Real GDP growth is forecasted to rebound to 2.7 per cent. in 2024G, driven by a resilient non-oil sector, declining inflation, and continuous investment. Furthermore, the evolving retail landscape, supported by government initiatives and technological advancements, is expected to fuel further growth in F&B spending. Investments in infrastructure and emerging sectors like local food production, tourism, and entertainment are projected to sustain economic growth, with real GDP stabilising at around 3.1 per cent. by 2028G. Government initiatives aimed at boosting key sectors, including food, agribusiness, tourism, and entertainment, present promising investment opportunities. Total consumer expenditure is anticipated to grow at a CAGR of 3.2 per cent. in real terms between 2023G-2028G, with F&B spending expected to increase at a CAGR of 2.6 per cent. during the same period. In conclusion, the Kingdom's economic landscape offers promising prospects for investors, supported by ongoing reforms, resilient non-oil sectors, and government initiatives to stimulate growth. With a favourable outlook for consumer expenditure and strategic sectoral investments, the Kingdom remains an attractive market.

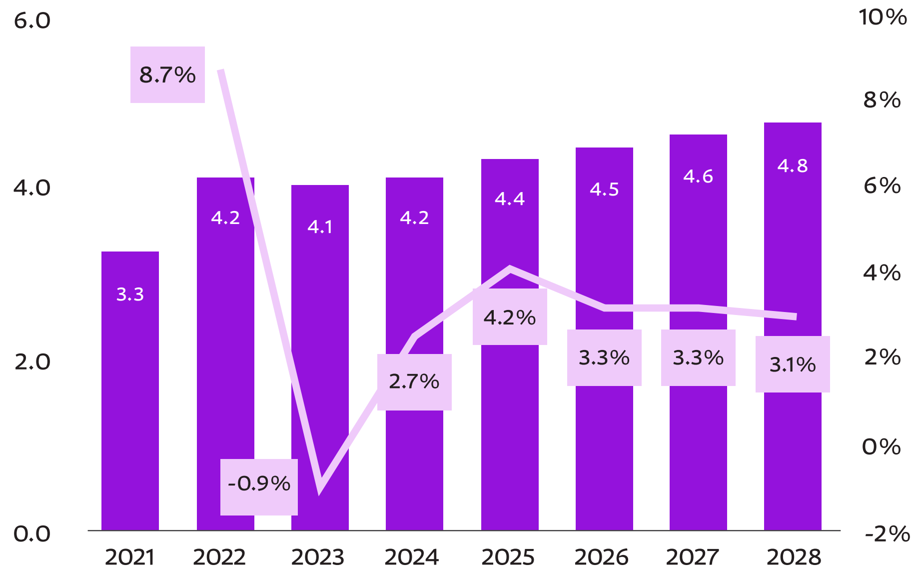
3.1.2 Demographic Overview

The Kingdom's young and vibrant population is set to drive demand for several consumer products including food and beverages

The Kingdom's total population exceeded 33.1 million in 2023G, with a significant portion driven by a resurgence in expatriates attracted by the Kingdom's efforts to attract foreign investments. Initiatives such as the plan to award contracts exclusively to companies with regional headquarters in the Kingdom by 2024G further underscore the government's commitment to fostering population growth. Expats from India, Indonesia, and Pakistan constitute the largest groups of foreign nationals. The country's demographic profile remains predominantly young, with a median age of 33.6 years according to 2023G data. About 42.6 per cent. of the total population was aged between 20 and 39 years and 21.3 per cent. between 40 and 59 years in 2023G. This demographic should present an opportunity to accelerate growth of the Saudi economy and boost demand for F&B (including poultry products) through both retail and consumer foodservice. In addition, the Kingdom's demographic profile has been a key driver for the increased penetration of smartphones and digitisation. The increasing role of digitisation and the expansion of online payment services also contributed to elevate F&B e-commerce.

Despite a male-skewed gender ratio, the Kingdom has made significant strides in women's inclusion and empowerment, particularly in the labour market. Female labour force participation has nearly doubled since the launch of "Saudi Vision 2030," aided by supportive legislation and incentives. As a result, Saudi women's share of the total population increased, and their participation in the workforce rose substantially. The Kingdom's population is forecast to reach 37.7 million by 2028G, with continued urbanisation and growth in major cities like Riyadh, Jeddah, and Dammam. Initiatives like the Housing Programme under "Saudi Vision 2030" aim to sustain this growth by providing affordable housing, which in turn supports consumer spending on urban hubs and fosters potential growth for foodservice establishments catering to evolving lifestyles. Total consumer spending exhibited moderate growth, achieving a Compound Annual Growth Rate (CAGR) of 7.5 per cent. between 2021G and 2023G, reaching SAR 1,601 billion in 2023G. Within this, consumer spending on Food & Beverage (F&B) recorded a CAGR of 6.8 per cent., accounting for approximately 20.5 per cent. of total consumer spending in 2023G, equivalent to SAR 328.9 billion.

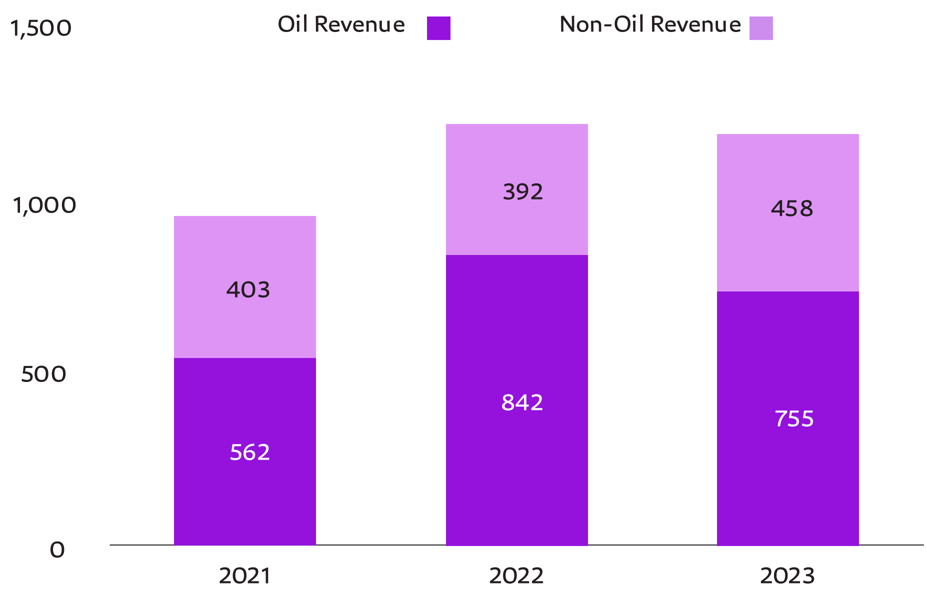
Exhibit 3.1: GDP and Real GDP Growth Rates for the Years 2021G – 2028G (in SAR Trillion and %)



CAGR 2021G-23G: 11.3%

CAGR 2023G-28G: 3.3%

Exhibit 3.2: Oil and Non-Oil Revenues for the Years 2021G - 2023G (in SAR Billion)



Oil Revenue CAGR 2021G-23G: 15.9%

Non-Oil Revenue CAGR 2021G-23G: 6.6%

Source: Euromonitor International estimates based on data from the World Bank, IMF, GASTAT, SAMA and Euromonitor's Passport Economies and Consumers database (Edition 2023G).

Exhibit 3.3: Shows the Per Capita Disposable Income and Per Capita Consumer Spending for 2021G to 2028G (in Saudi Riyal)

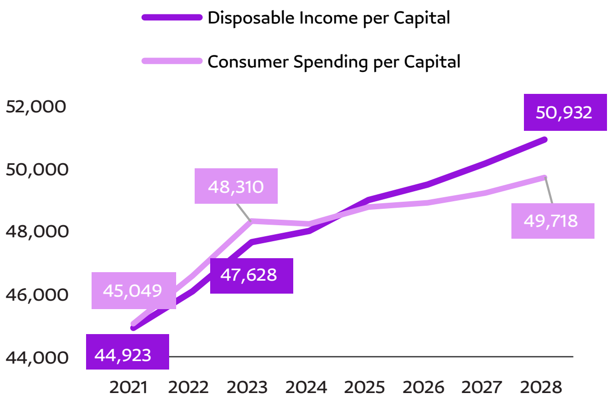
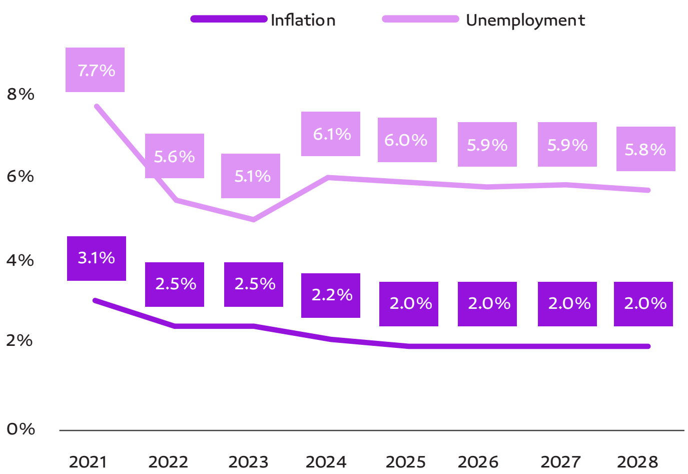


Exhibit 3.4: Shows Inflation (Consumer Price Index) and Unemployment for the Years (2021G – 2028G, %)



Source: Euromonitor International estimates based on data from the World Bank, IMF, GASTAT, SAMA and Euromonitor's Passport Economies and Consumers database (Edition 2023G).

Exhibit 3.5: Shows the Per Capita Total Consumer Spending on Food and Beverages for 2021G to 2028G (in Saudi Riyal)

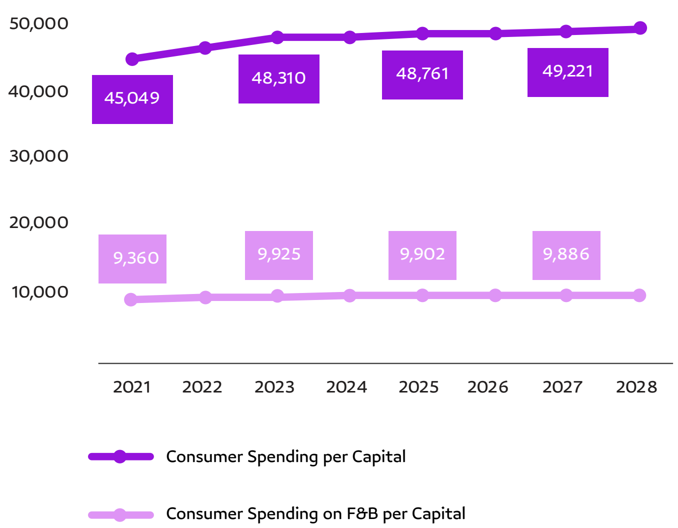
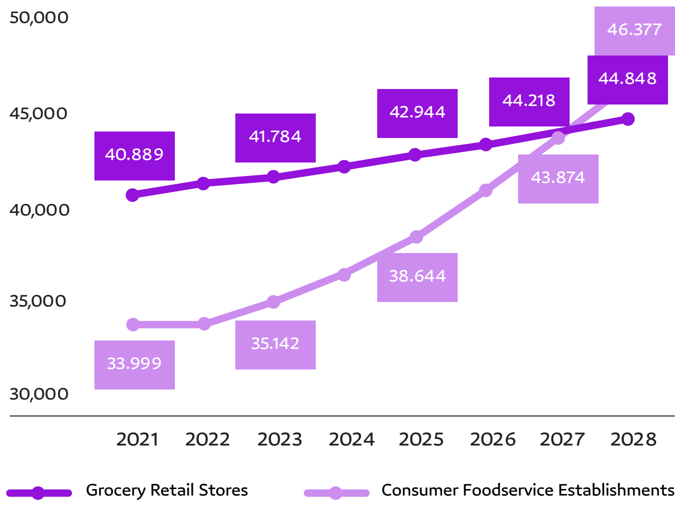


Exhibit 3.6: Shows the Number of Grocery Stores and Consumer Food Service Establishments for 2021G to 2028G



Source: Euromonitor International estimates based on data from the World Bank, IMF, GASTAT, SAMA and Euromonitor's Passport Economies and Consumers database (Edition 2023G).

Exhibit 3.7: Shows the Total Population for 2021G to 2028G (in Millions)

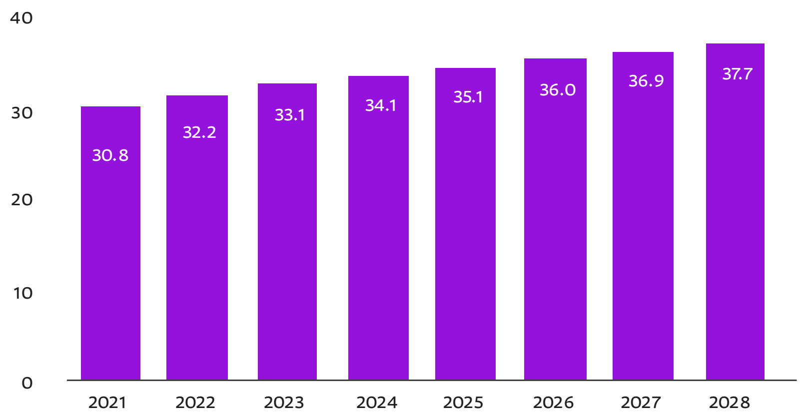
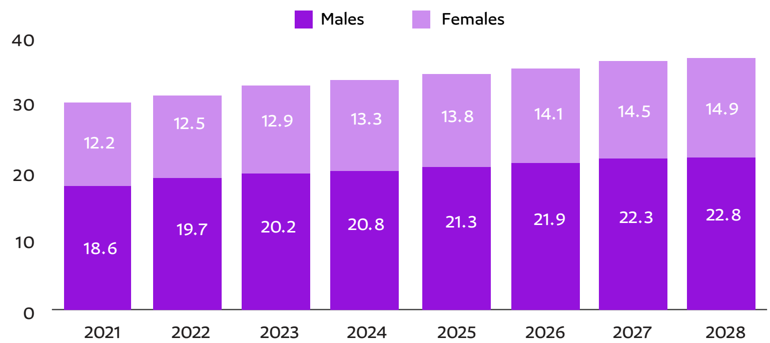
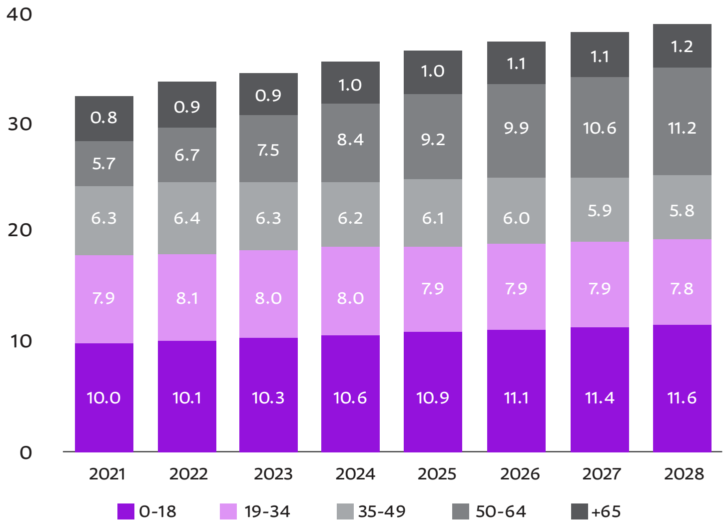


Exhibit 3.8: Shows the Population by Gender for 2021G to 2028G (in Millions)



Source: Euromonitor International estimates based on data from the World Bank, IMF, GASTAT, SAMA and Euromonitor's Passport Economies and Consumers database (Edition 2023G).

Exhibit 3.9: Shows the Population by Age Group for 2021G to 2028G (in Millions)

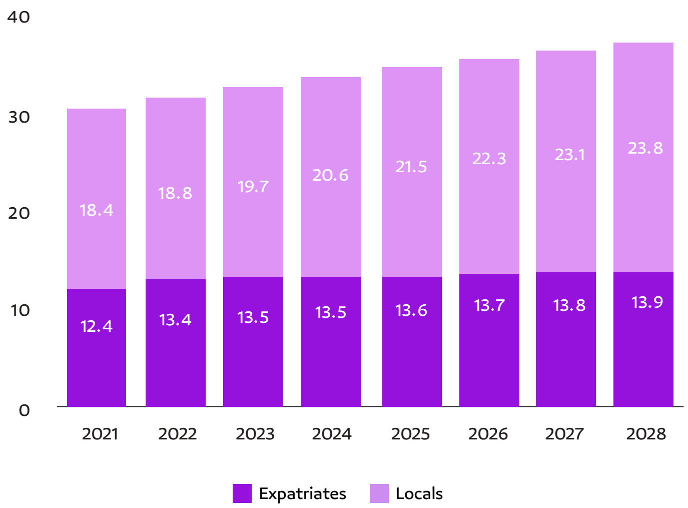


Fastest-Growing Cohort - Ages 50-64

CAGR 2021G-23G: 15.2%

CAGR 2023G-28G: 8.3%

Exhibit 3.10: Shows the Population by Citizenship for 2021G to 2028G (in Millions)



Expatriate Population

CAGR 2021G-23G: 4.2%

CAGR 2023G-28G: 0.6%

Local Population

CAGR 2021G-23G: 3.5%

CAGR 2023G-28G: 3.9%

Source: Euromonitor International estimates based on data from the World Bank, IMF, GASTAT, SAMA and Euromonitor's Passport Economies and Consumers database (Edition 2023G).

3.1.3 Government Initiatives and Policies

Progressive government initiatives and policies continue to drive economic activity in the Kingdom.

The Kingdom has witnessed a surge in economic activity driven by progressive government initiatives and business-friendly reforms. These measures, coupled with rising consumer spending and a boost in tourism inflows, have cushioned a further fall in GDP during 2023G. Notably, the government's amendments to visa policies, including the introduction of a new e-visa programme for business and work visas covering 20 countries, led to significant growth in tourism. The sustained push for tourism has led to the country being applauded by the United Nations World Tourism Organisation (UNWTO) in early 2024G, for having achieved the threshold of 100 million tourists in 2023G (27 million foreign and 73 million domestic tourists), seven years ahead of schedule. The year saw total spending on tourism reach USD 67 billion (equivalent to SAR 251.3 billion), with the government now aiming to welcome 150 million tourists by 2030G. This surge in growth is expected to augur particularly well for the poultry industry, with the foodservice sector expected to be a key beneficiary.

The Saudi Tourism Development Fund (NDF) disbursed significant financing to companies operating in the tourism sector during the first half of 2023G, and major projects such as the NEOM megacity, Amaala luxury destination, and Red Sea tourist destination are well underway. These developments, alongside efforts to promote tourist destinations and entertainment developments, have contributed to the expansion of the foodservice sector, with notable expansions by companies like Americana Restaurants International.

Further bolstering economic growth are initiatives such as Saudisation programmes and the attraction of international businesses to set up regional headquarters in the Kingdom. Privatisation initiatives and public-private partnerships (PPPs) supported by the Private Sector Participation Law (PSP Law) are expected to expedite investment in the Kingdom, with the private sector's contribution to GDP projected to grow significantly by 2030G. Additionally, the government's target for the food industry to achieve an 85 per cent. localisation rate by 2030G under Saudi Vision 2030's National Industrial Strategy presents opportunities for local food producers to serve domestic demand and expand into international markets. In 2022G alone, the Saudi Authority for Industrial Cities and Technology Zones (MODON) signed several agreements worth a total of SR 1.7 billion to allocate industrial land for the establishment of food processing factories in key geographical areas like the Jeddah 2nd Industrial City as well as stimulate technical linkage services to strength the Kingdom's supply chains. The Minister of Industry and Mineral Resources estimates the sector will receive a new boost of SAR 75 billion in investments up to 2035G, with the largest beneficiaries being meat (including poultry), dairy and bakery sectors.

The Kingdom has been focusing and investing in the agribusiness sector with the aim of enhancing food security in the Kingdom and strengthening its position in the global food trade. This commitment is demonstrated through initiatives such as the memorandums of understanding with India, the Middle East, and Europe to establish a new economic corridor that spans a geographic area that represents a significant portion of the world's economy and population.. In addition to this, there are initiatives undertaken by other government agencies in the Kingdom that further aim to encourage local production. For instance, MEWA is also actively promoting initiatives to enhance local production in the agricultural sector. MEWA offers subsidies totalling up to approximately SAR 701 million (USD 187 million) annually to support local chicken meat producers, aiming to stimulate investment, drive expansion, and enhance food security. Foreign companies are also invited to invest in the Saudi poultry market, with incentives including 100 per cent. ownership rights and access to production-based subsidies.

Other policies and initiatives undertaken by the government to support investments in local production include promoting sustainable farming practices through collaborations with organisations like the Agricultural Development Fund (ADF). Farmers adopting high-tech methods receive attractive loans and incentives, while subsidies for organic inputs encourage the transition to organic farming. The Saudi Organic Farming Association (SOFA) also supports these efforts by providing training and certification programmes, fostering the adoption of organic farming techniques.

Furthermore, the Saudi Agricultural Development Fund has demonstrated its support for the sector's expansion through substantial investment commitments. From January to March of 2023G, the fund approved development and investment loans totalling more than SAR 2.3 billion (equivalent to USD 610 million). The sectors benefiting from these investments span a diverse range, encompassing small-scale farmers and breeders, as well as poultry sector projects in regions such as Hail, Asir, Shaqra, Al Aflaj, Tathlith, Al Nairyah, Rabigh, Al Ghat, and Al Olaya village.

3.2 Analysis of Poultry and Eggs Industry in the Kingdom

3.2.1 Value Chain - Poultry

The evolution of the Kingdom's poultry sector is characterised by ensuring sustainable and holistic growth.

The poultry value chain in the Kingdom comprises various stakeholders, including feed mills, breeder farms, hatcheries, poultry farms, slaughterhouses, processing plants, distribution, and cold-chain logistics service companies, along with retail and foodservice establishments. Market consolidation is evident, with top companies such as Al Watania Poultry, Almarai, and Tanmiah Food Company dominating the landscape. In the egg sector, key players include Rahima Eggs, Al Kadi, Fakieh and Al Watania Poultry.

Mills supply poultry feed to breeder and broiler farms, with more than 95 per cent. of volume supplies dedicated for the latter. Broiler breeder farms come in two primary types: integrated and commercial. Integrated farms are operated by larger players (e.g. Fakeih, Almarai, Al Watania Poultry) who are dedicated towards end-to-end operations, in contrast, commercial breeder farms sell fertilised eggs to other players, e.g. Taseel. Hatcheries form the next stage of poultry production and come in two types: integrated and specialist hatcheries. Integrated hatcheries are owned by the larger players, who prefer taking control of the entire supply chain. In contrast, specialist poultry hatcheries are limited to accepting fertilised eggs as inputs, taking care of vaccinations, temperature control, incubator management, etc., Once the eggs hatch, chicks are transferred to poultry farms while ensuring sanitation protocols and maintaining constant temperatures. The chicks are reared and fed till they achieve the requisite weight for slaughter. Once chickens have achieved the target size and weight, they are sent for processing to get the final consumer product.

Chickens are sent to slaughterhouses in the first phase of processing. At the end of the slaughter process, the whole chickens are sorted by weight, with the lighter pieces (600-800 grams) being procured by the foodservice sector, while food production plants focus on buying the heavier whole chickens (weighing more than 1200 grams), since they need more meat for processing into different items such as sausages, patties, salamis, etc. Furthermore, the retail sector (both traditional and modern) procures whole chickens weighing between 800 grams and 1200 grams.

Processing plants convert whole chickens into various cuts and products, ranging from basic cuts like breasts and wings to more processed items such as breaded chicken, marinated chicken, and highly processed foods such as chicken nuggets and patties. Distribution is critical in the poultry value chain due to the perishable nature of products. It involves careful timing and cold chain management, from large central warehouses to smaller city-based ones, using refrigerated transport. Distribution can be managed by integrated poultry companies, specialist companies, or outsourced to third-party logistics (3PL) providers. In the final phases, poultry products are sold via traditional and modern retail outlets and the foodservice sector, with some being further processed by food manufacturers.

3.2.2 Value Chain – Eggs

Value chain of the eggs sector is either controlled by independent operators or large integrated operators in the Kingdom.

In the egg sub-sector, egg farms may be owned by independent operators, or by integrated firms such as Al Watania Poultry, with the latter preferring to take full control of the supply chain, from laying to packaging and further to distribution and delivery. Major egg producers such as Al Watania Poultry or Almarai take ownership of the entire distribution operations themselves or outsource it to distributors or wholesalers for smaller markets and for remote regions.

Further, the wholesalers sell the eggs to the foodservice and retail sectors. These sectors purchase different sizes of eggs based on their requirement. Egg sizes are classified as small (25-28 grams), medium (28-30 grams), large (30-33 grams) and extra large (33-35 grams), with yields increasing progressively (yolk and albumin content) with weight. The foodservice sector buys 40 per cent. of the total eggs by size, with the majority going to bakeries and confectionery, while the retail sector also buys 40 per cent. of the total eggs by size.

3.2.3 Sourcing - Poultry

Increased focus on localising poultry production has been possible due to rising technological intervention, investments and curbing of imports.

As of 2021G, the Kingdom had a poultry capacity of 118,858,386 birds, accounting for about 65 per cent. of the total capacity across all farms, which stood at 182,708,341. In 2022G, the country had 398 poultry farms and 4,823 barns. The sector is strategically clustered in regions like Riyadh, Asir, Makkah, and the Eastern Province, optimising logistics and distribution. Developments include the adoption of digital production tools and modern hatching machines like Better Sign and Jamesway, which have improved hatching quality and increased egg-hatching rates to over 80 per cent. for broilers and up to 97 per cent. for breeder chickens.

In line with Saudi Vision 2030, the Kingdom encourages foreign investment in poultry, offering incentives and subsidies to enhance local production and stabilise the sector amidst global price fluctuations. It is worth noting that egg production in the Kingdom is distinct from poultry meat production, as it focuses entirely on raising female chickens to produce unfertilised eggs, optimising output and efficiency in egg-laying processes.

3.2.4 Sourcing - Eggs

The distinct practices employed in raising and processing chickens for egg production versus meat production create significant differences in the overall processes.

The sourcing procedures for eggs are broadly similar to those of poultry, with some differences in terms of chicken rearing, output rates, fertilisation and handling processes. For poultry, for every 100 chickens, 92 females and eight males are reared, with regular mating resulting in fertilised eggs (weighing at least 65 grams each), which would hatch into chicks and which would later be reared till they are ready for slaughter. In contrast, for egg production, only female chicks would be reared with no male gene inputs involved, and they would be fed very high-protein diets, usually rich in soybean. The eggs laid would hence be unfertilised, and would weigh 35 grams at most, less than half the weight of fertilised eggs that are needed for poultry production.

The output rate of unfertilised eggs (for egg production) vis-à-vis fertilised eggs (for poultry production) also differs marginally, with hens laying around 80 unfertilised eggs every 100 days of the production cycle. This is 10 to 12 per cent. higher than the output achieved for fertilised eggs.

Once the eggs are laid, the incubation phase begins and the eggs are later taken for packaging after sorting, cleaning, marking, etc. From laying of the eggs to packaging, around 3 to 4 per cent. of volumes are lost due to breakage.

3.2.5 Production - Poultry

Transformative shifts in the Kingdom's poultry industry lean more towards achieving self-sufficiency.

The Kingdom's poultry production sector has witnessed significant growth in recent years, driven by strong government support, increasing demand for poultry products, and strategic investments in enhancing food security. According to MEWA data, the poultry population reached over 5.9 billion in 2022G, with fresh poultry meat production estimated at 1.11 million tonnes in 2023G, representing a notable CAGR increase of 9.4 per cent. from 2021G to 2023G. This growth has led to a significant improvement in self-sufficiency, rising from 60 per cent. in 2020G to 68 per cent. in 2022G, aligned with government plans to achieve 92 per cent. self-sufficiency by 2025G and 100 per cent. by 2030G. The increasing demand for locally produced poultry products is driven by consumers' growing preference for protein-rich foods like eggs and chicken, coupled with efforts to reduce reliance on imports.

Leading industry players such as Al Watania Poultry, Almarai Company, and Tanmiah Food Company operate modern, vertically integrated operations, leveraging advanced technology and significant investments to maintain market dominance. Advancements in breeding techniques, feed formulations, and disease control measures have further propelled the sector's progress, establishing it as a vital component of the Kingdom's agricultural landscape. Strategically positioned storage facilities ensure efficient distribution networks, with major producers operating distribution stations across key provinces, including pilgrimage destinations like Makkah al-Mukarramah and al-Madinah al-Munawwarah. Almunajem, the market leader in frozen storage for distribution of frozen poultry, maintains branches across various cities nationwide. While the top five players in the market have a strong presence across the Kingdom, Fakeih primarily focuses its presence in the Western Province, particularly in Makkah al-Mukarramah region.

Although fresh chicken meat accounted for 59.4 per cent. of total poultry consumption in 2023G and is relatively more expensive than frozen chicken meat, industry players are keen on investing in cutting-edge technologies to optimise frozen chicken production to cater to longer shelf-life requirements including foodservice, while adhering to stringent government quality and safety standards.

3.2.6 Production – Eggs

Production of table eggs in the Kingdom already shows resilience with positive forecast trajectory.

On the other hand, the table egg industry in the Kingdom has demonstrated remarkable resilience and growth, achieving a 100 per cent. self-sufficiency rate despite the challenging times of the COVID-19 pandemic in 2020G. According to data from the General Authority of Statistics and OECD, production soared to 361,580 tonnes in 2021G, exceeding self-sufficiency targets with a rate of 112 per cent.. This momentum continued into 2022G, with a self-sufficiency rate of 117 per cent. and total domestic production reaching 372,420 tonnes. Government support has been instrumental in the industry's success, with initiatives such as land grants, start-up subsidies, and subsidies for imported feed ingredients contributing significantly. Access to affordable electricity and water further bolsters the industry, while trade facilities ensure efficient management of all relevant inputs without unnecessary bureaucratic hurdles. Quality assurance is paramount in the table egg industry, with stringent inspection measures implemented throughout the production process. Eggs undergo rigorous checks for attributes like shell integrity, size, colour, cleanliness, and freshness. Advanced quality control measures, including automated egg collection systems and on-site testing, guarantee that only the highest quality eggs reach consumers, reinforcing the industry's reputation for excellence.

Exhibit 3.11: Shows the Production of Poultry Meat for 2021G to 2028G (in '000 Tonnes)

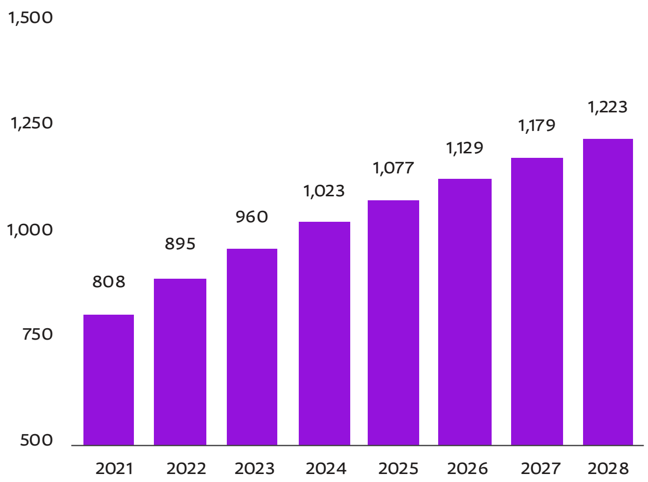
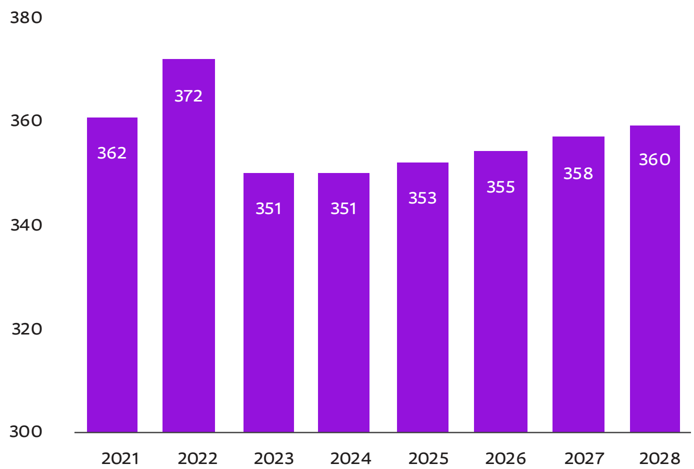


Exhibit 3.12: Shows the Production of Chicken Eggs for 2021G to 2028G (in '000 Tonnes)



Source: Euromonitor International estimates based on primary research, GASTAT, FAO, USDA Gain Report and Euromonitor's Passport database.

3.2.7 Market Size and Key Trends - Poultry

The surge in poultry consumption is driven by increased production, a growing focus on food security, and a surge in demand as a result of population and demand growth.

Poultry and red meat play integral roles in Saudi Arabian cuisine, featuring prominently in traditional dishes and fast-food options alike. Poultry, particularly chicken, dominates the meat market and has experienced steady growth over the years. In 2023G, the poultry market in the Kingdom reached total value sales of fresh poultry stood at SAR 18.3 billion in 2023G, and a total (covering both fresh and frozen) consumption of 1.62 million tonnes, with a volume CAGR rate of 4.6 per cent. over the period of 2021G-2023G. Seasonal fluctuations in demand occur, with peaks during the winter months and leading up to Hajj and Eid Al Adha. Challenges such as supply chain disruptions and increased feed costs due to the COVID-19 pandemic were overcome, leading to market recovery and growth in demand for poultry products. Despite the rise in global commodity prices, a strong recovery in consumption and revival of Hajj tourism in 2022G saw a steep recovery and growth in demand resulting in overall consumption reaching 1.56 million tonnes in 2022G registering a growth of 5.4 per cent. over 2021G.

As the Kingdom seeks to boost self-sufficiency of 100 per cent. by 2030G, domestic production of poultry appears to be growing and contributing to demand increase in the Kingdom. Domestic production accounted for an estimated 69 per cent. of total consumption in 2023G, up from 63 per cent. in 2021G. The year 2022G saw a steep increase in the share of domestic production to consumption, at around 68 per cent. largely due to developments in the form of investments in expanding domestic production capacities of key producers, along with the Kingdom's ban on imports. To offset the high costs of domestic production, the government used to grant subsidies, initially for feed imports and more recently through direct financial support to farms and poultry producers. Additionally, the government has incentivised the local poultry sector by mandating that over 70 per cent. of the content in food supply contracts for government agencies be locally sourced. As a result, many Saudi catering companies confirm that they use 100 per cent. locally sourced chicken when providing services to government institutions such as the military, hospitals, and universities, in compliance with this requirement.

Fresh chicken remains the most consumed form by volume, with a share of 59.4 per cent. in 2023G, with whole chicken being the most common form of fresh chicken.. Around 75 per cent. of fresh poultry was consumed (by volume) as whole chicken in 2023G followed by 23.7 per cent. share for cuts. Within fresh cuts, chicken breasts, whole legs and drumsticks are most widely demanded.

Cyclical factors particular to the poultry sector are also responsible for periodic price surges. Seasonal increases in demand during Hajj and Ramadan may also see price increases. The Kingdom's target of receiving 30 million religious' tourists by 2030G (as part of Saudi Vision 2030) would act as an impetus for the retail and hospitality sectors. Harsher winters (such as in 2016G, 2020G and 2022G) also lead to a rapid uptick in demand, which has contributed to price increases. Shortages caused by a bird flu outbreak at one farm could lead to a rise in prices, as other players may not be able to ramp up production to address the sudden shortfall in supply.

Frozen poultry accounted for a volume share of 40.6 per cent. of total poultry consumption in 2023G. This contribution showed a decline from 45.3 per cent. in 2021G followed by 42.6 per cent. in 2022G, partly due to import bans imposed by the Kingdom. In value terms, frozen poultry consumption stood at around SAR 11.1 billion in 2022G after having registered a CAGR of 2.7 per cent. since 2021G. Rising prices grew on the back of curbed imports during COVID-19. Foodservice remained the primary consumption avenue for frozen poultry in the Kingdom, with 75 per cent. volume share of total frozen chicken consumption in 2023G. Within the retail sector, frozen poultry continued to attract key consumers, primarily the low-income demographics who are drawn more to it due to its lower unit price compared to fresh poultry. As with chilled or fresh chicken, whole chicken remains the preferred choice within the frozen poultry segment, dominating both the retail and hotel, restaurant and catering (HoReCa) sectors with an estimated split of 61 per cent. for whole and 37 per cent. (volume share to total frozen chicken consumption) for cuts in 2023G.

Exhibit 3.13: Shows the Volume Sales of Fresh Poultry for 2021G to 2028G (in '000 Tonnes)

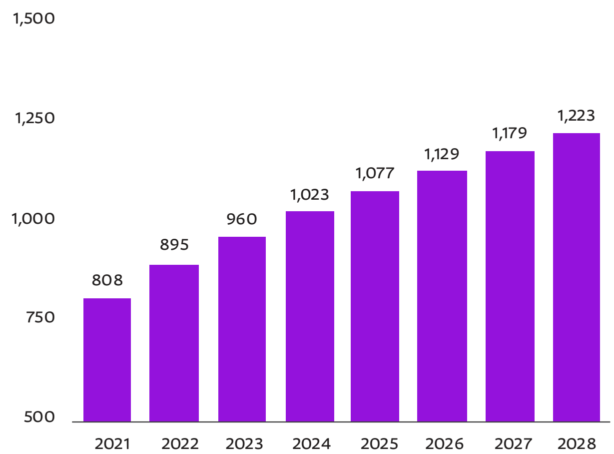
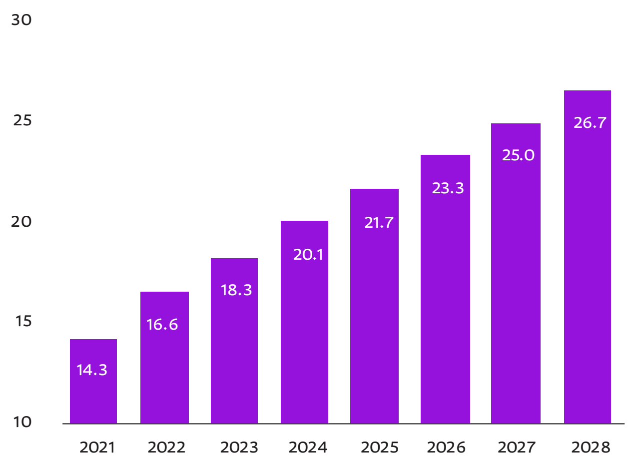


Exhibit 3.14: Shows the Value Sales of Fresh Poultry for 2021G to 2028G (in SAR Billion)



Source: Euromonitor International estimates based on primary research, GASTAT, FAO, USDA Gain Report and Euromonitor's Passport database.

Exhibit 3.15: Shows the Volume Sales of Fresh Poultry Meat by Segment for 2021G to 2028G (in '000 Tonnes)

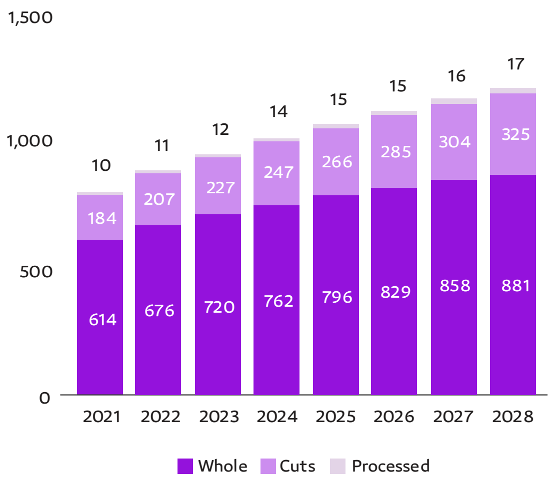
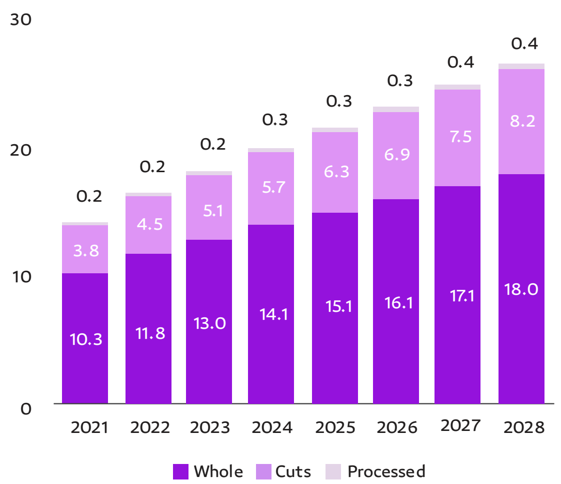


Exhibit 3.16: Shows the Value sales of Fresh Poultry Meat by Segment for 2021G to 2028G (in SAR Billion)



Source: Euromonitor International estimates from primary research, GASTAT, FAO, USDA Gain Report and Euromonitor's Passport database.

Exhibit 3.17: Shows the Volume Sales of Frozen Poultry for 2021G to 2028G (in '000 Tonnes)

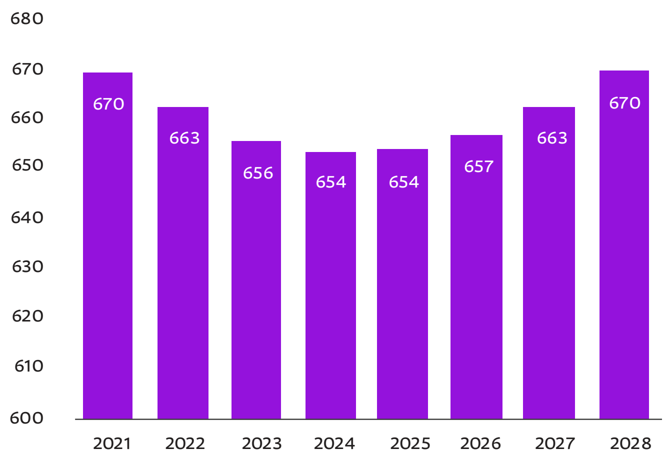
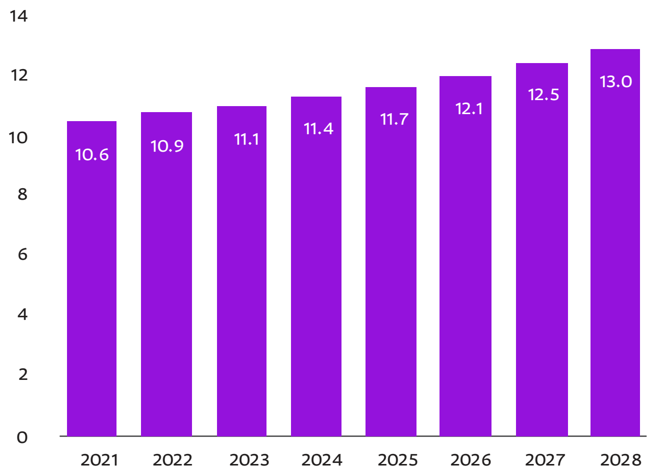


Exhibit 3.18: Shows the Value Sales of Frozen Poultry for 2021G to 2028G (in SAR Billion)



Source: Euromonitor International estimates from primary research, GASTAT, FAO, USDA Gain Report and Euromonitor's Passport database.

3.2.8 Market Size and Key Trends - Eggs

Demand for eggs in the Kingdom have been steady and is expected to remain strong over the coming years too given its deep rooted inclusion in the daily dietary patterns of consumers.

Eggs hold significant importance in the Kingdom's dietary landscape, with a market size estimated at 348,400 tonnes in 2023G. The sector has experienced steady volume growth, with a CAGR of 4.2 per cent. since 2021G. In value terms, egg consumption reached SAR 3.6 billion in 2023G, with a CAGR of 6.8 per cent. since 2021G. The demand for eggs is driven by their role as a primary source of protein and essential nutrients, which are deeply ingrained in the daily diets of many Saudi households. Evolving dietary preferences, increased health and nutrition awareness, and population growth have reinforced this demand. Post-COVID-19 pandemic focus on nutrition and immunity has further stimulated demand. Eggs are versatile and essential in preparing various food products at home and in foodservice establishments. The 30-egg tray is the highest-selling SKU, with medium-sized eggs being the most popular among consumers. Looking ahead, egg consumption is projected to continue growing, with a volume CAGR of 4.5 per cent. over 2023G-2028G, reaching 435,000 tonnes by 2028G. This growth is attributed to factors such as population growth, government support for food security, expansion of production capabilities by key players, and support from the Ministry of Environment, Water, and Agriculture.

Exhibit 3.19: Shows the Volume Sales of Eggs for 2021G to 2028G (in '000 Tonnes)

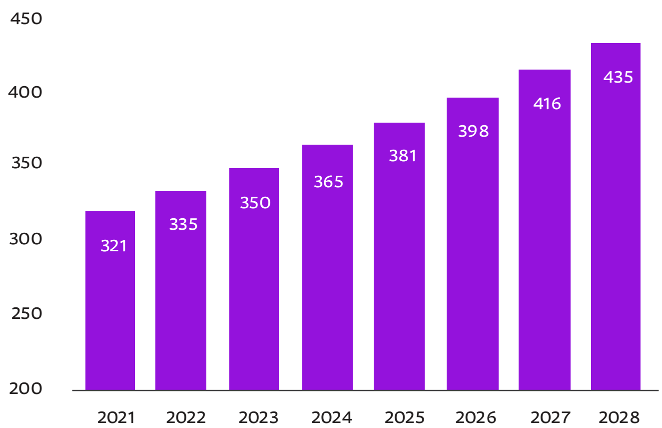
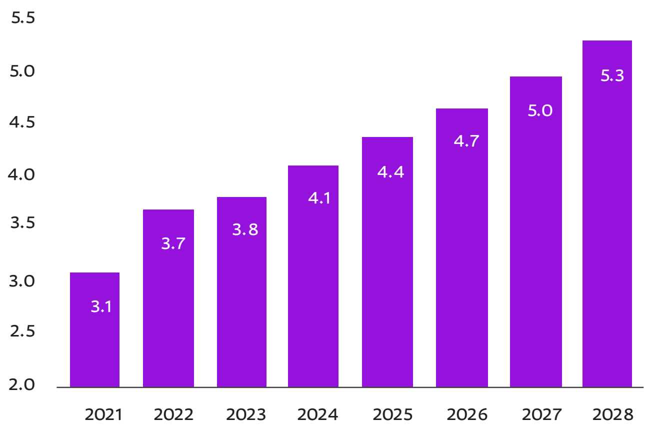


Exhibit 3.20: Shows the Value Sales of Eggs for 2021G to 2028G (in SAR Billion)



3.2.9 Key Channels - Poultry

The Foodservice channel contributes the majority sales of frozen poultry in the Kingdom.

Retail and foodservice sectors are the primary distribution channels for poultry, with significant investments being made to expand retail infrastructure. However, frozen poultry consumption has declined slightly, in part due to import bans and increased focus on local production. Foodservice remains the main mode of consumption for frozen poultry, catering to large orders, especially during peak seasons like Hajj. While volume consumption of fresh poultry is expected to continue growing, frozen poultry consumption is projected to grow slower due to shifting consumer preferences and a focus on localisation. Overall, the poultry market in the Kingdom is poised for continued growth, driven by factors such as increasing population, tourism, and evolving consumer habits.

3.2.10 Key Channels – Eggs

Egg distribution in the Kingdom is channel-diverse and strictly monitored.

Distribution of Eggs in the Kingdom is like that of fresh poultry, requiring vehicles equipped with features such as refrigerated compartments to maintain the freshness and quality of the eggs during transportation. Additionally, these vehicles may have specialised storage systems and shock-absorbing mechanisms to prevent damage to the eggs during transportation. As in the case of poultry distribution, large production companies typically take charge of transportation from the production facilities to various company distribution stations strategically positioned across different regions throughout the Kingdom. From these distribution stations, eggs are then dispersed to retailers, HoReCa (Hotel, Restaurant, and Catering), and catering establishments through a network of sales agents and wholesalers. It's noteworthy that while the bulk of production from major production companies is efficiently handled through this system, a small portion of their output destined for remote or less accessible areas may be routed through distribution companies to ensure comprehensive coverage. Retail sales accounted for about 60 per cent. of the total eggs consumed in 2023G, with the remaining 40 per cent. accounted for by the HoReCa channel.

3.2.11 Competitive Landscape - Poultry

The fresh poultry meat sector in the Kingdom is highly concentrated, with five major companies collectively capturing over 80 per cent. of the market share in 2023G.

The Saudi fresh poultry market is characterised by high competitiveness and consolidation, with the top seven players collectively holding more than 85.7 per cent. share of the total production in 2023G. These major competitors operate on a vertically integrated model, controlling various stages of the production process.

Established in 1977G, Al Watania Poultry is a leading poultry producer with an estimated volume sales of 232.63 thousand tonnes in 2023G. The company's diverse product portfolio, commitment to excellence, and strategic partnerships position it for continued growth. Almarai, through its Alyoum brand, recorded estimated volume sales of 200.02 thousand tonnes in 2023G. The company has made substantial investments in poultry production to bolster its presence in the market.

Established in 1962G, Tanmiah Food Company is known for its dedication to quality, innovation, and sustainability. With sales of 122.32 thousand tonnes in 2023G, the company has expanded its regional market presence and announced strategic partnerships to strengthen its production capabilities. Fakieh Poultry Farms, holding the 4th position, offers both chilled and frozen chicken products and is keen on doubling its production capacity. The company also operates a successful fast-food chain, Al Tazaj Fakieh BBQ Chicken.

Furthermore, the Company relies on air cooling technology to maintain the quality of its poultry products and offers a diverse range of products. Its sales reached approximately 72,500 tonnes in 2023G. Notably, the Company is committed to achieving growth while maintaining strict quality control standards.

In the frozen poultry sector, BRF SA dominates with its Sadia and Doux brands, capturing an 85 per cent. volume share in 2023G. The Company has made significant investments in establishing processing plants and expanding production capacity to solidify its position in the market.

3.2.12 Competitive Landscape – Eggs

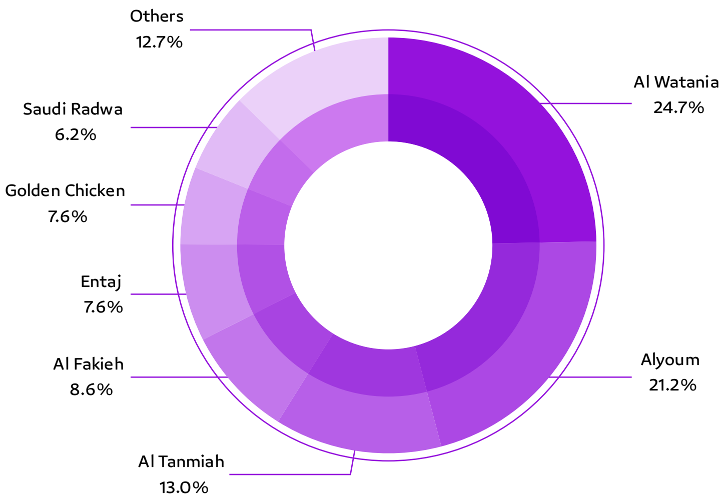
Compared to the poultry sector, Kingdom's table eggs market remains extremely fragmented with the presence of more than 100 brands.

The Saudi egg market is fragmented, with smaller players, store brands, and unorganised brands collectively holding more than half of the total volumes, with as many as 148 brands present, most with volume shares of less than 1 per cent.. However, the two leading brands, Al Watania Poultry and Rahima Eggs, collectively control a healthy 37 per cent. of the volumes, as they compete in a close race for consumer market share.

Al Watania Poultry markets white, brown, and omega-3-fortified eggs, producing around 1.5 million eggs daily. The company also operates the Dajen chain of fast-food restaurants, potentially utilising a portion of its volumes. Rahima Eggs markets white and brown eggs, and liquid eggs for the foodservice sector, with a daily production capacity of up to 1 million eggs. It supplies eggs to various retail and hotel chains, as well as exports to the GCC markets.

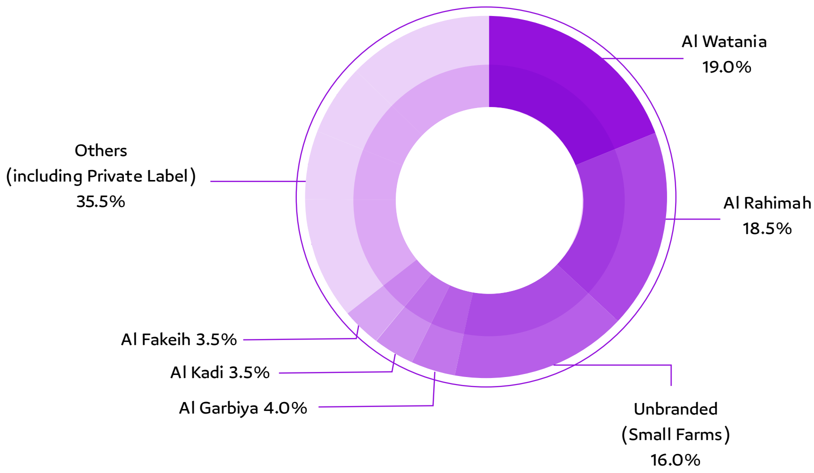
Algharbia Farms, with a daily production capacity of 2 million eggs, is particularly strong in the Eastern and Central provinces. It also supplies liquid egg products to the foodservice sector and exports to the GCC region. Al Kadi, with a daily production capacity of around 2 million eggs, has strongholds in the Central and Western provinces and also exports eggs to major retail chains across the UAE. It is among the principal importers of broiler eggs into the Kingdom. Fakieh mainly markets white table eggs and is strongest in the Western part of the Kingdom. The leading brands have wide coverage nationwide, with Rahimah being the strongest player in the Eastern Province, while Al Watania Poultry commands a dominant position overall.

Exhibit 3.21: Shows the Fresh Poultry Brand Shares by Volume (2023G, %)



Source: Euromonitor International estimates based on primary and secondary research

Exhibit 3.22: Shows the Eggs Brand Shares by Volume (2023G, %)



Source: Euromonitor International estimates based on primary and secondary research

3.3 Company Market Positioning

The Company's robust distribution network, coupled with its well-defined growth strategies, enables it to contribute significantly to the ongoing transformation of the poultry meat market in the Kingdom.

Founded in 2004G, the Company has quickly emerged as a leader in the poultry meat market in the Kingdom, focusing on progressive growth and innovation. The Company operates a comprehensive supply chain spanning from breeders producing hatching eggs to meticulously managed farms dedicated to chicken cultivation. Leveraging a hybrid farming model, The Company relies on a hybrid model that ensures maximum quality, scalability and profitability, utilising advanced technologies and operational excellence. With processing capabilities evolving from processing fewer than 100,000 birds daily to recent expansions poised to elevate daily volumes to 600,000 birds, Company upholds stringent quality standards, earning a stellar reputation for excellence.

The Company's flagship brand, Entaj, strategically focuses on fresh/chilled poultry offerings, particularly whole chicken positioned as mid-high price point products. Embracing innovation and consumer-centricity, Entaj aims to diversify its product portfolio to meet evolving market demands while upholding uncompromising quality standards. The Company achieved a total sale of around 72,501 tonnes of fresh poultry in 2023G, with a significant CAGR since 2021G of 8.3 per cent. Out of the total volume sales of fresh poultry, around 82 per cent. share was held by whole chicken followed by 16.9 per cent. for cuts and 1.2 per cent. for processed products. The Company also ventured into the frozen and table eggs segments, recognising the growth potential and aiming to capitalise on export opportunities, particularly in the GCC region. Top-selling products include Shawarma for the Company. Similarly, within frozen, the Company made a total volume sales of 9,028 tonnes in 2023G, having recorded a CAGR of 7.9 per cent. since 2021G. In value terms, this translated into around SAR 0.1 billion in 2023G. As with fresh poultry, whole frozen held the highest volume and value share contribution to total frozen poultry sales achieved by the Company.

The Company strives to differentiate itself through its strong brand recognition, high-quality products, and market stability, leveraging its robust distribution network and focusing on high-volume regions such as the Eastern Province. The Company competes on both volume and quality with other significant players and aims to join the ranks of the top five poultry companies in the Saudi market within the short to medium term.

Exhibit 3.23: Shows the Segment Shares by Revenue for the Company (2021G to 2023G, %)

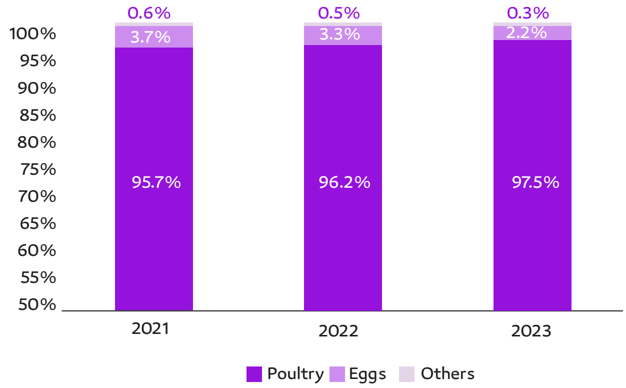
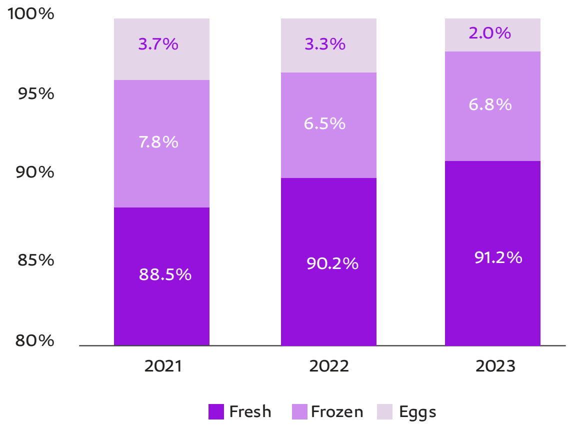


Exhibit 3.24: Shows the Poultry and Eggs Segment Shares by Revenue (2021G to 2023G, %)



Note: 'Others' includes red meat, cold storage and exports

Source: Euromonitor International estimates based on primary and secondary research.

Business Description

4. Business Description

4.1 Overview

Arabian Company for Agriculture and Industrial Investment (the "**Company**") is a Saudi closed joint stock company, registered with the Commercial Register No. 1010318944 issued on 24 Thul-Qi'dah 1432H (corresponding to 22 October 2011G). The Company's capital is three hundred million Saudi Arabian Riyals (SAR 300,000,000) divided into thirty million (30,000,000) ordinary Shares with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per Share. The Company's headquarters and registered office is located at Prince Sultan Bin Abdulaziz Road, Al Olaya District, P.O. Box 53845, Riyadh 12311, the Kingdom.

According to its Commercial Registration Certificate, the Company's main activities include: cultivation of grains, including wheat, barley, yellow and white corn, and others; cultivation of fibre crops, such as cotton, jute, til, flax, and more; cultivation of fodder, like alfalfa and other animal feed; livestock farming, including cattle, camels, and other camelids; egg production; broiler production; support activities for animal production; production of chilled and frozen meat; meat preservation and processing, through various methods like drying, canning, and more; egg product manufacturing, including egg white; preparation and processing of egg products; land transportation of goods; wholesale trade of dairy products; wholesale trade of eggs and egg products; and wholesale trade of frozen meat and poultry.

ARASCO began investing in the poultry industry under its business unit ARASCO Foods in 2004G. ARASCO Foods established the "Entaj" brand in 2004G and through this brand, ARASCO produced and marketed broiler chickens to meet the growing demand for poultry in the Kingdom. The unit is one of the largest producers of poultry in the Kingdom with a market share of approximately 7.6 per cent. according to the Market Study Report. At its inception in 2004G, ARASCO Foods had a production capacity of 40 million chickens per annum, which established it as one of the largest poultry companies in the Kingdom despite its recent inception. In 2018G, ARASCO Foods undertook an expansion of its production facilities to increase its maximum production capacity to 60 million checkens per annum. This was complemented by initiatives in 2020G to improve production efficiency and accelerate slaughtering line speed to 90 million checkens per annum. In 2021G, ARASCO Foods made further investments to double its production capacity to 185 million checkens per annum. The expanded production facilities commenced operations in the first quarter of 2024G.

ARASCO established the Company in 2011G to invest in agricultural activities in the Kingdom and on 17 Jumada al-Ula 1442H (corresponding to 1 January 2021G), transferred its entire poultry business (along with the "Entaj" brand) to the Company.

As of the date of this Prospectus, and according to the Market Study Report, the Company achieved total sales of approximately 72,501 tonnes of fresh poultry meat in 2023G, after recording a significant compound annual growth rate (CAGR) of 8.3 per cent. since 2021G.

The Company's four principal business segments are as follows:

- **Poultry Products Segment**: The poultry segment under the "Entaj" brand represents a significant portion of the Company's revenue, offering a diverse range of high-quality fresh poultry products distributed across supermarkets, distributors and food service providers within the Kingdom and regionally and through online stores. This segment includes fresh and frozen whole poultry, prepared using an air-chilling technique to maintain quality, and a variety of fresh and frozen chicken parts packaged to suit consumers' needs. The marinated poultry range, catering to modern lifestyles, offers gourmet, ready-to-cook options. Additionally, the Company adapts to market demands by selling live birds. Each product category within this segment contributes notably to the Company's revenue, reflecting its success in meeting diverse consumer needs and preferences in the poultry market;
- **Table Eggs Segment**: In the table eggs segment, the Company offers fresh eggs under the "Entaj" brand, sourced from local suppliers and rebranded to align with its trusted identity. These eggs are sold in practical 30-egg trays, catering to both household and commercial needs, and sometimes bundled with other products in the online stores for convenience. This segment demonstrates the Company's adaptability and commitment to quality, diversifying its product range to meet daily consumer needs and contributing to its revenue over recent financial years;
- **Red Meat Products Segment**: In the red meat segment, the Company offers a variety of high-quality fresh lamb products through its "Entaj" brand, sold directly to consumers via its online stores. The range includes different lamb cuts, all carefully sourced, processed, and packaged to meet diverse consumer preferences. This segment, reflecting the Company's commitment to quality and customer satisfaction, further contributes to its revenue and diversifies its product portfolio, reinforcing its market position as a provider of premium, conveniently packaged red meat products; and
- **Cold Storage**: In the cold storage and others segment, the Company strategically leases excess cold storage capacity to third parties, enhancing its business network and generating additional revenue. These facilities, equipped with advanced technology, cater to various sectors requiring refrigerated storage. This segment underlines the Company's innovative approach to resource management.

As of 31 March 2024G, the Company has 1,755 employees. For further details, see Section 5.9 (*Employees*).

The Company generated revenue of SAR 729.1 million, SAR 1,030.9 million, SAR 1,099.3 million and SAR 339.6 million for the financial years ended 31 December 2021G, 2022G and 2023G, and the three-month period ended 31 March 2024G, respectively. Profit for the year/period was SAR 3.7 million, SAR 79.5 million, SAR 62.7 million and SAR 22.0 million in the financial years ended 31 December 2021G, 2022G and 2023G, and the three-month period ended 31 March 2024G, respectively. The value of the Company's total assets as of 31 December 2021G, 2022G and 2023G, and as of 31 March 2024G was SAR 778.2 million, SAR 954.9 million, SAR 1,192.6 million and SAR 1,323.6 million, respectively. Total liabilities of the Company amounted to SAR 732.9 million, SAR 829.3 million, SAR 756.0 million and SAR 865.0 million as of 31 December 2021G, 2022G and 2023G, and as of 31 March 2024G, respectively.

4.2 Corporate History

The Company's journey began in 2004G when ARASCO Foods established the "Entaj" brand to produce and market broiler chickens. This marked the foundation of what would become one of the leaders in the poultry industry in the Kingdom. In 2008G, the first significant milestone was achieved with an increase in production capacity to 60 million birds per annum. By 2010G, further initiatives to enhance production efficiency led to an acceleration of the slaughtering line speed, increasing capacity to 90 million birds per annum.

The Company was formally incorporated as a limited liability company in 2011G to serve as ARASCO's investment arm in trade and investment with other companies and entities. In the same year, the Company began expanding into cage farms with a production capacity of approximately 1.2 million birds per cycle. Additionally, the Company converted parent chicken farms into broiler farms to increase production capacity in its owned farms. In 2019G, the Company began selling table eggs under the "Entaj" brand as part of its product diversification efforts.

Significant advancements continued in 2020G with initiatives aimed at improving production efficiency, maintaining the slaughtering line speed at 90 million birds per annum. The following year, 2021G, substantial investments were made to double the production capacity to 185 million birds per annum. This period also saw ARASCO transfer its entire poultry business, along with the Entaj brand, to the Company, further consolidating its market position.

The key historical changes and events are summarised below:

Table 4.1: Key Historical Changes and Events

Date	Event
2004G	– ARASCO Foods established the "Entaj" brand in 2004G to produce and market broiler chickens.
2008G	– Production capacity has been increased to 40 million birds per annum.
2011G	– Incorporation of the Company as a limited liability company.
2013G	– The Company invested in its owned farms by establishing infrastructure for six high-tech broiler chicken farms with an efficient production capacity, supplying the slaughterhouse with 600,000 birds per cycle for each farm. Two farms have been fully constructed, with the remaining ones being gradually developed.
2015G	– Two high-tech broiler chicken farms began operations. – Production capacity was increased to 60 million birds per annum.
2018G	– Non-operational parent chicken farms were converted into broiler farms to increase the production capacity of owned farms, thereby increasing the Company's share of the total number of chickens slaughtered at the slaughterhouse.
2019G	– Commencement of the sale of table eggs under the Entaj brand as part of the Company's product range expansion. – Production of 60 million birds per annum achieved.
2020G	– Initiatives to improve production efficiency and accelerate slaughtering line speed to 90 million birds per annum. – Commencement of the sale of lamb products under the Entaj brand as a continuation of the Company's product diversification.
2021G	– Further investments were made to double production capacity to 185 million birds per annum. – ARASCO transferred its entire poultry business (along with the Entaj brand) to the Company.
2023G	– The capital of the Company was increased from SAR 50,000,000 to SAR 300,000,000. – ARASCO transferred 4.9 per cent. of the share capital of the Company to Ocean Line Marine Services Company Limited.
2024G	– The Company was converted to a closed joint stock company. – The expanded production facilities commenced operations in the first quarter.

Source: The Company.

4.3 Evolution of Capital

While the Company was incorporated in 25 Sha'ban 1432H (corresponding to 26 August 2011G) as a limited liability company and its articles of incorporation were recorded by a notary public in Folio No. 71, No. 3350, Volume 335 and dated 23 Ramadan 1432H (corresponding to 23 August 2011G). The Company is registered under Commercial Registration No. 1010318944 dated 24 Thul-Qi'dah 1432H (corresponding to 22 October 2011G) with a capital of fifty million Saudi Arabian Riyals (SAR 50,000,000), divided into 50,000 shares with a nominal value of one thousand Saudi Arabian Riyals (SAR 1,000) per share.

The Company's ownership structure at the time of incorporation was as follows:

Table 4.2: Shareholders of the Company upon incorporation on 25 Sha'ban 1432H (corresponding to 26 July 2011G)

Shareholder	Number of Shares	Ownership Percentage
ARASCO	49,500	99%
Prince Sultan bin Mohammed bin Saud Al Kabeer Al Saud	32	0.064%
Abdulrahman Muhammad Abdulrahman Alaleeq	28	0.056%
Abdullah Sulaiman Omar Alrubaiaan	41	0.082%
Abdulrahman Abdulaziz Ibrahim Almuhanna	17	0.034%
Abdullah Ibrahim Saleh Al Habib	62	0.124%
Abdullatif Saleh Abdullah Al Al-Sheikh	38	0.076%
Mutlaq Saleh ibn Mutlaq Al Hanaki	177	0.354%
Abdulmalik Abdullah Abdulaziz Al-Hussaini	5	0.01%
Abdullah Ibrahim AlKhorayef Sons Company	100	0.2%
Total	**50,000**	**100%**

Source: The Company.

Pursuant to Shareholders' Agreement No. 257597 dated 18 Shawwal 1442H (corresponding to 30 May 2021G), the shareholders (other than ARASCO) agreed to transfer all of their shares to ARASCO.

The Company's ownership structure becomes as follows:

Table 4.3: The Shareholders of the Company as of 18 Shawwal 1442H (corresponding to 30 May 2021G)

Shareholder	Number of Shares	Ownership Percentage
ARASCO	50,000	100%
Total	**50,000**	**100%**

Source: The Company.

Pursuant to a Shareholder's Resolution dated 23 Rabi' al-Thani 1445H (corresponding to 7 November 2023G):

- the share capital of the Company was increased from fifty million Saudi Arabian Riyals (SAR 50,000,000), divided into fifty thousand (50,000) shares with a nominal value of one thousand Saudi Arabian Riyals (SAR 1,000) per share to three hundred million Saudi Arabian Riyals (SAR 300,000,000), divided into three hundred thousand (300,000) shares with a nominal value of one thousand Saudi Arabian Riyals (SAR 1,000) per share. This increase was achieved by transferring an amount of one hundred and twenty million, two hundred eighteen thousand, four hundred seventy-four Saudi Arabian Riyals (SAR 120,218,474), representing the non-trading portion of the amounts due to a related party (ARASCO), and an amount of one hundred and twenty-nine million, seven hundred eighty-one thousand, five hundred twenty-six Saudi Arabian Riyals (SAR 129,781,526), representing the trading portion of the amounts due to a related party (ARASCO), to the proposed increase in share capital account;
- pursuant to the Shareholders' Resolution No. 1000550012, dated 19 Jumada al-Akhirah 1445H (corresponding to 1 January 2024G), ARASCO transferred fourteen thousand seven hundred (14,700) shares with a nominal value of one thousand Saudi Arabian Riyals (SAR 1,000) per share to Ocean Line Marine Services Company;
- each share with a fully paid nominal value of one thousand Saudi Arabian Riyals (SAR 1,000) was subdivided into one hundred (100) shares with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10); and
- the Company was converted from a limited liability company to a closed joint-stock company with a share capital of three hundred million Saudi Arabian Riyals (SAR 300,000,000) divided into thirty million (30,000,000) ordinary shares with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per share.

The Company's ownership structure becomes as follows:

Table 4.4: The Shareholders of the Company as of 23 Rabi' al-Thani 1445H (corresponding to 7 November 2023G)

Shareholder	Number of Shares	Ownership Percentage
ARASCO	28,530,000	95.1%
Ocean Line Marine Services Company	1,470,000	4.9%
Total	**30,000,000**	**100%**

4.4 Current Shareholding Structure

4.4.1 Overview

The current share capital of the Company is three hundred million Saudi Arabian Riyals (SAR 300,000,000) divided into three hundred thousand (300,000,000) shares with a nominal value of ten Saudi Arabian Riyals (SAR 10) per share.

The following table describes the capital and direct ownership structure of the Company pre- and post-Offering:

Table 4.5: Direct Ownership Structure of the Company Pre- and Post-Offering

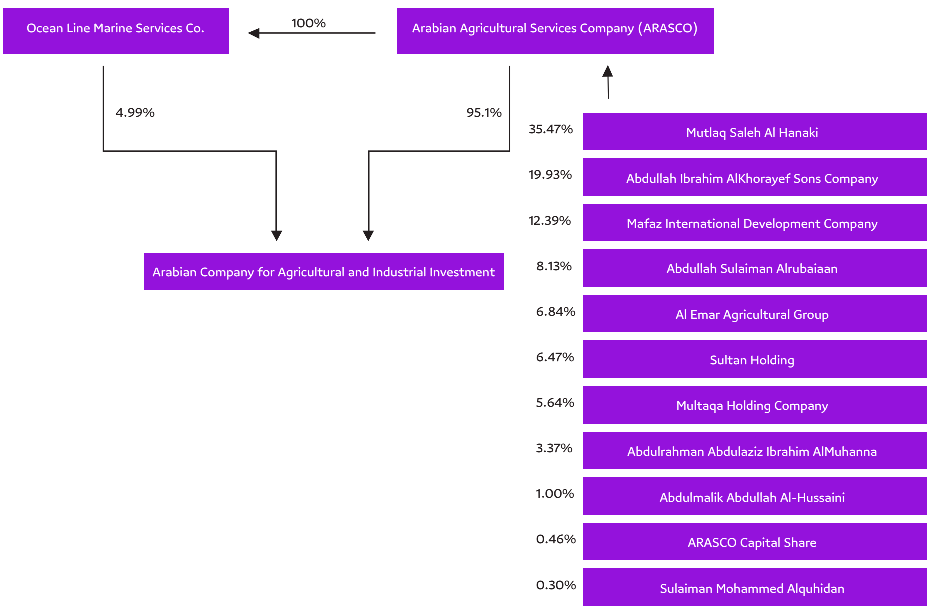
Shareholder	Pre-Offering			Post-Offering		
	Number of Shares	Ownership (%)[1]	Total Nominal Value (SAR)	Number of Shares	Ownership (%)	Total Nominal Value (SAR)
ARASCO	28,530,000	95.1%	285,300,000	19,530,000	65.1%	195,300,000
Ocean Line Marine Services Company [1]	1,470,000	4.9%	14,700,000	1,470,000	4.9%	14,700,000
Public	-	-	-	9,000,000	30.0%	90,000,000
Total	**30,000,000**	**100%**	**300,000,000**	**30,000,000**	**100%**	**300,000,000**

Source: The Company.

(1) ARASCO owns the entire capital of Ocean Line Maritime Services Company. As a result, ARASCO owns the entire capital of the Company, both directly and indirectly, prior to the Offering.

The following chart illustrates the current ownership structure of the Company as of the date of this Prospectus:

Exhibit 4.1: Ownership Structure of the Company as of the date of this Prospectus



Source: The Company.

The following tables set out the details of shareholder directly or indirectly holding 5% or more of the shares in the Company as of the date of this Prospectus:

Table 4.6: Details of Shareholders Directly Holding Five Per Cent. or More of the Shares in the Company as of the Date of this Prospectus

Shareholder	Pre-Offering			Post-Offering		
	Number of Shares	Ownership (%)	Total Nominal Value (SAR)	Number of Shares	Ownership (%)	Total Nominal Value (SAR)
ARASCO[(1)]	28,530,000	95.1%	285,300,000	19,530,000	65.1%	195,300,000

Source: The Company.

(1) ARASCO owns the entire capital of Ocean Line Maritime Services Company, which holds 4.9 per cent of the Company's shares. As a result, ARASCO owns the entire capital of the Company, both directly and indirectly.

Table 4.7: Details of Shareholders Indirectly Holding Five Per Cent. or More of the Shares in the Company as of the Date of this Prospectus

Shareholder	Pre-Offering			Post-Offering		
	Number of Shares	Ownership (%)[(1)]	Total Nominal Value (SAR)	Number of Shares	Ownership (%)[(1)]	Total Nominal Value (SAR)
Mutlaq Saleh Al Hanaki	10,641,240	35.5%	106,412,400	7,448,868	24.83%	74,488,680
Abdullah Ibrahim AlKhorayef Sons Company	5,979,360	19.9%	59,793,600	4,185,552	13.95%	41,855,520
Mafaz International Development Company	3,717,720	12.4%	37,177,200	2,602,404	8.67%	26,024,040
Abdullah bin Sulaiman Al-Rubaian	2,440,080	8.1%	24,400,800	1,708,056	5.69%	17,080,560
Al Emar Agricultural Group	2,051,712	6.8%	20,517,120	1,436,198	4.79%	14,361,984
Sultan Holding	1,939,680	6.5%	19,396,800	1,357,776	4.53%	13,577,760
Multaqa Holding Company	1,690,800	5.6%	16,908,000	1,183,560	3.95%	11,835,600
Total	**28,460,592**	**94.9%**	**284,605,920**	**19,922,414**	**66.4%**	**199,224,144**

Source: The Company.

(1) The ownership percentages are rounded

4.4.2 Shareholder Overview

4.4.2.1 Arabian Agricultural Services Company (ARASCO)

ARASCO is a closed joint-stock Saudi company, established under Ministerial Resolution No. 23, dated 17 Ramadan 1409H (corresponding to 23 April 1989G) and registered in the Commercial Register No.1010059643, dated 21 Ramadan 1405H (corresponding to 9 June 1985G). ARASCO's headquarters and registered address are located on Prince Sultan bin Abdulaziz Road, Al Olaya District, P.O. Box 53845, Riyadh 11593, Kingdom of Saudi Arabia. ARASCO's current capital is six hundred and fifty million Saudi Arabian Riyals (SAR 650,000,000), divided into sixty-five million (65,000,000) ordinary shares with a fully paid nominal value of ten Saudi Arabian Riyals (10) Saudi Arabian Riyals (SAR 10) per share.

ARASCO's main activities include the production of feed and poultry, as well as the sale of raw materials, fertilisers, and agricultural pesticides. As of the date of this Prospectus, ARASCO owns twenty-eight million five hundred and thirty thousand (28,530,000) shares in the Company, representing 95.1 per cent. of its capital.

The following table sets out the ownership structure of ARASCO as of the date of this Prospectus:

Table 4.8: Ownership Structure of ARASCO as of the Date of this Prospectus

Shareholder	Number of Shares	Nominal Value per Share (SAR)	Total Nominal Value (SAR)	Ownership Percentage (%)[(1)]
Mutlaq Saleh Al Hanaki	23,056,020	10	230,560,200	35.47%
Abdullah Ibrahim AlKhorayef Sons Company	12,955,280	10	129,552,800	19.93%
Mafaz International Development Company	8,055,060	10	80,550,600	12.39%
Abdullah bin Sulaiman Al-Rubaian	5,286,840	10	52,868,400	8.13%
Al Emar Agricultural Group	4,445,375	10	44,453,750	6.84%

Shareholder	Number of Shares	Nominal Value per Share (SAR)	Total Nominal Value (SAR)	Ownership Percentage (%)(1)
Sultan Holding	4,202,640	10	42,026,400	6.47%
Multaqa Holding Company	3,663,400	10	36,634,000	5.64%
Abdulrahman Abdulaziz Ibrahim Almuhanna	2,193,100	10	21,931,000	3.37%
Abdulmalik Abdullah Abdulaziz Al-Hussaini	650,000	10	6,500,000	1.00%
Sulaiman bin Mohammed Alquhidan	195,000	10	1,950,000	0.30%
ARASCO Capital SFhare	297,285	10	2,972,850	0.46%
Total	**65,000,000**	**-**	**650,000,000**	**100.00%**

Source: The Company.

(1) Ownership percentages are rounded.

(a) Abdullah Ibrahim AlKhorayef Sons Company

Abdullah Ibrahim AlKhorayef Sons Company is a Saudi closed joint stock company incorporated by virtue of Ministerial Resolution No. 616 dated 19 Thul-Qi'dah 1436H (corresponding to 2 September 2015G) and registered under Commercial Registration No. 1010000878 dated 9 Safar 1434H (corresponding to 22 December 2012G). The Company's head and registered office is located at the Al Mu'tamarat District, Makkah Al Mukarramah Road, Riyadh 11411, P.O. Box 305, Riyadh, Kingdom of Saudi Arabia. As of the date of this Prospectus, Abdullah Ibrahim AlKhorayef Sons Company's subscribed capital is ten million Saudi Arabian Riyals (SAR 10,000,000) divided into one million (1,000,000) shares with a nominal value of ten Saudi Arabian Riyals (SAR 10) per share.

The following table sets out the ownership structure of Abdullah Ibrahim AlKhorayef Sons Company as of the date of this Prospectus:

Table 4.9: Ownership Structure of Abdullah Ibrahim AlKhorayef Sons Company as of the Date of this Prospectus

Shareholder	Number of Shares	Nominal Value per Share (SAR)	Total Nominal Value (SAR)	Ownership Percentage (%)(1)
Hamad Abdullah Alkhorayef	171,530	10	1,715,300	17.15%
Saad Abdullah Alkhorayef	171,527	10	1,715,270	17.15%
Mohamed Abdullah Alkhorayef	171,527	10	1,715,270	17.15%
Jawaher Abdullah Alkhorayef	85,763	10	857,630	8.58%
Sarah Abdullah Alkhorayef	85,763	10	857,630	8.58%
Munirah Abdullah Alkhorayef	17,795	10	177,950	1.78%
Bandar Ibrahim Alkhorayef	27,681	10	276,810	2.77%
Abdullah Ibrahim Alkhorayef	27,681	10	276,810	2.77%
Fahad Ibrahim Alkhorayef	27,681	10	276,810	2.77%
Ebtesam Ibrahim Alkhorayef	13,841	10	138,410	1.38%
Sarah Ibrahim Alkhorayef	13,841	10	138,410	1.38%
Nojood Ibrahim Alkhorayef	13,841	10	138,410	1.38%
Fawziah Mohamed Zaid Suliman	21,441	10	214,410	2.14%
Abdullah Abdulrahman Alkhorayef	37,522	10	375,220	3.75%
Abdulaziz Abdulrahman Alkhorayef	37,522	10	375,220	3.75%
Ibrahim Abdulrahman Alkhorayef	37,522	10	375,220	3.75%
Sima Abdulrahman Alkhorayef	18,761	10	187,610	1.88%
Reema Abdulrahman Alkhorayef	18,761	10	187,610	1.88%
Total	**1,000,000**	**-**	**10,000,000**	**100.00%**

Source: The Company.

(1) Ownership percentages are rounded.

(b) Mafaz International Development Company

Mafaz International Development Company is a limited liability company registered with the Commercial Register No. 1010203116 on 8 Sha'ban 1425H (corresponding to 21 November 2004G). The Company's head and registered office is located at Al Akaria Center, Al Olaya District, 11573, P.O. Box 52726, Riyadh, Kingdom of Saudi Arabia. As of the date of this Prospectus, Mafaz International Development Company's capital is five hundred thousand Saudi Arabian Riyals (SAR 500,000) divided into one hundred (100) ordinary shares with a fully paid nominal value of five thousand Saudi Arabian Riyals (SAR 5,000) per share.

The following table sets out the ownership structure of Mafaz International Development Company as of the date of this Prospectus:

Table 4.10: Ownership Structure of Mafaz International Development Company as of the Date of this Prospectus

Shareholder	Number of Shares	Nominal Value per Share (SAR)	Total Nominal Value (SAR)	Ownership Percentage (%)
Abnaee Holding Group	100	5,000	500,000	100.0%
Total	**100**	**-**	**500,000**	**100.0%**

Source: The Company.

(c) Abnaee Holding Group

Abnaee Holding Group is a Saudi closed joint stock company incorporated by virtue of Ministerial Resolution No. 163/Q dated 1 Rajab 1435H (corresponding to 30 April 2014G) and registered under Commercial Registration No. 1010414238 dated 15 Rajab 1435H (corresponding to 14 May 2014G). The Company's head and registered office is located at Riyadh, Kingdom of Saudi Arabia. As of the date of this Prospectus, Abnaee Holding Group's capital two million Saudi Arabian Riyals (SAR 2,000,000) divided into one hundred (200,000) ordinary shares with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per share.

The following table sets out the ownership structure of Abnaee Holding Group as of the date of this Prospectus:

Table 4.11: Ownership Structure of Abnaee Holding Group as of the Date of this Prospectus

Shareholder	Number of Shares	Nominal Value per Share (SAR)	Total Nominal Value (SAR)	Ownership Percentage (%)
Abdullah Ibrahim Al Habib Commercial Investment Co.	80,000	10	800,000	40%
Ibrahim Abdullah Al Habib Commercial Investment Co.	24,000	10	240,000	12%
Emad Abdullah Al Habib Commercial Investment Co.	24,000	10	240,000	12%
Yasser Abdullah Al Habib Commercial Investment Co.	24,000	10	240,000	12%
Faris Abdullah Al Habib Commercial Investment Company	24,000	10	240,000	12%
Basma Abdullah Al Habib Commercial Investment Co.	12,000	10	120,000	6%
Raeda Abdullah Al Habib Commercial Investment Co.	12,000	10	120,000	6%
Total	**200,000**	**-**	**2,000,000**	**100%**

Source: The Company.

(d) Abdullah Ibrahim Al Habib Commercial Investment Co.

Abdullah Ibrahim Al Habib Commercial Investment Co. is a Saudi limited liability company registered under Commercial Registration No. 1010368723 dated 18 Jumada al-Ula 1434H (corresponding to 30 March 2013G). The Company's head and registered office is located in Riyadh, Kingdom of Saudi Arabia. As of the date of this Prospectus, Abdullah Ibrahim Al Habib Commercial Investment Co.'s capital is one hundred thousand Saudi Arabian Riyals (SAR 100,000) divided into one thousand (1,000) ordinary shares with a fully paid nominal value of one hundred Saudi Arabian Riyals (SAR 100) per share.

The following table sets out the ownership structure of Abdullah Ibrahim Al Habib Commercial Investment Co. as of the date of this Prospectus:

Table 4.12: Ownership Structure of Abdullah Ibrahim Al Habib Commercial Investment Co. as of the Date of this Prospectus

Shareholder	Number of Shares	Nominal Value per Share (SAR)	Total Nominal Value (SAR)	Ownership Percentage (%)
Abdullah Ibrahim Saleh Al Habib	990	100	99,000	99.00%
Abdullah Ibrahim Al Habib Sons Commercial Investment Co.(1)	10	100	1,000	1.00%
Total	**1,000**	**-**	**100,000**	**100.00%**

Source: The Company.

(1) Abdullah Ibrahim Al Habib Sons Commercial Investment Co. is wholly owned by Abnaee Holding Group.

(e) Emad Abdullah Al Habib Commercial Investment Co.

Emad Abdullah Al Habib Commercial Investment Co. is a Saudi limited liability company registered under Commercial Registration No. 1010368581 dated 15 Jumada al-Ula 1435H (corresponding to 27 March 2013G). The Company's head and registered office is located at Al Akaria Center, Al Olaya District, Riyadh 11573, P.O. Box 8900, Kingdom of Saudi Arabia. As of the date of this Prospectus, Emad Abdullah Al Habib Commercial Investment Co.'s capital is one hundred thousand Saudi Arabian Riyals (SAR 100,000) divided into one thousand (1,000) shares with a fully paid nominal value of one hundred Saudi Arabian Riyals (SAR 100) per share.

The following table sets out the ownership structure of Emad Abdullah Al Habib Commercial Investment Co. as of the date of this Prospectus:

Table 4.13: Ownership Structure of Emad Abdullah Al Habib Commercial Investment Co. as of the Date of this Prospectus

Shareholder	Number of Shares	Nominal Value per Share (SAR)	Total Nominal Value (SAR)	Ownership Percentage (%)
Emad Abdullah Ibrahim Al Habib	990	100	99,000	99.00%
Abdullah Ibrahim Al Habib Sons Commercial Investment Co.(1)	10	100	1,000	1.00%
Total	**1,000**	**-**	**100,000**	**100.00%**

Source: The Company.

(1) Abdullah Ibrahim Al Habib Sons Commercial Investment Co. is wholly owned by Abnaee Holding Group.

(f) Yasser Abdullah Al Habib Commercial Investment Co.

Yasser Abdullah Al Habib Commercial Investment Co. is a Saudi limited liability company registered under Commercial Registration No. 1010368583 dated 15 Jumada al-Ula 1435H (corresponding to 27 March 2013G). The Company's head and registered office is located at Al Akaria Center, Al Olaya District, Riyadh, Kingdom of Saudi Arabia. As of the date of this Prospectus, Yasser Abdullah Al Habib Commercial Investment Co.'s capital is one hundred thousand Saudi Arabian Riyals (SAR 100,000) divided into one thousand (1,000) shares with a fully paid nominal value of one hundred Saudi Arabian Riyals (SAR 100) per share.

The following table sets out the ownership structure of Yasser Abdullah Al Habib Commercial Investment Co. as of the date of this Prospectus:

Table 4.14: Ownership Structure of Yasser Abdullah Al Habib Commercial Investment Co. as of the Date of this Prospectus

Shareholder	Number of Shares	Nominal Value per Share (SAR)	Total Nominal Value (SAR)	Ownership Percentage (%)
Yasser Abdullah Ibrahim Al Habib	990	100	99,000	99.00%
Abdullah Ibrahim Al Habib Sons Commercial Investment Co.[1]	10	100	1,000	1.00%
Total	**1,000**	**-**	**100,000**	**100.00%**

Source: The Company.

(1) Abdullah Ibrahim Al Habib Sons Commercial Investment Co. is wholly owned by Abnaee Holding Group.

(g) Faris Abdullah Al Habib Commercial Investment Company

Faris Abdullah Al Habib Commercial Investment Company is a Saudi limited liability company registered under Commercial Registration No. 1010368579 dated 15 Jumada al-Ula 1435H (corresponding to 27 March 2013G). The Company's head and registered office is located at Al Akaria Center, Olaya Main Street, Al Olaya District, Riyadh, Kingdom of Saudi Arabia. As of the date of this Prospectus, Faris Abdullah Al Habib Commercial Investment Company's capital is one hundred thousand Saudi Arabian Riyals (SAR 100,000) divided into one thousand (1,000) shares with a fully paid nominal value of one hundred Saudi Arabian Riyals (SAR 100) per share.

The following table sets out the ownership structure of Faris Abdullah Al Habib Commercial Investment Company as of the date of this Prospectus:

Table 4.15: Ownership Structure of Faris Abdullah Al Habib Commercial Investment Company as of the Date of this Prospectus

Shareholder	Number of Shares	Nominal Value per Share (SAR)	Total Nominal Value (SAR)	Ownership Percentage (%)
Faris Abdullah Ibrahim Al Habib	990	100	99,000	99.00%
Abdullah Ibrahim Al Habib Sons Commer-cial Investment Co.[1]	10	100	1,000	1.00%
Total	**1,000**	**-**	**100,000**	**100.00%**

Source: The Company.

(1) Abdullah Ibrahim Al Habib Sons Commercial Investment Co. is wholly owned by Abnaee Holding Group.

(h) Basma Abdullah Al Habib Commercial Investment Co.

Basma Abdullah Al Habib Commercial Investment Co. is a Saudi limited liability company registered under Commercial Registration No. 1010368722 dated 18 Jumada al-Ula 1434H (corresponding to 30 March 2013G). The Company's head and registered office is located at Al Akaria Center, Olaya Main Street, Al Olaya District, Riyadh, Kingdom of Saudi Arabia. As of the date of this Prospectus, Basma Abdullah Al Habib Commercial Investment Co.'s capital is one hundred thousand Saudi Arabian Riyals (SAR 100,000) divided into one thousand (1,000) shares with a fully paid nominal value of one hundred Saudi Arabian Riyals (SAR 100) per share.

The following table sets out the ownership structure of Basma Abdullah Al Habib Commercial Investment Co. as of the date of this Prospectus:

Table 4.16: Ownership Structure of Basma Abdullah Al Habib Commercial Investment Co. as of the Date of this Prospectus

Shareholder	Number of Shares	Nominal Value per Share (SAR)	Total Nominal Value (SAR)	Ownership Percentage (%)
Basma Abdullah Ibrahim Al Habib	990	100	99,000	99.00%
Abdullah Ibrahim Al Habib Sons Commercial Investment Co.(1)	10	100	1,000	1.00%
Total	**1,000**	**-**	**100,000**	**100.00%**

Source: The Company.

(1) Abdullah Ibrahim Al Habib Sons Commercial Investment Co. is wholly owned by Abnaee Holding Group.

(i) Ibrahim Abdullah Al Habib Commercial Investment Co

Ibrahim Abdullah Al Habib Commercial Investment Co. is a Saudi limited liability company registered under Commercial Registration No. 1010368589 dated 15 Jumada al-Ula 1434H (corresponding to 27 March 2013G). The Company's head and registered office is located at Al Akaria Center, Olaya Main Street, Al Olaya District, Riyadh, Kingdom of Saudi Arabia. As of the date of this Prospectus, Ibrahim Abdullah Al Habib Commercial Investment Co.'s capital is one hundred thousand Saudi Arabian Riyals (SAR 100,000) divided into one thousand (1,000) shares with a fully paid nominal value of one hundred Saudi Arabian Riyals (SAR 100) per share.

The following table sets out the ownership structure of Ibrahim Abdullah Al Habib Commercial Investment Co. as of the date of this Prospectus:

Table 4.17: Ownership Structure of Ibrahim Abdullah Al Habib Commercial Investment Co. as of the Date of this Prospectus

Shareholder	Number of Shares	Nominal Value per Share (SAR)	Total Nominal Value (SAR)	Ownership Percentage (%)
Ibrahim Abdullah Ibrahim Al Habib	990	100	99,000	99.00%
Abdullah Ibrahim Al Habib Sons Commercial Investment Co.(1)	10	100	1,000	1.00%
Total	**1,000**	**-**	**100,000**	**100.00%**

Source: The Company.

(1) Abdullah Ibrahim Al Habib Sons Commercial Investment Co. is wholly owned by Abnaee Holding Group.

(j) Raeda Abdullah Al Habib Commercial Investment Co

Raeda Abdullah Al Habib Commercial Investment Co. is a Saudi limited liability company registered under Commercial Registration No. 1010368724 dated 18 Jumada al-Ula 1434H (corresponding to 30 March 2013G). The Company's head and registered office is located at Al Akaria Center, Olaya Main Street, Al Olaya District, Riyadh, Kingdom of Saudi Arabia. As of the date of this Prospectus, Raeda Abdullah Al Habib Commercial Investment Co.'s capital is one hundred thousand Saudi Arabian Riyals (SAR 100,000) divided into one thousand (1,000) shares with a fully paid nominal value of one hundred Saudi Arabian Riyals (SAR 100) per share.

The following table sets out the ownership structure of Raeda Abdullah Al Habib Commercial Investment Co. as of the date of this Prospectus:

Table 4.18: Ownership Structure of Raeda Abdullah Al Habib Commercial Investment Co. as of the Date of this Prospectus

Shareholder	Number of Shares	Nominal Value per Share (SAR)	Total Nominal Value (SAR)	Ownership Percentage (%)
Raeda Abdullah Ibrahim Al Habib	990	100	99,000	99.00%
Abdullah Ibrahim Al Habib Sons Commercial Investment Co.(1)	10	100	1,000	1.00%
Total	**1,000**	**-**	**100,000**	**100.00%**

Source: The Company.

(1) Abdullah Ibrahim Al Habib Sons Commercial Investment Co. is wholly owned by Abnaee Holding Group.

(k) Al Emar Agricultural Group

Al Emar Agricultural Group is a Saudi limited liability company and registered under Commercial Registration No. 1010003528 dated 15 Sha'ban 1385H (corresponding to 8 December 1965G). The Company's head and registered office is located at Riyadh, Kingdom of Saudi Arabia. As of the date of this Prospectus, Al Emar Agricultural Group's capital is one hundred thousand Saudi Arabian Riyals (SAR 100,000)[1] divided into two thousand (2,000) ordinary shares with a fully paid nominal value of one hundred Saudi Arabian Riyals (SAR 100) per share.

The following table sets out the ownership structure of Al Emar Agricultural Group as of the date of this Prospectus:

Table 4.19: Ownership Structure of Al Emar Agricultural Group as of the Date of this Prospectus

Shareholder	Number of Shares	Nominal Value per Share (SAR)	Total Nominal Value (SAR)	Ownership Percentage (%)(1)
Sadeem Abdulalatif Saleh Al Alshiekh	250	100	25,000	12.50%
Jawaher Abdulaziz Mohamed Al Alshiekh	250	100	25,000	12.50%
Fahad Abdulalatif Saleh Al Alshiekh	250	100	25,000	12.50%
Faisal Abdulalatif Saleh Al Alshiekh	250	100	25,000	12.50%
Abdulalatif Saleh Abdullah Al Alshiekh	250	100	25,000	12.50%
Almuhanad Abdulalatif Saleh Al Alshiekh	250	100	25,000	12.50%
Ahmed Abdulalatif Saleh Al Alshiekh	250	100	25,000	12.50%
Ziyad Abdulalatif Saleh Al Shiekh	250	100	25,000	12.50%
Total	**2,000**	**-**	**200,000**	**100.00%**

Source: The Company.

(1) Ownership percentages are rounded.

(l) Sultan Holding

Sultan Holding is a simplified Saudi joint stock company, registered under Commercial Registration No. 1010637076 dated 12 Shawwal 1441H (corresponding to 4 June 2020G). The head and registered office of Sultan Holding is located at Riyadh, Kingdom of Saudi Arabia. As of the date of this Prospectus, Sultan Holding's capital is two billion Saudi Arabian Riyals (SAR 2,000,000,000) divided into two hundred million (200,000,000) shares with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per share.

The following table sets out the ownership structure of Sultan Holding as of the date of this Prospectus:

Table 4.20: Ownership Structure of Sultan Holding as of the Date of this Prospectus

Shareholder	Number of Shares	Nominal Value per Share (SAR)	Total Nominal Value (SAR)	Ownership Percentage (%)
His Highness Prince Sultan bin Mohammed bin Saud Al Kabeer Al Saud	200,000,000	10	2,000,000,000	100.0%
Total	**200,000,000**	**-**	**2,000,000,000**	**100.0%**

Source: The Company.

(m) Multaqa Holding Company

Multaqa Holding Company is a Saudi closed joint stock company incorporated by virtue of Ministerial Resolution No. 24 dated 5 Safar 1435H (corresponding to 8 December 2013G) and registered under Commercial Registration No. 1010254853 dated 11 Sha'ban 1429H (corresponding to 12 August 2008G). The Company's head and registered office is located at Riyadh, Kingdom of Saudi Arabia. As of the date of this Prospectus, Multaqa Holding Company's capital is five hundred thousand Saudi Arabian Riyals (SAR 500,000) divided into fifty thousand (50,000) shares with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per share.

The following table sets out the ownership structure of Multaqa Holding Company as of the date of this Prospectus:

Table 4.21: Ownership Structure of Multaqa Holding Company as of the Date of this Prospectus

Shareholder	Number of Shares	Nominal Value per Share (SAR)	Total Nominal Value (SAR)	Ownership Percentage (%)[1]
Eman Abdulrahman Alaulaiq	3,124	10	31,240	6.25%
Khaled Abdulrahman Alaulaiq	8,595	10	85,950	17.19%
Sultanah Abdulrahman Alaulaiq	3,124	10	31,240	6.25%
Mohamed Abdulrahman Alaulaiq	8,595	10	85,950	17.19%
Mai Abdulrahman Alaulaiq	3,124	10	31,240	6.25%
Naif Abdulrahman Alaulaiq	8,595	10	85,950	17.19%
Noha Abdulrahman Alaulaiq	3,124	10	31,240	6.25%
Nawaf Abdulrahman Alaulaiq	8,595	10	85,950	17.19%
Hend Abdulrahman Alaulaiq	3,124	10	31,240	6.25%
Total	**50,000**	**-**	**500,000**	**100.00%**

Source: The Company.

(1) Ownership percentages are rounded.

(n) ARASCO Capital Share

ARASCO Capital Share are treasury shares in ARASCO owned by ARASCO with the date of ownership being 2 December 1444H (corresponding to 20 June 2023G). ARASCO acquired these treasury shares with the intention of redistributing them to its shareholders in the future.

(o) Ocean Line Maritime Services Company

Ocean Line Maritime Services Company is a limited liability company registered under Commercial Registration No. 1010353305, dated 29 Thul-Qi'dah 1433H (corresponding to 15 October 2012G). The headquarters and registered address of Ocean Line Maritime Services Company are located at Riyadh, Kingdom of Saudi Arabia. As of the date of this Prospectus, Ocean Line Maritime Services Company's capital is five hundred thousand Saudi Arabian Riyals (SAR 500,000) divided into five hundred (500) shares with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 1,000) per share.

The principal activities of Ocean Line Maritime Services Company include customs clearance services, and maritime shipping and transport agency activities. Ocean Line Maritime Services Company owns fourteen thousand seven hundred (14,700) shares in the Company (representing 4.90% of its capital) as of the date of this Prospectus.

The following table sets out the ownership structure of Ocean Line Maritime Services Company as of the date of this Prospectus:

Table 4.22: Ownership Structure of Ocean Line Maritime Services Company for as of the Date of this Prospectus

Shareholder	Number of Shares	Nominal Value per Share (SAR)	Total Nominal Value (SAR)	Ownership Percentage (%)
ARASCO	500	1,000	500,000	100.0%
Total	**500**	**-**	**500,000**	**100.0%**

Source: The Company.

For more details on ARASCO's ownership structure, see Section 4.4.2.1 (*Arabian Agricultural Services Company (ARASCO)*).

4.4.3 Organisational Description of the Company

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

4.5 Vision, Mission and Strategy

4.5.1 Vision

To establish Entaj as the most well-known and preferred poultry food brand in the Kingdom by 2026G.

4.5.2 Mission

Using latest global sustainable technologies to support the Kingdom's food security goals in relation to poultry.

4.5.3 Strategy

The Company's strategy is designed to enhance its competitive edge and align with Saudi Vision 2030's goals of supporting local content in the poultry industry and increasing the self-sufficiency rate in the Kingdom. The Company aims to contribute to this national vision by continually growing to fill supply gaps in the Kingdom with high-quality fresh poultry products. The Company's growth strategy is based on the following seven pillars:

4.5.3.1 Expanding Market Share

Given the supply gaps in the Kingdom for fresh poultry products, the Company intends to leverage the brand equity of "Entaj" and capitalise on its existing infrastructure and network to further expand its market share in the Kingdom. This strategy includes the following key initiatives:

- **Increasing Production Capacity**: The Company has started to scale up its production capacity to meet the growing demand for fresh poultry products in the Kingdom. This involves investing in new facilities and upgrading existing ones to ensure they can handle higher volumes while maintaining the highest standards of quality and safety. By expanding its production capabilities, the Company aims to supply a larger share of the market with high-quality fresh poultry products, thereby reducing reliance on imported goods and supporting local industry;
- **Strengthening Distribution Channels**: To ensure that "Entaj" products are available to a wider audience, the Company is optimising its distribution network. This includes partnering with leading supermarkets, hypermarkets and food service providers across the Kingdom. By optimising logistics and distribution efficiencies, the Company aims to make its products more accessible to consumers in all regions, thereby increasing market penetration and sales; and
- **Implementing Marketing Campaigns**: The Company is committed to raising brand awareness and driving consumer preference for "Entaj" products through targeted marketing campaigns, as is further detailed in the next point below.

4.5.3.2 Strengthening Brand Recognition and Reputation

Building a strong brand and maintaining a positive reputation are crucial for long-term success. This strategy includes several key initiatives, such as:

- **Executing Brand Awareness Campaigns**: The Company started executing comprehensive brand awareness campaigns to increase visibility and recognition of the "Entaj" brand. These campaigns will highlight the quality, sustainability, and local production of its poultry products. By utilising various marketing channels, including digital media, print advertising and social media, the Company aims to reach a wider audience and establish a strong brand presence in the market;
- **Participating in Industry Events**: The Company will continue participating in industry events, trade shows and awards programs to showcase its products and achievements. Recognition from industry entities can enhance the Company's reputation and credibility. By engaging with industry peers and stakeholders at these events, the Company can demonstrate its leadership in the poultry sector and build valuable relationships that support its growth objectives; and
- **Corporate Social Responsibility (CSR) Initiatives**: The Company will implement further CSR initiatives that align with its values and mission. These initiatives will focus on community engagement, environmental sustainability and supporting local agriculture. By contributing positively to the society, the Company can strengthen its brand image and build trust with stakeholders. These activities may include sponsoring local events, participating in environmental conservation projects, and supporting educational programmes related to agriculture and food production.

By focusing on these strategic actions, the Company aims to build a strong, recognisable brand and maintain a positive reputation that supports its long-term success in the poultry, as well as its market presence and penetration.

4.5.3.3 Continuous Growth and Technology Investments

The Company is committed to solidifying its capabilities by expanding upstream operations and achieving fully integrated captive operations for long-term sustainable growth. This involves several strategic initiatives, including:

- **Investing in Advanced Breeding Technologies**: The Company plans to invest in modern breeding technologies and automation systems. These advancements will increase production efficiency, reduce operational costs and enhance overall productivity. By adopting the latest innovations in poultry farming, the Company aims to stay ahead of industry trends and maintain a competitive edge;
- **Upgrading Processing Facilities**: To ensure the highest standards of product quality and safety, the Company will upgrade its processing facilities with state-of-the-art equipment. These upgrades will include modernising slaughtering lines, implementing advanced packaging systems and enhancing quality control measures. The focus on technological improvements will help the Company produce superior poultry products and meet stringent food safety regulations; and
- **Exploring Vertical Integration Opportunities**: The Company is exploring opportunities for vertical integration to better control its supply chain. This includes expanding into breeder farming in addition to its own hatcheries to ensure a consistent and high-quality supply of inputs. By integrating these critical components of the supply chain, the Company can reduce dependency on external suppliers, improve cost efficiency and maintain the quality standards of its poultry products.

4.5.3.4 Leveraging Digital Transformation

The Company recognises the importance of digital transformation in enhancing efficiency and competitiveness. This strategy includes several strategic actions, such as:

- **Adopting Advanced Data Analytics**: The Company will adopt advanced data analytics to gain detailed insights into market trends, customer behaviour and operational performance. By relying on data-driven decision-making, the Company can optimise its strategies and improve outcomes. This involves deploying sophisticated analytics tools and platforms to process large datasets, enabling the Company to identify patterns, forecast demand and tailor its offerings to better meet customer needs;
- **Enhancing E-Commerce Platforms**: The Company will enhance its e-commerce platforms to provide a seamless online shopping experience for customers. This includes improving website functionality, expanding product offerings and integrating secure payment options. By creating a user-friendly and secure online environment, the Company aims to increase customer engagement, boost online sales and enhance overall customer satisfaction; and
- **Implementing IoT and Smart Breeding Solutions**: The Company will explore the implementation of IoT (Internet of Things) and smart breeding solutions to monitor and optimise farm operations. These technologies can provide real-time data on animal health, environmental conditions and resource utilisation, leading to improved efficiency and productivity. By leveraging IoT devices and smart sensors, the Company can enhance its breeding practices, reduce waste, and ensure the optimal health and welfare of its livestock, thereby achieving sustainable growth and maintaining a competitive edge.

4.5.3.5 Excellence in Research, Development and Innovation

The Company maintains a strong focus on R&D activities to drive competitive advantages and produce value-added products that meet customer needs. Key initiatives include several strategic actions, such as:

- **Developing New Product Lines**: The Company is committed to developing new product lines, such as marinated and ready-to-cook poultry products, to cater to changing consumer preferences and lifestyles. By introducing innovative and convenient products, the Company aims to attract a broader customer base and meet the evolving demands of modern consumers who seek high-quality, easy-to-prepare meals;
- **Collaborating with Local and International Research Institutions**: To stay at the forefront of poultry industry advancements, the Company will collaborate with leading local and international research institutions. These partnerships will enable the Company to gain access to the latest research findings, technologies and best practices, ensuring that it remains competitive and innovative. By leveraging external expertise, the Company can accelerate its R&D efforts and bring cutting-edge solutions to market; and
- **Investing in Sustainability-Focused R&D**: The Company will invest in sustainability-focused R&D to develop environmentally friendly breeding practices and products. This includes exploring ways to reduce the environmental impact of poultry farming, such as improving waste management, reducing water usage, and lowering greenhouse gas emissions. By prioritising sustainability in its R&D efforts, the Company aims to contribute to a more sustainable poultry industry while meeting the growing consumer demand for eco-friendly products.

4.5.3.6 Optimising Supply Chain Operations for Cost Efficiency

The Company is dedicated to optimising its supply chain operations to achieve cost efficiency and improve overall performance. This strategy includes several key initiatives, including:

- **Implementing Advanced Logistics and Inventory Management Systems**: The Company plans to adopt advanced logistics and inventory management systems. These systems will help reduce waste, optimise storage and ensure the timely delivery of products. By leveraging technology, the Company aims to streamline its supply chain operations, minimise losses, and improve efficiency; this involves regularly reviewing operations to identify and eliminate inefficiencies. By implementing best practices and making data-driven decisions, the Company aims to enhance its supply chain performance, reduce operational costs and maintain a high level of service to its customers; and
- **Establishing Strategic Partnerships with Key Suppliers**: To secure competitive pricing and stable access to raw materials, the Company established strategic partnerships with key suppliers. These partnerships will ensure a reliable supply of high-quality production inputs at favourable prices. By working closely with suppliers, the Company can negotiate better terms and maintain a steady flow of essential materials, which is crucial for sustaining production and controlling costs.

4.5.3.7 Enriching Local Talent Pool Through Growth and Enablement

The Company is committed to nurturing and empowering local talent to ensure sustainable growth and operational excellence. Efforts in this area include several strategic initiatives, including:

- **Launching Comprehensive Training Programmes**: The Company will launch comprehensive training programmes designed to develop the skills and expertise of employees across all levels of the organisational structure. These programmes will cover various aspects of poultry farming, processing, and management, ensuring that employees are well-equipped with the knowledge and skills necessary to excel in their roles. By investing in employee development, the Company aims to build a highly skilled and competent workforce that can drive the Company's growth and success;
- **Creating Clear Career Paths and Development Opportunities**: To attract and retain top talent in the Kingdom's poultry industry, the Company will create clear career paths and development opportunities for its employees. This includes offering promotions, career progression plans, and professional development opportunities. By providing a structured pathway for career growth, the Company aims to motivate employees, reduce turnover, and maintain a dedicated and engaged workforce; and
- **Collaborating with Educational Institutions**: The Company will collaborate with educational institutions to support the development of a skilled workforce through internships, apprenticeships and scholarships. These partnerships will provide students with hands-on experience and training in the poultry industry, preparing them for future careers within the Company. By promoting strong relationships with educational institutions, the Company aims to create a pipeline of talented individuals who are well-prepared to contribute to the Company's success and the overall growth of the poultry industry in the Kingdom.

By focusing on these strategic pillars, the Company aims to strengthen its position as a leading provider of high-quality poultry products in the Kingdom and contribute to the national goal of achieving food security and self-sufficiency in the poultry sector. The Company is dedicated to meeting the needs of health-conscious consumers, contributing to overall public health, and ensuring sustainable growth and operational excellence.

4.6 Competitive Advantages

The Company's competitive advantages stem from its extensive experience, strong brand recognition, advanced operational capabilities and strategic positioning in the Kingdom's poultry industry. The key competitive advantages include the following eleven pillars:

4.6.1 A Track Record of Excellence in the Poultry Business

The Company has a proven track record in poultry business excellence, driven by its extensive experience and comprehensive capabilities across the value chain, including the following key elements:

- **Extensive Experience**: With over 20 years of experience in poultry management, the Company ensures high standards of productivity and profitability. This extensive experience allows the Company to implement best practices in all aspects of poultry farming, processing and distribution, resulting in consistent performance and reliable production outcomes. The Company's long-standing presence in the industry also provides it with a deep understanding of market dynamics and consumer preferences, enabling it to adapt and thrive in a competitive environment;
- **Comprehensive Value Chain Capabilities**: The Company has strong capabilities across the entire value chain, from hatchery to processing and distribution. This integrated approach includes advanced hatchery techniques, advanced hatcheries, utilisation of modern hatcheries and modern processing facilities. By managing every stage of the value chain, the Company ensures strict quality control, optimises operational efficiency and maximises profitability. This comprehensive value chain capability allows the Company to deliver high-quality products consistently while maintaining the flexibility to respond swiftly to market demands and opportunities as they arise; and
- **Quality Certifications**: The Company has received numerous certifications. These certifications are a testament to the Company's rigorous quality control processes and its dedication to maintaining the highest levels of product safety and quality. By consistently achieving these certifications, the Company demonstrates its reliability and trustworthiness to customers and stakeholders.

This foundation is supported by the Company's commitment to maintaining its leading position in the poultry sector and contributing to the Kingdom's food security and self-sufficiency goals.

4.6.2 A Brand Synonymous With Quality

The Company's Entaj brand has built a reputation for quality and reliability, earning widespread recognition and trust among consumers. Competitive advantages are highlighted through the following key elements:

- **Strong Brand Reputation**: The Entaj brand is widely recognised and trusted for delivering high-quality products. The Company has invested significantly in building and maintaining the Entaj brand, which has become synonymous with excellence in the poultry industry. This strong brand reputation enhances the Company's market presence and differentiates it from competitors, making Entaj the preferred choice for consumers seeking premium poultry products; and
- **Consumer Loyalty**: By maintaining rigorous quality control standards and ensuring that every product meets the highest standards of freshness and safety, the Company has enhanced strong loyalty among its customer base. This loyalty is reflected in repeat purchases and positive word-of-mouth recommendations, further solidifying the Entaj brand's position in the market. The Company's commitment to quality assurance and customer satisfaction ensures that consumers can rely on Entaj products for their nutritional needs, thereby reinforcing long-term brand loyalty.

The strong reputation and consumer loyalty to the "Entaj" brand have supported the Company's growth objectives and contributed to its success in achieving sustainable market leadership.

4.6.3 Excellent Livestock Operations

The Company's livestock operations are a cornerstone of its competitive advantage, characterised by experienced teams, dvanced breeding methods and an advanced hatchery plant. This strategic advantage includes the following key elements:

- **Experienced Teams**: The Company is backed by professionals with high-growth experience in multinational poultry companies. These experienced teams bring extensive knowledge and expertise in livestock management, ensuring the highest standards of animal care and productivity. The depth of experience within the Company's teams enables it to implement best practices in farming, health management and operational efficiency, which are critical to maintaining high-quality poultry operations;
- **Advanced Breeding Methods**: The Company utilises a variety of advanced breeding methods and technologies to optimise poultry management and productivity. These methods include precision farming techniques, automated feeding systems and real-time monitoring of animal health and environmental conditions. By leveraging these advanced technologies, the Company can improve efficiency, reduce waste and ensure the well-being of its livestock. The adoption of innovative farming practices underscores the Company's commitment to operational excellence and sustainability; and

- **Advanced Hatchery Plant**: The Company operates state-of-the-art hatchery that ensures optimal poultry management and high productivity. This facility is equipped with the latest technology and systems to control temperature, humidity and ventilation, providing the ideal environment for hatching eggs and rearing healthy chicks. The hatchery plant's advanced capabilities allow the Company to maintain stringent biosecurity measures and deliver consistent, high-quality outputs. The efficiency and effectiveness of the hatchery operations are integral to the Company's ability to meet market demand and uphold its reputation for quality.

The combination of experienced teams, advanced breeding methods and an advanced hatchery plant ensures that the Company can deliver high-quality products consistently while adhering to the highest standards of animal welfare and sustainability.

4.6.4 Poultry Processing Plant

The Company's poultry processing plant is a key competitive advantage, equipped with innovative solutions and dedicated to performance excellence. This strategic advantage includes the following key elements:

- **Innovative Solutions**: The poultry processing plant is built by a global leader in processing plant construction, featuring integrated systems and equipment. These innovative solutions include automated processing lines, advanced packaging technologies and real-time monitoring systems that ensure efficient and precise operations; and
- **Performance Excellence**: The poultry processing plant drives excellence in performance, food safety and sustainability. The plant's design and operations adhere to the highest international standards, ensuring that every product meets stringent quality and safety requirements. The poultry processing plant's advanced capabilities reinforce the Company's competitive edge and support its mission to provide high-quality poultry products to consumers in the Kingdom and beyond.

4.6.5 Strong Brand Positioning in the Kingdom's Market

The Company has a strong brand position in the Kingdom's market, which is a significant competitive advantage, driven by its reputation for high-quality products and robust market presence. This strategic advantage includes the following key elements:

- **High-Quality Products**: The Company is renowned for producing high-quality poultry products. By adhering to stringent quality control standards and employing best practices in production, the Company ensures that its products consistently meet and exceed consumer expectations. This commitment to quality has earned the Company a loyal customer base and a reputation for excellence in the poultry industry. The focus on high-quality products is reflected in every stage of production, from sourcing premium inputs to implementing advanced processing techniques, ensuring that the end products are of the highest standard; and
- **Market Presence**: The Company has established a strong presence in the Kingdom's market, especially in the Central Region (Riyadh and Qassim) and Eastern Region (Dammam, Al Khobar and Al-Ahsa). With Riyadh as its headquarters, this allows for easy access to its key geographic regions, thereby reinforcing its brand strength. With a wide distribution network and strategic partnerships with leading retailers and food service providers, the Company ensures that its products are readily available to consumers across the Kingdom. This extensive market presence not only enhances brand visibility but also enables the Company to capture a significant share of the market. By maintaining a consistent and prominent presence in the market, the Company can effectively compete with other brands and sustain its growth trajectory.

The combination of high-quality products and a robust market presence supports the Company's objectives of expanding its customer base, increasing market share and reinforcing its reputation as a leading provider of poultry products in the Kingdom.

4.6.6 Efficient and Integrated Business Model

The Company's efficient and integrated business model is a key competitive advantage, characterised by in-house operations, cost efficiency, optimal decision-making and high product quality. This strategic advantage includes the following key elements:

- **In-House Operations**: The Company operates all critical production stages in-house. This comprehensive control over the entire production process, from breeding and hatching to processing and packaging, ensures that the Company can maintain stringent quality standards every step of the way. In-house operations allow for better coordination, improved efficiency and the ability to swiftly implement improvements and innovations without relying on external partners;
- **Cost-effectiveness**: The Company's streamlined operations reduce production costs. By integrating all production stages and employing advanced technologies, the Company can achieve economies of scale and minimise waste. This cost efficiency not only enhances profitability but also allows the Company to offer competitive pricing to its customers, strengthening its market position; and
- **Product Quality**: The integration between upstream and downstream processing plants enables high-quality product production. By controlling the entire supply chain, the Company can ensure that the highest standards of quality are maintained from farm to table. This integration allows for seamless transitions between different stages of production, ensuring that the final products meet the Company's rigorous quality criteria and exceed customer expectations.

The combination of in-house operations, cost efficiency, optimal decision-making and high product quality supports the Company's objectives of delivering superior products, achieving operational excellence and driving sustainable growth.

4.6.7 Wide Self-Operated Distribution Network

The Company's wide self-operated distribution network is a critical competitive advantage, characterised by cold-chain distribution, widespread coverage and strategically located sales offices and warehouses. This strategic advantage includes the following key elements:

- **Cold-Chain Distribution**: The Company operates a self-managed distribution network via temperature-controlled vehicles. This cold-chain infrastructure ensures that poultry products are transported under optimal conditions, maintaining freshness and quality from the processing plant to the end consumer. The use of temperature-controlled vehicles minimises spoilage and extends the shelf life of products, which is essential for meeting the high standards expected by customers;
- **Widespread Coverage**: The Company ensures high-quality product delivery and exceptional customer service across major cities in the Kingdom and other markets in the GCC region. By having an extensive distribution network, the Company can reach a broad customer base efficiently and reliably. This widespread coverage enhances market penetration and allows the Company to swiftly respond to market demands and customer needs;
- **Sales Offices and Warehouses**: The Company operates a number of sales offices and warehouses in major regions, ensuring extensive market coverage. These facilities support the Company's distribution network by providing localised storage and sales capabilities, enabling faster delivery times and better inventory management. The strategic locations of these offices and warehouses allows the Company to maintain a robust supply chain, reduce logistics costs and ensure product availability in key markets; and
- **Risk Mitigation**: The Company employs a geographically dispersed distribution network of live birds to help mitigate supply risks. This approach ensures that the supply of live chickens is not overly dependent on a single location or supply chain, reducing the impact of potential disruptions such as localised disease outbreaks, environmental factors or logistical challenges. By diversifying its supply sources and maintaining flexibility in its operations, the Company can quickly adapt to changing conditions and continue to meet customer needs without compromising on quality or reliability.

The combination of cold-chain distribution, widespread coverage, strategically located sales offices and warehouses and geographically dispersed distribution network of live birds supports the Company's objectives of delivering high-quality products, enhancing customer satisfaction and driving market growth.

4.6.8 Experienced Senior Leadership Team

The Company's experienced Senior Executives team is a significant competitive advantage, characterised by diverse industry experience and a focus on efficiency and quality. This strategic advantage includes the following key elements:

- **Diverse Industry Experience**: The Senior Executives team possesses extensive experience in the GCC poultry industry. This diverse background includes expertise in various aspects of the industry, from operations and supply chain management to marketing and sales. Their comprehensive understanding of the regional market dynamics and industry best practices equips the Company with the strategic insight necessary to navigate challenges and seize growth opportunities; and
- **Focus on Efficiency and Quality**: The Senior Executives team places a strong emphasis on operational efficiency, quality and service. This focus is reflected in their commitment to implementing best practices and innovative solutions to enhance productivity and maintain high standards. By prioritising efficiency and quality, the leadership team ensures that the Company delivers superior products and services, meets customer expectations and achieves its business objectives.

The combination of diverse industry experience and a focus on efficiency and quality supports the Company's objectives of driving sustainable growth, achieving operational excellence and reinforcing its market leadership.

4.6.9 Strong Historical Growth and Profitability

The Company has achieved strong levels of growth and profitability, underscoring its comprehensive financial management approach, as evidenced by its robust balance sheet and track record of strong financial performance across several metrics. Key financial highlights are as follows:

- **Growth in Poultry Segments**: The Company has demonstrated strong growth in the fresh poultry segment. This expansion is a result of strategic investments in production capacity, advanced processing technologies and market penetration efforts. The Company's ability to increase its market share in these segments highlights its effectiveness in meeting consumer demand and capitalising on growth opportunities in the poultry industry. Revenue increased from SAR 729.1 million in 2021G to SAR 1,030.9 million in 2022G, with a further increase to SAR 1,099.3 million in 2023G. It in first quarter of 2024G, revenue amounted to SAR 339.6 million compared to SAR 280.7 million in first quarter of 2023G;

- **Increased Profitability**: The Company has improved profitability, supported by operational efficiencies and focused distribution strategies. By streamlining operations, reducing costs and optimising supply chain management, the Company has enhanced its operational efficiency, leading to better profit margins. The EBITDA margin improved from 8.3 per cent. in 2021G to 13.0 per cent. in 2022G and 11.2 per cent. in 2023G. These efforts have resulted in consistent financial performance and a strong bottom line. In the first quarter of 2024G, the EBITDA margin was SAR 41.7 million, compared to SAR 30.6 million in first quarter of 2023G.
- **Enhanced Utilisation Capacity**: Utilisation capacity for key production facilities has shown improvement over the years, reflecting the Company's efforts to maximise operational efficiency. Specific utilisation capacity figures are as follows: Utilisation capacity for poultry products increased from 81.0 per cent. in 2021G to 94.0 per cent. in 2022G, with a further increase to 95.0 per cent. in 2023G. Utilisation capacity was 5.96 per cent. in first quarter of 2024G, compared to 100 per cent. in first quarter of 2023G; and
- **Recurring Revenue Growth**: Revenue from repeat clients as a percentage of total revenue has grown, indicating strong customer loyalty and satisfaction. Revenue from repeat clients increased from 49.0 per cent. in 2021G to 82.0 per cent. in 2022G, with a slight decrease to 78.0 per cent. in 2023G taking into account the exclusion of all customers who ceased engagement in 2023G, regardless of their repeated engagements in 2021G and 2022G. Revenue from recurring clients was 64.0 per cent. in first quarter of 2024G, compared to 89.0 per cent. in first quarter of 2023G.

By leveraging these strategic elements, the Company aims to maintain its leadership position, drive sustainable growth and achieve long-term financial stability.

4.6.10 Strategic Alliances and Long-Term Relationships

The Company's strategic alliances and long-term relationships are pivotal to its sustained success and market leadership. This competitive advantage includes the following key elements:

- **Relationships with Key Customers**: The Company has established strong business relationships with key customers. These relationships are built on trust, reliability and a stable and consistent track record of delivering high-quality products. By maintaining close connections with key customers, the Company ensures a steady demand for its products and gains valuable insights into market trends and customer preferences. These long-standing customer relationships contribute to the Company's stability and provide a reliable revenue stream; and
- **Strategic Partnerships**: The Company has formed long-term partnerships that provide a foundation for recurring revenues and support growth objectives. These strategic alliances include collaborations with suppliers, distributors and industry stakeholders that enhance the Company's operational capabilities and market reach. By aligning with partners who share the Company's commitment to quality and innovation, the Company can leverage additional resources, expertise and market opportunities. These partnerships not only strengthen the Company's supply chain but also enable it to expand its product offerings and enter new markets effectively.

The combination of key customer relationships and strategic partnerships supports the Company's objectives of driving sustainable growth, achieving operational excellence and reinforcing its leadership position in the market.

4.6.11 Customer-Centric Approach

The Company's customer-centric approach is a critical competitive advantage, characterised by tailored product offerings, exceptional customer service and robust customer feedback integration. This strategic advantage includes the following key elements:

- **Tailored Product Offerings**: The Company focuses on the development of customised products to meet the specific needs and preferences of different customer segments. By conducting market research and engaging directly with customers, the Company identifies unique requirements and tailors its product offerings accordingly. This personalised approach ensures that the Company's products resonate with diverse consumer groups, enhancing customer satisfaction and loyalty. Tailored product offerings enable the Company to differentiate itself in the market and cater to niche demands effectively;
- **Exceptional Customer Service**: The Company is committed to providing exceptional customer service, resulting in high levels of customer satisfaction and loyalty. This commitment involves comprehensive training for customer service teams, implementing best practices in customer interactions and ensuring timely and effective resolution of customer inquiries and issues. By prioritising customer service, the Company promotes positive relationships with its customers, encouraging repeat business and strong word-of-mouth referrals. Exceptional customer service is a cornerstone of the Company's customer-centric approach, reinforcing its reputation for reliability and responsiveness; and
- **Incorporating Customer Feedback**: The Company employs robust mechanisms for gathering and integrating customer feedback to continuously improve its products and services. These mechanisms include periodic surveys, feedback forms and direct communication channels that enable customers to share their experiences and suggestions. By actively listening to customer feedback and implementing data-driven adjustments, the Company can enhance product quality, address emerging needs and stay ahead of market trends. Incorporating customer feedback ensures that the Company remains aligned with customer expectations and can swiftly adapt to changing preferences.

The combination of tailored product offerings, exceptional customer service and robust customer feedback integration supports the Company's objectives of driving customer satisfaction, achieving market differentiation and sustaining long-term growth.

By leveraging the above competitive advantages, the Company aims to maintain its leadership position in the poultry industry, drive sustainable growth and contribute to the Kingdom's food security and self-sufficiency goals.

4.7 Overview of the Company's Business

The Company's diverse product and service offerings span several key segments in the poultry industry. At the heart is the poultry segment, represented by the "Entaj" poultry brand which caters to traditional trade channels, distributors, food service providers and online store, making a significant contribution to the Company's revenue. The table eggs segment involves sourcing and rebranding high-quality eggs, while the red meat segment offers fresh lamb products directly to consumers through online stores. Additionally, the cold stores and other segments innovatively utilises excess storage capacity. Together, these segments underscore the Company's strategic approach and vision, emphasising quality, diversity and responsiveness to market needs, each playing a vital role in the overall business structure and contributing significantly to the Company's revenue.

4.7.1 Products and Services

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

- **Fresh Poultry Products**: production and sale of fresh poultry products;
- **Table Eggs**: procurement and sale of eggs;
- **Red Meat Products**: procurement, processing and sale of lamb; and
- **Cold Stores**: leasing of excess cold storage capacity to third parties.

The following table highlights the products manufactured and/or distributed by the Company. For each product category, the average share of such product in the revenue of the Group for the financial years ended 31 December 2021G, 2022G and 2023G, and the three-month period ended 31 March 2024G, are provided:

Table 4.23: List of Company's Products in the Financial Years Ended 31 December 2021G, 2022G and 2023G, and the Three-Month Period Ended 31 March 2024G

Business Segments/ Subsegments	Product and Services Categories	Share of Revenue			
		Financial Years Ended 31 December			Three-Month Period Ended 31 March
		2021G	2022G	2023G	2024G
Poultry Segment	Plastic bags for whole chickens in various sizes (ranging from 500 gm to 1,300 gm and 1,200 gm)	74.5%	73.2%	73.7%	70.8%
	Cut-up trays (including breast, thighs, legs, wings, hearts, miscellaneous cuts, boneless thighs, gizzards, liver, and other parts)	19.9%	21.9%	20.3%	25.5%
	Marinated poultry (including whole farooj, Shawarma, buffalo (spicy) and chicken wings)	1.3%	1.2%	1.2%	1.1%
	Live birds	-	-	2.3%	1.7%
Table Eggs Segment	Tray of 30 eggs	3.7%	3.3%	2.2%	0.7%
Red Meat Segment	Cut-up trays (including shanks, chops, shoulders and soup cuts)	0.6%	0.4%	0.3%	0.1%
Cold Stores	Leasing of excess cold storage capacity	0.0%	0.0%	0.1%	-

Source: The Company.

4.7.1.1 Poultry Segment

The Company offers a comprehensive range of high-quality fresh poultry products under the "Entaj" brand. These products are strategically distributed to both retail and direct sales channels, including modern trade (large-scale retail outlets such as supermarkets and hypermarkets), traditional trade (a widespread distribution network of small retailers, mini markets, dealers, stockists, wholesalers and distributors), food services (such as restaurants and catering companies) and whole sales channels throughout the Kingdom as a priority, in line with the Company's objectives to support food security in the Kingdom and Saudi Vision 2030, some poultry products are also exported abroad.

During the financial years ended 31 December 2021G, 2022G and 2023G, and the three-month period ended 31 March 2024G, the poultry products segment generated SAR 697.9 million, SAR 992.0 million, SAR 1,071.9 million and SAR 336.9 million, respectively, in revenue, representing 95.7 per cent., 96.2 per cent., 97.5 per cent. and 99.2 per cent., respectively, of the Company's total revenue for the same periods.

During the financial years ended 31 December 2021G, 2022G and 2023G and the three-month period ended 31 March 2024G, poultry export sales generated SAR 6.8 million, SAR 6.7 million, SAR 9.6 million and SAR 1.4 million, respectively, representing 0.9 per cent., 0.6 per cent., 0.9 per cent. and 0.4 per cent., respectively, of the Company's total revenue for the same periods.

The portfolio under the "Entaj" brand encompasses an array of products, distinct in their preparation and presentation:

(a) Fresh and Frozen Whole Birds

The Company's whole bird products represent whole chickens, comprising essential components, such as breast, thighs and wings. Available in a spectrum of weights, typically ranging from 500g to 1,300g, these whole chickens are first slaughtered using Halal methods and are then processed following industry best practices with quality control procedures implemented along the way to ensure a high standard throughout the entire production process. Tailoring to diverse market needs, the packaging of these whole chickens is thoughtfully designed to meet the demands of various marketing channels and customer preferences, ensuring freshness and quality are maintained from production to point-of-sale.

During the financial years ended 31 December 2021G, 2022G and 2023G, and the three-month period ended 31 March 2024G, the fresh and frozen whole bird products generated SAR 543.4 million, SAR 754.2 million, SAR 810.1 million and SAR 240.4 million, respectively, in revenue, representing 74.5 per cent., 73.2 per cent., 73.7 per cent. and 70.8 per cent., respectively, of the Company's total revenue for the same periods.

(b) Fresh and Frozen Cutups and Other Parts

Under this category, the Company offers an extensive selection of fresh and frozen chicken parts, catering to diverse culinary needs and preferences. This range includes, but is not limited to, chicken breasts, thighs, legs, wings, hearts, mixed portions, deboned thighs, gizzards and liver. Each part is carefully selected and processed to ensure the highest quality. Understanding the varied culinary traditions and practices of its customers, these chicken parts are packaged in different types of convenient packaging. The packaging is designed for easy handling and storage, offering customers the flexibility to choose according to their specific cooking requirements. The packaging also serves to maintain the freshness and integrity of the products. This approach demonstrates the Company's commitment to providing convenient, high-quality options that resonate with a wide range of customers, from home cooks to culinary enthusiasts, ensuring that each customer finds exactly what they need for their distinct cooking ventures.

During the financial years ended 31 December 2021G, 2022G and 2023G, and the three-month period ended 31 March 2024G, the fresh and frozen cutups and other parts products generated SAR 144.8 million, SAR 225.3 million, SAR 223.4 million and SAR 86.7 million, respectively, in revenue, representing 19.9 per cent., 21.9 per cent., 20.3 per cent. and 25.5 per cent., respectively, of the Company's total revenue for the same periods.

(c) Marinated Poultry and Processed Products

The marinated poultry and other processed products range of the Company reflects its dedication to aligning with the evolving preferences and lifestyles of contemporary consumers. This segment focuses on providing ready-to-cook products that are not only convenient but also tailored to deliver a gourmet culinary experience. The assortment of marinated poultry includes spicy whole chicken, Shawarma and Buffalo wings and spicy chicken thighs, while other processed products, which often incorporate additional ingredients, include burgers, nuggets and sausages, each selected to cater to diverse taste preferences. To ensure the highest quality and flavour richness, the marination process starts with the selection of the chicken parts which are then marinated using high-quality ingredients at the Company's production facilities, while leveraging the culinary expertise of seasoned professionals, thereby ensuring that the end products are not only convenient but also of a superior gourmet standard, resonating with the expectations of the modern, convenience-oriented consumer.

In the financial years ended 31 December 2021G, 2022G and 2023G, and the three-month period ended 31 March 2024G, the marinated chicken products generated SAR 9.6 million, SAR 12.5 million, SAR 12.9 million and SAR 3.9 million, respectively, in revenue, representing 1.3 per cent., 1.2 per cent., 1.2 per cent. and 1.1 per cent., respectively, of the Company's total revenue for the same periods.

(d) Live Birds

In response to specific market demands and operational conditions, the Company has expanded its offerings to include the sale of live birds. Birds that have not undergone full processing within the Company's facilities are offered as live products. This approach allows the Company to adapt to the dynamic market conditions, effectively managing its inventory while simultaneously catering to a niche market segment that shows a preference for fresh, live chicken. The inclusion of live birds in the product range demonstrates the Company's agility in business operations and its commitment to meeting diverse consumer needs, thereby broadening its market appeal and accommodating a wider range of customer preferences and cultural practices regarding chicken consumption.

During the financial year ended 31 December 2023G and the three-month period ended 31 March 2024G, live bird products generated SAR 25.5 million and SAR 5.9 million, respectively, in revenue, representing 2.3 per cent. and 1.7 per cent., respectively of the Company's total revenue for the same periods. Live bird products did not generate any revenue in the financial years ended 31 December 2021G and 2022G.

4.7.1.2 Table Eggs Segment

The Company, under its "Entaj" brand, also provides fresh table eggs to the market. These eggs are sourced from local suppliers through supply agreements ensuring a consistent supply of premium high-quality eggs. Upon acquisition and quality checks, the eggs are rebranded as "Entaj" eggs, aligning them with the Company's trusted brand identity. The Company then offers these eggs to a diverse range of customers, highlighting its commitment to delivering quality products across its consumer base.

The eggs are primarily sold in 30-egg tray, a packaging choice that is both practical for handling and efficient for transportation. This standardised packaging also facilitates ease of purchase for customers, be it for household consumption or commercial use. In addition to being available as a standalone product, these eggs are occasionally bundled with other products in the Company's online stores. This bundling strategy not only provides convenience to customers but also encourages the purchase of a wider range of the Company's products, enhancing customer experience and satisfaction.

This segment of the Company's operations demonstrates its ability to adapt and respond to market needs, ensuring a steady supply of fresh, high-quality table eggs. By carefully selecting its supply chain and executing its rebranding efforts, the Company effectively meets consumer demand, reinforcing its position in the market as a reliable supplier of staple food products. The inclusion of eggs in the Company's portfolio also reflects its strategy to diversify product offerings and cater to the everyday needs of its clientele.

During the financial years ended 31 December 2021G, 2022G and 2023G, and the three-month period ended 31 March 2024G, the table eggs segment generated SAR 26.9 million, SAR 34.2 million, SAR 23.9 million and SAR 2.3 million, respectively, in revenue, representing 3.7 per cent., 3.3 per cent., 2.2 per cent. and 0.7 per cent., respectively, of the Company's total revenue for the same periods.

4.7.1.3 Red Meat Segment

The Company, under its "Entaj" brand, provides a selection of fresh lamb products, catering directly to end-consumers through its online stores. This segment includes various lamb parts, such as shanks, chops, shoulders and soup cuts. These are packaged in user-friendly retail packaging, designed to meet the diverse requirements of different consumer groups.

The procurement process for these lamb products involves purchasing live lambs from local suppliers. These suppliers are carefully selected based on stringent criteria to ensure that only the finest lambs are procured. Following the purchase, the lambs are sent to third-party operated slaughterhouses. This processing is done under specified agreements, ensuring adherence to quality and safety standards.

After slaughtering, the lamb carcasses are transported to the Company's manufacturing and processing facilities where they undergo veterinary and quality inspections—to ensure the products meet the Company's stringent quality criteria—before the lambs are cut and packaged under the "Entaj" label consistent with the Company's high standard of product presentation. The packaged products are then made available for sale on the Company's website through its online store, offering convenience and accessibility to customers seeking premium lamb products.

The red meat segment of the Company is a strategic blend of the highest quality products, manufacturing and processing with the highest precision, and selling with a customer-centered approach. This segment not only diversifies the Company's product offerings but also strengthens its position in the market as a provider of high-quality, conveniently packaged red meat products.

During the financial years ended 31 December 2021G, 2022G and 2023G, and the three-month period ended 31 March 2024G, the red meat segment generated SAR 4.2 million, SAR 4.2 million, SAR 2.8 million and SAR 0.4 million, respectively, in revenue, representing 0.6 per cent., 0.4 per cent., 0.3 per cent. and 0.1 per cent., respectively, of the Company's total revenue for the same periods.

4.7.1.4 Cold Store Segment

In the cold store segment, the Company optimises its operations by leasing excess storage capacity to third-party entities. This strategic utilisation of available resources not only generates additional revenue but also supports relationships with other businesses, enhancing the Company's network and market presence. The cold storage facilities are equipped with technology to ensure optimal preservation conditions, making them suitable for a wide range of products requiring refrigerated storage. This service is particularly attractive to entities within the food and pharmaceutical sectors, where maintaining product integrity at controlled temperatures is crucial. The cold store segment demonstrates the Company's strategic and efficient use of resources.

The Company has been investing in increasing its cold storage capacity since the beginning of 2024G. It is expecting to fully utilise and dedicate its cold storage capacity for its own product storage requirements going-forward.

During the financial years ended 31 December 2021G, 2022G and 2023G, the cold store segment generated SAR 37.5 thousand, SAR 0.5 million and SAR 0.7 million, respectively, in revenue, representing nil per cent. (rounded), nil per cent. (rounded) and 0.1 per cent., respectively, of the Company's total revenue for the same periods. No revenue was generated in the three-month period ended 31 March 2024G.

4.7.2 Production Process and Facilities

The Company, a prominent producer of chicken products, incorporates a strategic approach that leverages third-party expertise for feed and breeding. This collaborative strategy ensures the delivery of premium quality poultry products to the market.

4.7.2.1 Breeding and Hatching

The Company sources hatching eggs from major breeding companies specialising in well-known breeds and renowned for the quality of their supply. These breeding companies are based in Brazil, Spain, Belgium, the Netherlands, Oman and the Kingdom. Their geographical spread across the world helps mitigate biosecurity risks and ensure continuity of supply. These eggs are transported daily by air freight to the Company's hatcheries in specialised vehicles. Egg fertility is a crucial factor influencing hatchability. Before incubation, the eggs are stored in controlled environments to maintain their viability. During the financial years ended 31 December 2021G, 2022G and 2023G, and 31 March 2024G, the Company purchased approximately 91.6 million, 97.2 million, 115.3 million and 34.7 million hatching eggs, respectively, reflecting a steady increase from previous years.

In addition to the sustained commitment of its breeding partners, the Company has also entered into a lease agreement for three breeding production farms (one breeding farm and two production farms) that started in April 2024G with a production capacity of 36 million hatching eggs per year, with the first farm having started rearing breeder hens in May 2024G and the production of hatching eggs is expected during the last quarter of 2024G.

The Company operates one hatchery plant with two production units, strategically located in Al-Kharj for optimal operation. The hatching process involves disinfecting, incubating and hatching the eggs over approximately 21 days. Once hatched, the chicks are vaccinated against common poultry diseases and transported by specialised vehicles to broiler grow-out farms. The maximum production capacity in the hatcheries was nearly 98.0 million eggs, 98.0 million eggs, 196.0 million eggs and 49.0 million eggs in the financial years ended 31 December 2021G, 2022G and 2023G, and the three-month period ended 31 March 2024G, respectively, while the actual production was about 92.8 million eggs, 96.2 million eggs, 113.5 million eggs and 34.4 million eggs in the same periods, respectively. With a peak hatching rate that reached 86.0 per cent., the sustained increase in production between 2021G to 2023G underscores the Company's commitment to growth and expansion.

The hatchery's production focuses on optimising efficiency and productivity. The hatchery in Al-kharj contributes significant capacity to the Company's total egg production.

The Company's approach to breeding and hatching exemplifies a commitment to quality and efficiency. By partnering with leading breeding companies, establishing its own breeding production farms and employing advanced hatchery technologies, the Company ensures a steady supply of healthy, high-quality chicks. This process is integral to the Company's poultry production, underpinning its position as a key player in the chicken market. The continuous growth in production capacity demonstrates the Company's adaptability and forward-looking approach in meeting market demands and future growth prospects.

4.7.2.2 Broilers

The Company's broiler production is an integral part of its operations, involving the rearing of broiler chicks across its 25 farms as of 31 March 2024G. These farms, being a mix of 19 Company-owned and six leased properties from independent landowners (for further details, refer to 11.7 (Real Estate)), provide the necessary infrastructure for efficient and secure broiler rearing. The broilers are grown for approximately four to five weeks until they reach the desired live weight. These farms provide the Company with sufficient housing capacity for its broiler rearing operations, and are strategically managed by the Company to ensure stringent biosecurity measures and operational efficiency.

As of 31 March 2024G, the Company's farm capacity allowed for the rearing of approximately 63.2 million broiler chicks annually, with 40.2 million grown in Company-owned farms and 23.0 million in leased farms. This capacity reflects the Company's commitment to meeting market demand while maintaining high standards of poultry welfare and product quality.

The lease agreements for these farms typically span several years, with provisions for mutual renewal for similar periods and rent increases, as detailed in Section 11.7.2 (*Leases*). These contracts are designed to ensure long-term stability in the Company's broiler rearing operations while allowing flexibility for both parties to terminate the lease under certain conditions, including non-compliance with contractual terms.

During the financial years ended 31 December 2021G, 2022G and 2023G, and the three-month period ended 31 March 2024G, the Company's broiler operations have consistently achieved a mortality rate of less than 5.9 per cent. along with an average live bird weight of 1.37 kg and a feed conversion ratio of 1.5. The low mortality rate, optimal average live weight and efficient feed conversion rate are indicative of the Company's effective management practices, which include maintaining optimal living conditions for poultry, implementing rigorous health and safety protocols and ensuring the provision of high-quality feed and healthcare.

This aspect of the Company's operations not only demonstrates its capacity for large-scale poultry production but also its commitment to animal welfare and sustainable rearing practices. The integration of owned and leased farms into its operational strategy allows the Company to scale its production in response to market demands while maintaining control over the quality and welfare of its poultry.

4.7.2.3 Feed

The Company's feed procurement is a critical element in its operational strategy, with feed being sourced from its parent company, ARASCO. This relationship is detailed further in Section 11.8 (*Related Party Contracts and Transactions*). ARASCO, renowned for its capabilities in the feed sector, operates two feed mills located in Al-Kharj and Dammam, ensuring a steady supply of high-quality feed custom-tailored for the Company's needs. In the financial years ended 31 December 2021G, 2022G and 2023G, and the three-month period ended 31 March 2024G, the Company purchased 121.8 MT, 142.2 MT, 184.4 MT and 52.5 MT of feed from ARASCO, representing around 23.0 per cent., 31.0 per cent., 32.0 per cent. and 36 per cent., respectively, of the Company's total purchases. The contractual purchases in 2023G reached SAR 433 million

The efficiency of poultry rearing significantly depends on the ability to increase body weight through feeding, a process heavily influenced by the quality and composition of the feed. ARASCO's expertise in feed production plays a critical role in achieving optimal conversion rates. ARASCO customises feed formulations based on the specific requirements of the Company, tailoring the nutritional content to meet various growth and health objectives.

A substantial portion of the feed comprises grains, which are carefully selected for their protein and fat content. These specifications are crucial for achieving the desired growth results in poultry. The Company's stringent quality processes ensure that these grains meet the necessary nutritional standards, contributing to the overall health and efficiency of the rearing process.

The strategic relationship with ARASCO allows the Company to have a consistent supply of customised feed, tailored to its precise requirements. This not only ensures that the nutritional needs of the poultry and animals are met but also contributes to the overall efficiency and effectiveness of the rearing process. The Company's focus on quality feed reflects its commitment to maintaining high standards in animal health and productivity, ultimately leading to the production of superior quality poultry products.

This segment of the Company's operations highlights the importance of quality feed in the agricultural industry and the benefits of having a reliable and expert source. By prioritising high-quality feed, the Company demonstrates its dedication to excellence in all aspects of its operations, from rearing to final product delivery.

4.7.2.4 Catching and Transportation to Slaughterhouse

Specialised teams are responsible for the catching and transportation of poultry to the slaughterhouse. This process is conducted with the utmost care to ensure that the birds are transported efficiently and humanely. The teams are trained in handling techniques that minimise stress to the birds, thereby maintaining their well-being during transit. The transportation vehicles (57 in total of which 15 were owned by the Company and 42 were leased as of 31 March 2024G) are designed to provide adequate ventilation and space, crucial for the safe and humane transport of live poultry.

4.7.2.5 Processing Facilities

The Company operates sophisticated processing facilities, crucial to its success in the poultry industry. It manages and owns one slaughterhouse, strategically located for optimal supply chain efficiency and market access. The slaughterhouse is a comprehensive unit designed for efficient poultry processing, from slaughtering to packaging, adhering to stringent health, safety and environmental standards. The Company's commitment to maintaining top-notch facilities is evident in its investment in state-of-the-art equipment and a robust HSE management system. Additionally, the operational strategy includes double-shift operations to maximise productivity and meet market demands. This structured approach in processing and storage facilities demonstrates the Company's dedication to quality, efficiency and compliance, ensuring its position as one of the leaders in the poultry industry in the Kingdom.

(a) Poultry Slaughterhouse

As of 31 March 2024G, the Company operated a two-lined slaughterhouse, strategically located on Al Kharj-Riyadh road to optimise supply chain and market accessibility. The facility is owned by the Company, reflecting a strategic approach to resource management that balances long-term investment with operational flexibility.

(i) Overview of Facility

A typical poultry slaughterhouse is a complex facility designed for the efficient and humane processing of poultry. It typically consists of several key areas, each dedicated to specific stages of processing. The slaughterhouse is equipped with advanced machinery and conveyor systems that form the processing lines. These lines are designed to handle different stages, such as slaughtering, scalding, de-feathering, evisceration and cooling, in a sequential and efficient manner. The facility often features temperature-controlled environments, particularly in areas where meat is processed and stored, to ensure product safety and quality. Modern slaughterhouses are also designed with considerations for employee safety, hygiene and animal welfare, adhering to strict regulatory standards. They are constructed with materials that are easy to clean and maintain, reducing the risk of contamination. The layout is planned to facilitate a smooth workflow and minimise cross-contamination between different processing stages.

As of 31 March 2024G, the Company owned and operated a poultry slaughterhouse in Al- Kharj on a land area of 200,000 m2 which was established in 2004G specialising in processing fresh and frozen cut-up poultry products. It employed 225 staff members and encompassed 19,500 m2 of processing space along with 7,240 m2 dedicated to ancillary use. It holds various certifications, such as ISO 9001:2000 (Quality Management Systems), ISO 22000:2005 (Food Safety Management Systems), HACCP:2003 (Food Safety Programme), SGS-Halal Certificate, and ISO 22000:2018 (Food Safety Management Systems). Additionally, the facility includes administrative offices, staff recreational areas and a training centre capable of accommodating direct slaughter-lines employees, ensuring ongoing skill development and adherence to industry best practices.

(ii) Full Day Operations and Daily Production Coordination

To enhance productivity and maintain a continuous supply of poultry products, the Company's slaughterhouses operate on a double shift basis. This operational strategy is crucial for achieving higher throughput in poultry processing. By implementing double shifts, the facilities can extend their operating hours, thus increasing the volume of poultry processed within a given time frame. This approach is essential for keeping up with the dynamic demands of the market, ensuring that there is a steady and reliable flow of products available. The double shift system also allows for more flexible management of human resources, with teams working in shifts to optimise efficiency and reduce fatigue. This operational model is pivotal in sustaining the Company's commitment to meeting its production targets and fulfilling market needs consistently.

The processing of poultry at the slaughterhouses is determined on a daily basis, in line with market requirements. This agile approach allows the Company to promptly respond to fluctuating market demands, ensuring that the supply of poultry products is aligned with consumer needs. The daily processing strategy involves a comprehensive analysis of market trends, inventory levels and production capacities, enabling the Company to maximise efficiency while minimising waste. A continuous coordination exists between the Sales and Marketing Department and the production planning team. This collaboration ensures that the forecasted market demands are accurately converted into effective production plans. The Sales and Marketing Department provides insights into market trends and customer preferences, which the production planning team uses to schedule and manage the slaughterhouse operations. This integrated approach facilitates a smooth transition from market analysis to production, ensuring that the Company's products consistently meet the market's expectations in terms of quality and availability.

(iii) Stages of Poultry Processing in Slaughterhouses

The poultry processing line in a slaughterhouse is a sequence of carefully managed stages, each critical to ensuring the quality and safety of the final product:

- Halal Slaughtering: This process is the first and a fundamental stage in poultry processing, adhering strictly to Halal standards. It involves specific methods of slaughtering, ensuring that the birds are treated humanely and with respect. This practice not only aligns with religious guidelines but also addresses ethical considerations and consumer expectations, particularly in markets where Halal compliance is essential;
- Scalding: After slaughtering, the poultry is subjected to scalding, a critical process for feather removal. The birds are immersed in hot water, which loosens the feathers, making them easier to remove. This stage is carefully controlled to ensure the right temperature is used, as it affects the ease of feather removal and the quality of the skin;
- De-feathering: Following scalding, the next crucial step is de-feathering. This involves removing all feathers from the carcass, which is essential for the cleanliness and appearance of the final product. It is a thorough process that ensures the carcass is completely clean and free of any remnants that might affect the quality or consumability;
- Evisceration: Evisceration is a delicate process where internal organs are removed from the carcass. This step requires precision to ensure complete removal without damaging the carcass. It is critical for food safety, as it eliminates any internal components that could spoil the meat or pose health risks to consumers; and

- **Cooling**: The final stage in the process is cooling. This involves reducing the temperature of the carcasses to prevent bacterial growth and ensure the meat's longevity. Proper cooling is crucial for preserving the quality, texture and flavour of the poultry, making it suitable for packaging and distribution. This stage is strictly monitored to achieve the ideal temperature for long-term preservation.

Each of these stages is integral to the processing line, contributing to the overall efficiency and effectiveness of the slaughterhouse operations.

(iv) Advanced Equipment

The Company's slaughterhouses are outfitted with state-of-the-art equipment that adheres to industry standards and holds five-approved certifications, ensuring compliance with both local and international requirements. This equipment ranges from automated processing lines to advanced cooling systems, each designed to enhance efficiency and maintain the highest standards of product quality. Regular maintenance and periodic updates are integral to this setup, ensuring that each piece of equipment operates at optimal performance levels. This not only aids in maintaining compliance with stringent health and safety standards but also ensures the longevity and reliability of the machinery. The focus on using certified and well-maintained equipment underscores the Company's commitment to operational excellence and its dedication to producing products of the highest quality.

(v) Capacity

Each slaughterhouse line has a specific capacity, designed to collectively meet the Company's total production targets as a whole. This strategic capacity planning ensures that the Company can efficiently manage demand fluctuations and maintain a steady supply chain. The maximum production capacity of the Company's slaughterhouse totalled 92.7 million, 92.7 million, 185.4 million and 46,4 million birds annually in the financial years ended 31 December 2021G, 2022G and 2023G, and the three-month period ended 31 March 2024G, while the actual production was 76.7 million, 85.5 million, 89.8 million and 27.5 million birds during the same periods.

In 2024G, the Company was able to add and commission an additional capacity of 92.7 million birds per annum, bringing its maximum production capacity as of the date of this Prospectus to 185.4 million birds per annum. The testing phase for such capacity expansion was launched in November 2023G and actual production started in January 2024G, with the aim of gradually building-up of both supply and distribution capabilities.

The following table shows the actual production and maximum production capacity of each of the Company's poultry slaughterhouse lines in the financial years ended 31 December 2021G, 2022G and 2023G, and the three-month period ended 31 March 2024G:

Table 4.24: Actual Production and Maximum Production Capacity of the Company's Poultry Slaughterhouse Line for the Financial Years Ended 31 December 2021G, 2022G and 2023G, and the Three-Month Period Ended 31 March 2024G

Facility	Financial Years Ended 31 December						Three-Month Period Ended 31 March	
	2021G		2022G		2023G		2024G	
	Actual	Maximum	Actual	Maximum	Actual	Maximum	Actual	Maximum
Slaughterhouse (in million birds)	76.7	92.7	85.5	92.7	89.8	92.7	28.5	46.4

Source: The Company.

The design and operation of the Company's slaughterhouses reflect its commitment to quality, efficiency and compliance with ethical and regulatory standards. The careful management of each processing stage ensures that the final product meets the highest standards of quality and safety, aligning with the Company's reputation for excellence in the poultry industry.

(b) Storage Facilities

The Company operates an extensive network of two dry and six cold storage facilities which are periodically metered, crucial for maintaining the quality and safety of its raw materials, finished products and packaging materials. Located strategically within the Kingdom, these facilities are designed to cater to the varied storage requirements of the Company's diverse product range.

(i) Climate Control and Storage Conditions

The Company's storage facilities are equipped with advanced climate control systems, crucial for preserving the integrity and quality of various products. The optimal temperature range for chilled products is between 0°C and 4°C to maintain a high degree of quality. These facilities can maintain temperatures as low as -18°C, an essential feature for the long-term storage of frozen goods. The versatility of these units allows for the storage of both frozen and chilled items, ensuring that each product is kept at its ideal temperature for optimal preservation. Additionally, the Company maintains dry storage areas, designed for products and materials that require ambient conditions.

This comprehensive approach to storage, encompassing a range of temperature-controlled environments, is integral to the Company's commitment to quality and efficiency in its operations.

(ii) Benefits of Cold Storage

The benefits of cold storage in the Company's operations are manifold and crucial for maintaining the quality of perishable products, particularly poultry:

- **Extended Shelf Life**: The cold storage facilities play a vital role in prolonging the shelf life of perishable products. By maintaining low temperatures, these facilities significantly slow down the growth of microorganisms that cause spoilage. Longer shelf life is particularly important for poultry products, ensuring they remain fresh and safe for consumption over longer periods;
- **Quality Preservation**: Beyond just extending shelf life, the cold storage units are instrumental in preserving the quality of the poultry. This includes maintaining the texture, flavour and nutritional value of the poultry, which are essential for customer satisfaction and compliance with food quality standards. Proper storage conditions are key to ensuring that these qualities do not deteriorate; and
- **Inventory Management**: With the enhanced capability to store products for extended periods, the Company is able to manage its inventory more effectively. This reduces waste and ensures a consistent supply of products to the market. Efficient inventory management also allows the Company to respond more flexibly to market demands and reduces the risk of product shortages.

(iii) Storage Duration for Poultry

In the Company's storage facilities, poultry products are stored for durations that vary depending on their processing state. While frozen poultry can be stored for several months without significant loss of quality, the Company currently focuses on selling only fresh poultry, not frozen. For fresh poultry, the storage duration is shorter compared to frozen poultry. Typically, in compliance with SFDA regulations, fresh chilled poultry can be safely stored for seven to 25 days, depending on the stock-keeping unit and factors, such as the initial processing quality, packaging, the specific temperature at which it is kept and whether some products contain spices (natural preservatives) that increase shelf life. These storage parameters are carefully managed to ensure the freshness and safety of the poultry products until they reach the consumer.

(iv) Quality Assurance Measures

The quality assurance measures put in place by the Company are a testament to its commitment to maintaining the utmost standards in food safety and quality. Adhering to rigorous quality assurance protocols, these measures ensure that all products stored in the Company's facilities retain their quality throughout their storage duration. This involves systematic monitoring and maintaining the optimal conditions required for each type of product. Regular inspections and stringent maintenance of the storage environments are a key part of these protocols. These checks are designed to detect any potential issues before they impact the product quality, thereby upholding the high standards the Company is known for. This robust approach to quality assurance not only maintains product integrity but also reinforces the Company's dedication to delivering consistently high-quality products to its customers, underpinning its reputation in the industry.

(v) Supporting the Company's Operational Requirements

Alongside aligning the combined storage capacity with the Company's production and distribution needs, the Company also strategically utilises excess storage capacity. This approach involves renting out surplus space, thereby optimising resource utilisation and generating additional revenue. Regular monitoring and diligent maintenance ensure these facilities function at peak efficiency, crucial for both the Company's products and those of third-party lessees. This dual role of the storage facilities as both a key component in the Company's supply chain and a commercial asset exemplifies the Company's commitment to efficient resource management and operational adaptability. By providing storage solutions that meet internal needs and offer external services, the Company reinforces its role in the supply chain while upholding its high standards of quality and efficiency. As of 31 March 2024G, the Company utilised 100.0 per cent. of its cold storage capacity for its own products.

These storage facilities play a pivotal role in the Company's supply chain, ensuring that products are stored under optimal conditions and are readily available to meet consumer demands. This infrastructure is a testament to the Company's commitment to quality, efficiency and effective resource management.

4.7.2.6 Animal Health Products

The Company strategically sources animal health products by entering into agreements with renowned local and international pharmaceuticals manufacturers. Rather than manufacturing these products in-house, the Company procures them, distributing under the original manufacturer brands within the Kingdom. This approach ensures access to a wide range of high-quality animal health products. The importation and distribution of these products are subject to stringent regulatory requirements, including specific approvals by and registration with the

Saudi Food and Drug Authority (SFDA), ensuring compliance with local standards and regulations. This strategy underscores the Company's commitment to providing top-tier animal health solutions while adhering to regulatory guidelines.

4.7.2.7 Equipment

The Company strategically focuses on the importation and distribution of modern poultry and greenhouse equipment, rather than manufacturing them in-house. It sources these essential tools from globally recognised manufacturers, ensuring that the equipment adheres to international quality standards. The range of imported products is extensive, catering to the diverse needs of poultry farmhouses and greenhouses. Furthermore, each piece of equipment undergoes a stringent approval process by the Saudi Standards, Metrology and Quality Organisation (SASO), guaranteeing that they meet the regulatory requirements and quality standards set within the Kingdom. This approach enables the Company to offer top-notch, reliable equipment solutions to its client.

4.7.2.8 Distribution of Final Products to Clients and Customers

The Company's distribution of final poultry products to clients and customers is a vital aspect of its operations, ensuring that products reach the market in optimal condition. This involves a sophisticated and efficient logistics network, crucial for delivering fresh poultry products promptly. The Company's distribution system includes modern warehousing facilities (see Section 4.7.2.5(b) (*Storage Facilities*)), carefully designed to maintain the quality and freshness of poultry products. These warehouses are strategically located and equipped with the necessary technology to manage inventory effectively, ensuring products are stored under ideal conditions.

The Company employs advanced enterprise resource planning (ERP) systems to manage and streamline the distribution process. This system facilitates accurate scheduling of supply, production and shipment dates, contributing to a more efficient supply chain. For transportation, the Company collaborates with third-party providers who operate a fleet of temperature-controlled containers and trucks. This fleet ensures that the poultry products are transported under the right conditions, preserving their quality and freshness.

The Company's logistics strategy is focused on flexibility and collaboration with trusted partners to ensure efficient, timely delivery of poultry products to various markets., This underlines the Company's commitment to quality and customer satisfaction. By leveraging third-party logistics expertise, the Company efficiently meets diverse client demands while maintaining its focus on poultry production. This strategic distribution model enhances operational efficiency and reinforces the Company's position as a reliable poultry provider.

4.7.3 Quality Control, Food Safety and Halal Compliance

For the Company, maintaining the highest standards of quality control, food safety and environmental conservation is a core priority. This commitment is reflected in the comprehensive quality control and food safety protocols implemented across all operational aspects. The Company recognises the importance of these activities in ensuring the delivery of wholesome, high-quality products to its customers.

The Company's processing plants and livestock facilities adhere to stringent standards set by SFDA, MEWA, ISO, GFSI and its Quality & Food safety management systems, alongside certifications such as Saudi Arabia's Good Aquaculture Practices (GAP) and FSSC 22000. These certifications are rigorously assessed annually by third-party auditing firms to ensure ongoing compliance.

In its daily operations, the Company conducts over 1,500 daily tests, checks and inspections across its supply chain from farms to warehousing facilities. This diligent approach to quality control ensures that all products not only meet but exceed the specifications expected by customers.

The Company's poultry slaughter facilities adhere to Saudi regulations on hygienic processing, employing a systematic approach that encompasses an evisceration equipment process control programme and stringent hygienic standard operating procedures. To ensure the highest standards of food safety, the facilities include both on-line and off-line reprocessing systems, as well as a microbiological programme that mandates daily monitoring for pathogens like Salmonella and Campylobacter in post-chill carcasses. These facilities consistently meet Saudi requirements to control Salmonella and Campylobacter, with each facility maintaining validated interventions for effective pathogen control.

Through these comprehensive measures, the Company reinforces its commitment to quality, food safety and Halal compliance, ensuring that every product that leaves its facilities meets the highest standards of safety and quality, aligning with both local and international food safety regulations. The Company has implemented several supporting programmes to ensure the highest standards of product quality and safety, including but not limited to:

- **Good Manufacturing Practices (GMP)**: Adhering to strict GMP guidelines sets by SFDA and ISO/TS 22002-1 (PRP) ensures that the production facility maintains cleanliness, hygiene and proper environmental conditions essential for safe food manufacturing;
- **Good Agricultural Practices**: Strictly adhering to Good Agricultural Practices (GAP) outlined by MEWA (Saudi GAP) and ISO/TS 22002-3. From hatchery to live poultry, the Company prioritises optimal cleanliness, hygiene and environmental conditions. This includes stringent biosecurity measures, careful nutrition management and humane post-harvest handling. Its commitment ensures safe, high-quality poultry products while upholding sustainability and animal welfare standards;

- **Supplier Control and Approval**: Ensuring that its suppliers meet specified quality and safety standards, through audits, inspections and quality agreements, contributing to the integrity of the supply chain;
- **Hygienic Standard Operating Procedures**: These procedures are rigorously followed to maintain a sanitary environment in all facilities, minimising the risk of contamination;
- **Traceability Procedures**: The Company has established comprehensive traceability systems for all raw materials, packaging, ingredients and finished products. This ensures accurate tracking of every item throughout the supply chain, enhancing product integrity and safety;
- **Recall Procedures**: In each production facility, robust recall procedures are in place. These enable the Company to trace products back to their origin in the supply chain, encompassing specific ingredients, packaging and farms. Regular mock recalls are conducted to test the efficiency of these systems;
- **Pest Control Programme**: The Company maintains a proactive pest control programme to prevent infestation and ensure a hygienic production environment; and
- **Hazard Analysis and Critical Control Points (HACCP) System**: Comprehensive risk assessments are conducted to identify and mitigate potential contamination risks throughout the production and supply chain.

These programmes are integral to maintaining the Company's commitment to quality, safety and customer satisfaction.

The Company's commitment to quality and safety extends to rigorous internal audits of its HACCP and hygiene protocols, ensuring continual improvement and compliance with industry standards. These audits, performed annually by Quality Assurance, underscore the Company's dedication to maintaining excellence in all aspects of its operations. The advanced processing facilities of the Company's suppliers also consistently achieve high ratings, reflecting their adherence to stringent quality standards. Chemical and microbiological analyses are conducted in laboratories trusted by the SFDA and accredited with ISO/IEC 17025:2017, aligning with local regulations and international standards for testing and calibration. This ensures the accuracy and reliability of test results, fundamental to the safety and quality of products.

The Company implements robust biosecurity measures, including strict entry and exit controls at all facilities, to safeguard the health of its flocks and ensure environmentally sound operations. Working closely with MEWA (Weqaa Center), the Company stays abreast of the latest information and practices to maintain high-quality flocks and prevent disease. Regular testing of each flock for diseases is a key component of this comprehensive biosecurity strategy.

The above efforts to promote quality control and food safety have resulted in the Company obtaining several certifications from local and international organisations in relation to its products, as summarised in the table below. The following table contains certifications of the Company in relation to its products:

Table 4.25: Certifications of the Company in Relation to its Products

Certification	Details	Awarded Date	Category
GFSI: FSSC	FSSC 22000 v5.1 (Food Safety System Certification)	17 February 2022G	CI – Food Manufacturing
Halal Certificate	SFDA - Halal Certificate	21 December 2022G	SFDA Regulatory Certificate
Saudi GAP	MEWA – SAUDI GAP (Good Agriculture Practices)	2 November 2021G	MEWA Regulatory Certificate
HACCP	FSSC 22000 v5.1	17 February 2022G	CI – Food Manufacturing

Source: The Company.

The Company strictly adheres to Halal standards as per the precepts of **Shari'ah** in the production of all its products, with certification from SFDA – Saudi Halal Centre to authenticate this compliance. This involves a specific slaughtering process that complies with the requirements of the "Animal Slaughtering Requirements According to Islamic Rules".

To ensure consistent adherence to these standards and regulations, the Saudi Food and Drug Authority (SFDA) conducts regular inspections across various production facilities of the Company. These inspections are crucial in verifying that all operations align with the required Halal and safety guidelines, maintaining the integrity and quality of the products. For the lamb products sourced from third parties, the Company ensures that these products also adhere to stringent Halal compliance standards. This involves verifying that the third-party suppliers follow Shariah-compliant halal slaughter practices, thereby maintaining consistency in the Halal certification of all products offered by the Company.

4.7.4 Marketing and Promotion

The Company's marketing and promotion strategies for its "Entaj" brand play a crucial role in its success. Recognised as a top brand in the Kingdom's modern retail sector, "Entaj" has earned significant accolades for its fresh, healthy and innovative poultry products, appealing to a broad customer base, including families and HoReCa sector clients. The Company's marketing approach, anchored in a strong brand identity, combines traditional and digital platforms to effectively communicate its commitment to quality, taste and health. Key marketing channels include social media engagement, online advertising, in-store activations, community involvement and participation in major trade fairs. Additionally, the Company emphasises customer feedback and data-driven marketing to enhance product development and customer satisfaction. This multifaceted marketing strategy ensures "Entaj" maintains a robust and competitive market presence.

4.7.4.1 The "Entaj" Brand

The "Entaj" brand, as identified in the market study by the Market Consultant, stands out in the retail space with its fresh poultry offerings. The brand continually evolves, providing fresh, healthy and innovative poultry products to a wide customer base, including families and the HoReCa sector. The ongoing promotional efforts, combined with high-quality products and consistent market performance, have fortified Entaj's brand equity in the poultry category.

The brand's identity, as marked by a logo in a bold design emphasising a stylised version of the "Entaj" name (in English and Arabic script) on a strong purple background, is chosen to appeal to the key female demographic and also evokes the traditional use of the colour purple in the Saudi culture of hospitality.

4.7.4.2 Branding Strategy

The "Entaj" brand's strategic approach is integral to carving out a unique position in the competitive poultry market in the Kingdom. This strategy encompasses not just the distinctive logo and overall brand identity, but extends to an in-depth understanding of consumer preferences and market trends. The Company leverages this knowledge to tailor its messaging and product offerings, ensuring they resonate with both individual consumers and business customers. This focus on brand salience is bolstered by a consistent, multi-channel marketing approach, encompassing both digital and traditional platforms.

Entaj's brand narrative is crafted to emphasise its commitment to delivering products that are not just fresh but also contribute positively to food security in the Kingdom. This narrative is communicated through various channels, including social media platforms, where the brand actively engages with its audience, creating a community around its products. In-store activities add a tangible element to the brand experience, allowing consumers to interact directly with "Entaj" products.

The Company's strategic positioning of "Entaj" extends beyond product quality to encompass value, taste and health benefits, addressing the evolving needs of modern consumers. It positions "Entaj" as a premium yet accessible brand, one that offers high-quality poultry products at competitive prices. This dual focus on quality and affordability helps "Entaj" appeal to a broad customer base.

Adhering to clear brand guidelines, "Entaj" ensures that every communication, whether online or offline, reflects its core values. This consistency is crucial in building and maintaining trust with customers. The Company places great importance on every interaction with current and prospective consumers, understanding that each touchpoint is an opportunity to reinforce its brand values and strengthen its market position.

4.7.4.3 Key Marketing Channels

The Company employs a comprehensive approach in marketing the "Entaj" brand, effectively utilising various channels to connect with and engage its audience, including the following:

- Social Media Engagement: Platforms including Instagram, TikTok and Snapchat serve as primary tools for the "Entaj" brand's marketing strategy. The Company leverages these channels for regular interactions with its audience, encompassing diverse activities, such as posting updates, hosting competitions and managing community engagement. This approach facilitates direct communication with consumers, stimulating a sense of community around the brand. It also allows for real-time feedback and insights into consumer preferences, enabling the Company to tailor its marketing strategies effectively;
- Online Advertising and In-Store Activities: A key component of the Company's marketing strategy is the integration of online advertising with in-store activities. This blend of digital and physical marketing methods ensures a cohesive brand message that reaches consumers at multiple touchpoints. Online campaigns drive awareness and interest, while in-store interactive activities provide tangible experiences for consumers, enhancing brand visibility and encouraging purchase decisions. This strategy is particularly effective during specific sales campaigns, helping to increase traffic and drive sales;
- Community Engagement and Sponsorship: Engagement with local communities through event participation and sponsorships is another essential part of the "Entaj" brand's marketing. By interacting with potential consumers in community events, the brand establishes a local presence, builds trust and gains valuable visibility. This grassroots approach to marketing helps to forge stronger connections with the community, reinforcing the brand's commitment to being a part of consumers' daily lives; and

- **Trade Shows Participation**: The Company also participates in major trade shows, such as Gulfood and SIAL (Salon International de l'Alimentation). These events provide a platform for the "Entaj" brand to reach potential customers in the HORECA segment and showcase its credentials on an international stage. Participation in these shows is a strategic move to expand market reach, network with industry peers and stay abreast of the latest trends and consumer needs in the global market.

Overall, the Company's approach to marketing the "Entaj" brand is dynamic and multi-dimensional, ensuring that it resonates with a diverse consumer base while maintaining a strong and consistent brand presence across various channels.

4.7.4.4 Data-driven Marketing and Customer Feedback

The Company places a strong emphasis on understanding and responding to customer needs and perceptions of the "Entaj" brand. To achieve this, it actively employs various customer feedback mechanisms, such as surveys, focus groups and feedback forms. These tools are instrumental in gathering valuable insights about customer preferences and experiences with "Entaj" products. The data collected is then carefully analysed to inform and guide product development and marketing strategies, with a key focus on enhancing overall customer satisfaction.

In parallel, the Company leverages data analytics to track and understand evolving customer trends and preferences. This approach involves the use of sophisticated data analysis tools to glean actionable insights from customer data. By doing so, the Company is able to optimise its marketing campaigns, ensuring they are not only effective but also yield a better return on investment. Furthermore, this data-driven methodology allows the Company to personalise its marketing efforts. Tailoring communications and campaigns to specific customer segments leads to more targeted and impactful marketing initiatives, resonating more deeply with consumers and driving brand loyalty.

4.7.5 Geographic Locations and Operations

The Company's head office is located in the city of Riyadh, Kingdom of Saudi Arabia. As of 31 March 2024G, the Company operated three hatcheries, one slaughterhouse and two dry storage facilities, six cold storage facilities and 11 farms spread across the Kingdom. In addition, the Company sells its products in Kuwait and Iraq through a network of distributors, wholesalers and retailers. The table below lists the locations in which the Company operated as of 31 March 2024G:

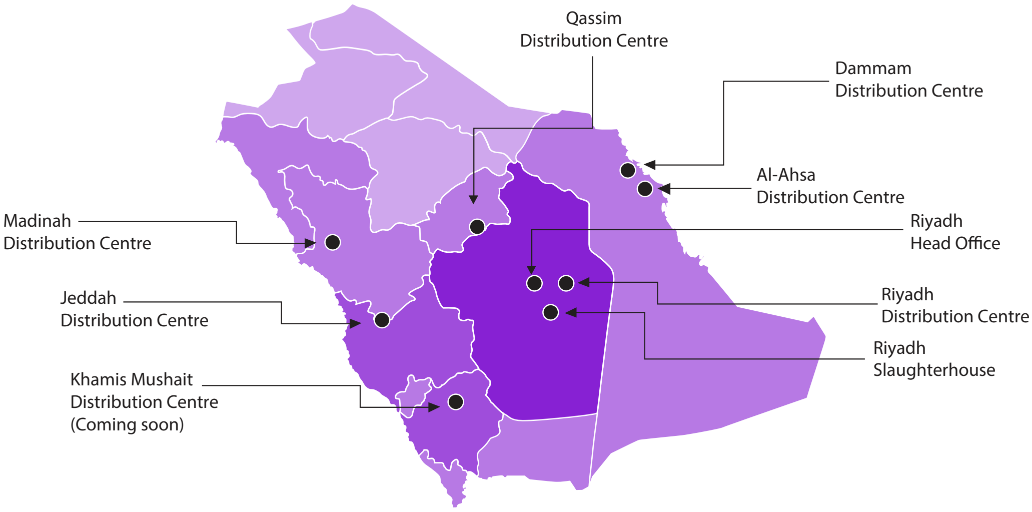
Table 4.26: Details of the Group's Geographical Presence as of 31 March 2024G

No.	Country	City	Type of Presence	Number of Branches
1.	The Kingdom	Riyadh	Head Office	1
2.	The Kingdom	Dammam	Branch	1
3.	The Kingdom	Jeddah	Branch	1
4.	The Kingdom	Qassim	Branch	1
5.	The Kingdom	Al-Ahsa	Branch	1
6.	The Kingdom	Madinah	Branch	1
7.	The Kingdom	Riyadh	Slaughtering house	1
8.	The Kingdom	Riyadh	Branch	1

Source: The Company.

The following map shows the geographic location of the Group as of 31 March 2024G:

Exhibit 4.2: Geographic Locations of the Company as of 31 March 2024G



The Company had only export sales operations but no assets outside the Kingdom as of 31 December 2021G, 2022G and 2023G, and the three-month period ended 31 March 2024G.

The Company's core geographic market is the Kingdom, which is also the largest contributor to its revenue, followed by Kuwait and Iraq. From its export operations conducted outside the Kingdom, the Company generated revenues of around SAR 6.8 million, SAR 6.7 million, SAR 9.6 million and SAR 1.4 million in the financial years ended 31 December 2021G, 2022G and 2023G, and the three-month period ended 31 March 2024G, respectively, accounting for 0.9 per cent., 0.6 per cent., 0.9 per cent. and 0.4 per cent., respectively, of the Group's total revenue for the same periods.

The table below lists revenue by region for the years ended 31 December 2021G, 2022G and 2023G and the three-month period ended 31 March 2024G:

Table 4.27: Revenue by Region for the Years Ended 31 December 2021G, 2022G and 2023G and the Three-Month Period Ended 31 March 2024G

Country	Number of Branches	Total revenue				Percentage of total revenue			
		Year ended 31 December			Three-month period ending	Year ended 31 December			Three-month period ending
		2021G	2022G	2023G	31 March 2024G	2021G	2022G	2023G	31 March 2024G
The Kingdom	8	722,298,140	1,024,213,821	1,089,782,119	338,250,606	99.1%	99.3%	99.1%	99.6%
Iraq	-	930,230	3,217,053	4,122,602	345,800	0.1%	0.3%	0.4%	0.1%
Kuwait	-	5,854,066	2,781,477	2,468,737	-	0.8%	0.3%	0.2%	-
Jordan	-	-	79,600	2,201,300	628,343	-	0.0%	0.2%	0.2%
UAE	-	-	608,300	736,400	393,400	-	0.1%	0.1%	0.1%
Sierra Leone	-	-	-	37,800	-	-	-	0.0%	-
Total	**8**	**729,082,436**	**1,030,900,251**	**1,099,348,958**	**339,618,149**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Source: The Company.

4.7.6 Customers

The Company maintains a diverse and strong client base. This clientele includes prominent, well-established corporations in the Kingdom, such as Panda and Othaim Markets. The sales distribution is well balanced, with no excessive reliance on a few major clients. The Company had five top clients who generated 18.0 per cent., 15.6 per cent., 17.1 per cent. and 18.7 per cent. of the Company's total revenue in the financial years ended 31 December 2021G, 2022G and 2023G, and the three-month period ended 31 March 2024G, reflecting the Company's strategic approach to broadening its market reach and reducing dependency on individual clients. This varied client portfolio not only mitigates risk but also lays a solid foundation for consistent revenue and potential growth. Around 1 per cent., of the Company's revenues in the financial years ended 31 December 2021G, 2022G and 2023G, and the three-month period ended 31 March 2024G, respectively, resulted from exports of its products to Kuwait and Iraq.

The Company's revenues from its top five customers amounted to SAR 131.0 million, SAR 161.3 million, SAR 188.1 million, and SAR 63.5 million for the financial years ended 31 December 2021G, 2022G and 2023G, and the three-month period ended 31 March 2024G, respectively. The following tables provide details regarding the Company's major customers:

The following table illustrates the Company's revenues from its major customers as a percentage of its revenue in the financial years ended 31 December 2021G, 2022G and 2023G, and the three-month period ended 31 March 2024G:

Table 4.28: Details of the Company's Top Five customers for the Financial Year Ended 31 December 2021G:

Client	Customer's Country	Nature of the Customer	Nature of the Customer's Purchases	Nature of the Relationship	Client Independence	Value of Revenue (SAR)	Percentage of total revenue
Afaq Al-Jawhara Trading Company	Saudi Arabia	Trading Establishment	Resale of the Company's food products.	Contractual	Independent	35,126,978	4.8%
Panda Retail Company	Saudi Arabia	Closed Joint Stock Company	Retail sale of the Company's fresh food products within the retailer's stores.	Contractual	Independent	35,542,914	4.9%
(Customer 3)	Saudi Arabia	Limited Liability Company	Selling the Company's fresh food products in stores, restaurants, hotels and catering companies in the city of Abha.	Contractual	Independent	14,411,720	2.0%
Abdullah Al Othaim Markets Company	Saudi Arabia	Joint Stock Company	Retail sale of the Company's fresh food products within the retailer's stores.	Contractual	Related Party	16,269,157	2.2%
Al-Romansiah Company	Saudi Arabia	Closed Joint Stock Company	Selling the Company's food products cooked in the company's restaurants.	Contractual	Independent	29,635,270	4.1%
Total						**130,986,039**	**18.0%**

Source: The Company.

Table 4.29: Details of the Company's Top Five Customers for the Financial Year Ended 31 December 2022G:

Client	Customer's Country	Nature of the Customer	Nature of the Customer's Purchases	Nature of the Relationship	Client Independence	Value of Revenue (SAR)	Percentage of Total Revenue
Afaq Al-Jawhara Trading Company	Saudi Arabia	Trading Establishment	Resale of the Company's food products.	Contractual	Independent	44,188,312	4.3%
Alromansiah Company	Saudi Arabia	Closed Joint Stock Company	Selling the Company's food products cooked in the Company's restaurants.	Contractual	Independent	29,585,859	2.9%
Panda Retail Company	Saudi Arabia	Closed Joint Stock Company	Retail sale of the Company's fresh food products within the retailer's stores.	Contractual	Independent	35,251,261	3.4%
Rawasi Al Gheza Trading Establishment	Saudi Arabia	Trading Establishment	Selling the Company's fresh food products in stores, restaurants, hotels and catering companies in the city of Taif.	Contractual	Independent	26,790,968	2.6%
Asdaf Al Shamal Trading Establishmen	Saudi Arabia	Trading Establishment	Selling the Company's fresh food products in stores, restaurants, hotels and catering companies.	Contractual	Independent	25,473,070	2.5%
Total						**161,289,470**	**15.6%**

Source: The Company.

Table 4.30: Details of the Company's Top Five Customers for the Financial Years Ended 31 December 2023G:

Client	Customer's Country	Nature of the Customer	Nature of the Customer's Purchases	Nature of the Relationship	Client Independence	Value of Revenue (SAR)	Percentage of Total Revenue
Al-Jawhara Trading Company	Saudi Arabia	Trading Establishment	Resale of the Company's food products.	Contractual	Independent	63,786,413	5.8%
(Customer 2)	Saudi Arabia	Sole Proprietorship Company	Poultry and table eggs.	Contractual	Independent	35,305,290	3.2%
Panda Retail Company	Saudi Arabia	Closed Joint Stock Company	Retail sale of the Company's fresh food products within the retailer's stores.	Contractual	Independent	31,009,023	2.8%
Nojoom Al Faisal Trading Establishment	Saudi Arabia	Trading Establishment	Selling the Company's fresh food products in stores, restaurants, hotels and catering companies in the city of Hail.	Contractual	Independent	29,264,041	2.7%
Abdullah Al Othaim Markets Company	Saudi Arabia	Saudi Joint Stock Company	Retail sale of the Company's fresh food products within the retailer's stores.	Contractual	Related Party	28,782,657	2.6%
Total						**188,147,424**	**17.1%**

Source: The Company.

Table 4.31: Details of the Company's Top Five Customers for the Three-month Period Ended 31 March 2024G:

Client	Customer's Country	Nature of the Customer	Nature of the Customer's Purchases	Nature of the Relationship	Client Independence	Value of Revenue (SAR)	Percentage of Total Revenue
Afaq Al-Jawhara Trading Company	Saudi Arabia	Trading Establishment	Resale of the Company's food products.	Contractual	Independent	16,293,990	4.8%
(Customer 2)	Saudi Arabia	Sole Proprietorship Company	Poultry and table eggs.	Contractual	Independent	22,792,340	6.7%
Panda Retail Company	Saudi Arabia	Closed Joint Stock Company	Retail sale of the Company's fresh food products within the retailer's stores.	Contractual	Independent	8,204,742	2.4%
Nojoom Al Faisal Trading Establishment	Saudi Arabia	Trading Establishment	Selling the Company's fresh food products in stores, restaurants, hotels and catering companies in the city of Hail.	Contractual	Independent	8,542,488	2.5%
Rawasi Al Gheza Trading Establishment	Saudi Arabia	Trading Establishment	Selling the Company's fresh food products in stores, restaurants, hotels and catering companies in the city of Taif.	Contractual	Independent	7,660,351	2.3%
Total						**63,493,911**	**18.7%**

Source: The Company.

4.7.6.1 Poultry Segment Customers

The Company's Poultry Segment caters to a diverse customer base, distributing its chicken products both domestically and regionally. Its sales channels are categorised into several main areas:

- **Modern Trade**: The Company's presence in the modern trade sector is marked by its engagement with large-scale retail outlets, including hypermarkets, supermarkets and mini markets that specialise in fast-moving consumer goods. These retail chains, such as Panda, Othaim Markets and Carrefour, renowned for their extensive reach and customer base, play a crucial role in the Company's distribution strategy. The revenues generated from this sector, a substantial portion of the Company's total revenue, underscore the importance of these modern retail giants in the Company's sales framework. Customer participation rates from this sector were 13.7 per cent., 11.1 per cent., 9.5 per cent. and 8.1 per cent. for the financial years ended 31 December 2021G, 2022G and 2023G and the three-month period ended 31 March 2024G.
- **Distributors**: Distributors serve as critical intermediaries, extending the Company's reach to various retailers, especially in remote areas. The Company's strategy includes entering into exclusive agreements with these distributors, ensuring a consistent and wide-ranging distribution of its products. The support extended to these distributors, including marketing and refrigeration equipment, is pivotal in strengthening these partnerships. The revenues from this segment, constituting a significant portion of the total revenue, highlight the efficacy of this distribution channel. Customer participation rates from this sector were 22.4 per cent., 25.4 per cent., 26.1 per cent. and 25.5 per cent. for the financial years ended 31 December 2021G, 2022G and 2023G and the three-month period ended 31 March 2024G.
- **Van Sales**: The Company operates a fleet of refrigerated vans, playing a key role in directly supplying chicken to smaller retail outlets and traditional stores. This direct distribution model ensures that the products reach the end consumer while maintaining freshness and quality. The revenue from van sales reflects the success of this direct-to-retailer approach. Customer participation rates from this sector were 23.3 per cent., 23.1 per cent., 27.2 per cent. and 23.1 per cent. in the financial years ended 31 December 2021G, 2022G and 2023G and the three-month period ended 31 March 2024G.
- **Direct-to-Consumer Sales**: With the rise in online shopping trends, the Company has successfully tapped into the e-commerce space, offering direct-to-consumer sales through its website. This channel not only widens the customer base but also enhances the convenience and accessibility of its products. The significant revenue generated from this segment underscores the growing consumer preference for online shopping. Customer participation rates from this sector were 0.7 per cent., 1.0 per cent., 1.3 per cent. and 0.6 per cent. for the financial years ended 31 December 2021G, 2022G and 2023G and the three-month period ended 31 March 2024G.
- **Hotel, Restaurant and Catering Sales (HoReCa Sales)**: The HoReCa sector forms a substantial part of the Company's clientele, with tailored agreements that consider various factors like location, volume and product specifications. These agreements are in line with industry standards, ensuring competitive pricing and service. The revenue generated from this segment highlights the Company's adaptability and responsiveness to the needs of this diverse customer base. Customer participation rates from this sector were 39.0 per cent., 38.7 per cent., 32.7 per cent. and 40.6 per cent. for the financial years ended 31 December 2021G, 2022G and 2023G and the three-month period ended 31 March 2024G.

The profitability of these segments is influenced by market drivers in the broiler industry, including supply and demand shifts, input costs and competition. The Company's sales and distribution activities are managed by dedicated staff and through distributors, ensuring effective market coverage and customer reach.

The profitability of the Company's diverse business segments in the poultry industry is intricately tied to the dynamic interplay of various market factors. These include shifts in supply and demand, which can significantly impact pricing and revenue streams. For instance, an increase in broiler production or a sudden surge in demand due to market trends can markedly affect the Company's profitability. Additionally, input costs, such as feed, labour and logistics, play a critical role in determining the overall cost-effectiveness of operations. Fluctuations in these costs can directly influence profit margins. For further details on chicken pricing, see Section 6 (*Management's Discussion and Analysis of Financial Position and Results of Operations*).

Competition in the poultry industry also plays a key role. The Company operates in a competitive environment where strategies, such as pricing, product differentiation and marketing initiatives, are crucial for maintaining and increasing market share. A keen understanding of competitor activities and consumer preferences enables the Company to adapt its strategies effectively. For further details the Company's competitors, see Section 3.2.11 (*Competitive Landscape - Poultry*), and Section 3.2.12 (*Competitive Landscape – Eggs*).

To navigate these market dynamics, the Company relies on its dedicated sales and distribution staff, coupled with strong partnerships with distributors. This dual approach ensures a comprehensive market coverage and an extensive customer reach. The sales team's expertise in understanding market trends and customer needs, combined with the distributors' local market knowledge and networks, enables the Company to effectively position its products in diverse markets, ensuring consistent reach and reinforcing its presence in the poultry industry.

4.7.6.2 Table Eggs Segment Customers

The Company's table eggs segment, catering to domestic markets, encompasses a diverse customer base. This segment is distinct in its clientele, engaging various market categories ranging from large-scale retailers to independent local stores. These customers include supermarkets and hypermarkets, known for their wide consumer reach and high-volume sales. Additionally, the segment serves smaller retail outlets and specialty stores, catering to niche markets with specific consumer preferences. The Company also extends its reach to the food service industry, supplying eggs to restaurants and catering services, where quality and consistency are paramount. This varied customer base illustrates the Company's ability to adapt its supply chain to different market needs, ensuring a broad and consistent distribution of its table eggs products. The Company's strategy in this segment is designed to maximise market penetration and customer satisfaction, adapting to various consumer demands and preferences.

4.7.6.3 Red Meat Segment Customers

The Company's red meat segment primarily caters to domestic consumers, with its lamb products being sold through the Company's online store. This digital platform offers a convenient shopping experience for end-consumers, allowing them to select from a range of high-quality lamb products. The online store serves as a direct link between the Company and its customers, bypassing traditional retail channels. This direct-to-consumer model allows for better control over product quality, pricing and customer service. The Company ensures that the lamb products available online meet high standards of quality, catering to a consumer base that values premium, fresh products. This approach not only streamlines the distribution process but also enables the Company to gather valuable consumer data, enhancing its understanding of customer preferences and behaviour. The focus on an online sales strategy reflects the Company's adaptability to modern retail trends and commitment to meeting the evolving needs of consumers in today's digital age.

4.7.6.4 Cold Store Customers

In the Company's cold store segment, the focus is on leveraging excess storage capacity by offering surplus cold storage capacity to a range of domestic clients, catering to businesses that require additional storage solutions. These clients come from various sectors, including food and beverage, pharmaceuticals and other industries needing high-quality, temperature-controlled storage spaces. This approach demonstrates the Company's efficient resource utilisation.

4.7.7 Suppliers

The Company's procurement and supply chain management are critical components of its operational success, particularly in sourcing key inputs for its diverse segments. The Company relies on globally renowned producers and suppliers for major input materials, equipment and consumables, which are vital for its poultry production and processing. These materials include hatching eggs, feed grains, medications, vaccines and feed additives for the poultry segment. Packaging materials, essential across all segments, are sourced from multiple local and international suppliers, ensuring diversity and reliability in supply.

The Company's procurement strategy is a balanced mix of long-term agreements and short-term contracts, designed to secure the optimal balance between volume, quality and pricing. This strategy not only aims to maximise profitability but also ensures efficient inventory management across different revenue streams, avoiding stock shortages and optimally utilising working capital.

In terms of logistics, the Company outsources both dry and cold goods transportation to support its inbound and outbound logistics needs. Additionally, operational and maintenance support for its farming and processing functions are contracted out. These services are secured through a blend of long-term and short-term contracts, with clearly defined KPIs forming the basis of regular evaluations. This outsourcing strategy enhances operational efficiency and allows the Company to focus on its core competencies.

Furthermore, the Company's size, history and track record have supported long-standing relationships with suppliers, enabling it to secure raw materials at competitive prices and maintain supply even during market shortages. For instance, during the COVID-19 pandemic, the Company's diversified base of suppliers and optimised inventory management practices played a crucial role in mitigating supply chain disruptions, a testament to its robust supply chain management. Competitive quotes and detailed specifications are routinely sought to ensure the best pricing and quality of inputs.

The Company's purchases from its top five suppliers amounted to SAR 371.2 million, SAR 550.8 million, SAR 709.3 million, and SAR 197.5 million during the financial years ended 31 December 2021G, 2022G, 2023G, and the three-month period ended 31 March 2024G, respectively. The following tables provide details regarding the Company's key suppliers:

Table 4.32: Details of the Company's Top Five Suppliers in the Financial Year Ended 31 December 2021G:

Supplier	Supplier's Country	Nature of Supplier	Nature of the Company's Purchases	Nature of the Relationship	Supplier Independence	Value of Purchases (SAR)	Percentage of Total Cost of Revenue
ARASCO – Feed Sector	Saudi Arabia	Closed Joint Stock Company	Feed supply.	Related party	Substantial Shareholder	192,189,270	30%
(Supplier 2)	Belgium	Limited Liability Company	Supply of imported hatching eggs.	Contractual	Independent	74,106,637	12%
(Supplier 3)	Spain	Limited Liability Company	Supply of imported hatching eggs.	Contractual	Independent	37,209,501	6%
(Supplier 4)	Saudi Arabia	Farm Owner	Broiler breeding services.	Contractual	Independent	36,685,005	6%
(Supplier 5)	Saudi Arabia	Trading Establishment	Broiler breeding services.	Contractual	Independent	31,025,095	5%
Total						**371,215,507**	**58%**

Source: The Company.

Table 4.33: Details of the Company's Top Five Suppliers in the Financial Years Ended 31 December 2022G:

Supplier	Supplier's Country	Nature of Supplier	The nature of the Company's Purchases	Nature of the Relationship	Supplier Independence	Value of Purchases (SAR)	Percentage of Total Cost of Revenue
ARASCO – Feed Sector	Saudi Arabia	Closed Joint Stock Company	Feed supply.	Related Party	Substantial Shareholder	343,042,683	43%
(Supplier 2)	Belgium	Limited Liability Company	Supply of imported hatching eggs.	Contractual	Independent	77,175,380	10%
(Supplier 3)	Saudi Arabia	Trading Establishment	Broiler supply services.	Contractual	Independent	50,078,036	6%
(Supplier 4)	Spain	Limited Liability Company	Supply of imported hatching eggs.	Contractual	Independent	43,176,105	5%
(Supplier 5)	Saudi Arabia	Farm Owner	Broiler breeding services.	Contractual	Independent	37,374,764	5%
Total						**550,846,967**	**69%**

Source: The Company.

Table 4.34: Details of the Company's Top Five Suppliers in the Financial Years Ended 31 December 2023G:

Vendor	Supplier's Country	Nature of Supplier	Nature of the Company's Purchases	Nature of the Relationship	Supplier Independence	Value of Purchases (SAR)	Percentage of Total Cost of Revenue
ARASCO – Feed Sector	Saudi Arabia	Closed Joint Stock Company	Feed supply.	Related Party	Substantial Shareholder	438,054,592	50%
(Supplier 2)	Belgium	Limited Liability Company	Supply of imported hatching eggs.	Contractual	Independent	95,780,387	11%
(Supplier 3)	Saudi Arabia	Limited Liability Company	Construction Services.	Contractual	Independent	80,859,687	9%
(Supplier 4)	Saudi Arabia	Trading Establishment	Broiler supply services.	Contractual	Independent	53,514,643	6%
(Supplier 5)	Saudi Arabia	Trading Establishment	Broiler supply services.	Contractual	Independent	41,093,941	5%
Total						**709,303,250**	**82%**

Source: The Company.

Table 4.35: Details of the Company's Top Five Suppliers for the Three-Month Period Ended 31 March 2024G:

Supplier	Supplier's Country	Nature of Supplier	Nature of the Company's Purchases	Nature of the Relationship	Supplier Independence	Value of Purchases (SAR)	Percentage of Total Cost of Revenue
ARASCO – Feed Sector	Saudi Arabia	Closed Joint Stock Company	Feed supply.	Related party	Substantial Shareholder	137,333,416	52%
(Supplier 2)	Belgium	Limited Liability Company	Supply of imported hatching eggs.	Contractual	Independent	18,486,787	7%
(Supplier 3)	Saudi Arabia	Limited Liability Company	Supply of hatching eggs.	Contractual	Independent	16,679,405	6%
(Supplier 4)	Saudi Arabia	Trading Establishment	Broiler breeding services.	Contractual	Independent	15,391,822	6%
(Supplier 5)	Oman	Closed Joint Stock Company	Supply of hatching eggs.	Contractual	Independent	9,630,225	4%
Total						**197,521,655**	**75%**

Source: The Company.

4.7.8 Information Technology

The Company's information technology (IT) infrastructure plays an important role in its operational success. Recognising the importance of IT, the Company has invested in developing an integrated system that encompasses key business areas, including production, supply chain management, sales and financial operations. This system significantly improves both internal coordination and external client relations.

Key elements of the Company's IT infrastructure are:

- **Customised ERP Solutions**: The Company utilises tailored Enterprise Resource Planning (ERP) systems that cover all critical aspects of its operations. These systems enable efficient handling of production schedules, inventory control, financial transactions, client relationship management and human resources;
- **Cloud Technology**: The ERP system currently utilises the Company's servers and IT department infrastructure but is currently moving this system to the cloud, offering flexibility, enhanced security and mobility. This will enable real-time data access and management, promoting quick decision-making and operational responsiveness;
- **Advanced Analytics and Data Management**: Sophisticated data analysis tools and business intelligence software are employed to synchronise data across departments, providing valuable insights for strategic decision-making; and
- **Regular IT Security and Regular Compliance**: Acknowledging the criticality of data security, the Company maintains a strong focus on the fundamentals of data related to IT security. Regular training for staff and frequent security assessments ensures a robust and secure IT environment.

This advanced IT setup streamlines operations and gives the Company a competitive advantage by enabling rapid adaptation to market trends and customer needs. The integration of modern technology highlights the Company's dedication to innovation and continuous operational enhancement.

4.7.9 Research and Development

As of the date of this Prospectus, although the Company does not have a formal R&D department, it performs research and development activities in the following ways:

- **Livestock Department**: The Company focuses on providing high-quality halal poultry products, leveraging advanced technologies and premium farming practices to meet local consumer preferences. The department spearheads research and development initiatives to continuously improve animal health, welfare and production efficiency. This involves:
  - Feed Conversion Ratio Improvement: The Company uses high-quality feed and innovative formulations to enhance nutrient delivery, improving growth rates and reducing fattening periods;
  - Vet Cost Optimisation: By employing biosecurity measures and automated systems for monitoring and managing livestock health, the Company reduces veterinary costs and enhances animal welfare;
  - Cleaning Operations Enhancement: The Company implements stringent hygiene protocols to minimise disease outbreaks and improve production efficiency;
  - Harvest Processes (Both Manual And Automated): The Company explores both manual and automated harvesting systems to optimise efficiency and product quality; and

- Cargill Engagements by Using Internet of Things Tools (Automated Weighing): Collaborations with Cargill and other partners enable the use of IoT tools for automated weighing and real-time monitoring of bird health and weight.

- **Production Department**: This department leverages research and development to improve overall production efficiency and product quality. This involves:
  - Automation: The Company integrates automated systems in its processing plants to streamline operations and improve product consistency;
  - Shelf-Life Studies: Research into extending the shelf life of poultry products ensures freshness and quality for consumers;
  - Water Treatment And Energy: The Company invests in advanced water treatment and energy-efficient technologies to enhance sustainability and reduce operational costs; and
  - Protein Factory: Ongoing projects like the blood meal initiative demonstrate the Company's commitment to innovative and sustainable protein production.

- **Marketing Department**: Utilises research and development to better understand consumer preferences and develop innovative products that meet market demands. This involves:
  - Consumer Insights: The Company conducts extensive market research to understand consumer preferences and tailor its products accordingly;
  - Research in Relation to Rebranding: Continuous efforts in rebranding and packaging improvements aim to enhance customer appeal and brand value; and
  - New Product Development and Other Activities: The Company focuses on developing new and innovative poultry products to meet evolving market demands.

By integrating these specific initiatives and strategies, the Company exemplifies its commitment to quality, innovation, and sustainability. This comprehensive approach ensures the Company remains at the forefront of the industry, driving long-term success and growth.

4.8 Future Plans and Initiatives

The following are the main initiatives underway within the Company and/or planned to be launched within the coming 12 months:

- **Broiler Farms Expansion**: In line with the Company's strategy of growth and expansion, it is undergoing an expansion programme for its broiler farms with the aim of increasing its production capacity to 600,000 birds daily by 2025G.
- **Breeder Self-Sufficiency**: In a bid to increase breeder self-sufficiency, the Company has entered into a lease agreement for three breeding production farms (one breeding farm and two production farms) that started in April 2024G with a production capacity of 36 million hatching eggs per year, with the first farm having started rearing breeder flock in May 2024G, and the production of hatching eggs is expected during the last quarter of 2024G.
- **Commercial Excellence**: The Company is committed to achieving commercial excellence by implementing several strategic initiatives aimed at optimising operations and enhancing customer satisfaction. These initiatives include the adoption of advanced data analytics to better understand market trends and customer preferences, the implementation of a robust customer relationship management (CRM) system to improve customer interactions and retention and the enhancement of sales channels both online and offline to increase market penetration and accessibility. The Company also plans to invest in employee training programmes to ensure the sales and marketing teams are equipped with the latest industry knowledge and skills.
- **Innovation Programme**: The Company understands the role of innovation as a driver of sustainable growth and profitability. In a competitive market, innovation in product development and more holistic concepts will fuel expansion and market share acquisition particularly given the shifts in consumer behaviour in the Kingdom and the wider GCC markets in recent years. Over a comparatively short time frame, consumer purchase and eating habits have changed as have mealtimes and the composition and duration of meals. The Company is currently developing a comprehensive, well -considered and fully resourced programme of innovation with the aim of developing bespoke products to meet new consumer needs and evolving requirements, with food products that delight the consumer, solve problems rooted in insights and deliver enhanced profitability.
- **Renewable Energy and Sustainability Initiatives**: The Company is exploring initiatives to integrate renewable energy sources into its operations, including the installation of solar panels at its farms and processing facilities to reduce dependency on non-renewable energy sources and lower carbon emissions. Additionally, the Company is committed to sustainability and environmental stewardship by adopting sustainable farming practices, reducing water usage through advanced irrigation systems and implementing measures to reduce greenhouse gas emissions. The Company also plans to work with local communities and stakeholders to promote environmental awareness and conservation efforts.

- **Farm Hygiene and Disinfection**: The Company is implementing a new farm hygiene and disinfection programme aimed at enhancing biosecurity and reducing the risk of disease outbreaks. This programme involves the use of advanced disinfection techniques, regular monitoring and audits of hygiene practices, and training for farm staff on best practices in biosecurity. This is expected to further reduce disease rates and enhance the overall health of poultry stock, building upon the company's already excellent track record.
- **Waste Management**: The Company is initiating a comprehensive waste management programme to address environmental concerns and improve sustainability. This includes the development of a waste recycling and composting system to manage organic waste from poultry farms, the installation of waste treatment plants to handle processing facility by-products and the implementation of a zero-waste policy aimed at minimising landfill use. As of the date of this Prospectus, the final time for completing the programme has not been determined.

These initiatives are designed to support the Company's long-term strategic goals, enhance operational efficiency, and ensure sustainable growth while maintaining high standards of quality and customer satisfaction.

4.9 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 key administrative support departments:

4.9.1 Finance Department

The Finance Department is pivotal in the Company's operations, ensuring accurate and timely financial information to support decision-making, safeguarding assets and enforcing strong internal control systems. This department is responsible for managing financial reporting, adhering to accounting policies and ensuring compliance with regulatory requirements. It also leads financial planning, assisting senior management in formulating strategies and translating these strategies into concrete financial plans. The department also ensures sufficient funds and liquidity to meet the Company's obligations, manages working capital and continuously develops internal controls to safeguard assets and ensure efficient workflow. Additionally, it handles payments to suppliers, manages banking relationships, develops KPIs and provides strategic recommendations. It plays a crucial role in risk management by ensuring adequate insurance coverage and monitoring currency, interest rate and credit risks. The department is also responsible for preparing and filing Zakat and tax returns and it collaborates closely with internal and external auditors for effective financial audits.

4.9.2 Supply Chain Department

The Supply Chain Department is tasked with the vital role of ensuring successful customer fulfilment by managing a network of stakeholders involved in all operations from upstream operations all the way to downstream operations to ensure success customer delivery. The Supply Chain Department performs three main functions: sales and operations planning, logistics, and procurement. It plays a crucial part in the delivery of finished products to customers, by offering precise forecasting of product needs, capacity, materials and timelines. The acquisition process is methodically managed to secure required items within set timeframes as well as ensure quality standards, price and terms. Additionally, the department oversees the timely movement and availability of a climate-controlled fleet for transportation and storage of raw, in-process and finished products. This involves developing detailed material supply and procurement plans, selecting and negotiating with suppliers and maintaining robust supplier relations. Regular market checks for new suppliers and better terms are also a key function. Close coordination with the Sales Department and Marketing Department ensures that storage and fleet requirements are efficiently met.

4.9.3 Marketing Department

The Marketing Department plays a central role in crafting and implementing the Company's marketing strategies, which are aligned with its overarching objectives. The department's focus is on building the profile and credentials of the "Entaj" brand, making it relevant to consumers. This involves developing and executing marketing strategies aimed at growth and expansion, translating these strategies into actionable plans to bolster brand equity and drive sales. The department is also responsible for planning and executing advertising and promotional activities, assessing their effectiveness and gathering market intelligence to stay ahead of competitors. Regular market research and customer interactions are conducted to understand consumer demands, needs and preferences and to meet and exceed these needs. The department evaluates the brand's performance indicators on an on-going basis as a measure of performance.

4.9.4 Sales Department

The Sales Department is charged with the responsibility of ensuring the "Entaj" brand and its products are available as widely as possible. To this end, the department employs a carefully calibrated channel strategy, designed to guarantee the right product is available in the right place and at the right price on a consistent basis. The management of relationships with customers is a critical area as is the provision of market intelligence to the Marketing Department, to ensure product offerings meet customer needs. A key aspect of the role is forecasting consumer demand based on historical data and future trends, ensuring coordination with production departments to meet these demands effectively.

4.9.5 Legal Department

The Legal Department is responsible for a range of critical functions. Its duties include reviewing legal documents, constitutional papers and contracts, ensuring all aspects adhere to legal standards. The department provides indispensable legal advice to both the Board of Directors and Senior Management on various legal affairs concerning the Company. Additionally, it is tasked with drafting contracts and agreements, representing the Company in legal proceedings and actively pursuing lawsuits when necessary. Offering legal guidance to the Company's administrative departments is another vital role, alongside staying updated with laws, regulations and directives relevant to the Company's operations. Furthermore, the department supervises the holding of General Assembly meetings and liaises with relevant government authorities, ensuring smooth and compliant corporate governance.

4.9.6 Internal Audit Department

The Internal Audit Department is essential in evaluating the Company's governance policies, risk management and internal control systems. Its primary role includes assessing the effectiveness of these systems in achieving the Company's goals and objectives. The department scrutinises risk exposure related to strategic objectives, the integrity of information systems and compliance with relevant policies, laws and regulations. It ensures the safeguarding of assets and evaluates the efficacy of resource utilisation. Additionally, the department assesses the consistency of the Company's operations with its goals and the effectiveness of corporate governance and risk management processes. It also reviews the performance of external auditors and provides consultancy services on governance, risk management and control. Regular reporting on its activities to the Audit Committee and evaluating operations at the request of senior management or the Audit Committee are also part of its responsibilities.

4.9.7 Human Resources Department

The Human Resources (HR) Department at the Company plays a pivotal role in the strategic development and nurturing of its workforce. It oversees the recruitment of skilled professionals, ensuring that the staff aligns with the Company's strategic needs and culture. Beyond recruitment, the department is committed to the continuous professional development of the team, designing and implementing comprehensive training programs that enhance skills and knowledge. It also defines job descriptions and employment policies to maintain clarity and structure within the organisation. The HR team is integral in conducting employee orientation and ongoing performance assessments, playing a key role in employee career progression and satisfaction. The department ensures that the workplace environment adheres to regional employment laws and regulations, maintaining a fair and compliant work setting. Additionally, the department is proactive in supporting employee welfare, implementing initiatives aimed at enhancing job satisfaction and engagement, such as team-building activities, health and wellness programs and opportunities for personal growth. This multifaceted approach by the HR department exemplifies the Company's commitment to creating a positive, dynamic and productive workplace, thereby contributing significantly to the overall success and sustainability of the organisation.

4.9.8 Information Technology Department

The Information Technology Department at the Company is integral in aligning technology with the Company's strategic objectives and expansion plans. It ensures the employment of appropriate technology resources and infrastructure, maintaining the Company's systems, servers, storage units and networks in optimal condition. The department also manages access to information technology resources, handling ERP systems and constantly updating them. A significant focus is also on automating processes and reports to timely provide relevant information to users. A nother crucial aspect of the department's role involves ensuring the safety and security of the Company's information. This includes robust disaster recovery plans and safeguarding against potential cyberattacks, thereby maintaining the integrity and availability of the Company's digital resources.

4.10 Environmental, Social and Governance (ESG) and Corporate Social Responsibility (CSR) Commitment

The Company is committed to sustainability and Corporate Social Responsibility (CSR), recognising the importance of these practices not only for environmental protection but also for building a strong, positive brand reputation. It is dedicated to making a positive impact through robust ESG practices which include the following:

4.10.1 Environmental Stewardship

The Company is strictly committed to minimising its environmental impact. It focuses on the responsible sourcing practices for raw materials to ensure these materials strictly meet ethical and sustainability standards. Adopting water and energy efficiency initiatives is an integral part of its Environmental, Social, and Governance (ESG) disclosure strategy. For example, the Company uses air cooling technology for its poultry products, conserving water and ensuring higher product quality by avoiding water absorption in the chicken, which enhances flavour and texture. Additionally, the Company reduces water usage through advanced irrigation systems. The Company is also exploring initiatives to integrate renewable energy sources into its operations, including the installation of solar panels at its farms and processing facilities to reduce dependence on non-renewable energy sources and lower carbon emissions. These initiatives aim to cover a significant portion of the Company's energy needs through renewable sources.

The Company is also committed to reducing waste generation across all stages of its supply chains by adhering to the waste reduction strategies outlined in its sustainability programme. It has implemented innovative solutions to minimise waste at every stage of production and distribution. For example, the Company focuses on high production efficiency and uses modern farming techniques to ensure waste reduction and optimal resource utilisation.

Furthermore, the Company ensures strict compliance with environmental regulations and standards. Engaging with stakeholders is also a core element of the Company's ESG strategy. The Company actively seeks feedback from shareholders, customers, employees, and community members to enrich its environmental initiatives and ensure alignment with their values and expectations. These measures reflect the Company's holistic approach to environmental responsibility, recognising the importance of water as a scarce resource and its commitment to preserving it for future generations

4.10.2 Social Responsibility

The Company recognises that its employees are its most valuable asset, and their health and well-being are paramount. As articulated in its CSR principles, the Company is committed to providing a safe, inclusive and supportive work environment that promotes growth, diversity and equal opportunities for all. This commitment extends beyond compliance with regulations to encompass proactive measures to enhance employee well-being. It invests in comprehensive health and wellness programmes, mental health resources, ergonomic workspaces and employee assistance programmes to support the physical, mental and emotional health of our workforce. Inspired by its CSR principles, the Company actively engages with, and supports, local communities through a variety of initiatives aimed at addressing critical social needs. It recognises its responsibility as a national company to contribute positively to society and make a meaningful impact beyond business operations. Upholding the highest ethical standards is foundational to the Company's corporate culture and governance framework. It is committed to conducting business with integrity, transparency and fairness in all its interactions.

4.10.3 Governance Excellence

The Company maintains a governance structure that is closely aligned with the principles of accountability outlined in its Sustainability Programme. This structure ensures that governance practices are integrated into its broader sustainability strategy, guiding decision-making processes and actions. The Company's commitment to compliance extends to all relevant laws, regulations and industry standards. It has established comprehensive compliance programmes and procedures to ensure that it operates within legal and regulatory frameworks. Comprehensive risk management practices are integral to its governance framework. The Company employs a proactive approach to identify, assess and mitigate potential risks and uncertainties that may impact its business operations or stakeholders. It regularly conducts risk assessments, scenario analyses and stress tests to evaluate its exposure to various risks, including environmental, social and governance factors. Reflecting the values of its Sustainability Programme and CSR principles, the Company actively engages with stakeholders to support open communication and incorporate diverse perspectives into its decision-making processes. It recognises the importance of engaging with shareholders, employees, customers, suppliers, regulators and other stakeholders to understand their concerns, priorities and expectations.

4.10.4 Employee Welfare and HSSE Programs

The Company integrates employee wellbeing and HSSE programmes into a comprehensive programme, recognising that both aspects are crucial to its success. This programme covers a range of initiatives, ensuring a healthy, safe and nurturing work environment. Prioritising health and safety, the Company provides necessary training and tools for maintaining workplace safety, while also focusing on professional development through skills enhancement programmes. The programme supports a supportive work environment, enhancing employee satisfaction and productivity. Additionally, a robust HSE Management System has been implemented, adhering to international standards and tailored to the unique challenges of poultry production. This system involves regular monitoring and evaluations to ensure safe operations and compliance with relevant standards, demonstrating the Company's commitment to employee well-being and operational excellence.

4.10.5 Sustainable Supply Chain Management

The Company is deeply committed to ensuring the sustainability of its supply chain. This commitment involves a proactive approach to collaborating with suppliers, ensuring they adhere to environmentally friendly and ethical practices. The Company conducts regular evaluations of its suppliers' operations, ensuring they meet stringent sustainability criteria, including the use of renewable resources, waste reduction and ethical labour practices. These efforts are part of a larger strategy to promote sustainability at every stage of the supply chain, from sourcing raw materials to the final delivery of products. By advocating and implementing these practices, the Company not only minimises its environmental impact but also sets a standard for responsible business practices in the industry. This holistic approach to sustainable supply chain management reflects the Company's dedication to making a positive impact on both the environment and society.

4.10.6 Promoting CSR in Marketing

In its broader communication with stakeholders, the Company sets out to highlight its CSR initiatives. This strategic communication helps customers and consumers understand the Company's commitment to sustainability and social responsibility. The campaigns focus on storytelling, showcasing real-life examples of the Company's CSR impact, thereby enhancing the brand's reputation and connecting with consumers on a deeper level. Through these comprehensive sustainability and CSR initiatives, the Company not only seeks to contribute positively to the environment and society but also aims to strengthen its brand image as a responsible and forward-thinking organisation.

4.11 Business Continuity

There has been no suspension or interruption in the Company's business during the 12 month period preceding the date of this Prospectus which would affect, or have a significant impact on, its financial position and, as of the date of this Prospectus, no material change in the nature of its business is contemplated.

Organisational Structure and Corporate Governance

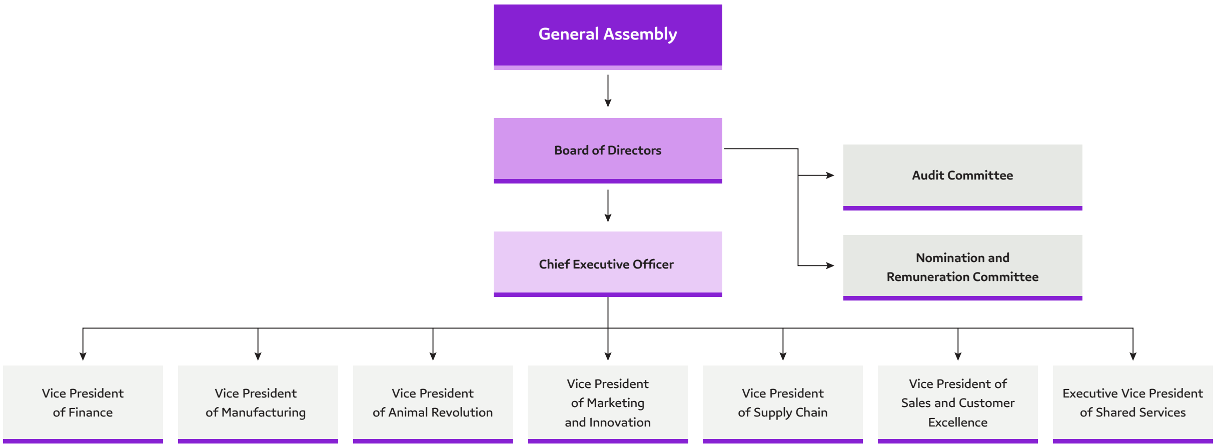
5. Organisational Structure and Corporate Governance

5.1 Organisational Structure

The shareholders of the Company delegate the responsibility of the general guidance, supervision, and oversight of the Company to the Board of Directors. The Board of Directors, in turn, delegates responsibility for overall day-today management of the Company to the Senior 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	Pre-Offering			Post-Offering		
	Number of Shares	Shareholding (%)(1)	Nominal Value (SAR)	Number of Shares	Shareholding (%)(1)	Nominal Value (SAR)
ARASCO	28,530,000	95.10%	285,300,000	19,530,000	65.10%	195,300,000
Ocean Line Shipping Services Company(1)	1,470,000	4.90%	14,700,000	1,470,000	4.90%	14,700,000
Public	-	-	-	9,000,000	30.00%	90,000,000
Total	**30,000,000**	**100.00%**	**300,000,000**	**30,000,000**	**100.00%**	**300,000,000**

Source: The Company.

(1) ARASCO owns the entire share capital of Ocean Line Shipping Services Company. As a result, ARASCO holds the entire share capital of the Company both directly and indirectly Pre- Offering.

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 six (6) Directors who are appointed by the General Assembly by means of cumulative vote, and they were appointed by the General Assembly on 22 Jumada al-Ula 1445H (corresponding to 6 December 2023G) (for further details, see Section 11.12 (*Summary of Bylaws*)). The Companies Law, the Corporate Governance Regulations, the Bylaws, and the internal Corporate Governance Manual of the Company determine the duties and responsibilities of the Board of Directors. In accordance with the Company's Bylaws, the term of office of the Directors, including the Chairman of the Board, is a maximum of four years per session, and they may be re-elected. The current session of the Board of Directors commenced on 19 Jumada al-Akhirah 1445H (corresponding to 1 January 2024G) and will end on 3 Sha'ban 1449H (corresponding to 31 December 2027G).

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

Table 5.2: Company's Board of Directors as of the date of this Prospectus

Name	Position	Nationality	Status(1)	Share Ownership				Date of Appointment (3)
				Direct		Indirect(2)		
				Pre-Offering	Post-Offering	Pre-Offering	Post-Offering	
Bader Hamed Abdul Razzaq Al Aujan	Chairman	Saudi	Non-Independent	-	-	-	-	28 Jumada al-Ula 1445 (corresponding to 12 December 2023G)
Ziyad Abdullatif Saleh Al Sheikh(4)	Vice Chairman	Saudi	Non-Executive	-	-	0.85%	0.59%	28 Jumada al-Ula 1445H (corresponding to 12 December 2023G)
Fahad Mutlaq Saleh Al Henaki	Board Member	Saudi	Non-Executive	-	-	-	-	22 Jumada al-Ula 1445H (corresponding to 6 December 2023G)
Ibrahim Abdulaziz Ibrahim Al Muhanna	Board Member	Saudi	Independent	-	-	-	-	22 Jumada al-Ula 1445H (corresponding to 6 December 2023G)
Faris Abdullah Ibrahim Al Habib (5)	Board Member	Saudi	Non-Executive	-	-	1.49%	1.04%	22 Jumada al-Ula 1445H (corresponding to 6 December 2023G)
Rami Hassan Farhat	Board Member	Lebanese	Independent	-	-	-	-	28 Safar 1446H (corresponding to 1 September 2024G)(6)

Source: The Company.

(1) Independent Member: a non-executive member of the Board of Directors who enjoys complete independence in their position and decisions, and none of the conditions affecting independence, as stipulated in the Corporate Governance Regulations, apply to them. These conditions are as follows:

- If he/she holds five percent or more of the shares of the Company or any other company within its Group; or is a relative of who owns such percentage;
- If he/she is a relative of any member of the Board of the Company, or any other company within the Company's Group;
- If he/she is a relative of any Senior Executive of the Company, or of any other company within the Company's Group;
- If he/she is a Board member of any company within the Group of the Company for which he/she is nominated to be a Board member;
- If he/she is an employee or used to be an employee, during the two preceding years, of the Company or a company within its Group, or if he/she 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 main suppliers during the preceding two years;
- If he/she has a direct or indirect interest in the businesses and contracts executed for the Company's account;
- If the member of the Board receives financial consideration from the Company in addition to the remuneration for his/her membership of the Board or any of its committees exceeding an amount of (SAR 200,000) or 50 per cent. of his/her remuneration of the last year for the membership of the Board or any of its committees, whichever is less;
- If he/she engages in a business where he/she competes with the Company, or conducting businesses in any of the Company's activities;
- If he/she served for more than nine years, consecutive or inconsecutive, as a Board member of the Company.

(2) For more details on the final individual shareholders of the Company and their indirect ownership percentages in the Company, see Section 4.4 (*Current Shareholding Structure*).

(3) The dates provided in this table are the dates of appointment to the current positions on the Board of Directors. The biographies of the Board members below show the dates of their appointments to the Board or any other positions.

(4) As of the date of this Prospectus, Ziyad Abdullatif Saleh Al Sheikh indirectly owns approximately 256,500 shares in the Company as a result of his direct ownership of 12.5 per cent. of the shares of Al Emar Agricultural Group, which in turn owns 6.84 per cent. of ARASCO, which in turn directly owns 95.1 per cent. of the Company's Shares.

(5) As of the date of this Prospectus, Faris Abdullah Ibrahim Al Habib owns approximately 446,126 shares in the Company indirectly as a result of his direct ownership of 99.00 per cent. of Faris Abdullah Ibrahim Al Habib Commercial Investment Co., which owns 12.00 per cent. of the shares of Abnaae Holding Group, which fully owns Mafaz International Development Company, which in turn owns 12.39 per cent. of the share capital of ARASCO, which in turn directly owns 95.1 per cent. of the Company's Shares and indirectly holds an additional 4.9 per cent.

(6) The vacant Board member position was filled by the appointment of Rami Hassan Farhat pursuant to the Board of Directors resolution on 12 Safar 1446H (corresponding to 16 August 2024G, and the approval by the General Assembly of his appointment on 21 Rabi' al-Awwal 1446H (corresponding to 24 September 2024G).

The current Secretary of the Board of Directors is Ali Abdulrahman Othman Al-Ghamdi, who was appointed pursuant to a resolution of the Board of Directors dated 28 Jumada al-Ula 1445H (corresponding to 12 December 2023G) (for more details on the Secretary's summary biography, see Section 5.2.4.6 (*Rami Hassan Farhat, Director*)).

5.2.2 Responsibilities of the Board of Directors

The Company is supervised by a Board of Directors consisting of professional and highly experienced persons. Subject to powers set by the General Assembly in the Companies Law and its Executive Regulations, as well as the Company's Bylaws, the Board of Directors shall have 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 Senior Management.

Some powers are delegated to the Company's Committees, consisting of the Audit Committee and the Nomination and Remuneration 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 4.9 (*Administrative Support Departments*)). 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

With due regard to the competencies for the General Assembly, the Board of Directors shall have the widest powers in managing the Company in order to achieve its objectives inside and outside the Kingdom. The powers and 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;
- 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, Senior 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 Senior 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 Related Parties;
- Establishing and implementing policies, standards, and procedures related to the membership of the Board of Directors;
- Ensuring alignment of strategy 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 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; and
- Reviewing the effectiveness of the Company's internal control systems.

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 through the appropriate means;
- 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 Senior 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;
- 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 updating and implementation of the Company's corporate governance in cooperation with the Compliance Department;
- 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;
- With assistance from the Compliance Department, 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

No service contracts or employment contracts have been concluded between the Company and the members of the Board of Directors.

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 Bader Hamed Abdul Razzaq Al Aujan, Chairman

Nationality:	Saudi.
Age:	56 years.
Position:	Chairman of the Board of Directors of the Company.
Capacity:	Non-Independent.
Appointment Date (Current Term):	28 Jumada al-Ula 1445H (corresponding to 12 December 2023G).
Academic and Professional Qualifications:	Bachelor of Science in Mechanical Engineering, King Saud University, Riyadh, Saudi Arabia, 1992G.
Current Positions:	– Chairman of the Board of Directors of the Company, since 2023G; – Chairman of the Board of Directors, Al-Mutlaq Group, a closed joint stock company operating operating in the industrial, real estate and investment sectors, since 2024G; – Member of the Board of Directors, National Food Industries Company Ltd, a limited liability company operating in the food sector, since 2023G; – Member of the Board of Directors, National Biscuits and Confectionery Company, a limited liability company operating in the food sector, since 2023G; – Chairman of the Board of Directors, Abdullah Al Othaim Markets – Egypt, a public joint stock company operating in the consumer goods and retail sector, since 2021G; – Member of the Board of Directors and member of the Investment Committee, Saudi Agricultural and Livestock Investment Company (SALIC), a closed joint stock company operating in the food sector, since 2023G; – Member of the Board of Directors, National Aquaculture Group (NAQUA), a closed joint stock company operating in the agriculture, seafood trade and distribution sector, since 2023G; – Chairman of the Board of Directors, Fourth Milling Company, a public joint stock company operating in the food sector, since 2021G; – Member of the Board of Directors, Al Woustah Food Services Company, a limited liability company operating in the food services sector, since 2021G; – Vice Chairman and Member of the Executive Committee, Abdullah Al-Othaim Markets Company, a public joint stock company operating in the consumer goods and retail sector, since 2021G; and – Chairman and member of the Executive Committee, Al-Jouf Agricultural Development Company, a public joint stock company operating in the agricultural production sector, since 2019G.

Key Past Professional Experience:	– Vice Chairman and Chairman of the Executive Committee, Arabic Company for Agriculture Services (ARASCO), a closed joint stock company operating in the food supply and food security sector, from 2021G to 2024G; – Member of the Board of Directors, Mueen Human Resources Company, a closed joint stock company operating in the human resources sector, from 2021G to 2023G; – Member of the Board of Directors, Riyadh Food Industries Co., a closed joint stock company operating in the food sector, from 2021G to 2023G; – Board Member, Mayar Foods, a limited liability company operating in the food sector, from 2005G to 2022G; – Member of the Board of Directors, Jarir Marketing Company, a public joint stock company operating in the wholesale and retail trade sector, from 2019G to 2022G; – Board Member, Al Safi Danone Dairy Company, a limited liability company operating in the dairy products sector, from 2019G to 2021G; – Member of the Board of Directors, National Food Industries Company, a limited liability company operating in the food sector, from 2019G to 2021G; – Board Member, Savola Foods Company, a limited liability company registered in Iran operating in the food business and food security sector, from 2014G to 2021G; – Member of the Board of Directors, United Sugar Company, a closed joint stock company operating in the food sector, from 2011G to 2021G; – Member of the Board of Directors, Afia International Company, a closed joint stock company operating in the food sector, from 2014G to 2021G; – Member of the Board of Directors, National Biscuit and Confectionery Company, a limited liability company operating in the food sector, 2019G to 2021G; – Member of the Board of Directors, Savola Food Company, a public joint stock company operating in the food business and food security sector, from 2009G to 2021G; and – Member of the Board of Directors and Chief Executive Officer, Savola Food Company, a limited liability company registered in the Republic of Egypt Arabic operating in the food business and food security sector, from 2014G to 2018G.

5.2.4.2 Ziyad Abdullatif Saleh Al Sheikh, Vice Chairman

Nationality:	Saudi.
Age:	47 years.
Position:	Company Vice Chairman.
Capacity:	Non-Executive.
Appointment Date (Current Term):	28 Jumada al-Ula 1445H (corresponding to 12 December 2023G).
Academic and Professional Qualifications:	– Bachelor of Science in Marketing, King Fahd University of Petroleum and Minerals, Dhahran, Saudi Arabia, 2002G; and – General Administration Executive Leadership Development Programme, Harvard Business School, Boston, United States, 2014G.
Current Positions:	– Member of the Board of Directors of the Company, since 2023G; – Chief Executive Officer, ARASCO, a closed joint stock company operating in the food supply and food security sector, since 2024G; – Chairman of the Board of Directors, (IDAC) Merieux NutriSciences Company, a mixed limited liability company operating in the inspection, diagnostics and laboratory analysis sector, since 2024G; – Member of the Board of Directors, Middle East Food Solutions Company (MEFSCO), a mixed limited liability company operating in the food solutions industries sector, since 2024G; – Member of the Board of Directors, Bahri Bulk Cargo Company, a limited liability company operating in the maritime transport sector, since 2024G; and – Chief Executive Officer, ARASCO, a closed joint stock company operating in the food supply and food security sector, since 2023G.

Key Past Professional Experience:	– CEO of the Company's food sector, from 2022G to 2023G; – Chief Executive Officer of Strategy and Growth, ARASCO, a closed joint stock company operating in the food supply and food security sector, from 2021G to 2022G; – Senior Advisor to the Chief Executive Officer of the Governance Department, ARASCO, a closed joint stock company operating in the agricultural and industrial sector, from 2020G to 2021G; – Chief Executive Officer, Middle East Food Solutions Company (MEFSCO), a mixed limited liability company operating in the food solutions industry sector, from 2014G to 2020G; – General Manager of Maize Products, ARASCO, a closed joint stock company operating in the agricultural and industrial sector, from 2007G to 2014G; – Sales Manager of Maize Products, ARASCO, a closed joint stock company operating in the agricultural and industrial sector, from 2002G to 2007G; – Member of the Board of Directors, Inspection, Diagnosis and Laboratory Analysis Company (IDAC), a mixed limited liability company operating in the diagnosis, inspection and laboratory analysis sector, from 2015G to 2018G; and – Member of the Board of Directors, Chamber of Commerce in Al-Kharj Governorate, Government Committee, from 2014G to 2018G.

5.2.4.3 Ibrahim Abdulaziz Ibrahim Al Muhanna, Director

Nationality:	Saudi.
Age:	64 years.
Position:	Company Director.
Capacity:	Independent.
Appointment Date (Current Term):	22 Jumada al-Ula1445H (corresponding to 6 December 2023G).
Academic and Professional Qualifications:	Bachelor of Science in Chemical Engineering, King Saud University, Riyadh, Saudi Arabia, 1984G.
Current Positions:	– Member of the Board of Directors of the Company, since 2023G; – Vice President of the Board of Directors, Alnitaq Almohad Telecom & IT Company, a limited liability company operating in the telecommunications and information technology sector, since 2020G; and – Member of the Board of Directors, Thob Al Aseel Company SJSC, a public joint stock company operating in the textiles and readymade clothing trade sector, since 2024G.
Key Past Professional Experience:	– Member of the Board of Directors and Member of the Executive Committee, Arabic Company for Agriculture Services (ARASCO), a closed joint stock company operating in the food supply and food services sector, from 2018G to 2024G; – Member of the Board of Directors, Yamama Cement Company, a public joint stock company operating in the cement production sector, from 2010G to 2021G; – Member of the Audit Committee, Yamama Cement Company, a public joint stock company operating in the cement production sector, from 2012G to 2021G; – Member of the Nomination and Remuneration Committee, Yamama Cement Company, a public joint stock company operating in the cement production sector, from 2017G to 2021G; – General Manager of Marketing for the Business Sector, Saudi Telecom Company, a public joint stock company operating in the communications and information technology sector, from 2002G to 2009G; and – Director of Marketing Services and Deputy General Manager for Marketing, Almarai, a public joint stock company operating in the food manufacturing sector, from 1987G to 2002G.

5.2.4.4 Faris Abdullah Ibrahim Al Habib, Director

Nationality:	Saudi.
Age:	39 years.
Position:	Company Director.
Capacity:	Non-Executive.
Appointment Date (Current Term):	22 Jumada al-Ula1445H (corresponding to 6 December 2023G).
Academic and Professional Qualifications:	– Bachelor's Degree in Financial Management, King Fahad University of Petroleum and Minerals, Dhahran, Saudi Arabia, 2008G; and – Professional Certificate in Scenario Planning and Uncertainty and Probability Management, Board Directors Institute (BDI), Dubai, United Arab Emirates, 2020G.
Current Positions:	– Member of the Board of Directors of the Company, since 2023G; – Member of the Board of Directors and Member of the Executive Committee, ARASCO, a closed joint stock company operating in the food supply and food security sector, since 2021G; – Chief Executive Officer, Mafaz International Development Company, a limited liability company operating in the investments, asset and wealth management sector, since 2020G; – Member of the Board of Directors and Chairman of the Executive Committee, National Polyethylene Company, a limited liability company operating in the petrochemical industries sector, since 2012G; – Member of the Board of Directors and Member of the Executive Committee, International Treatment Development Company (Cure), a limited liability company operating in the medical services and supplies sector, since 2009G; – Member of the Board of Directors and Member of the Executive Committee, Najdiyah Marketing Co. Ltd., a limited liability company operating in the food sector, since 2008G; – Member of the Board of Directors and the Executive Committee, Abnaee Holding Group Company, a closed joint stock company operating in the wholesale and retail trade sector, since 2008G; – Member, Saudi Association for Voluntary Work (Takatuf), a civil association operating in the volunteer work, since 2021G; – Member, Consumer Protection Association (CPA), a civil association operating in the consumer protection sector, since 2020G; – Member, Family Business Council Gulf (FBCG), a non-governmental association operating in the research and development sector, since 2020G; – Member, GCC Board Directors Institute (GCC -BDI), a non-governmental organisation, improving the performance of institutions, since 2020G; – Member, Saudi Economic Association (SEA), a civil association operating in the economics sector, since 2020G; and – Member, Saudi Management Association, a civil association operating in the administrative sector, since 2020G.
Key Past Professional Experience:	– Member of the Board of Directors and Chairman of the Executive Committee, HGBD Arabia, a professional mixed company operating in the engineering consultancy and project management sector, from 2010G to 2021G; – General Manager, Mafaz International Development Company, a one-person company operating in the investments, asset and wealth management sector, from 2013G to 2020G; – Member of the Board of Directors and Executive Committee, Etihad Salehia Co., a closed joint stock company operating in the food sector, from 2015G to 2018G; – Member of the Audit Committee, Al-Qassim Medical Services Company, a closed joint stock company operating in the hospitals and medical services sector, from 2014G to 2015G; and – Financial Controller and Director of Administrative Affairs, Mafaz International Development Company, a limited liability company operating in the investments, asset and wealth management sector, from 2008G to 2013G.

5.2.4.5 Fahad Mutlaq Saleh Al Henaki, Director

Nationality:	Saudi.
Age:	32 years.
Position:	Company Director.
Capacity:	Non-Executive.
Appointment Date (Current Term):	22 Jumada al-Ula1445H (corresponding to 6 December 2023G).
Academic and Professional Qualifications:	– Master of Business Administration, London Business School, London, United Kingdom, 2024G; and – Bachelor of Finance, College of Business, San Diego, United States, 2015G.
Current Positions:	– Member of the Board of Directors of the Company, since 2023G; – Chief Executive Officer, Al Henaki Group, a limited liability company operating in the field of trade, since 2022G; – Member of the Board of Directors and member of the Nomination and Remuneration Committee, ARASCO operating in the closed joint stock company, food supply and food security sector, since 2020G; – Member of the Board of Directors and Committees, MMSA Contracting Company, a closed joint stock company operating in the field of construction and restoration, since 2022G; – Member of the Board of Directors, Floward Holding Company, a limited liability company, registered in Abu Dhabi, United Arab of Emirates operating in multiple services, since 2023G; and – Chairman of the Board of Directors, Daam Broker Company, a limited liability company operating in the insurance sector, since 2022G.
Key Past Professional Experience:	– Chief Investment Officer, Al Henaki Trading Company, a closed joint stock company operating in the trade sector, from 2019G to 2022G; – Relationship Officer, Banque Saudi Fransi, a public joint stock company operating in the financial and banking services sector, from 2016G to 2019G; and – Project Management Specialist, Al Henaki Trading Company, a closed joint stock company operating in the trade sector, from 2017G to 2018G.

5.2.4.6 Rami Hassan Farhat, Director

Nationality:	Lebanese.
Age:	45 years.
Position:	Company Director.
Appointment Date (Current Term):	28 Safar1446H (corresponding to 1 September 2024G).
Capacity:	Independent.
Academic and Professional Qualifications:	– Bachelor of Business Administration, American University of Beirut, Lebanon, 2000G; and – Chartered Financial Analyst (CFA), CFA Society, 2005G.
Current Positions:	– Member of the Board of Directors of the Company, since 2024G; – Member of the Board of Directors of ASMA Capital, a joint-stock company registered in the Kingdom of Bahrain operating in infrastructure investments, since 2023G; – Member of the Board of Directors of Tasnee and Sahara Olefins Company, a limited liability company operating in the field of manufacturing and petrochemicals, since 2023G; – Member of the Board of Directors of Saudi Medical Care Group (SMG), a limited liability company operating in the medical care sector, since 2023G; – Head of Regional Private Investments, Hassana Investment Company, a limited liability company operating in the field of investment management, since 2022G; and – Member of the Board of Directors of Mezzan Foods Company, a limited liability company operating in the field of food manufacturing and distribution, since 2016G.
Key Past Professional Experience:	Executive Director of Investments, Al Faisaliah Group Holding Company, a closed joint-stock company, from 2014G to 2022G.

5.2.4.7 Ali Abdulrahman Othman Al-Ghamdi, Secretary of the Board of Directors

Nationality:	Saudi.
Age:	42 years.
Position:	Company Secretary of the Board of Directors.
Appointment Date (Current Term):	28 Jumada al-Ula 1445H (corresponding to 12 December 2023G).
Capacity:	Non-Executive.
Academic and Professional Qualifications:	– Executive Master of Business Administration, IE Business School, Kingdom of Spain, 2021G; and – Bachelor of Business Administration, Administrative Systems, Arabic, Arab Open University, Saudi Arabia, 2013G.
Current Positions:	– Secretary of the Board of Directors of the Company, since 2023G; – Member of the Board of Directors and Chairman of the Nomination and Remuneration Committee, Dar Al Majed Company (Al Majidiyah Residence), a closed joint stock company operating in the real estate development sector, since 2022G; – Independent Board Member of Khawald Company, a limited liability company operating in the real estate development sector, since 2023G; – Independent member of the Nomination and Remuneration and Governance Committee, Saudi Manpower Solutions Company (SMASCO), a public joint stock company operating in the manpower provision sector, since 2023G; – Member, Gulf Cooperation Council Board Directors Institute (Vianella Academy), a registered academy in the UAE, since 2021G; – Secretary of the Nomination and Remuneration Committee, ARASCO, a closed joint stock company operating in the food supply and food security sector, since 2021G; – Chief Human Resources Officer and Acting Chief Shared Services Officer, ARASCO, a closed joint stock company operating in the food supply and food security sector, since 2020G; and – Member, Human Resources Management Association, registered in the United States of America operating in the human resources sector, since 2014G.
Key Past Professional Experience:	– Executive Director of Corporate Affairs and Governance, ARASCO, a closed joint stock company operating in the food supply and food security sector, from 2020G to 2021G; – Senior Manager of Workforce Development and Continuous Improvement, Saudi Kayan, a public joint stock company operating in the petrochemical sector, from 2018G to 2020G; – Senior Management Representative before the Nomination and Remuneration Committee, Saudi Kayan, a public joint stock company operating in the petrochemical sector, from 2017G to 2020G; – Senior Management Representative the Nomination and Remuneration Committee, Saudi Arabian Fertilizer Company (SAFCO), a public joint stock company operating in the petrochemical sector, from 2015G to 2017G; and – Senior Director of Human Resources, Saudi Basic Industries Corporation (SABIC), a public joint stock company operating in the petrochemical sector, from 2012G to 2017G.

5.3 Committees

The Company has a number of committees established by the Board of Directors to optimise the management of the Company and to meet relevant regulatory requirements. Each Committee is required to have clear rules identifying their role, powers and responsibilities. Minutes of all committee meetings must be prepared (which are submitted to the Board of Directors for review).

Below 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 of Directors in overseeing: (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 codes of 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 Charter was approved pursuant to the resolution of the General Assembly on 11 Thul-Qi'dah 1445H (corresponding 19 May 2024G). 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, and emerging professional and regulatory pronouncements, 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 Vice President of Finance (or his/her delegate), the Compliance Officer or the External Auditor;
- review the results of the external audit 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 any 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 regulatory files before they are released, 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 pro forma 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 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, and obtain reports that include important findings and recommendations, and management's observations and feedback.

(c) Internal Audit

- Approve the internal audit charter;
- review the performance and activities of the Head of the Internal Audit Department, and 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 functions;
- review the Company's internal audit procedures;
- examine 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 Audit

- 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, and make recommendations to the Board in this regard;
- ensure 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 instances of non-compliance (including taking disciplinary action);
- review reports and results of investigations conducted by competent supervisory or regulatory authorities 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 Code of 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 instances 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 any recommendations to the Board that it deems appropriate in any matter within its competencies, as necessary;
- provide open avenues of communication between the Internal Audit Department, 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 the approval of 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. Sufficient 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 (Tadawul) at the time of publishing the invitation to convene the relevant annual 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) Other Responsibilities

- perform such other activities relating to the Audit Committee Charter, as requested by the Board;
- initiate and oversee special investigations as needed;
- review and assess the adequacy and appropriateness of the Audit Committee Charter on a yearly basis, provide recommendation to the Board in this regard, and ensure 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 is formed by a resolution of the Board of Directors and consists of a minimum of three and no more than five members from among the Shareholders or others; provided that (i) at least one member shall be Independent Director; (ii) no Executive Director is a member or Chairman; (iii) one of its members is specialised in finance and accounting; and (iv) a person who worked during the two previous years in the Executive or Finance Department of the Company or who has audited the Company's accounts may not be a member of the Audit Committee, and (v) a member of the Audit Committee shall not be a member of Audit Committees in more than five listed joint stock companies at the same time. The Audit Committee shall meet periodically, with no less than four meetings during the Company's financial year. The internal auditor and the External Auditor may request a meeting with the Audit Committee whenever necessary.

The Audit Committee was formed and its members were appointed pursuant to a resolution of the Company's Board of Directors dated 28 Jumada al-Ula 1445H (corresponding to 12 December 2023G), for a term of four years. The current term of the Audit Committee commenced on 9 Jumada al-Akhirah 1445H (corresponding to 1 January 2024G) and will end on 3 Sha'ban 1449H (corresponding to 31 December 2027G). The Audit Committee consists of the following members as of the date of this Prospectus:

Table 5.3: Audit Committee Members

Name	Role	Status
Rami Hassan Farhat	Chairman of the Audit Committee	Independent Board Member
Lotfi Qassim Ahmed Shehadeh	Member of the Audit Committee	Non-Board Member
Mohamed Mahmood Issa Abu Diab	Member of the Audit Committee	Non-Board 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) Rami Hassan Farhat, Chairman of the Audit Committee

See Section 5.2.4.6 (*Rami Hassan Farhat, Director*) for more details on Rami Hassan Farhat's experience, qualifications, and current and previous positions.

(b) Lotfi Qassim Ahmed Shehadeh, Audit Committee Member

Nationality:	American.
Age:	73 years.
Position:	Company Audit Committee Chairman.
Appointment Date (Current Term):	28 Jumada al-Ula1445H (corresponding to 12 December 2023G).
Academic and Professional Qualifications:	– Master of Accounting, University of Houston, Texas, United States, 1979G; – Bachelor of Business Administration and Accounting, American University, Beirut, Lebanon, 1973G; – IFRS certification, Association of Chartered Certified Accountants, London, United Kingdom, 2019G; – Family Business Consulting Certificate, Family Business Institute, Boston, United States, 2016G; – Certificate in Wealth Management, Family Business Institute, Boston, United States, 2016G; – CGMA Certificate, American Institutes of Certified Public Accountants, North Carolina, United States, 2010G; – CISA Certificate, International Society for Control and Control of Information Systems (ISACA), Illinois, United States, 2009G; – CFE certification, International Anti-Fraud Association (ACFE), Texas, United States, 2008G; – CFM Certificate, Institute of Management Accountants, New Jersey, United States, 1996G; – CFSA Certificate, Institute of Internal Auditors, Florida, United States, 1995G; – CMA Certificate, Institute of Management Accountants, New Jersey, United States, 1991G; – CCSA Certificate, Institute of Internal Auditors, Florida, United States, 1990G; – CIA Certificate, International Association of Internal Auditors IIA, Florida, United States, 1989G; – Texas State License for Chartered Certified Public Accountants, Texas, United States, 1978G; and – CPA Certificate, American Institute of Certified Public Accountants, North Carolina, United States, 1979G.
Current Positions:	– Chairman of the Audit Committee in the Company, since 2023G; – Chairman of the Audit Committee, Mishkati Company, a closed joint stock company operating in the retail sector, since 2021G; – Member of the Audit Committee, Obeikan Investment Group, a closed joint stock company operating in the investment sector, since 2021G; – Member of the Audit Committee, Yamama Cement Company, a public joint stock company operating in the industry sector, since 2021G; – Member of the Audit Committee, Arabian Shield Cooperative Insurance Company, a public joint stock company operating in the cooperative insurance sector, since 2019G; – Chairman of the Audit Committee, Malaz Capital, a closed joint stock company operating in the investment sector, since 2017G; – Chairman of the Audit Committee, ARASCO, a closed joint stock company operating in the food supply and food security sector, since 2017G; – Financial Advisor, a family with financial wealth, since 2016G; – Chairman of the Audit Committee, Alkhorayef Group, a closed joint stock company operating in the investment sector, since 2016G; – Chairman of the Audit Committee, Saudi Company for Hardware (SACO), a public joint stock company operating in the retail sector, since 2016G; – Member of the Audit Committee, Alkhaleej Training and Education, a closed joint stock company operating in the education sector, since 2016G; – Member of the Nomination and Remuneration Committee, Saudi Company for Hardware (SACO), a public joint stock company operating in the retail sector, since 2018G; – Member of the Professional Standards Committee, Texas State Association of Chartered Certified Accountants, a Texas registered association operating in the accounting sector, since 2008G; and – Member, Houston Branch of Chartered Certified Accountants, Houston, United States, since 1990G.

Key Past Professional Experience:	– Member of the Governance Committee and Board of Trustees, Institute of Management Accountants of the International Federation of Accountants, an international association registered in New Jersey, United States, promoting the management accounting profession sector, from 2015G to 2022G; – Chairman of the Awareness Committee and member of the Alumni Association, American University of Beirut, from 2015G to 2017G; – Member of the Performance Control and Audit Committee, Institute of Management Accountants, a registered association in New Jersey, United States, promoting the management accounting profession, from 2009G to 2012G; – Member, Saudi American Business Council, a non-profit organisation operating in the trade and investment cooperation sector, from 2002G to 2011G; – Head of the Centre of Excellence for Family Business in the Middle East and North Africa, Ernst & Young Professional Services, a closed joint stock company operating in the consulting sector, from 2011G to 2015G; – Member of the Advisory Committee, Institute of Management Accountants of the International Federation of Accountants, an international association registered in New Jersey, United States, promoting the management accounting profession, from 2008G to 2011G; – Member of the Board of Directors of the Institute of Management Accountants and member of the Planning and Development Committee, Institute of Management Accountants of the International Federation of Accountants, an international association registered in New Jersey, United States, promoting the management accounting profession, from 2005G to 2008G; – Member of the Alumni Nominating Committee, American University of Beirut, a private American University, from 2002G to 2009G; – Member, Texas State Association of Chartered Certified Accountants, Texas, United States, from 2005G to 2012G; – Member of the Advisory Boards, Ernst & Young Professional Services, a closed joint stock company operating in the consulting sector, from 2006G to 2011G; – Senior Partner, Assurance and Advisory Services, Ernst & Young Professional Services, a closed joint stock company operating in the consulting sector, from 2002G to 2011G; – Partner in Warranty Services and Consultancy, Arthur Andersen LLP, a limited liability company operating in the consulting sector, from 1994G to 2002G; – Audit and Tax Director for Saudi Arabia, PricewaterhouseCoopers (PwC), a professional limited liability company operating in the consulting sector, from 1985G to 1994G; – Senior Auditor, PricewaterhouseCoopers (PwC), a professional limited liability company operating in the consulting sector, from 1973G to 1978G; and – Audit Manager, Deloitte, Professional Limited Liability Company operating in the consulting sector, from 1978G to 1985G.

(c) Mohamad Mahmood Issa Abu Diab, Audit Committee Member

Nationality:	Jordanian.
Age:	42 years.
Position:	Company Audit Committee Member.
Appointment Date (Current Term):	28 Jumada al-Ula1445H (corresponding to 12 December 2023G).
Academic and Professional Qualifications:	– Master of Business Administration, London Business School, London, United Kingdom, 2021G; – Bachelor of Accounting, University of Jordan, Amman, Jordan, 2006G; – CISA Certificate, International Society for Control and Control of Information Systems, Illinois, United States, 2022G; – Certificate in Securities and Investment, the CMA, Riyadh, Saudi Arabia, 2022G; – Certificate of Rules and Regulations of the CMA (International Curriculum), CMA, Riyadh, Saudi Arabia, 2022G; – Certificate of Rules and Regulations of the CMA (Compliance and AML/CFT), CMA, Riyadh, Saudi Arabia, 2022G; – Certificate of Rules and Regulations of the CMA (Securities Brokers), CMA, Riyadh, Saudi Arabia, 2022G; – Disclosure Certificate, the Financial Academy, Riyadh, Saudi Arabia, 2022G; – CRMA Certificate, International Society of Internal Auditors, Florida, United States, 2020G; – CCSA Certificate, International Association of Internal Auditors, Florida, United States, 2020G; – IFRS Certificate, Association of Chartered Certified Accountants, London, United Kingdom, 2010G; – CIA Certificate, International Association of Internal Auditors, Florida, USA, 2021G; and – CFE Certificate, International Anti-Fraud Association, Texas, United States, 2020G.

Current Positions:	– Member of the Company's Audit Committee, since 2023G; – Member of the Audit Committee and Board Member of Dar Al Majed Real Estate, a closed joint stock company operating in the real estate development sector, since 2023G; – Secretary of the Board of Directors and Secretary of the Audit and Risk Committee, ARASCO, a closed joint stock company operating in the food supply and food security sector, since 2018G; and – Chief Internal Audit Officer, ARASCO, a closed joint stock company operating in the food supply and food security sector, since 2017G.
Key Past Professional Experience:	– Chief Internal Audit Officer, Bawan Company, a public joint stock company operating in the industrial sector, from 2014G to 2017G; – Internal Audit Supervisor, Bawan Company, a public joint stock company operating in the industrial sector, from 2010G to 2014G; – Talal Abu-Ghazaleh Global for Professional Services (TAG.Global), a professional services company operating in the accounting sector, from 2008G to 2010G; and – Senior External Auditor, Ghosheh & Partners, a member of Nexia International, a professional company operating in the accounting sector, from 2006G to 2008G.

5.3.2 Nomination and Remuneration Committee

5.3.2.1 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 core duties and responsibilities of the Nomination and Remuneration Committee are mainly to: (i) lead the process of nominating and evaluating the Directors and Senior Executives; (ii) ensure the effectiveness and soundness of the Company's Board and Senior 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 Board, Senior Executives and employees of the Company. The Nomination and Remuneration Committee Charter was approved pursuant to the resolution of the General Assembly on 11 Thul-Qi'dah1445H (corresponding to 19 May 2024G). 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 Senior Management (the "**Nomination Policy**"), as well as propose them to the Board of Directors and oversee their implementation;
- 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 (and re-nomination) to the Board in accordance with the applicable law and the Nomination and Remuneration Committee Charter;
- review, assess, and recommend to the Board, at least annually, the skills, qualifications, and credentials required for membership in the Board and the Company's Senior 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 Senior 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 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 Senior Management positions in the Company and make recommendations to the Board of Directors, including the CEO; and
- develop, and periodically review, procedures for filling vacancies in the Board and the Company's Senior Management and make recommendations to the Board regarding the selection and approval of candidates to fill such vacancies.

(b) Review and Assessment

- Periodically review the structure, size, composition, strengths, and weaknesses of the Board (including the skills, knowledge, and experience) and the Company's Senior 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 of the Board (the "**Remuneration Policy**"), which shall be presented before the General Assembly for approval;
- prepare an annual report on the remuneration and other payments (in cash or in kind) received by the Directors, Senior 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;
- periodically 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 compensation, benefits and incentives 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) Other Responsibilities

- Perform such other related activities as requested by the Board.

5.3.2.2 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 for a term of four years pursuant to the Board of Directors' resolution dated 28 Jumada al-Ula1445H (corresponding to 12 December 2023G). The current term of the Nominations and Remuneration Committee began on 19 Jumada al-Akhirah1445H (corresponding to 1 January 2024G) and will end on 3 Rabi' al-Awwal 1449H (corresponding to 31 December 2027G). 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	Status
Ibrahim Abdulaziz Ibrahim Al Muhanna	Chairman of the Nomination and Remuneration Committee	Independent Board Member
Abdulrahman Sulaiman Hammoud Al Turaigi	Member of the Nomination and Remuneration Committee	Non-Board Member
Ali Abdulrahman Othman Al-Ghamdi	Member of the Nomination and Remuneration Committee	Non-Board Member

Source: The Company.

5.3.2.3 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) Ibrahim Abdulaziz Ibrahim Al Muhanna

See Section 5.2.4.3 (*Ibrahim Abdulaziz Ibrahim Al Muhanna, Director*) for further details regarding experience, qualifications and the current and previous positions of Ibrahim Abdulaziz Ibrahim Al Muhanna.

(b) Abdulrahman Sulaiman Hammoud Al Turaigi, Nomination and Remuneration Committee Member

Nationality:	Saudi.
Age:	65 years.
Position:	Company Nomination and Remuneration Committee Member.
Appointment Date (Current Term):	28 Jumada al-Ula1445H (corresponding to 12 December 2023G).
Academic and Professional Qualifications:	– Ph.D. in Engineering Management, University of Missouri, Missouri, United States, 1997G; – Bachelor of Engineering Management Science, University of Missouri, Missouri, United States, 1994G; – Master of Science in Industrial Systems Engineering, University of Michigan, Michigan, United States, 1990G; and – Bachelor of Science in Industrial Engineering, King Saud University, Riyadh, Saudi Arabia, 1986G.
Current Positions:	– Member of the Nomination and Remuneration Committee in the Company, since 2023G; – Member of the Board of Directors, ENOWA, a closed joint stock company operating in the water and energy sector, since 2023G; – Member of the Executive Committee, ENOWA, a closed joint stock company operating in the water and energy sector, since 2023G; – Member of the Nomination and Remuneration Committee, Charity Orphans Care Foundation (Ekhaa), a charitable sector operating in the orphan care sector, since 2023G; – Member and Chairman of the Remuneration and Nomination Committee, ENOW, a closed joint stock company operating in the water and energy sector, since 2022G; – Member of the Board of Directors and Member of the Audit Committee, Ahmed Abdulwahab Abed Trading Company, a closed joint stock company operating in the food sector, since 2022G; – Member of the Remuneration Committee, Cultural Development Fund, a government entity, supporting cultural energies sector, since 2021G; – Chairman of the Audit Committee, First Mills Company, a public joint stock company operating in the agricultural sector, since 2021G; – Member of the Board of Directors, Dr. Sulaiman Al Habib Medical Group, a public joint stock company operating in the medical services sector, since 2021G; – Member of the Nomination and Remuneration Committee, ARASCO, a closed joint stock company operating in the agricultural and food sector, since 2018G; – Member of the Review Committee, King Abdullah University of Science and Technology (KAUST), a university operating in the education sector, since 2017G; – Chairman of the Audit Committee, Dr. Sulaiman Al Habib Group, a public joint stock company operating in the medical services sector, since 2015G; and – Member of the Board of Directors and Member of the Audit and Risk Committee, Agricultural Development Fund, a government entity operating in the agricultural sector, since 2015G.
Key Past Professional Experience:	– Member of the Nomination and Remuneration Committee, El-Ajou Group, a closed joint stock company, furniture, printing operating in the packaging and electronics sector, from 2022G to 2023G; – Member of the Nomination and Remuneration Committee, SACO, a public joint stock company operating in the electronics trade sector, from 2021G to 2023G; and – Member of the Board of Directors, Member of the Executive Committee, Member of the Governance, Risk Management and Compliance Committee, Chairman of the Nomination and Remuneration Committee, Saudi Investment Recycling Company (SIRC), a closed joint stock company operating in the recycling sector, from 2017G to 2023G.

(c) Ali Abdulrahman Othman Al-Ghamdi, Nomination and Remuneration Committee Member

Nationality:	Saudi.
Age:	42 years.
Position:	Company Nomination and Remuneration Committee Member.
Appointment Date (Current Term):	28 Jumada al-Ula1445H (corresponding to 12 December 2023G).
Academic and Professional Qualifications:	– Executive Master of Business Administration, IE Business School, Madrid, Kingdom of Spain, 2021G; and – Bachelor of Administrative Systems, College of Business Administration, Arab Open University, Riyadh, Saudi Arabia, 2013G.
Current Positions:	– Member of the Nomination and Remuneration Committee in the Company, since 2023G; – Independent Board Member, Dar Al Majid Company, a closed joint stock company operating in the real estate development sector, since 2022G; – Chairman of the Nomination and Remuneration Committee, Dar Al Majid Company, a closed joint stock company operating in the real estate development sector, since 2022G; – Board Member, Khawald Company, a limited liability company operating in the real estate development sector, since 2023G; – Independent member of the Nomination, Remuneration and Governance Committee, SMASCO, a public joint stock company operating in the manpower provision sector, since 2023G; – Member, GCC Board Directors Institute (Vianella Academy), a registered academy in the UAE, since 2021G; – Secretary of the Nomination and Remuneration Committee, ARASCO, a closed joint stock company operating in the food supply and food security sector, since 2021G; – Chief Human Resources Officer, ARASCO, a closed joint stock company operating in the food supply and food security sector, since 2020G; and – Acting Chief Shared Services Officer, ARASCO, a closed joint stock company operating in the food supply and food security sector, since 2020G.
Key Past Professional Experience:	– Executive Director of Corporate Affairs and Governance, ARASCO, a closed joint stock company operating in the food supply and food security sector, from 2020G to 2021G; – Senior Manager for Workforce Development and Continuous Improvement, Saudi Kayan Petrochemical Company (Saudi Kayan), a public joint stock company operating in the petrochemicals sector, from 2018G to 2020G; – Representative of the Senior Management before the Nomination and Remuneration Committee, Saudi Kayan Petrochemical Company (Saudi Kayan), a public joint stock company operating in the petrochemicals sector, from 2017G to 2020G; – Senior Manager of Human Resources Business Partner, Saudi Basic Industries Corporation (SABIC), a public joint stock company operating in the petrochemicals sector, from 2012G to 2017G; and – Representative of the Senior Management before the Nomination and Remuneration Committee, Saudi Arabian Fertilizer Company (SAFCO), a public joint stock company operating in the petrochemicals sector, from 2015G to 2017G.

5.4 Senior Management

5.4.1 Overview of Senior Management

The Senior 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 Senior Management team, developing qualified employees and promoting them to senior positions in the Company.

5.4.2 Senior Executives of the Company

The following table sets out the Senior Executives members of the Company:

Table 5.5: Details of Senior Executives:

Name	Position[1]	Appointment Date	Nationality	Age (Years)	Number of Shares Held Pre-Offering	Number of Shares Held Post-Offering
Raja Mohammed Al Harbi	Chief Executive Officer	17 Jumada al-Ula 1445H (corresponding to 1 December 2023G)	Saudi	50	-	-
Amir Mahmoud Kamil Kamil Mohammed	Vice President of Finance	29 Sha'ban 1443H (corresponding to 1 April 2022G)	Egyptian	45	-	-
Ahmed Mohammed Sweileh Al-Alawi	Vice President of Manufacturing	17 Rabi' al-Thani 1445H (corresponding to 1 November 2021G)	Saudi	43	-	-
Marcos Grazioten Cardozo Dee	Vice President of Livestock	23 Rabi' al-awwal 1437H (corresponding to 4 January 2016G)	Brazilian	46	-	-
Garet Flyn	Vice President of Marketing & Innovation	27 Rajab 1445H (corresponding to 8 February 2024G)	Ireland	51	-	-
Ahmed Mohamed Sayed Hamed	Vice President of Supply Chain	22 Shawwal 1445H (corresponding to 1 May 2024G)	Egyptian	41	-	-
Ahmed Abdullatif Mahmoud Shahin	Vice President of Sales and Customer Excellence	25 Thul-Hijjah 1445H (corresponding 1 July 2024G)	Egyptian	48	-	-
Bader Hamad Al Shuwaimi	Executive Vice President of Shared Services	28 Safar 1446H (corresponding to 1 September 2024G)	Saudi	46	-	-

Source: The Company.

(1) The Company adopts its own naming convention for the title of its senior executives.

5.4.3 Biographies of Senior Executives

The experience, qualifications and the current and other positions of each Senior Executive are set out below:

5.4.3.1 Raja Mohammed Al-Harbi, Chief Executive Officer

Nationality:	Saudi.
Age:	51 years.
Position:	Chief Executive Officer.
Appointment Date (Current Term):	17 Jumada al-Ula 1445H (corresponding to 1 December 2023G).
Academic and Professional Qualifications:	Bachelors in Manufacturing Engineering, Boston University, Boston, United States, 2000G.
Current Positions:	Chief Executive Officer in the Company, since 2023G.
Key Past Professional Experience:	– Chief Executive Officer, Saudi Coffee Company, a public investment fund company operating in the food sector, from 2021G to 2023G; – Chief Executive Officer, Baja Food Industries, a closed joint stock company operating in the food sector, from 2018G to 2021G; – General Manager of Supply Chains, the National Agricultural Development Company (NADEC), a public joint stock company operating in the food sector, from 2017G to 2018G; – General Manager of Supply Chains, Three Fields Company, a limited liability company operating in the contracting sector, from 2013G to 2017G; – Operations Management Consultant, Al Rabie Saudi Foods Company, a closed joint stock company operating in the food sector, from 2013G to 2015G; – Chief Operating Officer, Al Safi Danone, a limited liability company operating in the food sector, from 2012G to 2013G; – General Manager of Supply Chain, Al Safi Danone, a limited liability company operating in the food sector, food sector, from 2009G to 2012G; – Operations Manager, Al Safi Danone, a limited liability company operating in the food sector, from 2006G to 2009G; and – Operations Line Manager, Procter & Gamble, a U.S. joint stock company operating in the consumer goods sector, from 2002G to 2006G.

5.4.3.2 Amir Mahmoud Kamil Mohammed, Vice President of Finance

Nationality:	Egyptian.
Age:	45 years.
Position:	Vice President of Finance.
Appointment Date (Current Term):	29 Sha'ban 1443H (corresponding to 1 April 2022G).
Academic and Professional Qualifications:	B.A. in Manufacturing Engineering, Boston University, Boston, United States, 2000G.
Current Positions:	Vice President of Finance of the Company, since 2022G.
Key Past Professional Experience:	– Director of Financial Planning and Analysis, ARASCO, a closed joint stock company operating in the food supply and food security sector, from 2014G to 2022G; – Senior Cost Analyst, ARASCO, a closed joint stock company operating in the food supply and food security, from 2008G to 2013G; – Cost Manager, Egyptian Dairy and Foodstuff Company EDAFCO, a limited liability company operating in the food sector, from 2005G to 2008G; and – Senior Financial Accountant, Egyptian Dairy and Foodstuff Company EDAFCO, a limited liability company operating in the food sector, from 2003G to 2005G.

5.4.3.3 Ahmed Mohammed Sweileh Al-Alawi, Vice President of Manufacturing

Nationality:	Saudi.
Age:	44 years.
Position:	Vice President of Manufacturing.
Appointment Date (Current Term):	17 Rabi' al-Thani 1445H (corresponding to 1 November 2021G)
Academic and Professional Qualifications:	Bachelors in Electrical Engineering, King Fahd University of Petroleum and Minerals, Khobar, Kingdom of Saudi Arabia, 2003G.
Current Positions:	Vice President of Manufacturing in the Company, since 2021G.
Key Past Professional Experience:	– General Manager of Manufacturing, Al Safi Danone Company, a limited liability company operating in the food sector, from 2019G to 2021G; – Factory Manager, Al Safi Danone Company, a limited liability company operating in the food sector, from 2014G to 2019G; – Plant Control Manager, Al Safi Danone Company, a limited liability company operating in the food sector, from 2013G to 2014G; – Plant Operations Manager, Al Safi Danone Company, a limited liability company operating in the food sector, from 2009G to 2013G; – Project Manager & Technical Services, Al Safi Danone Company, a limited liability company operating in the food sector, from 2006G to 2009G; – Maintenance Manager, Al Safi Danone Company, a limited liability company operating in the food sector, from 2008G to 2009G; – Production Line Manager, Procter & Gamble (Modern Products Company), a limited liability company operating in the consumer goods sector, from 2005G to 2007G; and – Project Leader and Technical Support Manager, Procter & Gamble (Modern Products Company), a limited liability company operating in the consumer goods sector, from 2004G to 2005G.

5.4.3.4 Marcos Grazioten Cardozo Dee, Vice President of Livestock

Nationality:	Brazilian.
Age:	47 years.
Position:	Vice President of Livestock.
Appointment Date (Current Term):	23 Rabi' al-Awwal 1437H (corresponding to 4 January 2016G).
Academic and Professional Qualifications:	– Master of Business Administration, Fundação Getulio Vargas University, Paraná, Brazil, 2009G; and – Bachelor of Veterinary Medicine, Federal University, Rio Grande do Sul, Brazil, 2004G.
Current Positions:	Vice President of Livestock in the Company, since 2016G.
Key Past Professional Experience:	– Live Production Manager, GPS, a public joint stock company registered in Brazil operating in the protein products sector, from 2014G to 2015G; – Live Production Manager, Tyson do Brasil Alimentos Ltda., a limited liability company registered in Brazil operating in the protein products sector, from 2010G to 2014G; – Area Manager, Brazil Laboratories Co. Ltd., a limited liability company registered in Brazil operating in the pharmaceutical products sector, from 2009G to 2010G; and – Veterinarian and Production Supervisor, São Paulo farm, a farm in Brazil operating in the poultry sector, from 2004G to 2009G.

5.4.3.5 Garet Flyn, Vice President of Marketing & Innovation

Nationality:	Irish.
Age:	51 years.
Position:	Vice President Marketing & Innovation.
Appointment Date (Current Term):	27 Rajab 1445H (corresponding to 8 February 2024G).
Academic and Professional Qualifications:	– Masters of Business Administration, University College Dublin, Dublin, Ireland, 2012G; and – Bachelor's degree in marketing management, University of Technology, Dublin, Ireland, 2007G.
Current Positions:	Vice President of Marketing and Innovation in the Company, since 2024G.
Key Past Professional Experience:	– Senior Marketing Manager, Almarai Company, a public joint stock company operating in the food and beverages sector, from 2013G to 2019G; – Marketing Manager, Coca-Cola Company, a public joint stock company operating in the food sector, from 2011G to 2012G; and – Head of Marketing, Curry Group, a private consulting firm operating in the food sector, from 2007G to 2008G.

5.4.3.6 Ahmed Mohammed Sayed Hamed, Vice President of Supply Chain

Nationality:	Egyptian.
Age:	41 years.
Position:	Vice President of Supply Chain.
Appointment Date (Current Term):	22 Shawwal 1445H (corresponding to 1 May 2024G).
Academic and Professional Qualifications:	– Bachelor's Degree in Production Engineering, Helwan University, Cairo, Egypt, 2006G; and – Master of Business Administration, International Business Academy, Zurich, Switzerland, 2022G.
Current Positions:	Vice President of Supply Chain at the Company, since 2024G.
Key Past Professional Experience:	Chief Operating Officer, Saudi Coffee Company, a Public Investment Fund-owned company operating in the coffee growing sector, from 2021G to 2024G; Executive Director of Agriculture, Saudi Coffee Company, a Public Investment Fund-owned company operating in the coffee growing sector, from 2022G to 2024G; Supply Chain Manager, Baja Food Industries, a limited liability company operating in the food sector, from 2019G to 2021G; Senior Logistics Operations Manager, National Agricultural Development Company (NADEC), a public joint-stock company operating in the food sector, from 2017G to 2019G. Supply Chain Planning Manager, National Agricultural Development Company (NADEC), a public joint-stock company operating in the food sector, from 2015G to 2017G; Warehouse Manager, National Agricultural Development Company (NADEC), a public joint-stock company operating in the food sector, from 2014G to 2015G; Supply Chain Executive, SCIB Chemicals SAE, a company registered in the Arab Republic of Egypt, from 2010G to 2014G; Supply Chain Specialist, Egypt Foods, a company registered in the Arab Republic of Egypt, in 2010G; Planning Engineer, Feeding Industries Manufacturing CO – FIMCO, a company registered in the Arab Republic of Egypt, in 2009G; and Research Assistant, College of Engineering / Mechanical Engineering Department, United Arab Emirates University, a public university in the United Arab Emirates, from 2006G to 2008G.

5.4.3.7 Ahmed Abdullatif Mahmoud Shahin, Vice President of Sales and Customer Excellence

Nationality:	Egyptian.
Age:	48 years.
Position:	Vice President of Sales and Customer Excellence.
Appointment Date (Current Term):	22 Thul-Hijjah 1445H (corresponding to 1 July 2024G).
Academic and Professional Qualifications:	Bachelor's Degree in Commerce (Accounting Department), Zagazig University, Zagazig, Arab Republic of Egypt, 2000G.
Current Positions:	Vice President of Sales and Customer Excellence at the Company, since 2024G.
Key Past Professional Experience:	– Sales Manager, Al Farooj Al Thahabi, a limited liability company operating in the food sector, from 2019G to 2024G; – Sales Manager, Radwa Food Co. Ltd., a limited liability company operating in the food sector, from 2015G to 2018G; – General Sales Manager, Etihad Food Industries Co.Ltd, a limited liability company in operating in the food sector, from 2013G to 2014G; – Sales Development Manager, MH Projects, a company registered in the United Arab Emirates, from 2010G to 2012G; – Regional Sales Manager, Al Islami Foods, a company registered in the United Arab Emirates, from 2004G to 2010G; – Deputy Human Resources Manager, Orba 2000G Contracting, a company registered in the Arab Republic of Egypt, from 2000G to 2003G; and – Sales Manager and Franchise Owner, Al-Haj Atef Shahin Paints, a company registered in the Arab Republic of Egypt, from1995G to 2000G.

5.4.3.8 Bader Hamad Al Shuwaimi, Executive Vice President of Shared Services

Nationality:	Saudi.
Age:	46 years.
Position:	Executive Vice President of Shared Services.
Appointment Date (Current Term):	28 Safar 1446H (corresponding to 1 September 2024G).
Academic and Professional Qualifications:	– Bachelor's Degree in Accounting, King Saud University, Riyadh, Kingdom of Saudi Arabia, 2002G; – Fellowship in Real Estate Valuation, Saudi Authority for Accredited Valuers, 2021G; – Portfolio Management Certificate, Project Management Institute (PMI), 2024G; – Programme Management Certificate, Project Management Institute (PMI), 2022G; – Real Estate Valuation Certificate, RICS, 2021G; – Key Performance Indicators (KPI) Certification, KPI Institute, 2021G; – Strategy Management and Business Planning Certificate, KPI Institute, 2021G; – Business Analysis Management Certificate, Project Management Institute (PMI), 2021G; – Project Management Office (PMO) Certificate, AXELOS Institute, 2021G; – Risk Management Certificate, Project Management Institute (PMI), 2020G; – Project Management Certificate, Project Management Institute (PMI), 2020G; – Financial Market Regulations CME-3 Certificate, CMA, 2012G; and – Securities and Investment CME-1 Certificate, CMA, 2009G.
Current Positions:	Executive Vice President of Shared Services at the Company, since 2024G.
Key Past Professional Experience:	– Executive Vice President, Zood Al Oula Real Estate Company, a closed joint-stock company operating in the real estate sector, from 2023G to 2024G; – CEO, Rekaz Al Khaleej Est., an organisation operating in the real estate sector, from 2013G to 2023G; – General Manager of Sales, Samba Financial Group, a public joint-stock company operating in the financial and banking services sector, from 2005G to 2013G; and – General Accountant, Kudu Company for Food and Catering, a limited liability company operating in the food sector, from 2001G to 2003G.

5.4.3.9 Employment Contracts with Senior Executives

The Company has concluded employment contracts with all members of Senior Management. These contracts stipulate their salaries and bonuses in accordance with their qualifications and experience. Such contracts include a number of benefits such as the provision of accommodation and transportation or a monthly allowance for these benefits. These contracts are typically renewable and are governed by the Saudi Labour Law. The following table sets out a summary of the employment contracts concluded with the Company's Senior Executives.

Table 5.6: Summary of Employment Contracts Concluded with the Company's Senior Executives

Name	Position	Date of Appointment	Contract Conclusion Date	Contract Expiry Date
Raja Mohamed Al Harbi	Chief Executive Officer (CEO)	17 Jumada al-Ula 1445H (corresponding to 1 December 2023G)	17 Jumada al-Ula 1445H (corresponding to 1 December 2023G)	28 Jumada al-Ula 1446H (corresponding to 30 November 2024G)
Amir Mahmoud Kamil Mohamed	Vice President of Finance	29 Sha'ban 1443H (corresponding to 1 April 2022G)	29 Sha'ban 1443H (corresponding to 1 April 2022G)	14 Thul-Qi'dah1447H (corresponding to 31 April 2026G)
Ahmed Mohammed Sweileh Al-Alawi	Vice President of Manufacturing	17 April 1445H (corresponding to 1 November 2021G)	17 April1445H (corresponding to 1 November 2021G)	28 Rabi' al-Thani1446H (corresponding to 31 October 2024G)
Marcos Grazioten Cardozo Dee	Vice President of Livestock	23 Rabi al-Awwal 1437H (corresponding to 4 January 2016G)	23 Rabi al-Awwal1437H (corresponding to 4 January 2016G)	3 Rajab1446H (corresponding to 3 January 2025G)
Garet Flynn	Vice President of Marketing and Innovation	27 Rajab 1445H (corresponding to 8 February 2024G)	27 Rajab 1445H (corresponding to 8 February 2024G)	26 Rajab1446H (corresponding to 7 February 2025G)
Ahmed Mohammed Sayed Hamed	Vice President of Supply Chain	22 Shawwal 1445H (corresponding to 1 May 2024G)	22 Shawwal 1445H (corresponding to 1 May 2024G)	2 Thul- Hijjah 1446H (corresponding to 30 April 2025G)
Ahmed Abdullatif Mahmoud Shahin	Vice President of Sales and Customer Excellence	25 Thul-Hijjah 1445H (corresponding to 1 July 2024G)	25 Thul-Hijjah 1445H (corresponding to 1 July 2024G)	5 Muharram 1447H (corresponding to 30 June 2025G)
Bader Hamad Al Shuwaimi	Executive Vice President of Shared Services	28 Safar 1446H (corresponding to 1 September 2024G)	28 Safar 1446H (corresponding to 1 September 2024G)	8 Rabi al-Awwal 1447H (corresponding to 31 August 2025G)

Source: The Company

The following is a summary of the duties and responsibilities of the Chief Executive Officer:

- Managing the day-to-day business affairs and business of the Company;
- managing strategic affairs, customer relations, business transformation and adoption of the Company's digital technology;
- proposing and setting the Company's short and long-term strategy and overall business objectives through close consultation with the Board of Directors;
- implementation of the decisions of the Board of Directors and committees;
- advising the Chairman of the Board of Directors on the agenda of the meetings of the Board of Directors;
- ensuring that correct and accurate information is provided to the Board of Directors in a timely manner; and
- ensuring that the Board of Directors is notified of all material matters affecting the Company.

The following is a summary of the duties and responsibilities of the Vice President of Finance:

- assisting in formulating the Company's objectives and leading the development of financial plans;
- managing the financial reporting process and ensuring that policies and procedures are applied to enhance the Company's internal control systems;
- working to improve cash flows and taking measures to provide liquidity and working capital facilities necessary for the Company; and
- managing financial projections and budget processes and supervising the preparation of the Company's financial statements.

5.5 Remuneration of Directors and Rewards and Bonus of Senior Executives

The remuneration of Directors shall be determined in accordance with 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 and bonus and rewards top five Senior Executives (including the Chief Executive Officer and the Vice President of Finance) granted by the Company for the financial years ended 31 December 2021G, 2022G and 2023G and the three-month period ended 31 March 2024G. Furthermore, neither the Directors, nor Committee Members received any in-kind rewards or benefits.

Table 5.7: Directors' Remuneration and Top Five Senior Executives' Bonus and Rewards in the Financial Years Ended 31 December 2021G, 2022G and 2023G and Three-Month Ended 31 March 2024G:

	Financial Year Ended 31 December			Three-Month Ended 31 March
	2021G	2022G	2023G	2024G
	(SAR)			
Directors	-	-	-	322,000
Members of the Committees	-	-	-	-
Top Five Senior Executives (including CEO and Vice President of Finance)	676,452	1,640,709	943,509	-
Total	**676,452**	**1,640,709**	**943,509**	**-**

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-Akhirah1444H (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 of Directors 11 Thul-Qi'dah1445H (corresponding to 19 May 2024G) includes provisions in relation to the following:

- Shareholders rights;
- Board of Directors (including the Board formation, membership, meetings, working procedures, terms of reference, duties and powers, development, support, evaluation and remuneration);
- committees;
- management;
- internal control and audit; and
- internal policies.

Further, 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 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;
- Article 48(b) on appointing an independent member to chair the Nomination and Remuneration Committee; 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 Listing, 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 two Committees (the Audit Committee and the Nomination and Remuneration 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 (*Committees*)).

The Board of Directors consists of six members most of whom are non-executive Directors (including two independent members) in accordance with the Corporate Governance Regulations. The Board of Directors ensures, among others, 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 Directors confirm that:

(a) they will comply with the Articles 27 and 71 of the Companies Law and the Articles 42 and 44 of the Corporate Governance Regulations;

(b) 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

(c) 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 or debt instruments 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

Director	Interest in	Direct Ownership	Indirect Ownership	Description
Ziyad Abdullatif Saleh Al Sheikh	Company	-	0.85%	As of the date of this Prospectus Ziyad Abdullatif Al Sheikh indirectly owns 0.85% of the Company's shares.
Faris Abdullah Ibrahim Al Habib	Company	-	1.49%	As of the date of this Prospectus, Faris Abdulla Ibrahim Al Habib indirectly owns 1.49% of the Company's shares.
Fahad Mutlaq Saleh Al Henaki	Company	-	-	As of the date of this Prospectus, Fahad Mutlaq Saleh Al Henaki's father indirectly owns 35.47% of the Company's shares.

Source: The Company.

As of the date of this Prospectus, none of the current Directors, Senior Executives or current Shareholders 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. 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 to be entered into with the Company and those in which the Board Member, Senior Management Member 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 with Entities in which a Director or Senior Executive or any of their Relatives have a Direct or Indirect Interest:

Parties[1]	Nature of the Contract or Transaction	Transaction for the Financial Year Ended 31 December 2023G	Transaction for the Three-Month Period Ended 31 March 2024G	Directors with a Direct or Indirect Interest	Date of Approval of Transactions by the General Assembly
The Company (as customer) and ARASCO (as service provider)	Shared Services Agreement	SAR 4,500,000	SAR 1,125,000	Vice Chairman Ziyad Abdullatif Al Sheikh in his capacity as CEO of ARASCO, Chairman Bader Hamed Abdulrazik Al Aujan and Board members Ibrahim Abdulaziz Ibrahim Al Muhanna, Faris Abdullah Al Habib and Fahad Mutlaq Saleh Al Henaki as Board members of ARASCO have an indirect interest.	11 Thul-Qi'dah1445H (corresponding to 19 May 2024G)
The Company (as customer) and ARASCO (as service provider)	Shared Services Agreement	SAR 3,884,670	SAR 825,300	Vice Chairman Ziyad Abdullatif Al Sheikh in his capacity as CEO of ARASCO, Chairman Bader Hamed Abdulrazik Al Aujan and Board members Ibrahim Abdulaziz Ibrahim Al Muhanna, Faris Abdullah Al Habib and Fahad Mutlaq Saleh Al Henaki as Board members of ARASCO have an indirect interest.	11 Thul-Qi'dah1445H (corresponding to 19 May 2024G)
The Company (as customer) and ARASCO (as service provider)	Shared Services Agreement	SAR 10,000,000	SAR 2,500,000	Vice Chairman Ziyad Abdullatif Al Sheikh in his capacity as CEO of ARASCO, Chairman Bader Hamed Abdulrazik Al Aujan and Board members Ibrahim Abdulaziz Ibrahim Al Muhanna, Faris Abdullah Al Habib and Fahad Mutlaq Saleh Al Henaki as Board members of ARASCO have an indirect interest.	11 Thul-Qi'dah1445H (corresponding to 19 May 2024G)
The Company (as customer) and ARASCO (as service provider)	Supply Agreement	SAR 383,609,149	SAR 72,810,389	Vice Chairman Ziyad Abdullatif Al Sheikh in his capacity as CEO of ARASCO, Chairman Bader Hamed Abdulrazik Al Aujan and Board members Ibrahim Abdulaziz Ibrahim Al Muhanna, Faris Abdullah Al Habib and Fahad Mutlaq Saleh Al Henaki as Board members of ARASCO have an indirect interest.	11 Thul-Qi'dah1445H (corresponding to 19 May 2024G)
The Company (as customer) and the Inspection, Diagnosis and Laboratory Analysis Company (IDAC) (as service provider)	Services Agreement	SAR 4,670,238	SAR 1,340,236	Vice Chairman Ziyad Abdullatif Al Sheikh has an indirect interest in his capacity as Chairman of the Board of Directors in the Inspection, Diagnosis and Laboratory Analysis Company (IDAC) – a sister company of the Company.	11 Thul-Qi'dah1445H (corresponding to 19 May 2024G)
The Company (as customer) and Emaar International Company for Chemicals and Veterinary (Branch of ARASCO (as service provider)	Supply Agreement	SAR 3,771,080	SAR nil.	Vice Chairman Ziyad Abdullatif Al Sheikh, in his capacity as CEO of Emaar International Chemicals and Veterinary Company (ARASCO), Chairman Bader Hamed Abdulrazik Al Aujan and Board members Ibrahim Abdulaziz Ibrahim Al Muhanna, Faris Abdullah Al Habib and Fahad Mutlaq Saleh Al Henaki as Board members of ARASCO have an indirect interest.	11 Thul-Qi'dah1445H (corresponding to 19 May 2024G)

Parties[1]	Nature of the Contract or Transaction	Transaction for the Financial Year Ended 31 December 2023G	Transaction for the Three-Month Period Ended 31 March 2024G	Directors with a Direct or Indirect Interest	Date of Approval of Transactions by the General Assembly
The Company (as customer) and ARASCO (as service provider)	Loan Transfer Agreement	SAR 517,202,785	SAR 577,469,357	Vice Chairman Ziyad Abdullatif Al Sheikh in his capacity as CEO of ARASCO, Chairman Bader Hamed Abdulrazik Al Aujan and Board members Ibrahim Abdulaziz Ibrahim Al Muhanna, Faris Abdullah Al Habib and Fahad Mutlaq Saleh Al Henaki as Board members of ARASCO have an indirect interest.	11 Thul-Qi'dah1445H (corresponding to 19 May 2024G)
The Company (as supplier) and Abdullah Al-Othaim Markets Company (as buyer)	Supply Agreement	SAR 29,000,000	SAR 7,421,627	Chairman Bader Hamed Abdulrazik Al Aujan has an indirect interest in Abdullah Al Othaim Markets Company.	11 Thul-Qi'dah1445H (corresponding to 19 May 2024G)
The Company (as supplier) and the Delicious Taste Company (as customer)	Supply Agreement	SAR 650,417	SAR 176,492	Board member Faris Abdullah Al Habib has an indirect interest in Delicious Taste Company.	11 Thul-Qi'dah1445H (corresponding to 19 May 2024G)
The Company (as supplier) and the Al Hanaki Trading Establishment (as customer)	Supply Agreement	-	-	Board member Fahad Mutlaq Saleh Al Henaki has an indirect interest in Al Henaki Trading Establishment.	21 Rabi al-Awwal 1446H (corresponding to 24 September 2024G)

Source: The Company.

(1) As of June 2024G, the Chairman Bader Hamed Al Aujan and Board member Ibrahim Abdulaziz Ibrahim Al Muhanna have resigned from their positions as board members of ARASCO. Consequently, the Chairman Bader Hamed Al Aujan has an indirect interest in his capacity as chairman of the board of Abdullah Al Othaim Markets Company. The Board member Ibrahim Abdulaziz Ibrahim Al Muhanna is an independent Director.

As of the date of this Prospectus, the Directors have not engaged in activities similar to or competing with the Company's business.

5.8 Bankruptcy/Insolvency

As of the date of this Prospectus, no Director, Senior Executive or Secretary has been declared bankrupt and has not been subject to any 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 concerning the recruitment process, training, work schedules, health care, social insurance benefits, salaries and other allowances and benefits, including accommodation and transportation allowances and rewards.

5.9.1 Number of Employees

As of 31 March 2024G, the Company was classified within the medium green category, with the Saudisation percentage reaching 14.07 per cent. The total number of employees of the Company is 1,755 employees.

The following table shows the number of employees of the Company by administrative department as of 31 December 2021G, 2022G and 2023G and 31 March 2024G:

Table 5.10: Number of Employees of the Company by Administrative Department as of 31 December 2021G, 2022G and 2023G and 31 March 2024G

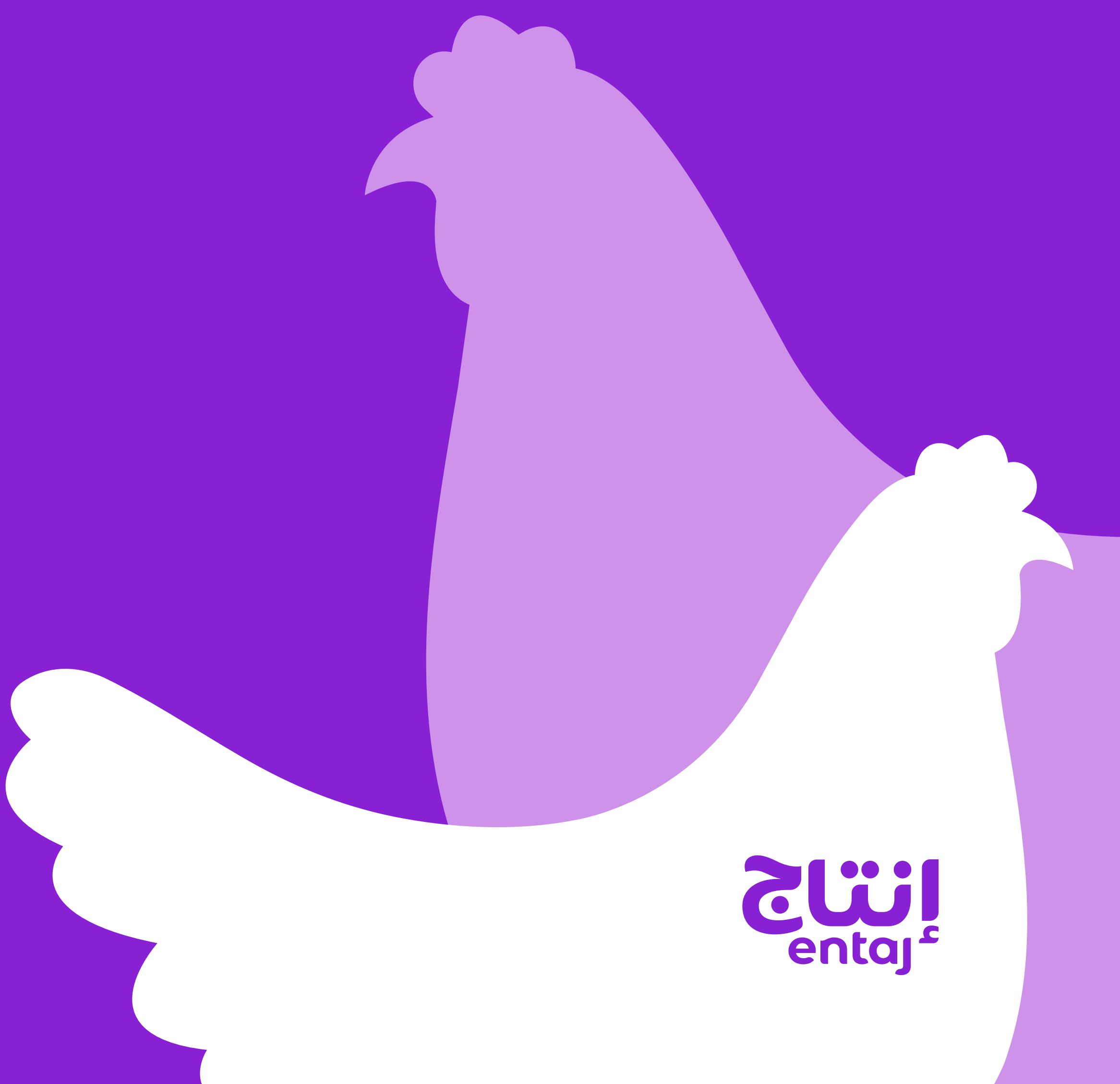
Administrative Department	31 December 2021G				31 December 2022G				31 December 2023G				31 March 2024G			
	Saudi	Non-Saudi	Total	Saudisation Percentage	Saudi	Non-Saudi	Total	Saudisation Percentage	Saudi	Non-Saudi	Total	Saudisation Percentage	Saudi	Non-Saudi	Total	Saudisation Percentage
Senior Management	1	-	1	100.00%	2	-	2	100.00%	5	-	5	100.00%	3	-	3	100%
Strategy, Planning & Development	9	1	10	90.00%	18	1	19	94.74%	4	-	4	100.00%	18	4	22	82%
Finance	7	7	14	50.00%	13	10	23	56.52%	16	13	29	55.17%	19	16	35	54%
Internal Audit	-	-	-	-	-	1	1	-	1	2	3	33.33%	-	3	3	-
Human Resources	-	-	-	-	-	-	-	-	9	-	9	100.00%	10	-	10	100%
Information Technology	-	-	-	-	-	-	-	-	-	2	2	-	-	2	2	-
Safety & Security	29	4	33	88.00%	30	6	36	83.33%	39	1	40	97.50%	39	1	41	95%
Livestock (Farms)	20	478	498	4.00%	23	538	561	4.10%	34	642	676	5.03%	31	674	705	4%
Logistics and Supply Chain	14	89	103	14.00%	12	83	95	12.63%	39	116	155	25.16%	26	147	173	15%
Poultry Processing Plants (PPP)	61	319	380	16.00%	57	364	421	13.54%	59	470	529	11.15%	61	465	526	12%
Project Management	1	2	3	33.00%	1	2	3	33.33%	1	3	4	25.00%	1	3	4	25%
Quality & Commitment	9	5	14	64.00%	7	2	9	77.78%	5	1	6	83.33%	6	2	8	75%
Sales & Marketing	34	82	116	29.00%	32	63	95	33.68%	31	178	209	14.83%	33	190	223	8.14%
Total	**184**	**987**	**1,171**	**15.78%**	**195**	**1,070**	**1,265**	**15.24%**	**245**	**1,430**	**1,675**	**14.63%**	**247**	**1,508**	**1,755**	**14.07%**

Source: The Company.

5.9.2 Employees Stock Programme

As of the date of this Prospectus, the Company does not have any employee stock programmes in place for its employees or any other existing similar arrangement involving the employees in the capital of the Company.

Management's Discussion and Analysis of Financial Position and Results of Operations



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

6.1 Introduction

This section includes management's discussion and analysis of the financial position and results of operations for Arabian Company for Agriculture and Industrial Investment, an integrated poultry producer established in 2011G by ARASCO, its parent company. Initially founded as a single-member limited liability company in 2011, the Company was converted into a closed joint-stock company in 2024G. The Company's primary business sector is poultry production, which generates over 95 per cent. of its sales throughout the historical period, in addition to selling eggs and red meat as commercial segments.

This section has been prepared based on: (1) the audited financial statements for the financial year ending on 31 December 2022G, which include the financial information as of and for the comparative period ended 31 December 2021G; (2) the audited financial statements for the financial year ending 31 December 2023G, which include the financial information as of and for the comparative period 31 December 2022G; and (3) the unaudited interim condensed financial statements for the three-month period ended 31 March 2024G, which include the financial information for the comparative period ended 31 March 2023G.

The Company's management prepared the financial statements referred to above. The financial statements for the financial years ended 31 December 2021G, 2022G and 2023G were audited by Ernst & Young Professional Services, in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. The Company's management prepared the interim condensed financial statements for the three-month period ended 31 March 2024G which have been reviewed by Ernst & Young Professional Services in accordance with International Standard on Review Engagements (ISRE) 2410 (Review of Interim Financial Information Performed by the Independent Auditor of the Entity) as endorsed in the Kingdom of Saudi Arabia. The financial statements for the financial years ending on 31 December 2021G, 2022G and 2023G have been prepared in accordance with the International Financial Reporting Standards (IFRS) endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organisation for Chartered and Professional Accountants (SOCPA) and the financial statements for the three-month period ended 31 March 2024G have been prepared in accordance with International accounting standard 34 (IAS-34) (Interim Financial Reporting), as endorsed in the Kingdom of Saudi Arabia.

Neither Ernst & Young Professional Services, nor any of its subsidiaries, affiliates, employees (forming part of the team serving the Company), nor any of their relatives own any shares of any kind in the Company that might affect its independence as of the date of the independent auditor's report on the audited financial statements. As of the date of this Prospectus, Ernst & Young Professional Services has provided its written consent to refer in this Prospectus to its role as Company's Auditor for the financial years ending 31 December 2021G, 2022G and 2023G, and the three-month period ended 31 March 2024G, and they have not withdrawn or amended that consent as of the date of issuance of this Prospectus.

All amounts in this section have been rounded to the nearest thousand Saudi Arabian Riyals unless otherwise stated, and numbers and percentages have been rounded to the nearest decimal place. Therefore, the total of these numbers may differ from what is shown in the tables. Accordingly, all ratios, indicators, annual expenditures and compound annual growth rates are based on rounded numbers.

This section may include statements of a forward-looking nature relating to the future capabilities of the Company, based on management's plans and expectations regarding the Company's growth, results of operations and financial position as well as the risks and uncertainties associated therewith. The Company's actual results may differ materially from the expected results due to numerous factors, risks and future events, including those discussed in this section of the Prospectus or elsewhere, in particular Section 2 (*Management's Discussion and Analysis of Financial Position and Results of Operations*) of this Prospectus.

6.2 Board Members' declarations on financial statements

The Board of Directors declares the following:

1. The members of the Board of Directors declare that the financial information contained in this section has been extracted without material modifications and presented in a format consistent with (1) the audited financial statements for the financial year ending on 31 December 2022G, which include the financial information as of and for the comparative period ended 31 December 2021G (2) and the audited financial statements for the year ending on 31 December 2023G which include the financial information as of and for the comparative period ended 31 December 2022G, which were prepared in accordance with International Financial Reporting Standards endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organisation for Chartered and Professional Accountants (3) the unaudited interim condensed financial statements for the three-month period ended 31 March 2024G, which include the financial information for the comparative period ended 31 March 2023G.

2. The members of the Board of Directors declare that the Company has sufficient working capital for at least the twelve-month period following the date of this Prospectus.
3. The members of the Board of Directors declare that there have been no negative material changes in the financial or commercial position of the Company in the three financial years immediately preceding the date of submitting the application for registration and offering of the securities that are the subject of this Prospectus, in addition to the end of the period covered in the auditor's report up to the date of issuance of this Prospectus. The members of the Board of Directors also acknowledge that all material facts related to the Company and its financial performance have been disclosed in this Prospectus, and that there is no other information, documents or facts the omission of which would make any statement herein misleading.
4. The members of the Board of Directors declare that the Company does not have any property, including any contractual securities or other assets, the value of which is subject to fluctuations or is difficult to ascertain, which would significantly affect the assessment of its financial position. With the exception of financial instruments at fair value through profit or loss, which are disclosed in Section 6.6.2 (*Statement of Financial Position*) of Section 6 (*Management's Discussion and Analysis of Financial Position and Results of Operations*) of this Prospectus.
5. The members of the Board of Directors declare that the Company has not provided any commissions, discounts, brokerage fees, or any other non-monetary compensation in connection with the issuance or offering of any securities to any of the members of the Board of Directors, the proposed members of the Board of Directors, senior executives, or those conducting the offer or offer. Securities or experts who received any of these payments or benefits during the three years immediately preceding the date of submitting an application to accept and offer securities subject to this Prospectus.
6. The members of the Board of Directors declare that the Company does not have any loans or any other liabilities whether covered by a personal guarantee, a non-personal guarantee or a mortgage, including any overdrafts from bank accounts, and does not have any secured liabilities, or liabilities under acceptance, acceptance credit, or any hire purchase liabilities except as disclosed in Section 11.5 (*Financing Agreements*) of this Prospectus.
7. The members of the Board of Directors declare that, except for what is disclosed in Section 6.5 (*Key Factors Affecting the Company's Performance and Operations*) and Section 2 (*Risk Factors*) of this Prospectus, to the best of their knowledge the Company does not have information about any Governmental, economic, financial, monetary or political policies or any other factors that have materially affected or could significantly affect (directly or indirectly) the Company's operations.
8. The members of the Board of Directors declare that the Company has no intention to make any fundamental change in its activity.
9. The members of the Board of Directors declare that the Company's operations have not ceased in a way that affects or has significantly affected its financial position during the last twelve months.
10. The Directors declare that the capital of the Company is not subject to any option contracts, except as disclosed in Section 11.4 (*Material Agreements*) of this Prospectus.
11. The Directors declare that the Company has provided comprehensive details in this section of any potential liabilities and has calculated and recorded a provision for the liabilities contained in Management's Discussion and Analysis of Financial Position and Results of Operations. For more information, see Section 6 (*Management's Discussion and Analysis of Financial Position and Results of Operations*) of this Prospectus.
12. The members of the Board of Directors declare that the Company's properties are not subject to any mortgages, rights or encumbrances as of the date of this Prospectus.
13. The Directors declare that the Company has provided comprehensive details in this section on all fixed assets and investments, including contractual securities and other assets whose value is volatile or difficult to estimate.
14. The members of the Board of Directors declare that there was no reservation in the auditor's report on the financial statements of the Company for any of the three financial years immediately preceding the date of submitting the application for registration and offering the securities subject to this Prospectus.
15. The members of the Board of Directors declare that there has been no material change in the significant accounting policies of the Company during the three financial years immediately preceding the date of submitting the application for registration and offering the securities subject to this Prospectus.
16. The members of the Board of Directors declare that there has been no material change in the financial statements issued by the Company during the three financial years immediately preceding the date of submitting the registration application and offering the securities subject to this Prospectus.
17. The Directors declare that there have been no material structural changes in the Company during the three financial years immediately preceding the date of filing the application for registration and offering of securities subject to this Prospectus, except as disclosed in Section 4 (*Business Description*) and Section 11 (*Legal Information*) of this Prospectus.
18. The members of the Board of Directors declare that, other than what is 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 Company, if any.

6.3 Company's Overview

Arabian Company for Agriculture and Industrial Investment was incorporated as a limited liability company in accordance with the legislation in the Kingdom of Saudi Arabia during 2011G and the legal status of the Company was converted to a Saudi Closed Joint Stock Company in the Kingdom of Saudi Arabia in 2024G.

The Company's licensed activities include egg production, broiler chicken production, support activities for animal production, production of chilled and frozen meat, preservation, and preparation of meat and meat products in various ways, such as drying, canning, and the production of egg products and eggshells, in addition to the preparation and processing of egg products, wholesale of dairy products, egg products, frozen meat and poultry.

6.4 Basis of Preparation

6.4.1 Basis of Preparation

Statement of co§mpliance

These financial statements of the Company have been prepared in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by SOCPA.

Basis of measurement

These financial statements have been prepared under the historical cost convention, except for the following material items in the statement of financial position:

- Employees' defined benefit liabilities are recognised at the present value of future obligations using the projected unit credit method.
- Biological assets are measured at fair value.

These financial statements are presented in Saudi Arabian Riyals which is the functional and presentation currency of the Company and rounded to the nearest Saudi Arabian Riyals (except when otherwise indicated).

The Company has prepared its financial statements on the basis that it will continue as a going concern.

6.4.2 Summary of Significant Accounting Policies

Current versus non-current classification

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

- Expected to be 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; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies all other assets as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Company classifies all other liabilities as non-current.

Fair value measurement

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

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

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

When inputs used to measure the fair value of an asset or liability are classified at different levels in the fair value hierarchy, the fair value measurement is classified as a whole at the same level in the fair value hierarchy of the lowest input level that is significant for the overall measurement.

For assets and liabilities that are frequently recognised in the statement of financial position, the Company determines whether the transfer has been made between the hierarchy of fair value levels by re-assessing the classification (based on significant lower-level inputs to measure the fair value as a whole) at the end of each financial period.

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

Leases

The Company assess whether a contract contains a lease, at inception of the contract i.e. if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. For all such lease arrangements, the Company recognises right of use assets and lease liabilities except for the short-term leases and leases of low value assets.

Company as lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment. Right-of-use assets are depreciated over the useful life or lease period whichever is lower, as below:

Table 6.1: Useful Lives for Right of Use Assets as of 31 December 2021G, 2022G and 2023G

Assets	Useful life (years)
Land	13 years
Buildings	4 to 10 years
Motor vehicles	4 years

Source: Audited financial statements for the financial years ending 31 December 2021G, 2022G and 2023G.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of commercial buildings, accommodations and offices (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low value assets recognition exemption where leases are less than SR 3,000 in addition to the short-term leases of commercial building and offices that are leased for less than 12 months. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Property and equipment

Construction in process is stated at cost, net of accumulated impairment losses, if any. Property and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Table 6.2: Useful Lives of Property and Equipment as of 31 December 2021G, 2022G and 2023G

Category of asset	Years
Buildings	20 to 35 years
Machinery and equipment	2 to 20 years
Motor vehicles	5 to 15 years
Office furniture and equipment	2 to 15 years
Capital spare parts	10 to 15 years

Source: Audited financial statements for the financial years ending 31 December 2021G, 2022G and 2023G.

An item of property and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised. The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Inventories

Cost is determined for the following categories:

Spare parts, packing material, medicines and vaccination, fuel and diesel and other inventories - weighted average cost

Costs are assigned to individual items of inventory on the basis of weighted average method. At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced by its cost; the impairment loss is recognised immediately in statement of profit or loss.

Finished goods and goods for trading – Cost or NRV

Net realisable value comprises estimated selling price in the ordinary course of business, less estimated costs to completion and appropriate selling and distribution costs. Provision is made, where necessary, for expired, obsolete, slow moving and defective stocks.

Raw material - weighted average cost

Raw materials and finished goods including work in progress: cost of direct materials and labour and a proportion of production overheads based on the normal operating capacity.

Goods in-transit

Inventories are stated at cost plus freight and other related expense.

Biological assets

Biological assets are stated at fair value less cost to sell. The fair value measurements for biological assets have been recognised as Level 3. Fair value inputs based on the inputs to the valuation techniques used. Cost to sell includes all cost that would be necessary to sell the biological assets. Changes in fair value of poultry are recognised in statement of profit or loss as part of cost of sales. Costs related to growing the poultry are expensed as incurred. Lambs are purchased for the purpose of meat sale.

Impairment of non-financial assets

The Company assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of the fair value of the asset or CGU less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators. The Company bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year. Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset. For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the recoverable amount of the asset or CGU. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price as disclosed in revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in below mentioned categories:

- Financial assets at amortised cost (debt instruments).
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments).
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss.

Out of the above, only below is applicable to the Company:

Financial assets at amortised cost (debt instruments) are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Company's financial assets at amortised cost includes trade receivables, amounts due from related parties and government subsidy receivable.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) 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.

In cases where the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. In cases where it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company recognises a provision for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss provision is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). For accounts receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss provision based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include loan from a related party, lease liabilities, amounts due to related parties, accounts payable and other payables.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at amortised cost (loans and borrowings) are the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or by substantially modifying the terms of an existing liability, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised 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 realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks, cash on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

Government subsidies receivables

Government subsidies receivables are recognised where there is reasonable assurance that the subsidy will be received and all relevant conditions will be complied with. When the subsidy relates to an expense item, it is recognised as reduction from related cost on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the subsidy relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. 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. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to liability. The increase in the provision due to the passage of time is recognised as interest expense.

Employee benefits

(i) Short-term obligations

Short-term benefits are those amounts expected to be settled wholly within 12 months of the end of the period in which the employees render the service that gives rise to the benefits.

Liabilities for wages and salaries, including non-monetary benefits and accumulated leaves and benefits-in-kind that are expected to be settled wholly within twelve months after the end of the year in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations under "other payables" in the statement of financial position.

(ii) Post-employment obligation

The Company operates a non-funded employee end of service benefit plan, which is classified as defined benefit obligation under IAS 19 (**Employee Benefits**). A defined benefit plan is a plan which is not a defined contribution plan. The liability recognised in the statement of financial position for a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets at that date. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting estimated future cash outflows using market yields at the end of the reporting period of high quality corporate bonds that have terms to maturity approximating to the estimated term of the post-employment benefit obligations.

Remeasurements, 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. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that 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 net defined benefit obligation under 'cost of revenue, 'general and administration expenses' and 'selling and distribution expenses' in the statement of profit or loss (by function):

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income.

Zakat and Value Added Tax

The Company is a wholly owned subsidiary of ARASCO. Consolidated zakat returns for the ARASCO and its subsidiaries is submitted in accordance with the consolidated special-purpose financial statements (consolidated zakat base). The Company's share of this provision is charged to the statement of profit or loss in accordance with accrued zakat based on fair charging rates from ARASCO in addition to Zakat calculation on the basis of the consolidated financial statements of ARASCO and its subsidiaries. The resulting provision is presented in the statement of profit or loss for the year within financial statements of ARASCO.

Expenses, and assets are recognised net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and/or
- When receivables and payables are stated with the amount of VAT included.

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

Withholding tax

The Company withhold taxes on transactions with non-resident parties in accordance with ZATCA regulations, which is not recognised as an expense being the obligation of the counter party on whose behalf the amounts are withheld.

Revenue recognition

The Company recognises revenue from the following streams:

- Poultry sales;
- Table eggs sales;
- Red meat; and
- Cold store.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer. The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price, the Company considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the customer (if any).

Sale of poultry, eggs, red meat

The Company's contracts with customers for the sale of goods generally include one performance obligation. The Company has concluded that revenue from sale of goods should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts provide customers with a right to return the goods within a specified period. The Company also provides retrospective volume rebates to certain customers once the quantity of goods purchased during the period exceeds the threshold specified in the contract. The rights of return and volume rebates give rise to variable consideration.

Right of return

Some contracts with customers provide a right of return, trade discounts or volume rebates. The Company uses the expected value method to estimate the variable consideration given the large number of contracts that have similar characteristics. The Company then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price and recognised as revenue. A refund liability is recognised for the goods that are expected to be returned (i.e., the amount not included in the transaction price). A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover the goods from the customer.

Volume rebates

The Company applies either the most likely amount method or the expected value method to estimate the variable consideration in the contract. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The most likely amount is used for those contracts with a single volume threshold, while the expected value method is used for those with more than one volume threshold. The Company then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price and recognised as revenue. A refund liability is recognised for the expected future rebates (i.e., the amount not included in the transaction price).

Contract balances

Accounts receivable

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Foreign currencies

Transactions in foreign currencies are initially recorded at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the financial statements reporting date for the Company. All differences arising on settlement or translation of monetary items are taken to the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as of the date of the initial transaction and are not subsequently restated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of a gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in statement of profit or loss or statement of other comprehensive income, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Company initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Company determines the transaction date for each payment or receipt of advance consideration.

Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Liabilities which are probable, they are recorded in the statement of financial position under accounts payable and accruals. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

New and amended standards and interpretations

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2023G (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's financial statements.

IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach); and
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The new standard had no impact on the Company's financial statements.

Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments had no impact on the Company's financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. The amendments had no impact on the Company's financial statements.

International Tax Reform-Pillar Two Model Rules - Amendments to IAS 12

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023G, but not for any interim periods ending on or before 31 December 2023G. The amendments had no impact on the Company's financial statements as the Company is not in scope of the Pillar Two model rules.

New and amended IFRSs as endorsed in KSA in issue but not yet effective and not early adopted

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022G, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual reporting periods beginning on or after 1 January 2024G and must applied be retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and must be disclosed. The amendments are not expected to have a material impact on the Company's financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020G, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024G and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practices and whether existing loan agreements may require renegotiation.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023G, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The amendments will be effective for annual reporting periods beginning on or after 1 January 2024G. Early adoption is permitted, but it is required to be disclosed. The amendments are not expected to have a material impact on the Company's financial statements.

6.4.3 Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the 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.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Determining the lease term of contracts with renewal and termination options – Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Company did not include the renewal period as part of the lease term for leases of land farms and buildings as these are not reasonably certain to be exercised. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Determining lease term for leases with termination option — Company as lessee

The Company has entered into lease agreements for poultry farms. The Company has evaluated based on the terms and conditions of the arrangements that the significant risks and rewards of ownership of these assets are retained by the lessor hence have been accounted for as operating leases. In making such assessment, management considered that the following key factors are applicable to its lease's arrangements:

- Lease agreements do not transfer the assets' ownership to the lessor at the end of the lease.
- The Company has no option to purchase the asset.
- The lease term is not for the major part of the economic life of the asset.

At the inception of the lease, the present value of the minimum lease payments is not amounting to substantially all the fair value of the leased asset.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Employees' defined benefit plans

The cost of employees' defined benefit obligation and other post-employment benefits are determined using actuarial valuations. An actuarial valuation involves making various assumptions, which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Useful lives of property and equipment

The Company's management determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the useful lives and residual value of the assets at least once per year and always at the end of each financial year and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Impairment of account receivable

The Company uses a provision matrix to calculate ECLs for trade accounts receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account 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.

Fair value of biological assets

The Company carries its biological assets (poultry) until the time of slaughtering (recorded in inventories immediately after slaughtering) at fair value less costs to sell. At the end of the reporting period, the fair value of poultry is estimated at transaction prices for poultry for that local area, adjusted for expected costs to reach maturity over the life cycle. Significant estimates include the expected yields and quality, costs to incur until slaughtering and the expected market price for the slaughtered poultry. Significant estimates include the expected yields and quality, costs to incur until slaughtering and the expected market price for the slaughtered poultry.

Any gains or losses on remeasuring fair value are presented in the statement of profit or loss as gain on fair value adjustment on biological assets.

Inventories

Inventories are held at the lower of cost or net realizable value. When spare parts inventories become old or obsolete, an estimate is made for their market value. For individually significant amounts this estimation is performed 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 ageing or obsolescence, based on anticipated selling prices. A provision is made for expired products.

Going concern

The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

6.5 Key Factors Affecting the Company's Performance and Operations

6.5.1 Risks Associated with the Spread of Avian Diseases

The outbreak of infectious diseases or any public health threats could have a significant adverse impact on the Company's operations. A new strain of the coronavirus (COVID-19) was identified in Wuhan, Hubei Province, China in December 2019G. The disease quickly spread to most countries, leading many, including Saudi Arabia, to implement various measures to curb the virus's spread. These measures included temporary travel restrictions, curfews, intercity travel bans, limitations on activities not maintaining physical distancing, and mandatory quarantine for travellers from other countries.

The Company's supply chain was also affected by the pandemic's impact on both local and international raw material suppliers, causing delays in the receipt of raw materials. There are also risks related to the potential infection of the Company's employees with contagious diseases, which could restrict their movement and work, thereby impacting the Company's daily operations. Additionally, there are risks concerning the collection of outstanding debts from clients due to the pandemic.

As a result, the COVID-19 pandemic and its associated economic fluctuations have exacerbated some of the risk factors mentioned in this section. If there is a resurgence of COVID-19 or another infectious disease and further restrictions are imposed to control its spread, it could have a significant adverse effect on the Company's operations and/or financial position and/or operational results and/or future prospects.

6.5.2 Risks Associated with Inventory Management

The company relies on its expertise in the poultry market and accurate demand forecasting to manage its inventory of feed ingredients and poultry products. However, there may be significant deviations in the demand for poultry products from what was anticipated. Demand could be influenced by new product launches in the market, changes in product cycles, pricing, shifts in customer spending patterns, the entry of new competitors, and other factors. Consequently, customer orders for the Company's products might decrease.

If the Company fails to accurately estimate the quantity of products desired by its customers or manage production volumes appropriately, it might produce more poultry products than needed, leading to increased inventory levels. Additionally, a rise in inventory levels and poor inventory management could result in the expiration of poultry products, forcing the Company to reduce prices to sell its stock before the expiration date. This would negatively impact the Company's operations, financial position, operational results, and future prospects.

As of 31 December 2021G, 2022G and 2023G, as well as on 31 March 2024G, the total inventory values were SAR 84.2 million, SAR 68.7 million, SAR 105.8 million, and SAR 103.9 million, respectively, representing 10.8 per cent., 7.2 per cent., 8.9 per cent., and 7.9 per cent. of the Company's total assets as of the respective dates. The provision for slow moving inventories as of the end of these periods were SAR 9.7 million, SAR 12.3 million, SAR 12.5 million, and SAR 13.2 million, respectively. The total inventory wastage amounted to SAR 13.07 million, SAR 12.4 million, SAR 3.8 million and SAR 123,140 for the financial years ending 31 December 2021G, 2022G and 2023G, and for the three-month period ending 31 March 2024G, respectively, representing 15.5 per cent., 18 per cent., 3.6 per cent. and 0.1 per cent., respectively, of the total inventory as of the end of these periods.

6.5.3 Risks Associated with Collecting Receivables from Customers

The Company may face challenges in collecting outstanding receivables from its customers. As of 31 December 2021G, 2022G and 2023G, and the three-month period ending 31 March 2024G, the gross accounts receivables overdue by 360 days or more were SAR 7.3 million, SAR 28.6 million, SAR 35.7 million, and SAR 41.1 million, respectively. Meanwhile, the gross accounts receivables overdue between 241 and 330 days were SAR 8.6 million, SAR 6.7 million, SAR 11.8 million, and SAR 3.6 million, respectively for the same periods. The gross accounts receivables overdue between 91 and 240 days amounted to SAR 10.0 million, SAR 6.9 million, SAR 1.9 million, and SAR 5.9 million during these periods, respectively. The gross accounts receivables overdue for less than 90 days were SAR 92.3 million, SAR 104.3 million, SAR 76.9 million, and SAR 16.8 million, respectively, for the corresponding periods.

The decrease in accounts receivables as of 31 December 2023G, by 13.8 per cent. compared to as of 31 December 2022G, is attributed to improved collection processes, despite an increase in revenue of SAR 370.2 million from 2021G to 2023G. This improvement resulted in an increase in the average collection period from 37 days to 32 days for the financial year ending 31 December 2023G, compared to the financial year ending 31 December 2022G. Provisions for expected credit losses recorded against accounts receivables amounted to SAR 18.1 million, SAR 37.2 million, SAR 45.0 million, and SAR 54.2 million as of the end of the fiscal years 31 December 2021G, 2022G and 2023G and the three-month period ended 31 March, 2024G, respectively.

If customers dispute the amounts on their invoices or experience financial difficulties, this may lead to an increase in uncollected invoices and overdue amounts. Such situations would have a significant negative impact on the Company's operations, financial position, operational results, and future projections.

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

The company's assets, operations, and target customer base are located in the Middle East and North Africa (MENA) region. The Middle East is subject to various geopolitical and security risks that could impact GCC countries, including Saudi Arabia. Additionally, recent attacks in the Bab El-Mandeb Strait, a crucial maritime corridor in the Red Sea, have introduced significant risks and disruptions to global shipping and supply chains. The targeting of commercial and military vessels by Houthi forces, including multiple attacks on ships, underscores the heightened threat level in this strategic waterway. These incidents not only pose severe and direct risks to maritime personnel and assets but also have broader implications for the Company's logistics and supply chain operations. Given the Bab El-Mandeb Strait's pivotal role in international trade, any disruptions here could result in significant shipping delays, increased transportation costs, and possible rerouting of vessels. As the Company relies on timely delivery of raw materials, such disruptions could exacerbate supply chain vulnerabilities, affect production schedules, and increase operational costs, particularly related to the purchase of hatching eggs.

Moreover, investing in the Middle East, a region characterised by ongoing political, economic, and social changes, is inherently unstable. Unforeseen changes in political, social, economic, or other conditions in the region could have a substantial negative impact on the markets where the Company operates. This instability could also affect the Company's ability to attract and retain customers in these regions and impact the investments the Company has made or plans to make in the future. Such developments could have a significant adverse effect on the Company's business, financial position, operational results, and/or future outlook.

6.5.5 Risks Related to Weather Conditions

Weather conditions in Saudi Arabia, such as extreme cold, high temperatures, floods, storms, or other natural disasters, can impact the health or growth of the Company's poultry, or affect its hatching, production, or distribution processes. Additionally, climate change could exacerbate the severity of adverse weather events. Severe weather conditions, regardless of their cause, can affect the Company's operations through:

- Damage to the Company's infrastructure or facilities.
- Increased mortality rates among the Company's poultry.
- Power outages and water shortages.
- Disruption of distribution channels.
- Damage to operational processes due to the effects of such weather conditions.

Any of these factors could have a significant negative impact on the Company's business, financial position, operational results, and/or future outlook.

6.5.6 Risks Related to Changes in Energy Prices

The company may be affected by increases in diesel prices, as all the water used in the Company's farms is groundwater extracted by machinery and equipment that relies on diesel as a power source. An increase in diesel prices negatively impacts the Company's operations.

On 12 December 2017G, the Ministry of Energy issued a statement regarding the Financial Balance Programme aimed at adjusting energy product prices. This led to an increase in the prices of 91-octane gasoline, 95-octane gasoline, "industrial and utility" diesel, "transport" diesel, and kerosene starting from 1 January 2018G. Energy product prices are adjusted monthly according to the governance procedures for modifying energy and water prices.

Under these procedures, Saudi Aramco increased the retail price of diesel from SAR 0.75 per litre to SAR 1.15 per litre, marking a 53 per cent. price increase starting 1 January 2024G. Higher energy costs increase the Company's operating expenses, making its products less competitive compared to similar or alternative products offered by competitors. Consequently, any further increases in diesel prices could have a significant negative impact on the Company's business, financial position, operational results, and/or future outlook.

6.5.7 Risk Management

The Company's objective in managing risk is the creation and protection of shareholder value. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Company's continuing profitability.

Financial risk factors

The Company's financial assets include cash and bank balances, accounts receivables, government subsidies receivable and amounts due from related parties. The Company's financial liabilities comprise of amounts due to related parties, accounts payables, loan from a related party and lease liabilities.

The Company is exposed to market risk (currency risk, interest rate risk), credit risk, and liquidity risk.

This section presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

6.5.8 Risk Management Framework

The Board of Directors has an overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies. Management reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Risk management structure

A cohesive organisational structure is established within the Company in order to identify, assess, monitor and control risks.

Board of Directors

Management committee of risk governance is the centralised oversight committee of the Board of Directors, which provides direction and the necessary approvals of strategies and policies in order to achieve defined corporate goals.

Senior management

Senior management is responsible for the day-to-day operations towards achieving the strategic goals within the Company's pre-defined risk appetite.

6.5.9 Risk Mitigation

The risks faced by the Company and the way these risks are mitigated by management are summarised below:

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities where revenue or expense related to export on poultry is denominated in foreign currency. 'The Company did not undertake significant transactions in currencies other than Saudi Arabian Riyals, US dollars and Euro. As the Saudi Riyal is pegged to the US Dollar, balance in US Dollars are not considered to represent significant currency risk. The Company monitors the fluctuations in currency exchange rates of Euro and manages its effect on the financial statements. The Company's exposure to other foreign exchange movements is not material.

(ii) Interest rate risk

Interest rate risk is the risk that either fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The following table demonstrates a reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by the amount shown below. The analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Table 6.3: Possible Changes in Interest Rates

SAR in thousands	Profit or loss 31 December 2021G		Profit or loss 31 December 2022G		Profit or loss 31 December 2023G	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Variable-rate instruments	(3,200)	3,200	(2,525)	(2,525)	(2,181)	2,181

Source: Company's audited financial statements for the financial years ending on 31 December 2022G (where information for the comparative financial year 2021G was extracted) and 2023G.

(iii) Credit risks

Credit risk refers to the risk that a party to a financial instrument will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties, for whom the credit risk is assessed to be low. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific non-related counterparties, and continually assessing the creditworthiness of such non-related counterparties. The Company maintains bank accounts with high credit rated financial institutions.

The table below shows the Company's maximum exposure to credit risk for components of the statement of financial position.

Table 6.4: Maximum Exposure to Credit Risk

Financial assets (SAR in thousands)	31 December 2021G	31 December 2022G	31 December 2023G
Accounts receivables	100,212	109,441	81,354
Cash and bank balances	3,099	1,953	23,088
Amounts due from related parties	169	110	158
Total	**103,480**	**111,504**	**104,600**

Source: Company's audited financial statements for the financial years ending on 31 December 2022G (where information for the comparative financial year 2021G was extracted) and 2023G.

Accounts receivable and amounts due from related parties

For accounts receivable, the Company applies the simplified approach to providing for ECL prescribed by IFRS 9, which requires the use of the lifetime expected loss provision for such financial assets.

Bank balance

Credit risk from balances with banks is managed by the Company's treasury department in accordance with the Company's policy. Management continuously monitors the credit ratings of financial institutions to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

Credit risk concentration

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic political or other conditions.

No significant concentrations of credit risk were identified by the management as of the reporting date.

Management has conducted an assessment as required under IFRS 9 and based on such assessment, the management believes that there is no need for any significant impairment loss against the carrying value of cash and cash equivalents, amounts due from related parties and other financial assets.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by ensuring that sufficient funds are available from ARASCO and related parties at all times to meet any future commitments, and financing facilities are available.

Below are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments:

Table 6.5: Remaining Contractual Maturities of Financial Liabilities as of 31 December 2023G

SAR in thousands	On demand SAR	Within 3 months SAR	3 months to 1 year SAR	Above 1 year SAR	Total SAR
Accounts payable	-	43,464	-	-	43,463
Amounts due to related parties	50,330	-	-	-	50,330
Loan from related party	-	-	80,474	534,870	615,344
Lease liabilities	-	-	11,643	60,910	72,553
Total financial liabilities	**50,330**	**43,464**	**92,116**	**595,780**	**781,690**

Source: Company's audited financial statements for the financial year ending on 31 December 2023G.

Table 6.6: Remaining Contractual Maturities of Financial Liabilities as of 31 December 2022G

SAR in thousands	On demand SAR	Within 3 months SAR	3 months to 1 year SAR	Above 1 year SAR	Total SAR
Accounts payable	-	23,442	-	-	23,442
Amounts due to related parties	137,524	-	-	120,218	257,742
Loan from related party	-	-	60,593	463,342	523,935
Lease liabilities	-	-	1,353	12,038	13,391
Total financial liabilities	**137,524**	**23,442**	**61,946**	**595,598**	**818,511**

Source: Company's audited financial statements for the financial year ending on 31 December 2023G.

Table 6.7: Remaining Contractual Maturities of Financial Liabilities as of 31 December 2021G

SAR in thousands	On demand SAR	Within 3 months SAR	3 months to 1 year SAR	Above 1 year SAR	Total SAR
Accounts payable	-	29,986	-	-	29,986
Amounts due to related parties	156,532	-	-	120,218	276,752
Loan from related party	-	-	39,564	357,576	397,140
Lease liabilities	-	-	9,404	13,419	22,823
Total financial liabilities	**156,533**	**29,986**	**48,968**	**491,214**	**726,701**

Source: Company's audited financial statements for the financial year ending on 31 December 2022G.

Capital management

For the purpose of the Company's capital management, capital includes issued share capital and all other equity reserves. The primary objective of the Company's capital management is to maximise shareholder value.

The Company manages its capital structure and adjusts considering changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to partners, return capital to partners or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt accounts payables, accruals and other current liabilities, amounts due to related parties and lease liabilities (both current and non-current), less cash at banks.

There were no changes in the objectives, policies, and procedures for capital management during the years ended 31 December 2022G and 31 December 2023G.

Table 6.8: Capital and net debt as of 31 December 2021G, 2022G and 2023G

(SAR in thousands)	As of 31 December 2021G	As of 31 December 2022G	As of 31 December 2023G
Loans from a related party	334,332	441,290	517,203
Lease liabilities	18,499	9,881	57,629
Accounts payables	29,986	23,442	43,463
Accruals and other current liabilities	54,936	76,804	61,623
Less: cash and cash equivalents	(6,937)	(1,953)	(23,088)
Net debt (1)	430,816	549,464	656,830
Share capital	50,000	50,000	300,000
Retained earnings and other reserves	(4,750)	75,591	136,580
Total Capital	45,250	125,591	436,580
Capital and net debt	476,066	675,055	1,093,410
Gearing ratio	90%	81%	60%

Source: Company's audited financial statements for the financial years ending on 31 December 2022G (where information for the comparative financial year 2021G was extracted) and 2023G.

(1) Net debt outlined in the table above has been calculated and reported as presented on the Company's audited financial statements and may differ from net debt presented across the remaining sections of this prospectus.

There are no financial covenants applicable on the Company as the loans are obtained by ARASCO.

The loans from the major shareholder consist of redirected loans, where ARASCO, as its parent company, collects the loans and then passes them on to the Company. These loans are intended to finance the Company's expansion projects, including the "600 thousand Birds" project, through which the Company aims to increase its daily poultry processing capacity during the historical review period.

The responsibility for meeting any financial commitments associated with these loans lies with ARASCO, as it is the contracting party with the concerned financial institutions. ARASCO settles these commitments and records the indebtedness in the Company's accounts accordingly.

6.6 Operating Results for the Financial Years Ended 31 December 2021G, 2022G and 2023G

6.6.1 Statement of Comprehensive Income

The table below summarises the statement of comprehensive income for the financial years ended 31 December 2021G, 2022G and 2023G:

Table 6.9: Statement of Comprehensive Income Data for the Financial Years 31 December 2021G, 2022G and 2023G

SAR in thousands	Financial year 2021G	Financial year 2022G	Financial year 2023G	Var. 2021G to 2022G	Var. 2022G to 2023G	CAGR 2021G-2023G
Revenue	729,082	1,030,900	1,099,349	41.4%	6.6%	22.8%
Government subsidies earned(1)	18,009	-	-	(100.0%)	NA	(100.0%)
Cost of revenue	(620,772)	(801,023)	(869,047)	29.0%	8.5%	18.3%
Gross profit	**126,319**	**229,878**	**230,302**	**82.0%**	**0.2%**	**35.0%**
Selling and distribution	(76,944)	(81,794)	(100,089)	6.3%	22.4%	14.1%
Provision for expected credit loss for accounts receivables(2)	-	(18,411)	(7,845)	NA	(57.4%)	NA
General and administration	(35,126)	(38,375)	(47,279)	9.2%	23.2%	16.0%
Profit from operations	**14,250**	**91,298**	**75,090**	**540.7%**	**(17.8%)**	**129.6%**
Share of loss from an associate	(7)	-	-	NA	NA	NA
Gain on fair value adjustment on biological assets	4,646	2,701	2,687	(41.9%)	(0.5%)	(24.0%)

SAR in thousands	Financial year 2021G	Financial year 2022G	Financial year 2023G	Var. 2021G to 2022G	Var. 2022G to 2023G	CAGR 2021G-2023G
Finance costs	(15,267)	(14,297)	(16,767)	(6.4%)	17.3%	4.8%
Other income/ (expenses)	61	(162)	3,499	NA	NA	655.9%
Profit before Zakat	3,683	79,540	64,508	2059.7%	(18.9%)	318.5%
Zakat	-	-	(1,848)	NA	NA	NA
Profit for the year	**3,683**	**79,540**	**62,660**	**2059.7%**	**(21.2%)**	**312.5%**

Source: Company's audited financial statements for the financial years ending on 31 December 2022G (where information for the comparative financial year 2021G was extracted from) 2023G and management information).

(1) Government subsidies earned" during the financial years ended 31 December 2022G and 2023G amounting to SAR 29,379 thousand and SAR 14,334 thousand ,respectively was recorded as deduction from Cost of revenue, as reported in the audited financial statements of the Company for the year ended 31 December 2023G.

(2) "Provision for expected credit losses for accounts receivables" for the financial year ended 31 December 2021G amounting SAR 1,633 thousand was recorded as part of the Selling and distribution expenses, as reported in the audited financial statements of the Company for the year ended 31 December 2022G.

The table below summarises the key performance indicators for the financial years ended 31 December 2021G, 2022G and 2023G:

Table 6.10: Key Performance Indicators for the Financial Years Ended 31 December 2021G, 2022G and 2023G

Key performance indicators	Financial year 2021G	Financial year 2022G	Financial year 2023G	Var. 2021G to 2022G	Var. 2022G to 2023G	CAGR 2021G-2023G
				Percentage points		
Gross margin [1]	17.3%	22.3%	20.9%	5.0	(1.3)	3.6
EBITDA margin [2]	8.3%	13.0%	11.2%	4.7	(1.9)	2.9
Net profit margin [3]	0.5%	7.7%	5.7%	7.2	(2.0)	5.2
		Operational KPIs			As a percentage	
Poultry						
Core products - units sold (kgs)	64,228,887	79,065,888	80,346,123	23.1%	1.6%	11.8%
Core products - ASP per unit sold (SAR) [4]	10.9	12.5	13.0	15.5%	3.4%	9.3%
Non-core products - units sold (kgs)	-	-	6,664,346	NA	NA	NA
Non-core products - ASP per unit sold (SAR) [4]	-	-	4.5	NA	NA	NA
Table eggs						
Units sold (units)	2,190,925	2,217,998	1,514,088	1.2%	(31.7%)	(16.9%)
ASP per unit sold (SAR) [4]	12.3	15.4	16.4	25.4%	6.4%	15.5%
Red meat						
Units sold (kgs)	62,544	68,649	31,481	9.8%	(54.1%)	(29.1%)
ASP per unit sold (SAR) [4]	67.8	61.3	89.1	(9.6%)	45.4%	14.6%

Source: Management information.

(1) Gross profit margin is calculated by dividing gross profit by revenue and is displayed as a percentage.

(2) EBITDA margin is calculated by dividing EBITDA by revenue and is displayed as a percentage.

(3) Net profit margin is calculated by dividing the profit for the year/period by revenue and is displayed as a percentage.

(4) The average selling price is calculated by dividing the sales for the year/period by the units sold and is displayed in Saudi Arabian Riyals.

Revenue

Revenue is generated from the sale of: (i) poultry products, processed internally by the Company and comprises of various stock keeping units (SKUs) within four core sub-segments, being whole birds, cut ups, value-added products, and other co-products; (ii) table eggs which are white label products in nature, whereby the Company purchases ready-made SKUs from local suppliers under its own brand; and (iii) red meat products, whereby the Company purchases live lambs, slaughters and packages them in various SKUs to be sold. The Company distributes its products through seven distribution channels or customer segments, being: (i) Business to business customers; (ii) van sales; (iii) distributors; (iv) hypermarkets; (v) wholesale customers; (vi) online channels; and (vii) exports.

Revenue increased from SAR 729.1 million in the financial year 2021G to SAR 1,030.9 million in the financial year 2022G mainly due to the increase in core poultry products sales by SAR 294.1 million driven by the increase in quantities sold from 64.2 million to 79.1 million kilograms over the 2021G to 2022G financial period. This growth was mainly driven by the: (i) increase in market demand for local poultry products due to a reduction in import quotas by the government of internationally sourced poultry products in efforts to drive local poultry processing growth, coupled with (ii) an increase in average selling prices from SAR 10.9 to SAR 12.5 per kilogram over the 2021G to 2022G financial period, partly due to market driven increases in prices following the higher market demand, coupled with higher direct raw materials prices, particularly feed and hatching eggs affected by global political instability arising from the supply chain issues caused by global geopolitical tensions, further driving prices higher for local poultry products.

Revenue increased by 6.6 per cent. to SAR 1,099.3 million in the financial year 2023G as compared to the financial year 2022G, primarily due to growth in poultry sales, which increased by SAR 79.9 million. This increase was again driven by the Company's core poultry product offerings, whereby quantities sold increased by 1.6 per cent., from 79.1 million kilograms in the financial year 2022G to 80.3 million kilograms in the financial year 2023G, coupled with increases in average selling prices per kilogram of core poultry products by 3.4 per cent. reported at SAR 13.0 in the financial year 2023G.

The increase in revenue was partly driven by the Company's sales of 'live birds' during the financial year 2023G amounting to SAR 25.6 million, noting that live birds are sold at relatively lower average selling prices per kilogram in comparison to processed poultry products, impacting reported average selling prices of the poultry products during the financial year 2023G, as there was an increase in the farms capacity as part of the phased rollout of the Company's 600 thousand birds' expansion project, resulting in a surplus of live birds during the financial year 2023G which exceeded the plant's capacity before its expansion was commissioned, noting that the plant was operating at near maximum capacity until October 2023G, with the first phase of the increased capacity being commission in November 2023G. During the financial year 2023G, the Company also reported sales related to non-core by-products (feet, skin, and other waste) amounting to SAR 4.1 million, which have been historically accounted for a deduction from cost of sales.

Government subsidies earned

Government subsidies earned from MEWA, the Kingdom, in accordance with the national plan to encourage production of poultry. MEWA allocates an annual budget to this subsidy programme, which it then allocates and distributes to local poultry producers based on the carcass weight of processed broilers. The Company shares its production reports from its poultry processing plant with MEWA on a monthly basis, and the subsidies are paid in the following month based on the allocation for that particular month. Government subsidies amounted to SAR 18.0 million during the financial year 2021G. These subsidies were reclassified and reported as a deduction from the cost of revenue during the financial year 2022G and the financial year 2023G (reported at SAR 29.4 million and SAR 14.3 million, respectively) in accordance with IAS-20 (Accounting for Government Grants and Disclosure of Government Assistance).

Cost of revenue

Cost of revenue mainly comprise of direct materials (for e.g. feed, hatching eggs, amongst others) representing 55.7 per cent. of total costs of revenue in the financial year 2023G, overhead costs (for e.g. mortality of broilers, unhatched eggs, logistics overheads, fuel and diesel, vaccination and medicines, amongst others) representing 20.2 per cent. of total cost of revenue in the financial year 2023G, salaries and wages of operational staff representing 9.7 per cent. of total cost of revenue in the financial year 2023G, amongst various others.

Cost of revenue increased by 29.0 per cent. from SAR 620.8 million in the financial year 2021G to SAR 801.0 million in the financial year 2022G, driven by the: (i) increase in cost of direct materials by SAR 155.3 million, in line with revenue growth and the increase in number of units sold; (ii) an increase in overheads by SAR 8.3 million also driven by the sales growth resulting in higher cost allocations, in addition to; (iii) an increase in salaries in wages by SAR 22.8 million due to an increase in bonus accruals by SAR 10.0 million over the same period due to the improved financial performance in the financial year 2022G, coupled with an increase in remuneration packages of replaced employees over the 2021G to 2022G financial period. This was slightly offset by (iv) the reclassification of government subsidies on the Company's financial statements, from being reported on a separate line item, to being recorded as a deduction within cost of revenue during the financial year 2022G resulting in reducing cost of revenue by SAR 29.4 million during the financial year 2022G.

Cost of revenue increased further from SAR 801.0 million in the financial year 2022G to SAR 869.0 million in the financial year 2023G, driven by: the (i) increase in cost of direct materials by SAR 7.4 million, in line with revenue growth and the increase in number of units sold; (ii) a SAR 29.4 million increase in overhead expenses; (iii) an increase in salaries, wages and related costs by SAR 5.6 million, in line with the increase in average number of employees from 666 in the financial year 2022G to 820 in the financial year 2023G and an increase in contractual labour costs by SAR 4.0 million as the Company continues its investments in its operational assets, in addition to (iv) a decrease in government subsidies earned by SAR 15.0 million over the 2022G to 2023G financial period, amongst various others.

Gross profit

Gross margin increased from 17.3 per cent. in the financial year 2021G to 22.3 per cent. in the financial year 2022G, mainly driven by the growth in revenue increasing by 41.4 per cent. over the 2021G to 2022G financial period, while cost of revenue increased at a relatively lower rate by 29.0 per cent. during the same period. This improvement in gross margin was mainly driven by improved economies of scale achieved with the increase in the operations, resulting in a higher fixed costs absorption, in addition to the increases in the average selling prices in the market driven by the increase market demand and focus on local poultry products.

Gross margin subsequently decreased to 20.9 per cent. in the financial year 2023G, due to the increase in cost of revenue at a higher rate than revenue, by 8.5 per cent. over the 2022G to 2023G financial period, while revenue increased by 6.6 per cent. during the same period. This decrease in gross margin was primarily due to the increase across the Company's direct costs, notably direct materials costs, shipping and freight, in addition to the decrease in government subsidies over the 2022G to 2023G financial period.

Selling and distribution expenses

Selling and distribution expenses mainly comprises of freight and shipping expenses representing 49.1 per cent. of total selling and distribution expenses in the financial year 2023G period, in addition to salaries, wages and related costs at 16.3 per cent., marketing expenses at 16.9 per cent., and warehousing expenses at 6.8 per cent., respectively, of total selling and distribution expenses, amongst others.

Selling and distribution expenses increased from SAR 76.9 million in the financial year 2021G to SAR 81.8 million in the financial year 2022G driven by an increase across various selling and distribution expenses in line with the growth in revenue over the 2021G to 2022G period, driven mainly by: (i) increases in shipping and freight by SAR 5.6 million following revenue growth and increase in operations; (ii) an increase in marketing expenses by SAR 2.9 million as the Company ramps up its branding related expenditures post carveout from ARASCO; (iii) in addition to increases in salaries and wages by SAR 2.6 million with higher remuneration packages paid to retained selling and distribution staff post carveout, offset by (iv) decreases in across warehousing expenses by SAR 1.6 million, depreciation by SAR 1.4 million, and reclassification of ECL provisions to a separate line item by SAR 1.6 million on the statement of profit or loss, amongst others.

Selling and distribution expenses further increased by 22.4 per cent. to SAR 100.1 million in the financial year 2023G driven by an increase across various selling and distribution expenses in line with the growth in revenue over the 2022G to 2023G financial period, notably within (i) shipping and freight by SAR 7.7 million which relates to costs associated with transportation and supply chain activities of finished goods from production facilities to cold store, distribution channels and end customers; and (ii) marketing expenses by SAR 6.8 million, as the Company continued to ramp up its branding and publicity efforts ahead of its contemplated IPO, amongst others.

General and administration expenses

General and administration expenses mainly comprise of salaries, wages and related costs representing 44.8 per cent. of total general and administration expenses in the financial year 2023G period, shared services at 38.8 per cent., Provision for employees' defined benefit liabilities at 2.7 per cent., amongst others.

General and administration expenses increased by 9.2 per cent. from SAR 35.1 million in the financial year 2021G to SAR 38.4 million mainly driven by: (i) an increase in salaries, wages and related costs by SAR 4.8 million due to increases in remuneration paid to replaced employees after the carve-out from ARASCO over the 2021G to 2022G financial period, coupled with an increase in bonus accruals by SAR 3.0 million over the same period due to the improved financial performance in the financial year 2022G; (ii) an increase in provision for employees' defined benefit liabilities by SAR 2.4 million in line with the increase in the number of employees; and (iii) partially offset by the decrease in shared services expenses by SAR 3.2 million due to the gradual increase in autonomy post carve-out from ARASCO.

General and administration expenses continued increasing by 23.2 per cent. from SAR 38.4 million in the financial year 2022G to SAR 47.3 million in the financial year 2023G mainly driven by: (i) an increase in salaries, wages and related costs by SAR 6.9 million in line with the increase in G&A employees from 71 in the financial year 2022G to 237 in the financial year 2023G; and (ii) an increase in provision against other current assets in relation to long-outstanding advances paid to suppliers by SAR 1.4 million.

Provision for expected credit loss for accounts receivables

Provision for estimated credit losses over accounts receivables ("**ECL provisions**") were reported at SAR 18.4 million in the financial year 2022G and pertained to carried over outstanding receivables balances, particularly in relation to an increase in customer defaults during the financial year 2022G, requiring significant ECL provisions in accordance with the Company's ECL assessment model in the financial year 2022G, as the balances' aging brackets fell into higher rate buckets.

ECL provisions were subsequently decreased to SAR 7.8 million in the financial year 2023G, following the introduction of new sales commission policies linked not only to sales, but also to the accelerated collection of outstanding receivables in relation to those sales, the Company also achieved better communication and reconciliation with customers. However, ECL provisions were reported at SAR 7.8 million in the financial year 2023G primarily relating to long outstanding receivables carried over from the previous year, requiring an ECL provision in accordance with the Company's ECL assessment. It is worth noting that ECL provisions have been recorded under selling and distributions expenses during the financial year 2021G and were reported at SAR 1.6 million.

Share of loss from an associate

Share of loss from an associate decreased from a loss of SAR 7 thousand in the financial year 2021G to nil in the financial year 2022G and in the financial year 2023G as a result of the transfer of the Company's share in Ocean Line Marine Services to ARASCO.

Gain on fair value adjustment on biological assets

Gain on fair value adjustment on biological assets pertains to live day-one chicks up to partly grown broilers that are located in the Company's owned and managed farms, which have not yet been processed. The Company estimates the fair value of its biological assets based on market prices of live broilers at the end of each reporting date adjusted for the point of time of the growth cycle of the live birds within its farms. The balance decreased from SAR 4.6 million in the financial year 2021G to SAR 2.7 million each in the financial year 2022G and in the financial year 2023G mainly driven by the change in the various factors (such as the number of days in the cycle, number of birds, market price of full-grown broilers) affecting the fair value of biological assets held at the year-end across both years.

Finance costs

Finance costs mainly comprise of interest costs and bank charges incurred on the Company's borrowings. Finance costs decreased from SAR 15.3 million in the financial year 2021G to SAR 14.3 million in the financial year 2022G despite the increase in the Company's borrowings over the same period, mainly due to the Company obtaining subsidised loans from the Agricultural Development Fund (ADF) at lower rates than it's the rates offered from other local banks on the Company's existing borrowings, in addition to capitalisation of finance costs related to the loans taken out for the expansion projects.

Finance costs increased by 17.3 per cent. to SAR 16.8 million in the financial year 2023G compared to SAR 14.3 million in the financial year 2022G, primarily driven by an increase in interest costs associated with lease liabilities, which increased by SAR 2.5 million in line with the increase in the Company's right-of-use assets relating to the expansion of the Company's operational facilities ahead of the phased rollout of the Company's 600 thousand birds' expansion project.

Other (expense) / income

Other expenses and income comprise of hatching services to external parties, exchange rate difference and donations. Other income reduced from SAR 61 thousand in the financial year 2021G to a loss of SAR 162 thousand in the financial year 2022G due to exchange rate losses amounting to SAR 0.8 million offset by gains on sale of property and equipment amounting to SAR 0.6 million during the financial period ended on 31 December 2022G.

Other income subsequently increased significantly to SAR 3.5 million during the financial year 2023G, mainly due to exchange gains on foreign currency exposures of SAR 2.2 million, in addition to hatching services provided to external parties of SAR 1.0 million reported during the financial year 2023G.

Zakat

The Company did not report zakat expenses during the financial years 2021G and 2022G, as the parent company is submitting zakat return at a group level and did not allocate any expense to the Company, while zakat expenses amounted to SAR 1.8 million for the financial year 2023G, as the Parent Company allocated the expense to the Company in 2023G.

Profit for the year

The Company's profit for the year increased significantly from SAR 3.7 million in the financial year 2021G, to SAR 79.5 million in the financial year 2022G. The net profit margin improved from 0.5 per cent. to 7.7 per cent. during the same periods. This improvement is attributed to revenue growth and an increase in the gross margin, as well as higher government subsidies due to greater utilisation of the Company's poultry processing plant to meet demand. The Company also successfully kept the increase in selling and distribution expenses at 6.3 per cent., relatively lower compared to the revenue growth rate of 41.4 per cent. from the financial year 2021G to the financial year 2022G. Additionally, the restructuring of debt and the benefit from lower-cost loans from the Agricultural Development Fund contributed to the improved profit and margin for the financial year 2022G.

However, profit for the year decreased from SAR 79.5 million in the financial year 2022G, to SAR 62.7 million in the financial year 2023G, despite revenue growth. This decline is due to a decrease in gross profit, increased general and administration expenses by SAR 8.9 million, and higher selling and distribution costs by SAR 18.3 million. There was also a rise in finance costs by SAR 2.5 million due to higher debt levels, and zakat expenses were recorded for the first time during this period, which were previously borne by ARASCO. These factors led to a decrease in the net profit margin from 7.7 per cent. to 5.7 per cent. from the financial year 2022G to the financial year 2023G.

6.6.1.1 Revenue

The table below summarises revenue for the financial years ending 31 December 2021G, 2022G and 2023G:

Table 6.11: Revenue for the Financial Years 31 December 2021G, 2022G and 2023G

SAR in thousands	Financial year 2021G	Financial year 2022G	Financial year 2023G	Var. 2021G to 2022G	Var. 2022G to 2023G	CAGR 2021G-2023G
Local sales						
Core products [1]	691,101	985,322	1,035,359	42.6%	5.1%	22.4%
Non-core products [2]	-	-	26,973	NA	NA	NA
Total poultry sales	**691,101**	**985,322**	**1,062,332**	**42.6%**	**7.8%**	**24.0%**
Table eggs sales	26,918	34,179	23,929	27.0%	(30.0%)	(5.7%)
Red meat sales	4,241	4,207	2,801	(0.8%)	(33.4%)	(18.7%)
Cold store sales	38	506	720	1249.0%	42.1%	337.9%
Total local sales	**722,298**	**1,024,214**	**1,089,782**	**41.8%**	**6.4%**	**22.8%**
Export poultry sales						
Core products [1]	6,784	6,686	6,767	(1.4%)	1.2%	(0.1%)
Non-core products [2]	-	-	2,800	NA	NA	NA
Total export poultry sales	6,784	6,686	9,567	(1.4%)	43.1%	18.7%
Total revenue	**729,082**	**1,030,900**	**1,099,349**	**41.4%**	**6.6%**	**22.8%**
As a percentage of revenue					**Percentage points**	
Poultry sales	94.8٪	95.6٪	96.6٪	0.8	1.1	1.8
Table eggs sales	3.7%	3.3%	2.2%	(0.4)	(1.1)	(1.5)
Red meat sales	0.6%	0.4%	0.3%	(0.2)	(0.2)	(0.3)
Cold store sales (others)	0.0%	0.0%	0.1%	0.0	0.0	0.1%
Local sales	99.1%	99.4%	99.1%	0.3	(0.2)	0.1
Export sales	0.9%	0.6%	0.9%	(0.3)	0.2	(0.1)
Operational KPIs					**As a percentage**	
Poultry sales						
Core products - units sold (kgs)	64,228,887	79,065,888	80,346,123	23.1%	1.6%	11.8%
Core products - ASP per unit sold (SAR)	10.9	12.5	13.0	15.5%	3.4%	9.3%
Non-core products - units sold (kgs)	-	-	6,664,346	NA	NA	NA
Non-core products - ASP per unit sold (SAR)	-	-	4.5	NA	NA	NA
Table eggs sales						
Units sold (units)	2,190,925	2,217,998	1,514,088	1.2%	(31.7%)	(16.9%)
ASP per unit sold (SAR)	12.3	15.4	16.4	25.4%	6.4%	15.5%
Red meat sales						
Units sold (kgs)	62,544	68,649	31,481	9.8%	(54.1%)	(29.1%)
ASP per kg sold (SAR)	67.8	61.3	89.1	(9.6%)	45.4%	14.6%
Total						
Units sold (units)	66,482,357	81,352,534	87,767,690	22.4%	7.9%	14.9%
ASP per unit sold (SAR)	11.0	12.7	12.5	15.6%	(1.2%)	6.9%

Source: Company's audited financial statements for the financial years ending on 31 December 2022G (where information for the comparative financial year 2021G was extracted) and 2023G and management information.

(1) Core products consist of the major products resulting from poultry processing, namely (1) whole chickens, (2) cut ups, (3) value-added products, and (4) other co-products.

(2) Non-core products consist of (i) live broiler chickens, which are considered non-recurring sales in nature, and were sold due to the increase in the quantities of live broiler chickens from the Company's farms due to the gradual expansion of the Company's facilities in preparation for expanding the capacity of the poultry processing plant, (ii) in addition to derivatives and excesses resulting from poultry processing (by-products).

The revenue classification is represented by four main segments: (1) poultry; (2) table eggs; (3) red meat; and (4) cold stores.

(1) Poultry

Poultry represents the Company's main revenue stream accounting for c.96.6 per cent. of total revenue over the 2021G to 2023G financial period. The Company's operations encompass importing hatching eggs, placing them in its hatcheries, and once hatched into chicks (day-one chicks), are vaccinated and transferred to the Company's owned, rented and managed farms. The Company raises these chicks in the farms until they reach full-grown broilers ready for processing and are subsequently transferred to the Company's poultry processing plant, for slaughtering, further processing, and packaging into the Company's various SKUs (stock keeping units) and product offerings.

The Company has four core sub-segments under the poultry segment: (i) whole birds; (ii) cut ups; (iii) value-added products; and (iv) other co-products. The broilers' net weight after processing determines the sub-segment category and are packaged under the appropriate SKUs category accordingly. Refer to poultry revenue by sub-segment section for further details.

It is worth noting that the Company monitors of their pricing, conducting daily and weekly meetings between its sales and marketing departments, and adjusting its pricing to reflect current up-to-date competitive market prices accordingly. This pricing strategy involves regular comparison with competitor prices, positioning their products marginally lower than market leaders, yet maintaining a premium over other competitor's products.

Poultry sales revenue (local and exported) witnessed a significant increase from SAR 697.9 million in the financial year 2021G to SAR 992.0 million in the financial year 2022G attributable to an increase in poultry volumes sold from 64.2 million kilograms in the financial year 2021G to 79.1 million kilograms in the financial year 2022G largely owing to the: (i) increase in market demand for local poultry products due to a reduction in import quotas by the government of internationally sourced poultry products in efforts to drive local poultry processing growth, coupled with (ii) an increase in average selling prices from SAR 10.9 to SAR 12.5 per kilogram over the 2021G to 2022G financial period, partly due to market driven increases in prices following the higher market demand, coupled with higher direct raw materials prices, particularly feed and hatching eggs affected by global political instability arising from supply chain issues caused by global geopolitical tension during the financial year 2022G, further driving prices higher for local poultry products.

Poultry sales revenue (local and exported) increased from SAR 992.0 million in the financial year 2022G to SAR 1,071.9 million in the financial year 2023G, mainly attributable to an increase in core poultry product offerings volumes sold from 79.1 million kilograms in the financial year 2022G to 80.3 million kilograms in the financial year 2023G, coupled with an increase in average selling prices per kg of core poultry products by 3.4 per cent. reported at SAR 13.0 in the financial year 2023G, coupled with the sale of non-core poultry product offerings during the financial year 2023G.

Revenue growth over the 2022G to 2023G financial period was driven by: (i) "live birds" sold in the financial year 2023G, which generated an additional SAR 25.7 million in revenue, at an average selling price of SAR 7.5 per kilogram, as the Company had an excess supply of live birds harvested from its farms as it had undergone an expansion of its farms capacity as part of the overall expansion of its operational facilities for the 600 thousand bird expansion project, (ii) an increase in whole chicken revenue by SAR 41.5 million (+5.3 per cent.) over the 2022G to 2023G financial period, following an increase in volumes sold from 60.9 million kilograms in the financial year 2022G to 62.8 million kilograms in the financial year 2023G, coupled with an increase in average selling price per kilogram from SAR 12.9 to SAR 13.1 over the same period, in addition to (iii) a shift in the sales channel mix, specifically from the business to business channel to the van sales channel, whereby the Company shifted its focus to more direct to consumer channels, which helped increase average revenue per kilogram generated over the 2022G to 2023G financial period.

(2) Table eggs

Table eggs are sourced from local suppliers as "white label" products under the Company's own branding. Table eggs SKUs have historically been sold in 30 pieces per tray, in different sizes, medium, large and X-large during the 2021G to 2022G financial period, and in the financial year 2023G, the Company reverted to selling table eggs only within one SKU size group. Table eggs revenue increased by 27.0 per cent. from SAR 26.9 million in the financial year 2021G to SAR 34.2 million in the financial year 2022G, driven by an increase in volumes sold from 2,191 thousand units in the financial year 2021G to 2,218 thousand units sold in the financial year 2022G coupled with the increase in average selling price per unit sold from SAR 12.3 in the financial year 2021G to SAR 15.4 in the financial year 2022G. The Company priced its products at lower than market prices to gain market share within this segment during the financial year 2021G, and gradually adjusted prices to align with the market over the 2021G to 2022G financial period.

Table eggs revenue subsequently decreased by 30.0 per cent. to SAR 23.9 million in the financial year 2023G as compared to the financial year 2022G, driven by a decrease in volumes sold from 2,218 thousand units sold in the financial year 2022G to 1,514 thousand units sold in the financial year 2023G, due to the lower supply of table eggs, coupled with the increased competition from more well-established competitors within this segment. The was slightly offset by an increase in the average selling price per unit from SAR 15.4 to SAR 16.4 per unit over the 2022G to 2023G period.

(3) Red meat

Red meat was introduced as part of the Company's strategy to expand its offerings to become a provider of a wide variety of fresh and processed meat-based protein foods beyond poultry, catering to a broader market. The Company purchases live lambs from the market, and places them in managed farms until they are slaughtered and are subsequently transferred to the Company's cutting and packing hall within its facilities, dedicated to further process and package red meat according to the required SKUs.

Top SKUs sold within this segment include Naeemi mix parts (Fresh – 900g), representing 34.4 per cent. of total red meat sales over the 2022G to 2023G financial period, Naeemi shoulder (fresh - 900g) at 10.6 per cent., Naeemi minced (fresh – 450g) at 7.9 per cent., Red meat all mix (frozen) at 6.1 per cent. from total red meat revenues, amongst others.

Red meat revenue remained relatively stable at SAR 4.2 million during the 2021G to 2022G financial period, while average selling price decreased from SAR 67.8 per kilogram in the financial year 2021G to SAR 61.3 in the financial year 2022G driven by prices in the market, partially offset by an increase in volumes sold from 62.5 thousand kilograms in the financial year 2021G to 68.6 thousand kilograms in the financial year 2022G.

Red meat revenue decreased by 33.4 per cent. to SAR 2.8 million in the financial year 2023G, mainly due to the decrease in volumes sold from 68.6 thousand kilograms in the financial year 2022G to 31.5 thousand kilograms in the financial year 2023G driven by competition from more well-established competitors in this subsegment, offset by raising the ASP from SAR 61.3 in the financial year 2022G to SAR 89.1 in the financial year 2023G.

(4) Cold stores

Cold store sales represent sub-leasing of excess capacity, providing space and warehousing services for the Company's clients from the Company's cold store facilities.

(a) Poultry Revenue by Sub-Segment

The table below summarises poultry revenues by sub-segment for the financial years ending 31 December 2021G, 2022G and 2023G:

Table 6.12: Revenue for the financial years 31 December 2021G, 2022G and 2023G

SAR in thousands	Financial year 2021G	Financial year 2022G	Financial year 2023G	Var. 2021G to 2022G	Var. 2022G to 2023G	CAGR 2021G-2023G
Core products						
Whole chicken	587,390	783,322	824,853	33.4%	5.3%	18.5%
Cut ups	143,251	222,509	223,030	55.3%	0.2%	24.8%
Value added	10,597	13,698	14,455	29.3%	5.5%	16.8%
Other	14,904	19,183	15,700	28.7%	(18.2%)	2.6%
Non-core products						
Live birds	-	-	25,667	NA	NA	NA
By-products	-	-	4,106	NA	NA	NA
Gross revenue	756,142	1,038,712	1,107,812	37.4%	6.7%	21.0%
Rebates and discounts	(58,257)	(46,704)	(35,913)	(19.8%)	(23.1%)	(21.5%)
Total	**697,885**	**992,008**	**1,071,899**	**42.1%**	**8.1%**	**23.9%**
Operational KPIs					**Aa a percentage**	
Units sold (kgs)						
Core-products						
Whole chicken	51,715,458	60,878,914	62,796,460	17.7%	3.1%	10.2%
Cut ups	9,525,236	14,455,201	14,069,090	51.8%	(2.7%)	21.5%
Value added	598,346	703,304	833,141	17.5%	18.5%	18.0%
Other	2,389,847	3,028,469	2,647,432	26.7%	(12.6%)	5.3%
Non-core products						
Live birds	-	-	3,424,653	NA	NA	NA
By-products	-	-	3,239,694	NA	NA	NA
ASP per unit sold (SAR)						
Core products						
Whole chicken	11.4	12.9	13.1	13.3%	2.1%	7.5%
Cut ups	15.0	15.4	15.9	2.4%	(14.7%)	(6.6%)
Value added	17.7	19.5	17.4	10.0%	(10.9%)	(1.0%)

SAR in thousands	Financial year 2021G	Financial year 2022G	Financial year 2023G	Var. 2021G to 2022G	Var. 2022G to 2023G	CAGR 2021G-2023G
Other	6.2	6.3	5.9	1.6%	(6.4%)	(2.5%)
Non-core products						
Live birds	-	-	7.5	NA	NA	NA
By-products	-	-	1.3	NA	NA	NA

Source: Management information.

The Company's core products include the Company's four sub-segments, whole chickens, cut ups, value-added products, and other (co-products).

(i) Whole Chicken

Whole chicken is the Company's main and highest revenue generating sub-segment. Whole chicken is also the most affordable in the market in terms of price per kg and hence carries the highest market demand.

Whole chickens are mainly sold within the Company fresh SKUs product offerings with a weight range from 700g to 1200g. Market demand is highest for whole chicken with a weight range between 900-1000g, which is the Company's target weight after processing. The 900-1000g weight range is also where the highest yield is generated in terms of average selling price per kilogram.

Whole chicken revenue increased from SAR 587.4 million in the financial year 2021G to SAR 783.3 million in the financial year 2022G driven by growth in whole chicken volumes sold from 51.7 million kilograms in the financial year 2021G to 60.9 million kilograms in the financial year 2022G, mainly due to increases in the Company's top revenue generating SKUs, namely 900g by SAR 76.6 million and 1000g by SAR 85.5 million fresh whole chicken, reporting an increase in quantities sold by 4.1 million kilograms and 5.2 million kilograms over the 2021G to 2022G financial period, respectively. This was coupled with an increase in average selling price per kilogram from SAR 11.8 to SAR 13.4 per kilogram for 900g fresh whole chicken over the 2021G to 2022G financial period, and an increase from SAR 11.4 to SAR 13.2 per kilogram for 1000g fresh whole chicken over the same period.

Whole chicken revenue increased further to SAR 824.9 million in the financial year 2023G driven by growth in whole chicken volumes sold from 60.9 million kilograms in the financial year 2022G to 62.8 million kilograms in the financial year 2023G, again due to further increases in the Company's top revenue generating SKU, the 1000g by SAR 32.2 million and 900g by SAR 8.6 million fresh whole chicken, reporting an increase in quantities sold by 2.1 million kilograms and 0.2 million kilograms over the 2022G to 2023G financial period, respectively. This was coupled with an increase in average selling price per kilogram from SAR 13.2 to SAR 13.4 per kilogram for 1000g fresh whole chicken over the 2022G to 2023G financial period, and an increase from SAR 13.4 to SAR 13.7 per kilogram for 900g fresh whole chicken over the same period.

(ii) Cut ups

Cut ups are the second highest revenue generating sub-segment, and also includes fresh and frozen SKU product offerings, with chicken breast being the main product within this sub-segment along with other SKUs such as mixed parts, legs, wings, drumsticks, thighs etc.

Cut ups are processed from birds that yield a processed weight over 1200g and the main SKU offerings in the sub-segment (breast, legs, mixed parts) carry higher average selling price per kilogram compared to whole chicken and other SKUs in this segment (wings, drumsticks, thighs), this is partly due to the additional processing required, as well as due to the prevailing market prices of the main SKUs offering within this sub-segment.

Cut ups revenue increased from SAR 143.3 million in the financial year 2021G to SAR 222.5 million in the financial year 2022G representing an increase of 55.3 per cent. mainly driven by growth in quantities sold from 9.5 million kilograms in the financial year 2021G to 14.5 million kilograms in the financial year 2022G, coupled with the increases in average selling price per kilogram from SAR 15.0 to SAR 15.4 over the 2021G to 2022G financial period.

Cut ups revenue remained relatively stable, increasing slightly from SAR 222.5 million in the financial year 2022G to SAR 223.0 million in the financial year 2023G, despite the decrease in quantities sold from 14.6 million kilograms in the financial year 2022G to 14.1 million kilograms in the financial year 2023G, primarily due to the increase in the average selling price per kilogram, increasing from SAR 15.4 to SAR 15.9 over the 2022G to 2023G financial period driven partly by the shift in the sales channels coupled with incremental increases in market prices over the same period.

(iii) Value-added products

Value-added products include products that have been further processed or prepared with additional ingredients and flavorings. Value-added products are primarily derived from birds that yield a processed weight below 700g and go through further processing product offerings in this sub-segment, with the exception of some specific SKUs that are derived from birds that yield above 1200g. The largest SKUs within this sub-segment comprise mainly of shawarma (500g), spicy chicken (600g), buffalo spicy chicken wings (marinated), chicken thighs (frozen – 500g), amongst others. Average selling prices for value-added products are considered the highest among the poultry sub-segments due to the additional cost of materials and labour involved in further processing to produce and package value-added products.

Value-added revenue increased from SAR 10.6 million in the financial year 2021G to SAR 13.7 million in the financial year 2022G mainly driven by growth in value-added volumes sold from 598 thousand kilograms in the financial year 2021G to 703 thousand kilograms in the financial year 2022G, coupled with an increase in average selling price from SAR 17.7 in the financial year 2021G to SAR 19.5 in the financial year 2022G. These increases were in line with the increase in poultry processing plant utilisation, in addition to the increase in the prevailing market prices as market preferences shift towards local poultry products. Additionally, the Company improved the recipes for the marinated products which led to the increase in sale in the financial year 2022G compared to the financial year 2021G.

Value-added revenue increased further to SAR 14.5 million in the financial year 2023G, mainly due to the continuous shift in demand towards local poultry products, resulting in growth in quantities sold from 703 thousand kilograms in the financial year 2022G to 833 thousand kilograms in the financial year 2023G, offset by a decrease in average selling price from SAR 19.5 in the financial year 2022G to SAR 17.4 in the financial year 2023G, attributable to lower market prices within the value-added segment and increased pricing competition from competitors.

(iv) Other

Others mainly includes co-products, being edible chicken organ parts such as giblets, gizzards, liver, hearts etc., which have much less market demand and carry relatively low average selling prices. SKUs within this segment are correlated to the poultry processing utilisation, as the higher the number of birds processed, the higher the amount and quantities of chicken organ parts which can be made available for sale. Others revenue increased from SAR 14.9 million in the financial year 2021G to SAR 19.2 million in the financial year 2022G mainly driven by the increase in production, resulting in an increase of quantities sold from 2.4 million kilograms in the financial year 2021G to 3.0 million kilograms in the financial year 2022G, coupled with a slight increase in average selling price from SAR 6.2 to SAR 6.3 over the same period.

Others revenue decreased by 18.2 per cent. to SAR 15.7 million in the financial year 2023G as compared to the financial year 2022G, due to a decrease in quantities sold from 3.0 million kilograms in the financial year 2022G to 2.6 million kilograms in the financial year 2023G as the poultry processing plant was operating at near maximum capacity over the 2022G to 2023G financial period, coupled with a slight decrease in average selling price from SAR 6.3 to SAR 5.9 over the same period.

(b) Non-Core Products

Non-core products were only reported during the financial year 2023G and include live birds' sales, considered to be non-recurring in nature and have only been sold due to the over-supply of live birds from the Company's farms, and by-products, in the form of chicken feet, chicken skin, and other output resulting from processed broilers.

(i) Live birds

Live birds' revenue relates to live broilers sold in the market during the financial year 2023G. The Company has been making major investments to expand its poultry processing plant, namely its 600 thousand bird project. As such, it has also been investing in increasing its operational facilities, namely in its hatcheries, farms, logistics and warehousing capacities. As such, the Company has been utilising its newly expanded farms to raise additional broilers to be sold in the market as live broilers to drive revenue growth as it completes its 600 thousand project. Live birds' revenue amounted to SAR 25.7 million in the financial year 2023G, with 3.4 million kilograms sold at an average selling price of SAR 7.5 per kilogram, while this amounts to 2.6 million birds sold at a price of SAR 9.7 per bird.

(ii) By-products

By-products have been reported under revenue during the financial year 2023G but have historically been accounted for as a deduction from cost of sales due to its nature being non-core by-products derived from processing poultry. These include chicken feet, chicken skin, and other chicken waste that are not sold as part of the Company's core product offerings. Revenue from by-products was reported at SAR 4.1 million in the financial year 2023G.

6.6.1.2 Cost of Revenue

The table below summarises cost of revenue for the financial years ending 31 December 2021G, 2022G and 2023G:

Table 6.13: Cost of Revenue for the Financial Years Ended 31 December 2021G, 2022G and 2023G

SAR in thousands	Financial year 2021G	Financial year 2022G	Financial year 2023G	Var. 2021G to 2022G	Var. 2022G to 2023G	CAGR 2021G-2023G
Direct materials	321,727	477,058	484,413	48.3%	1.5%	22.7%
Overheads	137,550	145,890	175,259	6.1%	20.1%	12.9%
Salaries, wages and related costs	55,879	78,681	84,277	40.8%	7.1%	22.8%
Depreciation of property and equipment	28,485	28,557	30,257	0.3%	6.0%	3.1%
Packaging materials	20,498	30,118	29,718	46.9%	(1.3%)	20.4%
Shipping and freight	-	12,991	17,968	NA	38.3%	NA
Repair and maintenance	11,566	12,015	15,317	3.9%	27.5%	15.1%
Utilities	9,719	9,450	12,011	(2.8%)	27.1%	11.2%
Rent	5,147	5,897	8,665	14.6%	46.9%	29.7%
Depreciation of right-of-use assets	7,714	7,627	8,022	(1.1%)	5.2%	2.0%
Provision for slow moving inventory items and NRV provisions	4,065	3,038	4,458	(25.3%)	46.8%	4.7%
Expired finished goods	13,072	12,373	3,781	(5.3%)	(69.4%)	(46.2%)
Shared services expenses	1,487	3,148	2,687	111.7%	(14.7%)	34.4%
Machinery and equipment insurance	1,279	1,453	2,408	13.6%	65.8%	37.2%
Provision for employees' defined benefit liabilities	1,004	9	1,275	(99.1%)	14637.7%	12.7%
Travel	306	436	482	42.5%	10.5%	25.5%
Professional fees	154	564	-	265.1%	(100.0%)	(100.0%)
Government subsidies earned	-	(29,379)	(14,334)	NA	(51.2%)	NA
Others	1,119	1,098	2,384	(1.9%)	117.1%	46.0%
Total cost of revenue	**620,772**	**801,023**	**869,047**	**29.0%**	**8.5%**	**18.3%**
Operational KPIs				**As a percentage**		
Average no. of employees	667	666	851	(1)	154	153
Average monthly staff costs per employee (SAR)	6,981	9,845	8,570	41.0%	(13.0%)	10.8%
As a percentage of revenue				**Percentage points**		
Direct materials	44.1%	46.3%	44.1%	2.1	(2.2)	(0.1)
Overheads	18.9%	14.2%	15.9%	(4.7)	1.8	(2.9)
Salaries, wages and related costs	7.7%	7.6%	7.7%	(0.0)	0.0	0.0
Depreciation of property and equipment	3.9%	2.8%	2.8%	(1.1)	(0.0)	(1.2)
Packaging materials	2.8%	2.9%	2.7%	0.1	(0.2)	(0.1)
Shipping and freight	0.0%	1.3%	1.6%	1.3	0.4	1.6
Repair and maintenance	1.6%	1.2%	1.4%	(0.4)	0.2	(0.2)
Utilities	1.3%	0.9%	1.1%	(0.4)	0.2	(0.2)
Rent	0.7%	0.6%	0.8%	(0.1)	0.2	0.1
Other items(1)	4.1%	0.0%	1.0%	(4.1)	1.0	(3.1)
Total	**85.1%**	**77.7%**	**79.1%**	**(7.5)**	**1.3**	**(6.1)**

Source: Company's audited financial statements for the financial years ending on 31 December 2022G (where information for the comparative financial year 2021G was extracted), 2023G, and management information.

(1) Other Items includes Depreciation of right-of-use assets, Provision for slow moving inventory items and NRV provisions, Expired finished goods, Shared services expenses, Machinery and equipment insurance, Provision for employees' defined benefit liabilities, Travel, Professional fees, Government subsidies earned, and Others.

(a) Direct Materials

Direct materials largely comprised of poultry related raw materials, mainly feed and procured hatching eggs that are used in the production of broiler chicken. These are the primary raw materials used in the poultry production and collectively accounted for over 90 per cent. of total direct costs of total direct materials costs on average across the historical period. Additionally, direct materials include the cost of table eggs and lambs purchased to be sold under those segments. The Company procures almost a 100 per cent. of its feed supply from ARASCO, while hatching eggs are procured primarily from Belgium, Brazil, Spain, Oman and local suppliers.

Direct materials increased from SAR 321.7 million in the financial year 2021G to SAR 477.1 million in the financial year 2022G and further increased to SAR 484.4 million in the financial year 2023G in line with the growth in sales by 41.4 per cent. in the 2021G to 2022G financial period and 6.6 per cent. in the 2022G to 2023G financial period.

(b) Overheads

Overheads relate mainly to manufacturing overheads, materials scrapping, freight related to internal logistics charges, sundry consumables, vaccinations and medicine, fuel & diesel expenses, amongst others.

Overheads increased from SAR 137.6 million in the financial year 2021G to SAR 145.9 million in the financial year 2022G driven by: an (i) increase of allocated manufacturing overheads by SAR 11.6 million following the increase in production volumes to meet sales demand over the 2021G to 2022G financial period; (ii) an increase in sub-contracted services to other farms and facility providers by SAR 4.5 million as the Company was reaching near maximum capacity in its production facilities, in addition to (iii) an increase in fuel and diesel expenses by SAR 1.2 million used in the Company's farms, in line with the increase in utilisation.

Overheads increased by 20.1 per cent. to SAR 175.3 million in the financial year 2023G as compared to the financial year 2022G, mainly driven by: (i) an increase in material scrapping costs by SAR 21.9 million; (ii) an increase in fuel and diesel expenses by SAR 3.9 million, aligned with the rise in van sales during the period; and (iii) an increase by SAR 3.6 million in allocated manufacturing overheads following the production volume growth to meet sales demand.

(c) Salaries, Wages and Related Costs

Salaries, wages, and related costs comprise of staff compensation and other benefits, such as basic salary, contractual labour, and employee bonuses among other items. Salaries, wages and related costs increased from SAR 55.9 million in the financial year 2021G to SAR 78.7 million in the financial year 2022G, driven by: (i) an increase in salaries paid to replaced employees post carve-out from ARASCO; (ii) coupled with the increase in average monthly cost from SAR 7.0 thousand to SAR 9.8 thousand per employee, mainly due to an increase of SAR 10.0 million bonus expenses over the 2021G to 2022G financial period as the Company reversed bonus accruals in the financial year 2021G due to low profitability, coupled with (iii) an increase of SAR 4.1 million in contracted labour expenses, in relation to labour used in the farms and poultry processing facilities.

Salaries, wages, and related costs increased from SAR 78.7 million in the financial year 2022G to SAR 84.3 million in the financial year 2023G, driven primarily by an increase in the average number of employees from 666 in the financial year 2022G to 820 in the financial year 2023G, following significant hiring within the Company's operational staff, driven by the ramp up of the Company's operational facilities and in preparations for the phased rollout of the 600 thousand birds' expansion project. Average monthly staff costs per employee saw a slight decline from SAR 9.8 thousand in the financial year 2022G to SAR 8.6 thousand in the financial year 2023G due to the hiring of employees concentrated within lower salary brackets, coupled with higher bonus expenses incurred in the previous year.

(d) Depreciation of Property and Equipment

Depreciation of property and equipment mainly comprised depreciation related to machinery & equipment and buildings amongst others. Depreciation of property and equipment remained relatively stable between SAR 28.5 million in the financial year 2021G to SAR 28.6 million in the financial year 2022G, as the Company did not make any major additions to property and equipment over the 2021G to 2022G financial period.

Depreciation of property and equipment increased from SAR 28.6 million in the financial year 2022G to SAR 30.3 million in the financial year 2023G, due to the significant additions made to various fixed asset classes, specifically within buildings and machinery and equipment, in relation to the recently expanded operational facilities.

(e) Packaging Materials

Packaging materials mainly comprises polybags, egg trays and cartons used to package the Company's various SKU product offerings. Packaging materials expenses increased by 46.9 per cent. from SAR 20.5 million in the financial year 2021G to SAR 30.1 million in the financial year 2022G driven solely by the increase in sales over the same period.

Packaging materials slightly decreased by 1.3 per cent. to SAR 29.7 million in the financial year 2023G as compared to the financial year 2022G, due to a change in packaging materials used in packaging poultry products during the financial year 2023G to a lower cost alternative, resulting in cost savings despite the increase in sales.

(f) Shipping and Freight

Shipping and freight relate to freight charges from internal logistics from ARASCO. Shipping and freight during the financial years 2021G and 2022G were previously recorded under the overheads sub-caption and has subsequently been reclassified to a separate line item within cost of revenue during the financial year 2023G. Shipping and freight amounted to SAR 18.0 million in the financial year 2023G and is majorly driven by the process flow of poultry products across the Company's operations cycle.

(g) Repair and Maintenance

Repair and maintenance primarily associated with the Company's maintenance expenses for production machinery and equipment, oils and lubricants amongst others. Repair and maintenance balance remained relatively stable between SAR 11.6 million in the financial year 2021G and SAR 12.0 million in the financial year 2022G in line with the Company's budgeted maintenance plans. Repair and maintenance increased by 27.5 per cent. to SAR 15.3 million in the financial year 2023G as compared to the financial year 2022G due to an increase in routine machinery and equipment maintenance by SAR 2.0 million, corresponding with the expansion of the Company's operational facilities in preparation for the phased rollout of the 600 thousand birds' expansion project.

(h) Utilities

Utilities is primarily attributed to electricity, internet, postage and courier expenses amongst others. Utilities experienced a slight decrease from SAR 9.7 million in the financial year 2021G to SAR 9.5 million in the financial year 2022G, driven by more efficient electricity consumption at the poultry processing plant, coupled with the disposal of aged frozen products from the cold storage facilities. This instance occurred at the end of December 2021G which reduced the electricity consumed at the cold store subsequently. Utilities increased by 27.1 per cent. to SAR 12 million in the financial year 2023G as compared to the financial year 2022G, driven by an increase in electricity and utility expenses by SAR 2.1 million following the expansion of the Company's operational facilities.

(i) Rent

Rent expenses primarily consist of truck rentals that are used to transport water and production waste removal, as well as rented vehicles used for staff transportation and by operational staff, amongst others. Rent increased slightly from SAR 5.1 million in the financial year 2021G to SAR 5.9 million in the financial year 2022G primarily due to an increase in rented vehicles expense by SAR 0.7 million from Lumi for staff transportation.

Rent increased by 46.9 per cent. to SAR 8.7 million in the financial year 2023G as compared to the financial year 2022G primarily due to an increase in cost of rented trucks by SAR 2.1 million in line with the increase in the Company's direct distributions channels, namely the van sales channel.

(j) Depreciation of Right-of-use Assets

Depreciation of right-of-use assets amounted to SAR 7.7 million on average during the 2021G and 2022G financial years and is related to the rented farms and warehouses. The Company made major additions to right of use assets towards the end of the financial year 2023G, particularly in relation to three breeder farms for 10-year lease terms to produce hatching eggs, with depreciation charges slightly increasing to SAR 8.0 million in the financial year 2023G.

(k) Provision for Slow Moving Inventory Items and NRV Provisions

Provision for slow moving inventory items and NRV provisions are related to slow moving inventory items for which provision are booked according to the Company's provisioning policy, in addition to net realizable value adjustments to finished goods products held at year-end. Provision for slow moving inventory items and NRV provisions decreased from SAR 4.1 million in the financial year 2021G to SAR 3.0 million in the financial year 2022G due to the lower level of inventories carried at year-end due to improved inventory management processes, helping the Company increase its sales of frozen poultry products, resulting in lower NRV adjustments made as of 31 December 2022G.

Provision for slow moving inventory items and NRV provisions increased to SAR 4.5 million in the financial year 2023G due to net realizable value impairment adjustments during the financial year 2023G, mainly within the frozen poultry products sub-segment.

(l) Expired Finished Goods

Expired finished goods pertains to sales returns for expired products by certain key clients, mainly within the hypermarkets and van sales distribution channels, which the Company permits returns of expired goods. Expired finished goods decreased from SAR 13.1 million in the financial year 2021G to SAR 12.4 million in the financial year 2022G and further to SAR 3.8 million in the financial year 2023G, despite the increase in sales over the historical period, mainly attributable to improved sales and marketing strategies whereby the Company implemented better monitoring processes of products on the shelves of key clients and provided discounts and other incentives to clients in pushing the Company's products ahead of expiry.

(m) Shared Services Expenses

Shared services expenses include facility management services and are allocated as per the service level agreement between the Company and ARASCO. Shared services expenses increased from SAR 1.5 million in the financial year 2021G to SAR 3.1 million in the financial year 2022G attributed primarily to the implementation of additional and improved operational processes and procedures. As a result, additional services were required for the plant, leading to higher shared services expenses allocations.

Shared services subsequently decreased by 14.7 per cent. to SAR 2.7 million in the financial year 2023G as compared to the financial year 2022G as the Company started to manage more of its facility management services internally after separating from ARASCO, leading to a reduction in shared service fees.

(n) Machinery and Equipment Insurance

Machinery and equipment insurance mainly pertains to all-property insurance premiums paid on the Company's operations-related equipment. This balance slightly increased from SAR 1.3 million in the financial year 2021G to SAR 1.5 million in the financial year 2022G and further to SAR 2.4 million in the financial year 2023G due to higher insurance premiums charged over the 2021G to 2023G financial period.

(o) Provision for Employees' Defined Benefit Liabilities

Provision for employees' defined benefit liabilities decreased from SAR 1.0 million in the financial year 2021G to almost nil in the financial year 2022G due to Company having a sufficient liabilities booked against employees' defined benefit liabilities for its operational staff in accordance with the actuarial assessment conducted. Provision for employees' defined benefit liabilities subsequently increased by SAR 1.3 million in the financial year 2023G, partly due to the continuous increase in the Company's staff levels, coupled with the higher base pay, resulting in a higher liability in accordance with the actuarial assessment.

(p) Travel

Travel expenses include per diems, business travel air tickets, and other business travel-related expenses. Travel expenses increased from SAR 0.3 million in the financial year 2021G to SAR 0.4 million in the financial year 2022G and further to SAR 0.5 million in the financial year 2023G, the rise was due to the increase in business travel as the Company aims to improve its relationships and expand its presence post carve-out from ARASCO.

(q) Professional Fees

Professional fees were incurred mainly for packaging and processes improvement consultancy services. Professional fees increased from SAR 0.2 million in the financial year 2021G to SAR 0.6 million in the financial year 2022G due to the increase in professional fees related to consultancy fees for the improvement of packaging and optimisation of the broiler raising cycle to achieve better feed conversion ratios during the financial year 2022G. Professional fees decreased to nil in the financial year 2023G following the completion of the packaging and process improvement projects in the previous year.

(r) Government Subsidies Earned

Government subsidy was reported under a separate caption on the statement of profit or loss during the financial year 2021G (reported at SAR 18.0 million) and was subsequently reclassified under cost of revenue as a deduction. MEWA allocates an annual budget to this subsidy programme, which it then allocates and distributes to local poultry producers based on the net weight of processed broilers.

Government subsidy earned amounted to SAR 29.4 million and SAR 14.3 million in the financial year 2022G and the financial year 2023G, respectively, and was due to the increase in production from local poultry producers who meet the subsidy eligibility criteria, which led to a reduced allocated subsidy per processed broiler from MEWA towards all local poultry producers that qualify for this subsidy.

(s) Others

Others mainly represents tools, government fees and entertainment. Others remained stable and amounted to SAR 1.1 million in 2021G and 2022G financial years.

Others subsequently increased significantly from SAR 1.1 million in the financial year 2022G to SAR 2.4 million in the financial year 2023G, primarily due to increases in other miscellaneous expenses by SAR 0.5 million, exchange rate differences on purchases by SAR 0.3 million and tools expenses by SAR 0.3 million.

6.6.1.3 Selling and Distribution Expenses

The table below summarises selling and distribution expenses for the financial years ending 31 December 2021G, 2022G and 2023G:

Table 6.14: Selling and Distribution Expenses for the Financial Years 31 December 2021G, 2022G and 2023G

SAR in thousands	Financial year 2021G	Financial year 2022G	Financial year 2023G	Var. 2021G to 2022G	Var. 2022G to 2023G	CAGR 2021G-2023G
Shipping and freight	35,828	41,408	49,099	15.6%	18.6%	17.1%
Marketing expenses	7,226	10,147	16,904	40.4%	66.6%	52.9%
Salaries, wages and related costs	12,412	15,005	16,358	20.9%	9.0%	14.8%
Warehousing expenses	6,187	4,566	6,807	(26.2%)	49.1%	4.9%
Rent	1,498	1,902	3,384	27.0%	77.9%	50.3%
Depreciation of property and equipment	4,313	2,958	2,728	(31.4%)	(7.8%)	(20.5%)
Insurance	495	340	656	(31.5%)	93.0%	15.0%
Professional fees	446	410	541	(8.2%)	32.0%	10.1%
Utilities	682	515	523	(24.5%)	1.6%	(12.4%)
Repair and maintenance	490	606	456	23.8%	(24.8%)	(3.5%)
Sales commission	2,865	1,669	333	(41.7%)	(80.1%)	(65.9%)
Shared services expenses	159	341	291	114.1%	(14.5%)	35.2%
Provision for employees' defined benefit liabilities	730	373	241	(48.9%)	(35.4%)	(42.5%)
Travel	117	73	217	(37.5%)	195.8%	36.0%
Depreciation of right-of-use assets	696	582	47	(16.5%)	(91.9%)	(73.9%)
ECL provision for accounts receivables	1,633	-	-	(100.0%)	NA	(100.0%)
Others	1,166	899	1,504	(22.8%)	67.2%	13.6%
Total	**76,944**	**81,794**	**100,089**	**6.3%**	**22.4%**	**14.1%**
Operational KPIs					**As a percentage**	
Average no. of employees	105	102	154	(4)	53	49
Average. monthly staff costs per employee (SAR)	9,851	12,319	8,852	25.1%	(28.1%)	(5.2%)
As a percentage of revenue					**Percentage points**	
Shipping and freight	4.9%	4.0%	4.5%	(0.9)	0.4	(0.4)
Marketing expenses	1.0%	1.0%	1.5%	(0.0)	0.6	0.5
Salaries, wages and related costs	1.7%	1.5%	1.5%	(0.2)	0.0	(0.2)
Warehousing expenses	0.8%	0.4%	0.6%	(0.4)	0.2	(0.2)
Rent	0.2%	0.2%	0.3%	(0.0)	0.1	0.1
Depreciation of property and equipment	0.6%	0.3%	0.2%	(0.3)	(0.0)	(0.3)
Insurance	0.1%	0.0%	0.1%	(0.0)	0.0	(0.0)
Professional fees	0.1%	0.0%	0.0%	(0.0)	0.0	(0.0)
Other items[(1)]	1.2%	0.5%	0.3%	(0.7)	(0.2)	(0.8)
Total	**10.6%**	**7.9%**	**9.1%**	**(2.6)**	**1.2**	**(1.4)**

Source: Company's audited financial statements for the financial years ending on 31 December 2022G (where information for the comparative financial year 2021G was extracted) and 2023G, and management information.

(1) Other items includes Utilities, Repair and maintenance, Sales commission, Shared services expenses, Provision for employees, defined benefit liabilities, Travel, Depreciation of right-of-use assets, ECL provision for accounts receivables, and Others.

Shipping and Freight

Shipping and freight pertain to costs associated with transportation and supply chain activities of finished goods from production facilities to cold store or distribution channels or end customers. This function is overseen by ARASCO logistics, and the balance is charged from ARASCO to the Company as a pass-through cost for contracted services, or in accordance with the service level agreements between the Company and ARASCO. Shipping and freight costs increased from SAR 35.8 million in the financial year 2021G to SAR 41.4 million in the financial year 2022G, driven by the increase in operations following an increase in sales and logistics needs over the period, warranting higher cross-charged fees from ARASCO.

Shipping and freight costs increased further to SAR 49.1 million in the financial year 2023G, following a shift in sales channel focus from business-to-business to van sales, to have further reach in the direct to its end customers. This transition to van sales, led to higher logistics expenses due to the broader distribution network nature, considering the type of customers within the van sales channel.

Marketing Expenses

Marketing expenses comprised of branding and exhibition costs. The Company conducted advertising campaigns through various channels such as billboard signs, TV ads, social media, and participation in agricultural exhibitions. Marketing expenses significantly increased at a CAGR of 52.9 per cent. from SAR 7.2 million in the financial year 2021G, to SAR 10.2 million in the financial year 2022G, and further to SAR 16.9 million in the financial year 2023G.

These increases were mainly attributed to the ramp up in branding-related and public relations costs incurred by the Company in more costly marketing channels such as TV ads, billboard display on high traffic highways, influencers with large audience reach on social media in preparation for the Company's IPO and brand image-building of the Company as it carves out from ARASCO.

Salaries, Wages and Related Costs

Salaries, wages and related costs comprise of staff compensation and other benefits of selling and distribution employees, such as basic salary, staff incentives, leave encashment, allowances, among others. Salaries, wages and related costs increased from SAR 12.4 million in the financial year 2021G to SAR 15.0 million in the financial year 2022G mainly due to an increase of SAR 2.7 million in bonus expenses over the 2021G to 2022G financial years, as the Company reversed previously accrued bonuses during the financial year 2021G reducing staff costs by SAR 0.9 million due to low profitability in the financial year 2021G and subsequently accrued for bonuses amounting to SAR 1.8 million in the financial year 2022G with the increase in sales and profitability.

Salaries, wages and related costs increased further from SAR 15.0 million in the financial year 2022G to SAR 16.4 million in the financial year 2023G, following significant hiring within selling and distribution, with average employees increasing from 102 to 154 employees over the 2022G to 2023G financial period, partly driven by the Company's shift in sales channels from business-to-business to van sales channel, coupled with anticipated increase in operations following the roll out of the first phase of the 600 thousand birds' expansion project in November 2023G.

It is worth noting that average monthly staff costs per employee reported a decrease from SAR 12.3 thousand in the financial year 2022G to SAR 8.9 thousand in the financial year 2023G, partly due to higher bonuses paid in the financial year 2022G, in addition to the increased hiring being mainly concentrated within entry level sales staff with relatively lower salary ranges in comparison to existing staff within selling and distribution.

Warehousing Expenses

Warehousing expenses are related to the Company's expenses incurred on the cold storage facilities. Warehousing expenses decreased from SAR 6.2 million in the financial year 2021G to SAR 4.6 million in the financial year 2022G due to lower cost allocations made to selling and distribution expenses following the flush of aged frozen stock during the financial year 2022G.

Warehousing expenses increased by 49.1 per cent. to SAR 6.8 million in the financial year 2023G as compared to the financial year 2022G, due to higher costs incurred on warehousing following an increase in production, in addition to the increase in inventory levels held, specifically frozen finished goods.

Rent

Rent pertains to warehouse rent, vehicle hiring for staff transportation and operational staff, trucks rented for water and waste trucks, equipment rent for generators, and administrative offices of selling and distribution staff. Rent increased from SAR 1.5 million in the financial year 2021G to SAR 1.9 million in the financial year 2022G due to the increase in vehicle hiring for manpower by SAR 0.3 million and warehouse rent in Dammam by SAR 0.2 million.

Rent increased from SAR 1.9 million in the financial year 2022G to SAR 3.4 million in the financial year 2023G mainly due to an increase in vehicle hiring by SAR 1.0 million, in addition to staff accommodations, as the Company expanded its delivery fleet to enable the shift towards the direct to customer channels focus, and to widen the Company's geographic reach.

Depreciation of Property and Equipment

Depreciation of property and equipment mainly comprises of depreciation of: (i) motor vehicles, and (ii) machinery and equipment.

Depreciation of property and equipment decreased from SAR 4.3 million in the financial year 2021G to SAR 3.0 million in the financial year 2022G, and further decreased to SAR 2.7 million in the financial year 2023G due to property and equipment tagged to selling and distribution expenses completing their useful life across the historical period.

Insurance

Insurance expenses comprise of coverage for specific positions, addressing fidelity, fraud, and asset-protection insurance allocated to the selling and distribution department. Insurance costs decreased from SAR 0.5 million in the financial year 2021G to SAR 0.3 million in the financial year 2022G due to lower cost allocations of all-property insurance to selling and distribution assets.

Insurance increased from SAR 0.3 million in the financial year 2022G to SAR 0.7 million in the financial year 2023G, attributable to the increase in insurance coverage for selling and distribution employees in line with the increase in the average number of employees from 102 to 168 employees over the 2022G to 2023G financial period.

Professional Fees

Professional fees include expenses for IT support services, which facilitate technology usage and sales management enablement, and are amounted to SAR 0.2 million in 2021G to 2022G financial period. Additionally, market analysis services are also amounted to SAR 0.2 million for the same period. The total professional fees have remained consistent over the 2021G to 2022G period, totalling SAR 0.4 million.

Professional fees slightly increased from SAR 0.4 million in the financial year 2022G to SAR 0.5 million in the financial year 2023G due to increase in consultancy fees by SAR 0.1 million allocated to selling and distribution expenses in relation to information technology controls testing.

Utilities

Utilities expenses related petrol costs, internet, electricity, amongst others. Utilities decreased from SAR 0.7 million in the financial year 2021G to SAR 0.5 million in the financial year 2022G, mainly due to a decrease in mobile and telephone expenses by SAR 0.2 million as the Company shifted to paying a telephone allowance in the financial year 2022G. Utilities costs remained stable at SAR 0.5 million in the financial year 2023G.

Repair and Maintenance

Repair and maintenance are primarily related to maintenance expenses of buildings, vehicles, furniture, and office equipment. Repair and maintenance increased from SAR 0.5 million in the financial year 2021G to SAR 0.6 million in the financial year 2022G, in line with the increase in operations over the period and remained stable at SAR 0.5 million in the financial year 2023G.

Sales Commission

Sales commission pertains to a sales incentives programme provided to small shops upon reaching certain sales levels. Sales commission decreased from SAR 2.9 million in the financial year 2021G to SAR 1.7 million in the financial year 2022G as the Company anticipated that a lower level of shops will be able to meet sales targets hence accrued a lower amount of sales commission during the financial year 2022G.

Sales commission continued to decrease reported at SAR 0.3 million in the financial year 2023G following more stringent sales commission policies implemented by the Company to enhance recovery of outstanding receivables.

Shared Services Expenses

Shared services expenses increased from SAR 0.2 million in the financial year 2021G to SAR 0.3 million in the financial year 2022G due to changes in sales processes and procedures, resulting in a higher cost allocation in accordance with the Company's service level agreements with ARASCO. Shared services expenses remained stable at SAR 0.3 million in the financial year 2023G.

Provision for Employees' Defined Benefit Liabilities

Provision for employees' defined benefit liabilities was reported at SAR 0.7 million in the financial year 2021G, SAR 0.4 million in the financial year 2022G, and SAR 0.2 million in the financial year 2023G. These decreases over the historical period were driven by the end of service benefits actuarial assessments conducted by an independent party during the reporting periods ended across the historical period, which indicated that the Company had sufficient liabilities recorded against these end of service benefits.

Travel

Travel consists of per-diems, business travel air tickets, and other travel expenses for selling and distribution employees. Travel decreased from SAR 117 thousand in the financial year 2021G to SAR 73 thousand in the financial year 2022G due to a decrease in business travel of selling and distribution staff.

Travel increased to SAR 0.2 million in the financial year 2023G, due to an increase in business travel by selling and distribution staff, in line with the growth in sales and geographic expansion.

Depreciation of Right-of-use Assets

Depreciation of right-of-use assets related to lease rent of vehicles used from Budget and Lumi. The amount decreased slightly from SAR 0.7 million in the financial year 2021G to SAR 0.6 million in the financial year 2022G and further significantly decreased to SAR 47 thousand in the financial year 2023G, due to full depreciation of right-of-use assets after reaching the end of the lease term.

Provision for ECL for Accounts Receivables

Expected credit losses over accounts receivables were reported at SAR 1.6 million in the financial year 2021G and was subsequently reclassified to a separate line item on the Company's financial statements.

Other

Others primarily consist of sundry consumables, books, and periodicals such as catalogues, entertainment for quarterly and annual gatherings, and various miscellaneous expenses. Others decreased from SAR 1.2 million in the financial year 2021G to SAR 0.9 million in the financial year 2022G due to a decrease in sundry consumables expenses by SAR 0.1 million, in addition to a decrease in entertainment expenses by SAR 0.1 million.

Others increased from SAR 0.9 million in the financial year 2022G to SAR 1.5 million in the financial year 2023G, primarily due to legal provisions recorded in the financial year 2023G amounting to SAR 0.5 million in relation to a legal case involving a dispute with one of the Company's clients.

6.6.1.4 General and Administration Expenses

The table below summarises general and administration expenses for the financial years ending 31 December 2021G, 2022G and 2023G:

Table 6.15: General and Administration Expenses for the Financial Years 31 December 2021G, 2022G and 2023G

SAR in thousands	Financial year 2021G	Financial year 2022G	Financial year 2023G	Var. 2021G to 2022G	Var. 2022G to 2023G	CAGR 2021G-2023G
Salaries, wages and related costs	9,529	14,308	21,200	50.2%	48.2%	49.2%
Shared services expenses	21,440	18,216	18,349	(15.0%)	0.7%	(7.5%)
Impairment of advances to suppliers	232	1	1,392	(99.8%)	260005.8%	144.7%
Provision for employees' defined benefit liabilities	460	2,907	1,257	531.8%	(56.8%)	65.3%
Professional fees	247	489	1,131	97.9%	131.4%	114.0%
Travel expenses	109	279	263	154.8%	(5.9%)	54.9%
Depreciation of property and equipment	279	257	252	(8.2%)	(1.7%)	(5.0%)
Rent	74	104	152	40.4%	46.3%	43.3%
Delay fines	10	7	137	(24.3%)	1724.4%	271.6%
Utilities	50	45	125	(10.8%)	178.5%	57.7%
Insurance	15	9	9	(42.7%)	4.4%	(22.6%)
Depreciation of right-of-use assets	65	43	4	(33.0%)	(91.7%)	(76.4%)
Others	2,614	1,709	3,008	(34.6%)	76.0%	7.3%
Total	**35,126**	**38,375**	**47,279**	**9.2%**	**23.2%**	**16.0%**

SAR in thousands	Financial year 2021G	Financial year 2022G	Financial year 2023G	Var. 2021G to 2022G	Var. 2022G to 2023G	CAGR 2021G-2023G
Operational KPIs					**As a percentage**	
Average no. of employees	60	71	90	11	19	30
Average. monthly staff costs per employee (SAR)	13,346	16,913	19,740	26.7%	16.7%	21.6%
As a percentage of revenue					**Percentage points**	
Salaries, wages and related costs	1.3%	1.4%	1.9%	0.1	0.5	0.6
Shared services expenses	2.9%	1.8%	1.7%	(1.2)	(0.1)	(1.3)
Impairment of advances to suppliers	0.0%	0.0%	0.1%	(0.0)	0.1	0.1
Provision for employees' defined benefit liabilities	0.1%	0.3%	0.1%	0.2	(0.2)	0.1
Professional fees	0.0%	0.0%	0.1%	0.0	0.1	0.1
Other items[1]	0.4%	0.2%	0.4%	(0.2)	0.1	(0.1)
Total	**4.8%**	**3.7%**	**4.3%**	**(1.1)**	**0.6**	**(0.5)**

Source: Company's audited financial statements for the financial years ending on 31 December 2022G (where information for the comparative financial year 2021G was extracted) and 2023G, management information.

(1) Other items include Travel expenses, Depreciation of property and equipment, Rent, Delay fines, Utilities, Insurance, Depreciation of right-of-use assets, and Others.

Salaries, Wages and Related Costs

Salaries, wages and related costs comprise of staff compensation and other benefits of general and administrative employees, such as basic salary, staff incentives, leave encashment, allowances, among others. Salaries, wages and related costs increased from SAR 9.5 million in the financial year 2021G to SAR 14.3 million in the financial year 2022G mainly due to the Company's separation from ARASCO, whereby the Company transferred general and administration employees from ARASCO to the Company to establish independent functions within the Company, in addition to replacing resigned employees at higher remuneration packages in line with current market rates, including middle management finance personnel, resulting in a significant increase in average monthly cost from SAR 13.3 thousand to SAR 16.9 thousand per employee over the 2021G to 2022G financial period.

Salaries, wages, and related costs increased from SAR 14.3 million in the financial year 2022G to SAR 21.2 million in the financial year 2023G, mainly driven by the growth in average number of employees from 71 in the financial year 2022G to 90 in the financial year 2023G within general and administrative staff, coupled with the increase in average monthly staff costs per employee from SAR 16.9 thousand in the financial year 2022G to SAR 19.7 thousand in the financial year 2023G. This increase in general and administrative employees was driven mainly by significant hires made to key executive and senior management positions ahead of the Company's contemplated IPO (Initial Public Offering), in addition to hire remuneration packages paid to general and administrative employees transferred from ARASCO to ACAII, aimed at establishing independent functions within the Company.

Shared Services Expenses

Shared services expenses include various administrative expenses that are allocated as per the service level agreements between the Company and ARASCO. These expenses represented c. 47.8 per cent. of total general and administration expenses on average over the 2021G-2023G financial period. Shared services decreased from SAR 21.4 million in the financial year 2021G to SAR 18.2 million in the financial year 2022G driven by Company's decreased reliance on ARASCO within health, safety and security services by SAR 1.8 million, legal services by SAR 0.2 million, finance services by SAR 0.8 million, primarily driven by the Company's internal hiring of personnel within these functions as the Company aims to be more independent from an operational perspective. The Company did however still obtain services in relation to information technology, human resources, procurement, shared facilities, and finance related services during the financial year 2022G. Shared services increased slightly to SAR 18.3 million in the financial year 2023G whereby the Company continued to utilise administration services provided by ARASCO at similar levels over the 2022G to 2023G financial period.

Impairment of advances to suppliers

Impairment of advances to suppliers mainly pertain to bad debts booked against long-outstanding advances paid to suppliers. The amount decreased from SAR 0.2 million in the financial year 2021G to almost nil in the financial year 2022G as no provisions were required in the financial year 2022G. The Company subsequently recorded provisions against other current assets of SAR 1.4 million in the financial year 2023G in relation to aged advances paid to suppliers for which services and products have not yet been received.

Provision for Employees' Defined Benefits Liabilities

Provision for employees' defined benefits liabilities increased from SAR 0.5 million in the financial year 2021G to SAR 2.9 million in the financial year 2022G mainly due to the transfer of employees from ARASCO to the Company along with their defined benefits obligations. Provision for employees' defined benefits liabilities subsequently decreased to SAR 1.3 million in the financial year 2023G based on the independent actuarial assessment performed, whereby the Company required a lower level of current services costs in relation to its end of service benefit liabilities based on the actuarial assumptions, compared to the previous period which included transfers of employees from ARASCO, which required higher provisions.

Professional Fees

Professional fees pertain to audit and consultancy fees, amongst others. Professional fees increased from SAR 0.2 million in the financial year 2021G to SAR 0.5 million in the financial year 2022G pertaining to an increase in external audit fees incurred by SAR 0.3 million over the period. Professional fees increased from SAR 0.5 million in the financial year 2022G to SAR 1.1 million in the financial year 2023G, due to a further increase in external audit fees incurred by SAR 0.4 million over the period.

Travel Expenses

Travel expenses encompass various components, including per diems, business travel air tickets, and other business travel-related expenses. Travel expenses increased from SAR 0.1 million in the financial year 2021G to SAR 0.3 million in the financial year 2022G due to the increase in per diems by SAR 0.1 million and travel air tickets by SAR 0.1 million as a result of a slight increase in business travel over the 2021G to 2022G financial period. Travel expenses remained relatively stable reported at SAR 0.3 million during the financial year 2023G.

Depreciation of Property and Equipment

Depreciation of property and equipment comprises of depreciation of property and equipment used in general and administrative functions. Depreciation was relatively stable across the historical period reported at SAR 0.3 million.

Rent

Rent pertains to vehicle hiring for administrative staff. Rent increased from SAR 74 thousand in the financial year 2021G to SAR 104 thousand in the financial year 2022G and further to SAR 152 thousand in the financial year 2023G, driven by the increase in vehicle hired in line with the increase in headcount.

Delay Fines

Delay fines pertain to minor administrative fines paid to local regulators. Delay fines decreased from SAR 10 thousand in the financial year 2021G to SAR 8 thousand in the financial year 2022G, and subsequently increased to SAR 137 thousand in the financial year 2023G due to an increase in fines and penalties costs of SAR 113 thousand.

Utilities

Utilities mainly include vehicle petrol, telephone and postage & courier amongst others. Utilities was reported at SAR 51 thousand in the financial year 2021G to SAR 45 thousand in the financial year 2022G. Utilities increased from SAR 45 thousand in the financial year 2022G to SAR 125 thousand in the financial year 2023G, due to an increase in internet and email costs by SAR 0.1 million.

Insurance

Insurance expense mainly pertains to all-property insurance expenses allocated to general and administrative expenses and amounted to SAR 15 thousand in the financial year 2021G and SAR 9 thousand in the financial year 2022G. Insurance remained relatively stable at SAR 9 thousand in the financial year 2023G.

Depreciation of Right-of-use Assets

Depreciation of right of use decreased from SAR 65 thousand in the financial year 2021G to SAR 43 thousand in the financial year 2022G, and further to SAR 4 thousand in the financial year 2023G.

Others

Others include mainly cost allocation for logistic operations being charged by ARASCO for expenses related to customs, clearance expenses and handling of material, legal fees provisions, amongst others. Others decreased from SAR 2.6 million in the financial year 2021G to SAR 1.7 million in the financial year 2022G primarily attributed to legal provisions by SAR 0.9 million recorded in the financial year 2021G against impending litigation relating to one of the Company's suppliers. Others subsequently increased to SAR 3.0 million in the financial year 2023G due to higher cost allocation for logistic operations costs from ARASCO.

6.6.1.5 Finance Costs

The table below summarises finance costs for the financial years ending 31 December 2021G, 2022G and 2023G:

Table 6.16: Finance Costs for the Financial Years 31 December 2021G, 2022G and 2023G

SAR in thousands	Financial year 2021G	Financial year 2022G	Financial year 2023G	Var. 2021G to 2022G	Var. 2022G to 2023G	CAGR 2021G-2023G
Finance costs on loan from related parties	12,125	10,470	10,592	(13.6%)	1.2%	(6.5%)
Finance costs on lease liabilities	1,244	813	3,269	(34.7%)	302.0%	62.1%
Finance costs on employees' defined benefit liabilities	210	288	891	37.1%	209.4%	106.0%
Bank charges	1,688	2,725	2,014	61.5%	(26.1%)	9.2%
Total	**15,267**	**14,297**	**16,767**	**(6.4%)**	**17.3%**	**4.8%**

Source: Company's audited financial statements for the financial years ending on 31 December 2022G (where information for the comparative financial year 2021G was extracted) and 2023G.

Finance Costs on Loan from Related Parties

Finance costs on loan from related parties decreased from SAR 12.1 million in the financial year 2021G to SAR 10.5 million in the financial year 2022G, despite the overall increase in the Company's loans during that period, primarily attributed to the Company securing lower interest rate loans from the Agricultural Development Fund (ADF) as compared to the higher rates from local banks on the Company's pre-existing borrowing, in addition to capitalisation of finance costs related to the loans taken out for the expansion projects.

Finance charges on loans from related parties increased by 1.2 per cent. as compared to the financial year 2022G to SAR 10.6 million in the financial year 2023G, following the increase in the Company's long-term debts to finance its expansion projects.

Finance Costs on Lease Liabilities

Finance costs on lease liabilities decreased from SAR 1.2 million in the financial year 2021G to SAR 0.8 million in the financial year 2022G, due to the non-renewal of ended leases.

Finance costs on lease liabilities increased significantly from SAR 0.8 million in the financial year 2022G to SAR 3.3 million in the financial year 2023G due to increase in lease liabilities in relation to additions made in the Company's right-of-use assets during the financial year 2023G.

Finance Costs on Employees' Defined Benefit Liabilities

Finance costs on employee-defined liabilities increased slightly from SAR 0.2 million in the financial year 2021G to SAR 0.3 million in the financial year 2022G and further to SAR 0.9 million in the financial year 2023G, driven by the gradual increases in the Company's staff, and in turn its end of service benefits and the related finance costs over the historical period.

Bank Charges

Bank charges increased from SAR 1.7 million in the financial year 2021G to SAR 2.7 million in the financial year 2022G, due to increases in bank charges incurred on facilities obtained as the Company was undergoing major investments in its 600 thousand birds' expansion project. Bank charges subsequently decreased to SAR 2.0 million in the financial year 2023G, following major progress on the Company's expansion plans, and less requirements to undertake facilities from the bank accordingly.

6.6.1.6 Other Comprehensive Income

The table below summarises other comprehensive income for the financial years ending 31 December 2021G, 2022G and 2023G:

Table 6.17: Other Comprehensive Income Data for the Financial Years 31 December 2021G, 2022G and 2023G

SAR in thousands	Financial year 2021G	Financial year 2022G	Financial year 2023G	Var. 2021G to 2022G	Var. 2022G to 2023G	CAGR 2021G-2023G
Profit for the year	3,683	79,540	62,660	2059.7%	(21.2%)	312.5%
Remeasurement gain (loss) on employees' defined benefits liabilities	(271)	801	(1,671)	NA	NA	148.3%
Share of other comprehensive income of an associate	0.002	-	-	(100.0%)	NA	(100.0%)
Other comprehensive income for the year	(269)	801	(1,671)	NA	NA	149.0%
Total comprehensive income for the year	**3,413**	**80,341**	**60,989**	**2253.7%**	**(24.1%)**	**322.7%**

Source: Company's audited financial statements for the financial years ending on 31 December 2022G (where information for the comparative financial year 2021G was extracted) and 2023G.

Profit for the Year

The profit for the year increased from SAR 3.7 million in the financial year 2021G to SAR 79.5 million in the financial year 2022G, in line with a 41.4 per cent. increase in revenues during the same period. Additionally, the profit margin increased from 17.3 per cent. in the financial year 2021G to 22.3 per cent. in the financial year 2022G. Consequently, profit for the year decreased from SAR 79.5 million in the financial year 2022G, to SAR 62.7 million in the financial year 2023G, due to a decrease in the gross margin from 22.3 per cent. in the financial year 2022G, to 20.9 per cent. in the financial year 2023G. This decrease resulted from an increase in the cost of revenue that outpaced the growth in revenues.

Remeasurement Gain (loss) on Employees' Defined Benefits Liabilities

The remeasurement of employees' defined benefit liabilities changed from a loss of SAR 0.3 million in the financial year 2021G, to a gain of SAR 0.8 million due to changes in the actuarial valuation conducted in the financial year 2022G. Consequently, the remeasurement of defined benefit obligations for employees decreased to a loss of SAR 1.7 million in the financial year 2023G.

Share of other Comprehensive Income of an Associate

The share of other comprehensive income from an associate decreased from SAR 0.001 million in the financial year 2021G, to zero for both the financial years 2022G and 2023G, due to the transfer of the Company's ownership stake in Ocean Line Marine Services to ARASCO.

6.6.2 Statement of Financial Position

The table below summarises statement of financial position data as of 31 December 2021G, 2022G and 2023G:

Table 6.18: Statement of Financial Position Data as of 31 December 2021G, 2022G and 2023G

SAR in thousands	31 December 2021G	31 December 2022G	31 December 2023G
Assets			
Non-current assets			
Property and equipment	507,510	696,958	854,972
Right-of-use assets	18,173	9,863	56,512
Investments in an associate	1,227	-	-
Total non-current assets	**526,909**	**706,820**	**911,484**
Current assets			
Inventories	84,250	68,704	105,848

SAR in thousands	31 December 2021G	31 December 2022G	31 December 2023G
Biological assets	38,322	41,224	52,613
Government subsidies receivable	3,099	3,166	2,613
Amounts due from related parties	169	110	158
Accounts receivables	100,212	109,441	81,354
Prepayments and other current assets	18,287	23,465	15,464
Cash and bank balances	6,937	1,953	23,088
Total current assets	**251,276**	**248,063**	**281,139**
Total assets	**778,185**	**954,883**	**1,192,623**
Total equity and liabilities			
Equity			
Share capital	50,000	50,000	50,000
Proposed increase in share capital	-	-	250,000
Statutory reserve	28	7,505	7,505
Retained earnings / (accumulated losses)	(4,778)	68,087	129,076
Total equity	**45,250**	**125,591**	**436,580**
Liabilities			
Non-current liabilities			
Employees' defined benefit liabilities	16,920	18,821	24,608
Loan from a related party, non-current	265,536	398,302	460,415
Amounts due to related parties, non-current	120,218	120,218	-
Lease liabilities, non-current	9,909	8,583	49,230
Accruals and other non-current liabilities	1,511	1,312	1,186
Total non-current liabilities	**414,095**	**547,236**	**535,439**
Current liabilities			
Accounts payable	29,986	23,442	43,463
Accruals and other current liabilities	54,936	76,804	61,623
Amounts due to related parties	156,533	137,524	50,330
Current portion of loan from a related party	68,795	42,987	56,788
Current portion of lease liabilities	8,590	1,298	8,399
Total current liabilities	**318,841**	**282,056**	**220,603**
Total liabilities	**732,935**	**829,292**	**756,042**
Total equity and liabilities	**778,185**	**954,883**	**1,192,623**

Source: Company's audited financial statements for the financial years ending on 31 December 2022G (where information for the comparative financial year 2021G was extracted) and 2023G.

The table below summarises statement of financial position key performance indicators as of and for the year ended 31 December 2021G, 2022G and 2023G:

Table 6.19: Statement of Financial Position Key Performance Indicators as of and for the Year Ended 31 December 2021G, 2022G and 2023G

SAR in thousands	As of/For the financial year ended		
	31 December 2021G (Management information)	31 December 2022G (Management information)	31 December 2023G (Management information)
Days sales outstanding (1)	50	37	32
Days inventory outstanding (2)	50	35	37
Days payable outstanding (3)	28	17	21
Cash conversion cycle (4)	**71**	**54**	**48**
Return on average assets (5)	0.9%	9.2%	5.8%
Return on average equity (6)	8.5%	93.1%	22.3%

Source: Management information.

(1) Days sales outstanding was calculated using the average total trade receivables as of each period end reporting date for the previous and current periods divided by total revenues, multiplied by 365 days, for the financial years ending 31 December 2021G, 2022G and 2023G.

(2) Days inventory outstanding was calculated using the average total inventory as of each period end reporting date for the previous and current periods divided by the total cost of revenue, multiplied by 365 days, for the financial years ending 31 December 2021G, 2022G and 2023G.

(3) Days payables outstanding was calculated using the average of accounts payable as of each period end reporting date for the previous and current periods divided by total cost of revenue linked to accounts payables (excluding (a) overheads, (b) salaries and wages, (c) depreciation charges, (d) provisions, and (e) government subsidies earned) multiplied by 365 days, for the financial years ending 31 December 2021G, 2022G and 2023G.

(4) Cash conversion cycle is calculated by adding the days of days sales outstanding and days inventory outstanding and deducting days payables outstanding for each financial period.

(5) The return on assets was calculated using profit for the year divided by the average total assets for the year. The average total assets was arrived at as the sum of total assets as of the end of the previous year and the current year, divided by 2.

(6) The return on equity was calculated using profit for the year divided by the average total equity for the year. The average total equity was arrived at as the sum of total equity as of the end of the previous year and current year, divided by 2.

Non-current Assets

Property and Equipment

Property and equipment amounted to SAR 855 million as of 31 December 2023G, comprising land valued at SAR 62.2 million, buildings valued at SAR 283.4 million, machinery and equipment valued at SAR 221.9 million, motor vehicles valued at SAR 12.1 million, office furniture and equipment valued at SAR 3.5 million, capital spare parts valued at SAR 0.5 million, and projects in progress valued at SAR 271.5 million.

Right-of-use Assets

The balances of right-of-use assets amounted to SAR 56.5 million as of 31 December 2023G. This consists of: (1) leased land, which includes the Company's main cold storage facility and serves as the distribution point following poultry processing, amounted to SAR 8.3 million; and (2) operational facilities in the form of buildings, which will be used for a 600 thousand bird expansion project, amounted to SAR 48.2 million. A main lease agreement for these facilities was executed during the financial year 2023G and pertains to three breeder farms. The Company recognised SAR 54.8 million in right-of-use assets at the time of recognition. The company recognises right-of-use assets based on: (1) the end dates of the leases; or (2) estimated end dates if the lease agreements include renewal options at predetermined prices.

Investment in an Associate

Investment in an associate amounted to SAR 1.2 million as of 31 December 2021G and decreased to nil as of 31 December 2023G. This investment pertained to a 14 per cent. ownership stake in Ocean Line Marine Services Company, which the Company transferred to its parent company, ARASCO, during the financial year 2022G at book value.

Current Assets

Inventories

Inventories which amounted to SAR 105.8 million as of 31 December 2023G, and mainly comprised of: (i) finished goods at SAR 37.4 million; (ii) spare parts at SAR 25.8 million; (iii) raw materials at SAR 24.7 million; and (iv) packing materials at SAR 10.9 million, amongst others amounting to SAR 19.5 million, with provisions of SAR 12.5 million recorded against its gross inventory balances, based on the Company's provisioning policy.

Biological Assets

Biological assets amounted to SAR 52.6 million as of 31 December 2023G and pertains to live day-one chicks up to partly grown broilers that are located in the Company's owned and managed farms, which have not yet been processed. The Company estimates the fair value of its biological assets based on market prices of live broilers at the end of each reporting date adjusted for the point of time of the growth cycle of the live birds within its farms. This balance increased from SAR 38.3 million as of 31 December 2021G, to SAR 41.2 million as of 31 December 2022G, and further to SAR 52.6 million as of 31 December 2023G, due to the rise in quantities and prices of live broilers during this period.

Government Subsidies Receivable

Government subsidies receivable amounted to SAR 2.6 million as of 31 December 2023G and pertain to subsidies offered by the Ministry of Environment, Water & Agriculture ("**MEWA**") for local poultry producers. The Company shares its production reports from its poultry processing plant with MEWA on a monthly basis, and the subsidies are paid in the following month based on the allocation for that particular month. The balance remained stable, recording SAR 3.1 million as of 31 December 2021G, and SAR 3.2 million as of 31 December 2022G, before decreasing to SAR 2.6 million as of 31 December 2023G. This decrease is attributed to the lack of significant changes in the Company's poultry processing during the financial year 2023G, as well as a reduction in the grant allocations from the Ministry of Environment, Water, and Agriculture during the financial year 2023G. This reduction was due to an increase in production by local poultry producers who meet the criteria for receiving this support, which led to a decrease in the value of the grant per kilogram of slaughtered poultry from the budget allocated by the ministry.

Amounts due from Related Parties

Amounts due from related parties amounted to SAR 0.1 million as of 31 December 2023G and pertains to a receivable from Mazaq Altabkha Alzeeza Company, a restaurant owned by a related party to a shareholder in ARASCO.

Accounts Receivables

Accounts receivable balance amounted to SAR 81.4 million as of 31 December 2023G. This includes receivables from key customers, such as hypermarkets, distributors, and others. Gross accounts receivable reached SAR 126.4 million as of 31 December 2023G, with an expected credit loss provision of SAR 45.0 million, driven by the increasing aging profile of accounts receivables, representing 35.6 per cent. of the gross accounts receivable at that date. The reported balance of the expected credit losses provision is partly due to the increasing aging balances, in addition to a gradual shift in distribution channels over the historical period, from majorly distributing to key customers such as hypermarkets, distributors, and B2B clients, to non-key clients such as poultry shops, convenience stores, and other small clients. Noting that the majority of the receivables carried over from the previous period, were overdue balances from non-key clients and were subject to ECL provisions according to the Company's expected credit loss model.

Prepayments and other Current Assets

Prepayments and other current assets amounted to SAR 15.5 million as of 31 December 2023G. This includes: (1) prepaid expenses of SAR 10.8 million for farms, accommodation, and other prepaid expenses; (2) advances to suppliers of SAR 5.9 million primarily pertaining to externally managed poultry farms services and raw material suppliers; (3) staff advances and loans of SAR 0.7 million; (4) refundable deposits of SAR 0.5 million; and (5) other receivables of SAR 2.6 million primarily pertaining to retained deposits paid to manpower service providers for contracted staff. These are offset by (6) provision for impairment of SAR 3.5 million recorded against advances to suppliers and SAR 1.5 million against refundable deposits.

Cash and Bank Balances

Cash and bank balances amounted to SAR 23.1 million as of 31 December 2023G. This consists of cash at banks amounting to SAR 19.7 million and cash on hand amounting to SAR 3.4 million.

Equity

Share capital

Share capital balance amounted to SAR 50.0 million as of 31 December 2023G. It consists of 50,000 shares with a nominal value of SAR 1,000 per share, all of which are fully owned by ARASCO.

Proposed Increase in Share Capital

The proposed increase in capital amounted to SAR 250.0 million as of 31 December 2023G and is related to a resolution undertaken by the Company to change its legal form and raise its share capital by SAR 250 million, from SAR 50.0 million to SAR 300.0 million primarily through the reclassification from current and non-current related party payables to equity contribution from the Company.

Statutory Reserve

Statutory reserve amounted to SAR 7.5 million as of 31 December 2023G increasing from SAR 28 thousand as of 31 December 2021G to SAR 7.5 million as of 31 December 2022G in line with reserves set aside in line with the Companies Law.

Retained Earnings / (accumulated losses)

Retained earnings balance amounted to SAR 129.1 million as of 31 December 2023G. This represents a change from accumulated losses of SAR 4.8 million as of 31 December 2021G, to retained earnings of SAR 68.1 million as of 31 December 2022G, due to total comprehensive income of SAR 80.3 million for the financial year 2022G, offset by a transfer of SAR 7.5 million to statutory reserve. The retained earnings balance increased to SAR 129.1 million as of 31 December 2023G, due to a net profit for the year of SAR 62.7 million, offset by other comprehensive losses of SAR 1.7 million.

Non-current Liabilities

Employees' defined Benefit Liabilities

The balance of defined benefit obligations for employees amounted to SAR 24.6 million as of 31 December 2023G. These obligations are determined using the "Projected Unit Credit" method as defined in International Financial Reporting Standard IAS-19 "Employee Benefits," employing actuarial valuations and in compliance with Saudi labour law. The employees' defined benefit liabilities for employees increased from SAR 16.9 million as of 31 December 2021G, to SAR 18.8 million as of 31 December 2022G, due to an increase in the average number of employees, particularly in general and administrative management, where salaries have increased from year to year. This increase is thus reflected in the Company's defined benefit liabilities.

Loans from a Related Party

The balance of the non-current portion of loans from related parties amounted to SAR 460.4 million as of 31 December 2023G and pertained to several loans from local banks and the Agricultural Development Fund (ADF). ARASCO had conducted its treasury operations across the historical period at the parent company level for the whole group, whereby financing and banking services are arranged by ARASCO for its poultry operations (ACAII). After the carve-out of the Company as a separate legal entity from ARASCO in the beginning of the financial year 2021G, these loans were allocated and reported as a loan from related party on the Company's financial statements, however, still remain under ARASCO's name as of 31 December 2023G.

Amounts due to related parties – non-current

The balance of non-current amounts due to related parties was zero as of 31 December 2023G. These amounts were previously related to debts owed to ARASCO due to the separation of the poultry operations at the beginning of the financial year 2021G. This balance represents the net book value of the assets and liabilities transferred on 1 January 1 2021G. During the financial year 2023G, ARASCO increased the Company's share capital, and this entire balance was converted into capital.

Non-current portion of lease liabilities

The balance of non-current portion of lease liabilities amounted to SAR 49.2 million as of 31 December 2023G. This balance decreased from SAR 9.9 million as of 31 December 2021G, to SAR 8.6 million as of 31 December 2022G, and then increased to SAR 49.2 million as of 31 December 2023G.

Accruals and other non-current liabilities

Accruals and other non-current liabilities amounted to SAR 1.2 million as of 31 December 2023G. This amount includes provisions for employee leave that have been carried forward from 2017G. In that year, ARASCO established an agreement with employees allowing for the carryover of leave balances, which are to be calculated based on the base salaries applicable during that period for the financial year ending in 2017G. These balances have been recorded in the Company's financial statements since then and are paid to employees upon resignation or separation from the Company, according to the previously agreed rates.

Current Liabilities

Accounts Payable

Accounts payable amounted to SAR 43.5 million as of 31 December 2023G and mainly relate to outstanding payable balances for services provided by external farms, and raw materials suppliers, amongst others. The Company relies on external farms to raise a portion of its broilers. The Company and these farms agree on pricing based on certain operational measures, mainly related to the weight of the broilers upon delivery, the feed conversion ratio and mortality rates. The Company pays an advance to these farms, and settles the remaining amount based on the outcome of the yield from these farms based on the agreed upon rates, which are measured at the Company's poultry processing plant after slaughtering.

The company makes prompt payments to its suppliers. As of 31 December 2023G, accounts payable that were not yet due amounted to SAR 10.3 million, representing 23.6 per cent. of the total accounts payable balance. Accounts payable aging between 1 to 30 days amounted to SAR 20.0 million, representing 46.1 per cent. of the total accounts payable balance. This has contributed to a reduction in the average payment period over the historical period, estimated at an average of 28 days in the financial year 2021G, decreasing to 18 days in the financial year 2022G, and then increasing to 20 days in the financial year 2023G.

As of 31 December 2023G, the Company had accounts payable of SAR 7.0 million that were overdue by more than 365 days, representing 16.2 per cent. of the total accounts payable balance. These balances are related to services and materials provided to the Company for which invoices have not yet been issued by the suppliers for settlement, or they represent disputed balances that have not been resolved with the service providers.

Accruals and other Current Liabilities

Accruals and other current liabilities amounted to SAR 61.6 million as of 31 December 2023G, and mainly comprised of: (i) accruals for inventories received at SAR 20.6 million, however not yet invoiced; (ii) value-added tax payables at SAR 10.8 million; (iii) accrued salaries and related benefits at SAR 10.6 million; (iv) advance payments from customers at SAR 5.3 million, (v) contract liabilities of biological assets at SAR 3.7 million; (vi) accrued customer rebates and promotion at SAR 3.2 million; (vii) unclaimed deposits at SAR 1.1 million; and (viii) amongst other accrued finance costs and expenses at SAR 6.5 million.

Amount due to related parties

The amount due to related parties amounted to SAR 50.3 million as of 31 December 2023G. This balance decreased from SAR 156.5 million as of 31 December 2021G, to SAR 137.5 million as of 31 December 2022G, due to partial repayment of the loan to ARASCO. Subsequently, the balance further decreased to SAR 50.3 million as of 31 December 2023G, following the reclassification of most of the outstanding amount owed to ARASCO as capital, in preparation for the Company's initial public offering.

Current Portion of Lease Liabilities

The current portion of lease liabilities amounted to SAR 8.4 million as of 31 December 2023G. This balance decreased from SAR 8.6 million as of 31 December 2021G, to SAR 1.3 million as of 31 December 2022G, and then increased to SAR 8.4 million as of 31 December 2023G.

6.6.2.1 Non-Current Assets

The table below summarises non-current assets as of 31 December 2021G, 2022G and 2023G:

Table 6.20: Non-Current Assets as of 31 December 2021G, 2022G and 2023G

SAR in thousands	31 December 2021G	31 December 2022G	31 December 2023G
Property and equipment	507,510	696,958	854,972
Right-of-use assets	18,173	9,863	56,512
Investment in an associate	1,227	-	-
Total non-current assets	**526,909**	**706,820**	**911,484**

Source: Company's audited financial statements for the financial years ending on 31 December 2022G (where information for the comparative financial year 2021G was extracted) and 2023G.

As of 31 December 2023G, the Company's non-current assets consisted of property and equipment amounted to SAR 855.0 million and right-of-use assets amounting to SAR 56.5 million. The balance of non-current assets increased from SAR 526.9 million as of 31 December 2021G to SAR 911.5 million as of 31 December 2023G. This increase is attributed to the Company's investment in the "600 thousand Birds Project," which includes a poultry processing plant, farms, and supporting facilities, and is classified under "Projects in progress." This project aims to expand daily production capacity from 297 thousand birds to approximately 600 thousand birds per day, with the first phase completed in November 2023G.

(a) Property and Equipment

The table below summarises the net book value for property and equipment as of 31 December 2021G, 2022G and 2023G:

Table 6.21: Net Book Value of Property and Equipment as of 31 December 2021G, 2022G and 2023G

SAR in thousands	31 December 2021G	31 December 2022G	31 December 2023G
Land	62,173	62,173	62,173
Buildings	154,938	149,932	283,365
Machinery and equipment	166,706	153,020	221,874
Motor vehicles	14,884	12,181	12,073
Office furniture and equipment	1,170	1,596	3,450
Capital spare parts	747	636	524
Projects in progress	106,892	317,420	271,514
Total	**507,510**	**696,958**	**854,972**

Source: Company's audited financial statements for the financial years ending on 31 December 2022G (where information for the comparative financial year 2021G was extracted) and 2023G.

The table below summarises the additions to property and equipment as of 31 December 2021G, 2022G and 2023G:

Table 6.22: Additions to Property and Equipment as of 31 December 2021G, 2022G and 2023G

SAR in thousands	31 December 2021G	31 December 2022G	31 December 2023G
Land	-	-	-
Buildings	-	-	-
Machinery and equipment	-	-	6
Motor vehicles	-	-	-
Office furniture and equipment	-	-	-
Capital spare parts	-	-	-
Projects in progress	55,538	221,282	191,317
Total	**55,538**	**221,282**	**191,323**

Source: Company's audited financial statements for the financial years ending on 31 December 2022G (where information for the comparative financial year 2021G was extracted) and 2023G.

The table below summarises the accumulated depreciation for property and equipment as of 31 December 2021G, 2022G and 2023G:

Table 6.23: Accumulated Depreciation for Property and Equipment as of 31 December 2021G, 2022G and 2023G

SAR in thousands	31 December 2021G	31 December 2022G	31 December 2023G
Land	-	-	-
Buildings	70,518	76,593	83,323
Machinery and equipment	205,439	226,624	249,808
Motor vehicles	39,510	41,873	43,934
Office furniture and equipment	14,224	14,493	14,514
Capital spare parts	915	1,027	1,139
Projects in progress	-	-	-
Total	**330,606**	**360,610**	**392,718**

Source: Company's audited financial statements for the financial years ending on 31 December 2022G (where information for the comparative financial year 2021G was extracted) and 2023G.

Land

The balance of land amounted to SAR 62.2 million as of 31 December 2023G, predominantly comprising 39 plots of land located throughout the Kingdom of Saudi Arabia. These properties house a majority of the Company's poultry processing plant, broiler farms, hatcheries, and warehouses. The balance remained stable during the historical period as no additional additions were made to lands with the exception of one plot of land that was returned to ARASCO in December 2024G.

Buildings

The balance of buildings amounted to SAR 283.4 million as of 31 December 2023G. This includes construction work on the Company's production facilities, farms, warehouses, cold storage facilities, and administrative offices. The balance of buildings as of 31 December 2023G consist of: (1) hatchery farms amounted to SAR 56.2 million, representing 19.8 per cent. of the total balance; (2) broiler farms amounted to SAR 187.1 million, representing 66.0 per cent. of the total balance; (3) a poultry processing plant valued at SAR 32.2 million, representing 11.4 per cent. of the total balance; and (4) cold stores, red meat facilities, and other administrative buildings, which together amount to SAR 7.9 million, representing 2.8 per cent. of the total balance.

The balance of buildings decreased from SAR 154.9 million as of 31 December 2021G, to SAR 149.9 million as of 31 December 2022G, due to depreciation charges of SAR 6.1 million incurred during the year 2022G. Subsequently, the balance increased to SAR 283.4 million as of 31 December 2023G, due to the capitalisation of completed projects, including broiler farms amounted to SAR 104.9 million, hatchery plant amounted to SAR 30.3 million, and the poultry processing plant amounted to SAR 4.5 million, totalling SAR 140.2 million.

Machinery and Equipment

As of 31 December 2023G, the balance of machinery and equipment amounted to SAR 221.9 million. This includes machinery and equipment balance as of 31 December 2023G used in the Company's operational facilities. The breakdown of machinery and equipment mainly is as follows: (1) hatcheries amounted to SAR 61.0 million, which includes setters, vaccination equipment, hatchers, and other supporting equipment; (2) broiler farms amounted to SAR 102.4 million, including feed silos, poultry feeding systems, and poultry management equipment; and (3) the poultry processing plant valued at SAR 53.6 million, which includes pre-chilling equipment, evisceration equipment, weighing equipment, and packaging and labelling machinery.

The balance of machinery and equipment decreased from SAR 166.7 million as of 31 December 2021G, to SAR 153.0 million as of 31 December 2022G, due to depreciation expenses of SAR 22.4 million incurred during the year. Subsequently, the balance increased to SAR 221.9 million as of 31 December 2023G, due to the capitalisation of assets related to broiler farms, which accounted for 38.0 per cent. of the total transfers during the year. These transfers include ventilation systems, broiler cages, and electrical panels.

Motor Vehicles

As of 31 December 2023G, the balance of motor vehicles was SAR 12.1 million. This includes: (1) large head unit, including reefers used in the transportation of finished goods from the poultry processing plant to cold storage facilities for later distribution, (2) trucks used for internal transportation of hatching eggs, day-one chicks, and broilers across its operational facilities, as well as (3) last-mile distribution trucks to its customers from its cold storage facilities, in addition to (4) vehicles provided to operational employees who need to visit various company facilities.

The motor vehicle balance decreased from SAR 14.9 million as of 31 December 2021G, to SAR 12.2 million as of 31 December 2022G, due to depreciation charges of SAR 2.6 million. The balance remained stable at SAR 12.1 million as of 31 December 2023G, as the additions of SAR 2.6 million were offset by depreciation charges of SAR 2.6 million during the financial year 2023G.

Office Furniture and Equipment

As of 31 December 2023G, the balance of office furniture and equipment was SAR 3.5 million. This mainly includes furniture and fixtures, information technology equipment, and stationery used for administrative purposes. The balance increased from SAR 1.2 million as of 31 December 2021G to SAR 1.6 million as of 31 December 2022G, due to additions totalling SAR 0.9 million during the financial year 2022G, compared to depreciation charges of SAR 0.5 million incurred during the same period.

Subsequently, the balance increased to SAR 3.5 million as of 31 December 2023G, due to additions amounting to SAR 2.4 million, primarily for furniture acquired for accommodating employees at the broiler plant.

Capital Spare Parts

As of 31 December 2023G, the balance of capital spare parts was SAR 0.5 million. This amount consists of unused spare parts for the machinery and equipment used by the Company. The balance of capital spare parts decreased from SAR 0.7 million as of 31 December 2021G to SAR 0.6 million as of 31 December 2022G, and further to SAR 0.5 million as of 31 December 2023G. This decrease is attributed to depreciation charges of SAR 0.1 million for the financial year 2022G and SAR 0.1 million for the financial year 2023G.

Project in Progress

As of 31 December 2023G, the balance of projects in progress amounted to SAR 271.5 million and pertains to the Company's ongoing expansion initiatives. This primarily includes the "600 thousand Birds Project," where the Company aims to increase its daily poultry processing capacity from 297 thousand birds to 600 thousand birds.

As of 31 December 2023G, the majority of the Company's fixed assets are related to the planned expansion project with a capacity of 600 thousand birds. This includes projects in its poultry processing plant amounting to SAR 165.7 million, the broiler plant and farms amounting to SAR 77.7 million, and cold storage facilities amounting to SAR 3.4 million, in addition to other routine maintenance capital expenditures totalling SAR 20.2 million.

(b) Right of Use Assets

The table below summarises right of use assets as of 31 December 2021G, 2022G and 2023G:

Table 6.24: Right of Use Assets as of 31 December 2021G, 2022G and 2023G

SAR in thousands	31 December 2021G	31 December 2022G	31 December 2023G
Land	9,983	9,133	8,284
Buildings	7,049	626	48,228
Motor vehicles	1,141	104	-
Total	**18,173**	**9,863**	**56,512**

Source: Company's audited financial statements for the financial years ending on 31 December 2022G (where information for the comparative financial year 2021G was extracted) and 2023G.

Right-of-use assets balance amounted to SAR 56.5 million as of 31 December 2023G. This includes (1) leased land comprising the Company's main cold storage facility, which serves as the distribution point after poultry processing, amounted to SAR 8.3 million, and (2) operational facilities in the form of buildings to be used for the "600 thousand Birds Project," amounted to SAR 48.2 million. Three major lease agreements for these facilities were concluded during the financial year 2023G, resulting in the Company recognising SAR 54.8 million in right-of-use assets. The Company recognises right-of-use assets based on (1) lease end dates, or (2) estimated lease end dates if the agreements include renewal options at predetermined prices.

(c) Investment in an Associate

The table below summarises investments in an associate as of 31 December 2021G, 2022G and 2023G:

Table 6.25: Movement in Investment in an Associate for the Years Ended 31 December 2021G, 2022G and 2023G

SAR in thousands	31 December 2021G	31 December 2022G	31 December 2023G
At the beginning of the year	1,232	1,227	-
Share of loss for the year	(7)	-	-
Share of other comprehensive income from investment in an associate	2	-	-
Transferred to Holding Company	-	(1,227)	-
At the end of the year	**1,227**	**-**	**-**

Source: Company's audited financial statements for the financial years ending on 31 December 2022G (where information for the comparative financial year 2021G was extracted) and 2023G.

The balance of investments in an associate amounted to SAR 1.2 million as of 31 December 2021G, which decreased to zero as of 31 December 2023G. The investment represented a 14 per cent. ownership stake in Ocean Line Marine Services Company, which was transferred to ARASCO at its book value during the financial year ending 31 December 2022G.

6.6.2.2 Current Assets

The table below summarises current assets as of 31 December 2021G, 2022G and 2023G:

Table 6.26: Current Assets as of 31 December 2021G, 2022G and 2023G

SAR in thousands	31 December 2021G	31 December 2022G	31 December 2023G
Inventories	84,250	68,704	105,848
Biological assets	38,322	41,224	52,613
Government subsidies receivable	3,099	3,166	2,613
Amounts due from related parties	169	110	158
Accounts receivables	100,212	109,441	81,354
Prepayments and other current assets	18,287	23,465	15,464
Cash and bank balances	6,937	1,953	23,088
Total current assets	**251,276**	**248,063**	**281,139**

Source: Company's audited financial statements for the financial years ending on 31 December 2022G (where information for the comparative financial year 2021G was extracted) and 2023G.

Current assets primarily consist of inventory, biological assets, government subsidies receivable, amounts due from related parties, accounts receivables, prepayments and other current assets, as well as cash and bank balances. Current assets accounted for 32.3 per cent., 26.0 per cent., and 23.6 per cent. of the total assets as of 31 December 2021G, 2022G and 2023G, respectively.

(a) Inventory

The table below summarises inventory as of 31 December 2021G, 2022G and 2023G:

Table 6.27: Inventory as of 31 December 2021G, 2022G and 2023G

SAR in thousands	31 December 2021G	31 December 2022G	31 December 2023G
Finished goods	40,421	16,074	37,408
Spare parts	19,381	20,903	25,784
Raw materials	9,230	15,500	24,706
Packing materials	8,525	10,306	10,931
Medicines and vaccination	-	5,498	6,790
Goods in transit	4,198	1,747	1,727
Fuel and diesel	-	1,927	1,518
Work in progress	-	1,610	1,186
Goods for trading	4,656	805	30
Other inventories	7,495	6,643	8,251
Total	**93,906**	**81,012**	**118,332**
Less: Provision for slow moving inventories	(9,656)	(12,308)	(12,484)
Net inventory	**84,250**	**68,704**	**105,848**

Source: Company's audited financial statements for the financial years ending on 31 December 2022G (where information for the comparative financial year 2021G was extracted) and 2023G.

Table 6.28: Provision for slow Moving Inventory as of 31 December 2021G, 2022G and 2023G

SAR in thousands	31 December 2021G	31 December 2022G	31 December 2023G
At the beginning of the year	-	9,656	12,308
Transferred from holding company	5,591	-	-
Charge during the year	4,065	2,652	176
At the end of the year	**9,656**	**12,308**	**12,484**

Source: Company's audited financial statements for the financial years ending on 31 December 2022G (where information for the comparative financial year 2021G was extracted) and 2023G.

Finished Goods

Finished goods balance amounted to SAR 37.4 million as of 31 December 2023G. This includes frozen poultry products amounting to SAR 34.3 million and fresh poultry products amounting to SAR 3.0 million. The finished goods are products that have been prepared but not yet distributed. Frozen products have a shelf life of one year, while fresh products maintain their quality for 6 to 7 days and are distributed immediately after preparation. The balance decreased from SAR 40.4 million as of 31 December 2021G to SAR 16.1 million as of 31 December 2022G. driven by a significant amount of aged frozen goods being flushed into the market amounting to SAR 23.4 million, as the Company aims to optimise its inventory levels and avoids the expiry of these products.

The finished goods balance increased to SAR 37.4 million as of 31 December 2023G, due to expanded capacity at the poultry processing plant by the end of the year, which resulted in the preparation and packaging of more poultry. It is noted that over 90 per cent. of the finished goods inventory reported at the end of the year consists of frozen poultry products.

Spare Parts

The spare parts balance amounted to SAR 25.8 million as of 31 December 2023G. This includes essential components and parts kept in stock for routine maintenance and repairs of production facilities and the Company's delivery fleet. The balance increased from SAR 19.4 million as of 31 December 2021G to SAR 20.9 million as of 31 December 2022G. This increase was due to the replenishment of spare parts, amounting to SAR 10.2 million, offset by consumption of SAR 8.7 million during the year.

The spare parts balance further increased to SAR 25.8 million as of 31 December 2023G, driven by purchases to support increased usage and expansion of the Company's operational facilities in preparation for the "600 thousand Birds Expansion Project." Additionally, the gradual ramp-up of the poultry processing plant's capacity in November 2023G necessitated the storage of essential spare parts. Notably, the Company purchased spare parts worth SAR 16.4 million and consumed spare parts amounting to SAR 11.5 million during the financial year 2023G.

Raw Materials

The raw materials balance amounted to SAR 24.7 million as of 31 December 2023G. This balance includes feed, which constitutes 52 per cent. of the total raw materials and is stored in the Company's silos and feeding systems at its farms. It also includes hatching eggs, which make up 48 per cent. of the total raw materials and are collected from customs and placed in setters at the Company's hatcheries, as well as live sheep at farms managed by external parties. The raw materials balance increased from SAR 9.2 million as of 31 December 2021G to SAR 15.5 million as of 31 December 2022G. This increase was due to the Company's expansion of operations during the financial year ending 31 December 2022G, leading to higher inventories of hatching eggs and feed in preparation for future production plans.

Subsequently, the raw materials balance further increased to SAR 24.7 million as of 31 December 2023G, aligned with the expansion in farm capacity and the increased capacity of the poultry processing plant by the end of the financial year 2023G. Consequently, the Company increased its purchases of hatching eggs and feed to meet the growing needs of its operational facilities and projected short-term sales plans.

Medicines and Vaccination

The balance of medicines and vaccines amounted to SAR 6.8 million as of 31 December 2023G. This balance relates to vaccinations for day-one chicks and medications used in the farms. The balance increased from SAR 3.1 million, which was clubbed within "other inventories" as of 31 December 2021G, to SAR 5.5 million as of 31 December 2022G, and then increased to SAR 6.8 million as of 31 December 2023G, due to the expansion in farm capacity, which required additional health interventions.

Packing Materials

The balance of packaging materials was SAR 10.9 million as of 31 December 2023G. This amount comprises materials used for packaging various company products, such as trays, polybags, cartons, stickers, and straps. The balance increased from SAR 8.5 million as of 31 December 2021G to SAR 10.3 million as of 31 December 2022G, and further increased to SAR 10.9 million by 31 December 2023G, in line with the Company's sales growth, projected production plans, and future objectives.

Goods in Transit

Goods in transit primarily relate to hatching eggs being transported from the Company's farms to customers. The balance decreased from SAR 4.2 million as of 31 December 2021G, to SAR 1.7 million as of 31 December 2022G, due to a reduction in the number of hatching eggs in transit by the end of 2021G. The balance remained stable thereafter, amounting to SAR 1.7 million as of 31 December 2023G.

Fuel and Diesel

The balance of fuel and diesel was SAR 1.5 million as of 31 December 2023G. This balance primarily concerns fuel and diesel used in the Company's production facilities and farms. The balance increased from SAR 0.6 million, which was clubbed within "other inventories" as of 31 December 2021G, to SAR 1.9 million as of 31 December 2022G, in line with the increase in production. However, the balance decreased to SAR 1.5 million as of 31 December 2023G, due to the increased production leading to higher fuel consumption.

Work in Progress

Work in progress pertains to feed and overheads cost which are to be recognised in the fair value calculation of day-one chicks once the hatching eggs have hatched. The balance increased from zero as of 31 December 2021G, to SAR 1.6 million as of 31 December 2022G, as the Company had allocated all associated costs to its biological assets in the previous reporting period as of 31 December 2021G. The balance decreased to SAR 1.2 million as of 31 December 2023G, because of unallocated costs to biological assets as of the year-end reporting date.

Goods for Trading

Goods for trading mainly pertains to table eggs inventories. The balance decreased from SAR 4.7 million as of 31 December 2021G to SAR 0.8 million as of 31 December 2022G, due to challenges in securing sufficient strategic stock from suppliers, resulting from rising prices of table eggs in the market, which affected the ability to maintain the same sales levels for 2022G compared to the financial year 2021G.

The balance further dropped to SAR 30 thousand as of 31 December 2023G, partly due to the Company's decision to reduce its inventory of goods ready for sale, along with the limited supply of table eggs in the market, which led to a decrease in inventory levels as of 31 December 2023G.

Other Inventories

Other inventories mainly pertain to a variety of sundry consumables, such as uniforms, oils, lubricants, amongst others. The balance of other inventories decreased from SAR 7.5 million as of 31 December 2021G to SAR 6.6 million as of 31 December 2022G, due to increased operational use and consumption during the financial year 2022G. This led to higher usage of other inventories. Subsequently, the balance increased to SAR 8.3 million as of 31 December 2023G, as the Company replenished its inventory and maintained higher levels of stock to support the expansion of its operational facilities and the phased implementation of the 600 thousand-bird expansion project.

Provision for slow moving Inventories

Provision for slow-moving inventory amounted to SAR 12.3 million as of 31 December 2022G, increased from SAR 9.7 million as of 31 December 2021G. This increase is due to the prolonged storage period of spare parts older than six years and the aging of various other materials ranging from one to two years as of 31 December 2022G.

The provision for slow-moving inventory increased to SAR 12.5 million as of 31 December 2023G, primarily due to the old spare parts, which accounted for SAR 7.9 million, representing 63.2 per cent. of the total slow-moving inventory provision.

(b) Biological Assets

The table below summarises biological assets as of 31 December 2021G, 2022G and 2023G:

Table 6.29: Biological Assets as of 31 December 2021G, 2022G and 2023G

SAR in thousands	31 December 2021G	31 December 2022G	31 December 2023G
At the beginning of the year	-	38,322	41,224
Transferred from holding company	29,018	-	-
Additions during the year	286,197	328,771	438,833
Transferred to inventories	(281,539)	(328,570)	(430,130)
Change in fair value	4,646	2,701	2,687
At the end of year	**38,322**	**41,224**	**52,613**

Source: Company's audited financial statements for the financial years ending on 31 December 2022G (where information for the comparative financial year 2021G was extracted) and 2023G.

Biological assets

The balance of biological assets amounted to SAR 52.6 million as of 31 December 2023G and pertains to live day-one chicks up to partly grown broilers that are located in the Company's owned and managed farms, which have not yet been processed. The Company estimates the fair value of its biological assets based on market prices of live broilers at the end of each reporting date adjusted for the point of time of the growth cycle of the live birds within its farms. The balance increased from SAR 38.3 million as of 31 December 2021G, to SAR 41.2 million as of 31 December 2022G, and further to SAR 52.6 million as of 31 December 2023G, due to the increase in quantities and prices of live broilers during this period.

(c) Government subsidies receivable

The table below summarises the movement in government subsidies receivable for the year ended 31 December 2021G, 2022G and 2023G:

Table 6.30: Movement in Government Subsidies Receivable for the Year Ended 31 December 2021G, 2022G and 2023G

SAR in thousands	31 December 2021G	31 December 2022G	31 December 2023G
At the beginning of the year	-	3,099	3,166
Transferred from holding company	5,068	-	-
Government subsidies earned during the year	18,009	29,379	14,334
Government subsidies collected during the year	(19,978)	(29,313)	(14,887)
At the end of year	**3,099**	**3,166**	**2,613**

Source: Company's audited financial statements for the financial years ending on 31 December 2022G (where information for the comparative financial year 2021G was extracted) and 2023G.

Government subsidies receivable

The balance of government subsidies receivable amounted to SAR 2.6 million as of 31 December 2023G. This represents support received from the Ministry of Environment, Water, and Agriculture under the national plan to support poultry production. The amount of government support the Company is entitled to is based on the weight of poultry after slaughter and preparation for packaging as whole chickens, before moving on to further stages such as cutting and packaging. The Ministry of Environment, Water, and Agriculture allocates an annual budget for the support programme, which is then distributed to local poultry producers based on the net weight of the chickens after slaughter and removal of feathers and entrails. The company submits monthly production reports for the poultry processing plant to the ministry, and payments are made in the following month according to the allocation for that period. The balance remained stable, recording SAR 3.1 million as of 31 December 2021G, and SAR 3.2 million as of 31 December 2022G. It then decreased to SAR 2.6 million as of 31 December 2023G, due to no significant changes in poultry processing by the Company in the 2023G financial year and increased processing capacity by competitors, which reduces the available support and results in lower allocations for the Company.

(d) Amounts due from related parties

The table below summarises related party transactions during the financial years ended 31 December 2021G, 2022G and 2023G:

Table 6.31: Related Party Transactions during the Financial Years Ended 31 December 2021G, 2022G and 2023G

SAR in 000s	Relationship	Nature of transaction	Financial year ended 31 December 2021G	Financial year ended 31 December 2022G	Financial year ended 31 December 2023G
Arabian Agricultural services Company	Holding Company	Purchases	237,390	335,377	387,415
		Shared services	23,087	21,705	21,327
		Transfer of loans	334,332	-	-
		Repayment of loans	95,624	150,849	217,473
		Financing loans proceeds	10,413	257,807	293,271
		Interests paid	10,829	10,743	16,815
		Transfer of an associate	-	1,227	-
		Sales	63	3,671	265
		Transfer of net assets	120,218	-	-
		Payroll and employee benefits	49,179	61,005	71,408
		VAT and Government payments	72,516	74,690	89,298
		Expenses paid on behalf of the Company	290,098	-	-
		Collection of accounts receivables	-	25,188	286,000
		Collection of government subsidies	-	29,313	14,887
		Bank transfers	-	665,249	265,223
		Supplier payments on behalf of the Company	-	304,773	97,140
		Zakat expense	-	-	1,848
IDAC Merieux Nutri Sciences	Affiliate	Purchase	1,191	3,525	4,670
Alkhorayef Agriculture Company	Affiliate	Purchase	18	368	3,104
Mazaq Altabkha alzeeza Company	Affiliate	Sales	119	608	650
Saudi Grandparent Poultry	Affiliate	Purchase	50	-	-
Total			**1,245,126**	**1,946,096**	**1,770,794**

Source: Company's audited financial statements for the financial years ending on 31 December 2022G (where information for the comparative financial year 2021G was extracted) and 2023G.

The table below summarises amounts due from related parties as of 31 December 2021G, 2022G and 2023G:

Table 6.32: Amounts Due from Related Parties as of 31 December 2021G, 2022G and 2023G

SAR in thousands	31 December 2021G	31 December 2022G	31 December 2023G
Mazaq Altabkha alzeeza Company	119	110	139
Saudi Grandparent Poultry	50	-	-
Others	-	-	19
Total	**169**	**110**	**158**

Source: Company's audited financial statements for the financial years ending on 31 December 2022G (where information for the comparative financial year 2021G was extracted) and 2023G.

Amounts due from related parties

The balance of amounts due from related parties amounted to SAR 158 thousand as of 31 December 2023G. This primarily concerns outstanding receivables from sales made to Mazaq Altabkha Alzeeza Company, a restaurant owned by an affiliate of a shareholder in ARASCO.

(e) Accounts receivables

The table below summarises accounts receivables as of 31 December 2021G, 2022G and 2023G:

Table 6.33: Accounts Receivables as of 31 December 2021G, 2022G and 2023G

SAR in thousands	31 December 2021G	31 December 2022G	31 December 2023G
Gross accounts receivables	118,331	146,645	126,403
less: provision for ECL	(18,119)	(37,204)	(45,049)
Net accounts receivables	**100,212**	**109,441**	**81,354**

Source: Company's audited financial statements for the financial years ending on 31 December 2022G (where information for the comparative financial year 2021G was extracted) and 2023G.

Gross accounts receivable balance amounted to SAR 126.4 million as of 31 December 2023G, and mainly relate to receivables from key client accounts, distributors, wholesales, and business-to-business customers which the Company has established credit terms with. The Company's credit terms range (i) between 3-15 days for small stores, grocery stores and butcher shops, (ii) between 30-60 days for distributors, trading establishments, and B2B customers, and (iii) up to 90 days for select key clients, mainly pertaining to hypermarket chains and high revenue-generating clients within the HORECA sector.

Gross accounts receivable balance increased from SAR 118.3 million as of 31 December 2021G, to SAR 146.6 million as of 31 December 2022G, reflecting increased sales due to rising demand for local poultry products.

Gross accounts receivable balance decreased to SAR 126.4 million as of 31 December 2023G, due to collections from two major clients amounting to SAR 13.8 million and SAR 4.7 million. This decrease is attributed to the Company's efforts to improve collection processes and reflects the success of measures taken to expedite the collection of outstanding payments.

The company improved its average days sales outstanding from 50 days in the financial year 2021G to 37 days in the financial year 2022G, and further to 32 days in the financial year 2023G, partly due to management's efforts in recovering overdue receivables through incentives and evaluating the sales team's performance not only on sales figures but also on the recovery of receivables.

Accounts receivable from the top 10 clients (identified based on Sales Value) gradually decreased over time, falling from 51.4 per cent. as of 31 December 2021G, to 46.0 per cent. as of 31 December 2022G, and further to 40.3 per cent. as of 31 December 2023G, of gross accounts receivable. This decrease is partly due to the Company's shift in focus towards distribution channels that allow direct access to customers, thereby diversifying and expanding the Company's client base, along with increased collection efforts by incentivising the sales team.

Provision for expected credit loss

The provision for expected credit losses refers to provisions related to doubtful accounts receivable, calculated in accordance with International Financial Reporting Standard (IFRS 9). The company has engaged an external consultant to develop an expected credit loss provision model, which is used to compute the allowance at each reporting date. This model considers only unsecured receivables (exposures at default) or any other type of collateral. The expected credit loss model segments the total unsecured receivables into time bands based on aging, up to and beyond one year. Then, the probability of default and the loss given default are assigned to each time band. The total amount of unsecured receivables is multiplied by the probability of default and the loss given default to determine the estimated provision for expected credit losses.

The provision for expected credit losses increased from SAR 18.1 million as of 31 December 2021G, to SAR 37.2 million as of 31 December 2022G, due to provisions of SAR 18.4 million recorded in the financial year 2022G for receivables from previous years that had not been previously provided for but required significant provisions for expected credit losses according to the Company's credit loss provision model.

Subsequently, the provision for expected credit losses increased to SAR 45.0 million as of 31 December 2023G, partly due to the shift in distribution channels during the period, where a significant portion of the overdue receivables came from regular customers, which were subject to provisions based on the Company's credit loss provision model.

Normal clients represent a substantial portion of the total receivables, accounting for 49.9 per cent. of the total. These customers are subject to less favourable credit terms compared to major clients, prompting the Company to adopt a more conservative approach in managing the risks associated with this customer segment.

As of 31 December 2023G, the provision for expected credit losses includes provisions for bad debts amounting to SAR 8.5 million, provisions for legal disputes amounting to SAR 14.3 million, provisions for key clients amounting to SAR 10.5 million, and provisions for normal clients amounting to SAR 11.8 million.

(f) Prepayments and other current assets

The table below summarises prepayments and other current assets as of 31 December 2021G, 2022G and 2023G:

Table 6.34: Prepayments and Other Current Assets as of 31 December 2021G, 2022G and 2023G

SAR in thousands	31 December 2021G	31 December 2022G	31 December 2023G
Prepaid expenses	2,254	15,108	10,834
Advances to suppliers	10,418	8,413	5,899
Staff advances and loans	897	663	716
Refundable deposits	502	502	502
Other receivables	7,882	2,445	2,571
Subtotal	21,953	27,131	20,522
Less: provision for impairment	(3,665)	(3,666)	(5,058)
Total	**18,287**	**23,465**	**15,464**

Source: Company's audited financial statements for the financial years ending on 31 December 2022G (where information for the comparative financial year 2021G was extracted) and 2023G.

Prepaid expenses

The prepaid expenses balance amounted to SAR 10.8 million as of 31 December 2023G. This primarily includes prepaid rents amounting to SAR 7.3 million for leased land and employee accommodation, as well as SAR 2.6 million for other advance payments related to leased farms. The prepaid expenses balance increased from SAR 2.3 million as of 31 December 2021G to SAR 15.1 million as of 31 December 2022G, due to an increase in advance payments for farm and land leases that had not yet commenced.

Subsequently, the prepaid expenses balance decreased to SAR 10.8 million as of 31 December 2023G, due to the reclassification of SAR 3.6 million from prepaid rents upon recognition of right-of-use assets at the start of the contract.

Advances to suppliers

Advances to suppliers include amounts paid in advance for contracted farms for raising broiler chickens and for raw materials. The balance decreased from SAR 10.4 million as of 31 December 2021G, to SAR 8.4 million as of 31 December 2022G, due to the Company's efforts to reduce advance payments to raw material suppliers. This reduction is part of the Company's ongoing strategy to strengthen relationships with suppliers and develop favourable credit terms with both existing and new suppliers.

The balance of advance payments to suppliers continued to decline to SAR 5.9 million as of 31 December 2023G, as the Company continued to negotiate credit terms and reduce advance payments to its current suppliers.

Staff advances and loans

The balance of staff advances and loans amounted to SAR 0.7 million as of 31 December 2023G. This pertains to short-term loans and advances provided to employees who are eligible after five years of service with the Company. The balance decreased from SAR 0.9 million as of 31 December 2021G to SAR 0.7 million as of 31 December 2022G. This decrease is partly due to the increased employee turnover prior to the separation from ARASCO, which reduced the number of employees eligible for these advances. The balance remained stable at SAR 0.7 million as of 31 December 2023G.

Refundable deposits

Refundable deposits balance remained stable at SAR 0.5 million as of 31 December 2022G. These deposits represent amounts the Company has deposited with manpower service providers as guarantees for contracted labour. The deposits have remained stable over the historical period.

Other receivables

Other receivables mainly comprise of refundable custom fees associated with the clearance of hatching eggs, in addition to refundable deposits, representing retention deposits with manpower service providers for contracted manpower. The balance decreased from SAR 7.9 million as of 31 December 2021G, to SAR 2.5 million as of 31 December 2022G, due to the settlement of a receivable of SAR 5.6 million with SALIC, related to customs duties on hatching egg imports that the Company imported on behalf of SALIC to address a market shortage during the financial year 2021G.

The balance of other receivables increased to SAR 2.6 million as of 31 December 2023G, consisting mainly of deposits held with manpower service providers with whom the Company contracts.

Provision for impairment

The Company recorded a provision for impairment losses on prepayments and other current assets, amounting to SAR 3.7 million as of 31 December 2021G and 2022G, and SAR 5.1 million as of 31 December 2023G. These provisions mainly relate to aged advances to suppliers for which the Company does not expect to receive the requested materials or services, and it is unlikely to be refunded the advances paid.

(g) Cash and bank balances

The table below summarises cash and bank balances as of 31 December 2021G, 2022G and 2023G:

Table 6.35: Cash and Bank Balances as of 31 December 2021G, 2022G and 2023G

SAR in thousands	31 December 2021G	31 December 2022G	31 December 2023G
Cash at banks	6,573	930	19,719
Cash on hand	365	1,023	3,370
Total	**6,937**	**1,953**	**23,088**

Source: Company's audited financial statements for the financial years ending on 31 December 2022G (where information for the comparative financial year 2021G was extracted) and 2023G.

Cash and bank balances

Cash and bank balances amounted to SAR 23.1 million as of 31 December 2023G, comprising of cash at banks amounting to SAR 19.7 million and cash on hand amounting to SAR 3.4 million.

6.6.2.3 Equity

The table below summarises equity as of 31 December 2021G, 2022G and 2023G:

Table 6.36: Equity as of 31 December 2021G, 2022G and 2023G

SAR in thousands	31 December 2021G	31 December 2022G	31 December 2023G
Share Capital	50,000	50,000	50,000
Proposed increase in share capital	-	-	250,000
Statutory reserve	28	7,505	7,505
Retained earnings	(4,778)	68,087	129,076
Total equity	**45,250**	**125,591**	**436,580**

Source: Company's audited financial statements for the financial years ending on 31 December 2022G (where information for the comparative financial year 2021G was extracted) and 2023G.

(a) Share capital

Share capital balance amounted to SAR 50.0 million as of 31 December 2023G, comprising 50,000 shares with a par value of SAR 1,000 per share, all of which are entirely owned by ARASCO.

(b) Proposed increase in share capital

The proposed increase in share capital amounted to SAR 250.0 million as of 31 December 2023G and is related to a resolution undertaken by the Company to change its legal form and raise its share capital by SAR 250 million, from SAR 50.0 million to SAR 300.0 million primarily through the reclassification from current and non-current related party payables to equity contribution from the Company.

(c) Statutory reserve

Statutory reserve amounted to SAR 7.5 million as of 31 December 2023G increasing from SAR 28 thousand as of 31 December 2021G to SAR 7.5 million as of 31 December 2022G in line with reserves set aside in line with the Companies Law.

(d) Retained earnings

Retained earnings balance amounted to SAR 129.1 million as of 31 December 2023G. This represents a change from accumulated losses of SAR 4.8 million as of 31 December 2021G, to retained earnings of SAR 68.1 million as of 31 December 2022G, due to a profit for the year of SAR 79.5 million for the financial year 2022G. The balance increased to SAR 129.1 million as of 31 December 2023G, due to a profit for the year of SAR 62.7 million, offset by other comprehensive losses of SAR 1.7 million.

6.6.2.4 Non-Current Liabilities

The table below summarises non-current liabilities as of 31 December 2021G, 2022G and 2023G:

Table 6.37: Non-Current Liabilities as of 31 December 2021G, 2022G and 2023G

SAR in thousands	31 December 2021G	31 December 2022G	31 December 2023G
Loans from a related party, non-current	265,536	398,302	460,415
Employees' defined benefit liabilities	16,920	18,821	24,608
Amounts due to related parties, non-current	120,218	120,218	-
Lease liabilities, non-current	9,909	8,583	49,230
Accruals and other non-current liabilities	1,511	1,312	1,186
Total non-current liabilities	**414,095**	**547,236**	**535,439**

Source: Company's audited financial statements for the financial years ending on 31 December 2022G (where information for the comparative financial year 2021G was extracted) and 2023G.

Non-current liabilities primarily consist of the non-current portion of loans from a related party, employee defined benefit liabilities, the non-current portion of amounts due to related parties, the non-current portion of lease liabilities, accruals and other non-current liabilities. Non-current liabilities represented 56.5 per cent., 66.0 per cent., and 70.8 per cent. of total liabilities as of 31 December 2021G, 2022G and 2023G, respectively.

(a) Loan from a related party

The table below summarises the loan from a related party as of 31 December 2021G, 2022G and 2023G:

Table 6.38: Loan from a Related Party as of 31 December 2021G, 2022G and 2023G

SAR in thousands	31 December 2021G	31 December 2022G	31 December 2023G
Loan from ARASCO, non-current	265,536	398,302	460,415
Loan from ARASCO, current	68,795	42,987	56,788
Total	**334,332**	**441,290**	**517,203**

Source: Company's audited financial statements for the financial years ending on 31 December 2022G (where information for the comparative financial year 2021G was extracted) and 2023G.

Loans from related parties amounted to SAR 517.2 million as of 31 December 2023G. These loans primarily consist of redirected loans, which were initially obtained by the parent company (ARASCO) and then passed on to the Company. These loans were raised to finance the Company's expansion projects, including the "600 thousand Birds Project," through which the Company aims to increase its daily poultry processing capacity from 297 thousand birds to 600 thousand birds.

The balance of loans from related parties increased from SAR 334.3 million as of 31 December 2021G, to SAR 441.3 million as of 31 December 2022G. This increase was mainly due to additional loans obtained from the Agricultural Development Fund to support the Company's expansion plans. It is noted that the funding from the fund carries a lower interest rate compared to market rates on other loans obtained by the Company from local banks. Loans from other local banks bear an interest rate that includes a risk premium plus the Saudi Interbank Offered Rate (SAIBOR) for three months.

During the financial year 2022G, the Company drew down SAR 261.9 million from its credit facilities and simultaneously repaid a portion of existing loans amounting to SAR 151.7 million during the year.

Subsequently, the balance of loans from related parties increased from SAR 441.3 million as of 31 December 2022G, to SAR 517.2 million as of 31 December 2023G. This increase is attributed to the Company's drawdowns from available credit facilities to finance its expansion projects. Notably, the Company restructured its debts to shift towards lower cost borrowing facilities.

During the financial year 2023G, the Company drew down SAR 208.3 million from its loan facilities and repaid a portion of existing loans amounting to SAR 132.5 million.

(b) Employees' Defined Benefits Liabilities

The table below summarises the movement in employees' defined benefits liabilities during the financial year ended 31 December 2021G, 2022G and 2023G:

Table 6.39: Movement in Employees' Defined Benefits Liabilities during the Financial Years Ended 31 December 2021G, 2022G and 2023G

SAR in thousands	31 December 2021G	31 December 2022G	31 December 2023G
At the beginning of the year	16,239	16,920	18,821
Current service cost	2,194	3,289	2,772
Interest expense	210	288	891
Amount recognised in statement of profit or loss	2,404	3,577	3,663
Re-measurements:			
(Loss) gain from change in financial assumptions	(435)	(1,934)	5
Actuarial loss	706	1,133	1,666
Amount recognised in other comprehensive income	**271**	**(801)**	**1,671**
Employees transferred (from) to the Company	(361)	2,425	2,350
Benefits paid during the year	(1,633)	(3,300)	(1,897)
At the end of the year	**16,920**	**18,821**	**24,608**

Source: Company's audited financial statements for the financial years ending on 31 December 2022G (where information for the comparative financial year 2021G was extracted) and 2023G.

The balance of employees' defined benefit liabilities amounted to SAR 24.6 million as of 31 December 2023G. These obligations are determined using the "Projected Unit Credit" method as defined in International Financial Reporting Standard IAS-19 "Employee Benefits," employing actuarial valuations and in compliance with Saudi labour law. The employees' defined benefit liabilities increased from SAR 16.9 million as of 31 December 2021G, to SAR 18.8 million as of 31 December 2022G, due to an increase in the average number of employees, particularly in general and administrative management, where salaries have increased from year to year. This increase is thus reflected in the Company's defined benefit liabilities.

(c) Amounts due to related parties – non-current

The table below summarises amounts due to related parties – non-current as of 31 December 2021G, 2022G and 2023G:

Table 6.40: Amounts due to related parties – non-current as of 31 December 2021G, 2022G and 2023G

SAR in thousands	31 December 2021G	31 December 2022G	31 December 2023G
Due to ARASCO (transfer of net assets)	120,218	120,218	-
Total	**120,218**	**120,218**	**-**

Source: Company's audited financial statements for the financial years ending on 31 December 2022G (where information for the comparative financial year 2021G was extracted) and 2023G.

Amounts due to related parties – non-current

Amounts due to related parties pertain to receivables from ARASCO arising from the separation of poultry operations at the beginning of the financial year 2021G. This balance represents the net book value of assets and liabilities transferred at the date of the separation of operations on 1 January 2021G.

The balances were recorded at SAR 120.2 million when recognised at the start of the financial year 2021G, and remained unchanged as of 31 December 2021G and 2022G.

In the financial year 2023G, ARASCO utilised these dues, in addition to the current dues, to increase the share capital of the Company ahead of its initial public offering (IPO), reclassifying the total non-current balance outstanding to equity as of 31 December 2023G.

(d) Lease liabilities – non-current

The table below summarises the movements in lease liabilities – non-current during the financial years ended 31 December 2021G, 2022G and 2023G:

Table 6.41: Movement in Lease liabilities – non-current during the Financial Years Ended 31 December 2021G, 2022G and 2023G

SAR in thousands	31 December 2021G	31 December 2022G	31 December 2023G
At the beginning of the year	-	18,499	9,881
Transferred from the Holding Company	26,768	-	-
Internal transfer	-	17	-
Additions during the year	10,832	-	54,767
Accretion of interest	1,244	813	3,269
Payments	(9,627)	(9,357)	(10,204)
Disposals during the year	(10,719)	(91)	(83)
At the end of the year	**18,499**	**9,881**	**57,629**
Less: current portion of lease payment	(8,590)	(1,298)	(8,399)
Non-current portion of lease payment	**9,909**	**8,583**	**49,230**

Source: Company's audited financial statements for the financial years ending on 31 December 2022G (where information for the comparative financial year 2021G was extracted) and 2023G.

Lease liabilities – non-current

The non-current lease liabilities balance amounted to SAR 49.2 million as of 31 December 2023G. These liabilities decreased from SAR 9.9 million as of 31 December 2022G, to SAR 8.6 million as of 31 December 2022G, due to the reclassification of the current portion of the lease liabilities. Consequently, the balance increased to SAR 49.2 million as of 31 December 2023G, due to additions made during the period.

6.6.2.5 Current Liabilities

The table below summarises current liabilities as of 31 December 2021G, 2022G and 2023G:

Table 6.42: Current Liabilities as of 31 December 2021G, 2022G and 2023G

SAR in thousands	31 December 2021G	31 December 2022G	31 December 2023G
Accounts payable	29,986	23,442	43,463
Accruals and other current liabilities	54,936	76,804	61,623
Amounts due to related parties	156,533	137,524	50,330
Current portion of loan from related party	68,795	42,987	56,788
Current portion of lease liabilities	8,590	1,298	8,399
Total current liabilities	**318,841**	**282,056**	**220,603**

Source: Company's audited financial statements for the financial years ending on 31 December 2022G (where information for the comparative financial year 2021G was extracted) and 2023G.

Current liabilities primarily consist of accounts payable, accruals and other current liabilities, amounts due to related parties, the current portion of loans from related parties, and the current portion of lease liabilities. Current liabilities represented 43.5 per cent. of total liabilities as of 31 December 2021G, 34.0 per cent. as of 31 December 2022G and 29.2 per cent. as of 31 December 2023G.

(a) Accounts payables

The table below summarises account payables as of 31 December 2021G, 2022G and 2023G:

Table 6.43: Accounts Payables as of 31 December 2021G, 2022G and 2023G

SAR in thousands	31 December 2021G	31 December 2022G	31 December 2023G
Accounts payable	29,986	23,442	43,463
Total	**29,986**	**23,442**	**43,463**

Source: Company's audited financial statements for the financial years ending on 31 December 2022G (where information for the comparative financial year 2021G was extracted) and 2023G.

Accounts payables

The accounts payables balance amounted to SAR 43.5 million as of 31 December 2023G. These payables are associated with outstanding amounts for services provided by external farms, raw material suppliers, and others. The Company relies on external farms for raising a portion of its broiler chickens and agrees with these farms on prices based on specific operational criteria, including chicken weight upon delivery, feed conversion ratios, and mortality rates. The Company makes advance payments to these farms, with the remaining amount settled based on farm productivity results and agreed-upon prices, which are calculated at the Company's poultry processing plant post-slaughter.

The Company makes prompt payments to its suppliers. As of 31 December 2023G, outstanding payables that are not yet due amounted to SAR 10.3 million, representing 23.6 per cent. of the total. Payables that were due within 1-30 days amounted to SAR 20.0 million, representing 46.1 per cent. of the total. This led to a decrease in the average payment period over the historical period, reported as 28 days in the financial year 2021G, decreasing to 17 days in the financial year 2022G, and then increasing to 21 days in the financial year 2023G.

The Company has outstanding payables of SAR 7.0 million as of 31 December 2023G, that are overdue by more than 365 days, representing 16.2 per cent. of the total. These amounts pertain to services and materials provided to the Company where invoices have not been issued by the suppliers for settlement, or they represent disputed amounts for which no agreement has been reached with the service providers.

(b) Accruals and other current liabilities

The table below summarises accruals and other current liabilities as of 31 December 2021G, 2022G and 2023G:

Table 6.44: Accruals and Other Current Liabilities as of 31 December 2021G, 2022G and 2023G

SAR in thousands	31 December 2021G	31 December 2022G	31 December 2023G
Accrual for inventories received	21,934	32,156	20,567
Accrued salaries and related benefits	4,926	13,900	10,549
Accrued customer rebates and promotion	4,842	8,042	3,202
Value added tax ("VAT")	2,120	7,779	10,830
Advance payments from customers	739	5,510	5,279
Unclaimed deposits	1,466	1,733	1,050
Contract liabilities of biological assets	5,865	1,684	3,668
Accrued finance cost	84	985	2,844
Accruals for purchases	1,904	580	622
Others	11,057	4,437	3,013
Total	**54,936**	**76,804**	**61,623**

Source: Company's audited financial statements for the financial years ending on 31 December 2022G (where information for the comparative financial year 2021G was extracted) and 2023G.

Accrual for inventories received

Accruals for inventories received pertain to live birds which are raised on external contracted poultry farms for a certain fee. Once the broilers reach weights suitable for processing, they are transferred from the contracted farms to the Company's poultry processing plant. The price of these farming services is driven by the number of placed birds and is dependent upon various factors, such as the weight of the birds, the feed conversion ratio, mortality rates amongst other operational targets. This accrual pertains to birds which have not been received from the farms as of the reporting date, however, the Company accrues for the expected costs that got incurred as of 31-December. This accrual is estimated based on the number of birds placed in the contracted farms, weight / age and other agreed upon metrics in accordance with the contract set with the external farm, also includes feed materials and other inventory items. Accruals for inventories received increased from SAR 21.9 million as of 31 December 2021G to SAR 32.2 million as of 31 December 2022G in line with the increase in demand and forecasted production plans and targets, resulting in the Company placing a higher number of birds in contracted farms, coupled with a larger number of birds still held with contracted farms during the previous reporting period as of 31 December 2021G.

Accruals for inventories received decreased from SAR 32.2 million as of 31 December 2022G to SAR 20.6 million as of 31 December 2023G due to the lower number of birds placed in contracted farms as of the year-end reporting date in addition to the days in relation to the live birds' lifecycle, impacting the amount accrued for at the reporting date.

Accrued salaries and related benefits

The balance of accrued salaries and related benefits amounted to SAR 10.5 million as of 31 December 2023G, primarily due to accumulated bonuses. The company accrues bonuses based on planned budget figures, which do not exceed three months of base salary, provided that the Company meets its sales and profitability targets.

The balance of accrued salaries and related benefits increased from SAR 4.9 million as of 31 December 2021G, to SAR 13.9 million as of 31 December 2022G. This increase was mainly due to the Company allocating a bonus of SAR 9.3 million, in line with the budgeted amount, following an increase in sales and profitability during the financial year 2022G. No bonuses were allocated for the financial year 2021G, due to the lower net profit recorded during that year.

Accrued customer rebates and promotion

Accrued customer rebates and promotions mainly pertain to frequent campaigns aimed at acquiring new customers and driving increases in volumes sold. These promotions also apply to fresh and frozen poultry, with discounted prices communicated across the Company's sales channels. The Company accrues for these promotions based on the discounts offered for the goods being discounted and is adjusted for upon reconciliation with the respective sales channel. Accrued sales promotions increased from SAR 4.8 million as of 31 December 2021G to SAR 8.0 million as of 31 December 2022G as the Company held a strategy to mitigate expired returns from fresh products as of 31 December 2022G.

Accrued customer rebates and promotion decreased from SAR 8.0 million as of 31 December 2022G to SAR 3.2 million as of 31 December 2023G, driven by improved inventory management processes decreasing the need for a similar levels of sales promotions made during the financial year 2023G in comparison to the previous year.

Value added tax (VAT)

The value added tax balance amounted to SAR 10.8 million as of 31 December 2023G, representing the net VAT liability that the Company settles on a monthly basis. This balance increased from SAR 2.1 million as of 31 December 2021G, to SAR 7.8 million as of 31 December 2022G, and further to SAR 10.8 million as of 31 December 2023G. The increase is attributed to increased sales during the financial years 2021G through 2023G, along with the Company's efforts to accelerate sales towards the end of the year to improve inventory levels and reduce provisions. This led to a gradual increase in VAT liabilities by the end of each reported financial year.

Advance payments from customers

Advance payments from customers balance amounted to SAR 5.3 million as of 31 December 2023G. This amount relates to prepayments from international customers for export sales, in addition to customers requiring co-products due to the scarcity and minimum quantities available. The balance for these advances amounted to SAR 0.7 million as of 31 December 2021G, SAR 5.5 million as of 31 December 2022G, and SAR 5.3 million as of 31 December 2023G. These increases are aligned with the growth in production, the expansion of the export customer base, and the demand for co-products.

Unclaimed deposits

Unclaimed deposits balance amounted to SAR 1.1 million as of 31 December 2023G. These deposits pertain to amounts received from unidentified depositors in the Company's bank accounts. These balances are reconciled with the sales department and adjusted accordingly once the identity of the depositor is determined. The balance of unclaimed deposits amounted to SAR 1.5 million as of 31 December 2021G, SAR 1.7 million as of 31 December 2022G, and SAR 1.1 million as of 31 December 2023G.

Contract liabilities of biological assets

Contract liabilities of biological assets mainly relate to contract liabilities booked against fair value changes of live birds placed in contracted farms, in accordance with the contracts signed with these farms. The Company estimates the fair value changes based on various factors, such as the number of birds, number of days since placement, feed consumed. Once the birds are received from the farms, the Company reverses the contract liabilities and adjusts for the liabilities in accordance with the pricing as set in the agreement with the farm.

Contract liabilities of biological assets decreased from SAR 5.9 million as of 31 December 2021G to SAR 1.7 million as of 31 December 2022G mainly due to the larger number of birds placed in contracted farms as of 31 December 2021G which have not yet been received as of that reporting date in comparison to 31 December 2022G.

Contract liabilities of biological assets increased from were reported at SAR 3.7 million as of 31 December 2023G and was based upon the number of birds within the Company's contracted farms as of the year-end reporting date, in addition to the days in relation to the live birds' lifecycle, the current market price of feed incurred in relation to those birds as of the reporting date.

Accrued finance cost

Accrued finance costs pertains to accrued interest on the Company's borrowings. Accrued finance costs increased from SAR 84 thousand as of 31 December 2021G to SAR 1.0 million as of 31 December 2022G in line with the Company's borrowings. Accrued finance costs increased to SAR 2.8 million as of 31 December 2023G in line with the Company's increased borrowings during the financial years ending 31 December 2022G and 2023G.

Accruals for purchases

Accruals for purchases balance amounted to SAR 0.6 million as of 31 December 2023G, which includes accrued audit fees of SAR 0.3 million and accrued lease payments of SAR 0.3 million. The balance of accruals decreased from SAR 1.9 million as of 31 December 2021G to SAR 0.6 million as of 31 December 2022G due to a decrease in accrued expenses for which no invoices were yet received as of 31 December 2022G in comparison to the previous year. The balance remained relatively stable at SAR 0.6 million as of 31 December 2023G, relating primarily to outstanding audit fees as of the reporting date.

Others

Others mainly related to electricity and utility accruals, contracted labour, amongst others. Others decreased from SAR 11.1 million as of 31 December 2021G to SAR 4.4 million as of 31 December 2022G primarily due to reclassifications of previously accrued expenses to better defined sub captions within accruals.

Others further decreased to SAR 3.0 million as of 31 December 2023G mainly pertained to electricity and utility bills accruals amounting to SAR 1.0 million, contractual labour accruals amounting to SAR 0.7 million, legal charges accruals amounting to SAR 0.7 million, and finance charges accruals amounting to SAR 0.4 million.

(c) Amounts due to related parties

The table below summarises amounts due to related parties as of 31 December 2021G, 2022G and 2023G:

Table 6.45: Amounts Due to Related Parties as of 31 December 2021G, 2022G and 2023G

SAR in thousands	31 December 2021G	31 December 2022G	31 December 2023G
Arabian Agricultural services Company	155,325	132,423	40,389
IDAC Merieux Nutri Sciences	1,191	4,716	9,386
AlKhorayef Agriculture Company	18	386	555
Total	**156,533**	**137,524**	**50,330**

Source: Company's audited financial statements for the financial years ending on 31 December 2022G (where information for the comparative financial year 2021G was extracted) and 2023G.

Amounts due to related parties

As of 31 December 2023G, the balance of amounts due to related parties was SAR 50.3 million, comprising the following liabilities:

1. ARASCO: The balance due to ARASCO was SAR 40.4 million as of 31 December 2023G. This amount primarily consists of payables for feed purchases, as ARASCO is the sole supplier of feed for the Company, as well as for shared services provided by ARASCO under agreed service agreements and other expenses paid on behalf of the Company within the scope of its normal operations. Historically, the Company has maintained minimal cash levels and conducts daily cash settlements with ARASCO to meet its operational cash flow needs, impacting its net payables to ARASCO. Near the end of the financial year 2023G, the Company established its own treasury department. The balance decreased from SAR 155.3 million as of 31 December 2021G to SAR 132.4 million as of 31 December 2022G, due to payments made during the year 2022G. Subsequently, the balance fell to SAR 40.4 million as of 31 December 2023G, primarily due to the reclassification of the majority of the payable balance to ARASCO as capital, following ARASCO's decision to increase the Company's capital in preparation for the anticipated public offering.
2. IDAC Merieux Nutri Sciences: A sister company specialising in food safety and quality services and solutions. The balance increased from SAR 1.2 million as of 31 December 2021G, to SAR 4.7 million as of 31 December 2022G, and continued to increase to SAR 9.4 million as of 31 December 2023G. This increase resulted from expanded production capacity and increased utilisation over the period, as well as enhanced quality assurance and control measures following the biological security challenges faced by the Company in the financial year 2021G, and in preparation for the planned public offering during the period from the financial year 2022G to 2023G.
3. AlKhorayef Agriculture Company: The balance with AlKhorayef was SAR 0.6 million as of 31 December 2023G, primarily related to the purchase of other raw materials. This balance showed a gradual increase over the historical period, from SAR 18 thousand as of 31 December 2021G, to SAR 386 thousand as of 31 December 2022G, and SAR 555 thousand as of 31 December 2023G.

(d) Loan from related party – Current

Table 6.46: Loan from related party – Current as of 31 December 2021G, 2022G and 2023G

SAR in thousands	31 December 2021G	31 December 2022G	31 December 2023G
Loan from ARASCO, current	68,795	42,987	56,788
Total	**68,795**	**42,987**	**56,788**

Source: Company's audited financial statements for the financial years ending on 31 December 2022G (where information for the comparative financial year 2021G was extracted) and 2023G.

The balance of loans from related parties – current decreased from SAR 68.8 million as of 31 December 2021G, to SAR 43.0 million as of 31 December 2022G, due to partial repayment of the loan to ARASCO. Subsequently, the balance increased to SAR 56.8 million as of 31 December 2023G, due to additional borrowing by the Company in preparation for the 600 thousand-bird project. For additional details, see Section 6.6.2.4(a).

(e) Lease liabilities – Current

Table 6.47: Movement in Lease liabilities – Current during the Financial Years Ended 31 December 2021G, 2022G and 2023G

SAR in thousands	31 December 2021G	31 December 2022G	31 December 2023G
At the beginning of the year	-	18,499	9,881
Transferred from the Holding Company	26,768	-	-
Internal transfer	-	17	-
Additions during the year	10,832	-	54,767
Accretion of interest	1,244	813	3,269
Payments	(9,627)	(9,357)	(10,204)
Written-off during the year	(10,719)	(91)	(83)
At the end of the year	**18,499**	**9,881**	**57,629**
Less: current portion of lease payment	(8,590)	(1,298)	(8,399)
Current portion of lease payment	**8,590**	**1,298**	**8,399**

Source: Company's audited financial statements for the financial years ending on 31 December 2022G (where information for the comparative financial year 2021G was extracted) and 2023G.

The balance of current portion of lease liabilities decreased from SAR 8.6 million as of 31 December 2021G, to SAR 1.3 million as of 31 December 2022G, primarily due to repayments related to leased land, farms, and distribution trucks. However, it increased again to SAR 8.4 million as of 31 December 2023G, due to significant additions to right-of-use assets in preparation for the 600 thousand-bird project. For additional details, see Section 6.6.2.4(d).

6.6.3 Statement of Cash Flows

The table below summarises the statement of cash flows data for the financial years ended 31 December 2021G, 2022G and 2023G:

Table 6.48: Statement of Cash Flows Data for the Financial Years Ended 31 December 2021G, 2022G and 2023G

SAR in thousands	Financial year 2021G	Financial year 2022G	Financial year 2023G
Operating activities			
Profit before zakat	3,683	79,540	64,508
Adjustments to reconcile profit before zakat to net cash flows:			
Depreciation of property and equipment	33,077	31,772	33,237
Depreciation of right-of-use assets	8,475	8,252	8,073
Provision for employees' defined benefit liabilities	2,194	3,289	2,772
Provision for slow moving inventory items	4,065	2,652	176
Impairment of prepayments and other current assets	232	1	1,392
Expected credit loss on accounts receivable	1,633	18,411	7,845
Finance costs	15,267	14,297	16,767
Amortisation of finance costs paid upfront	-	825	1,149
Gain on fair value adjustments on biological assets	(4,646)	(2,701)	(2,687)
Gain on disposal of property and equipment	-	(196)	(7)
(Gain) loss on disposal of right-of-use assets and lease liabilities	111	(18)	(39)
Share of loss from investment in an associate	7	-	-
Total adjustments	**64,099**	**156,123**	**133,185**
Changes in operating assets and liabilities:			
Inventories	(28,252)	12,894	(37,320)

SAR in thousands	Financial year 2021G	Financial year 2022G	Financial year 2023G
Biological assets	(4,658)	(201)	(8,703)
Government subsidies receivable	1,969	(67)	553
Accounts receivable	(40,955)	(27,640)	20,242
Prepayments and other current assets	(7,905)	(5,179)	8,960
Accounts payable	2,684	(6,544)	20,021
Accruals and other liabilities	(27,398)	21,669	(15,306)
Amounts due from / to related parties	162,708	(15,297)	40,692
Cash from operating activities	**122,293**	**135,759**	**162,323**
Employees' defined benefit liabilities paid	(1,633)	(3,300)	(1,897)
Finance costs paid	(14,595)	-	-
Net cash from operating activities	**106,065**	**132,459**	**160,426**
Investing activities			
Purchase of property and equipment	(55,538)	(221,282)	(191,323)
Proceeds from disposal of property and equipment	-	259	79
Net cash used in investing activities	**(55,538)**	**(221,024)**	**(191,244)**
Financing activities			
Proceeds from loan from a related party	10,413	257,807	207,272
Repayment of loan from related party	(95,624)	(151,674)	(132,507)
Finance costs paid	-	(14,009)	(15,876)
Payment of principal portion of lease liabilities	(8,383)	(8,544)	(6,936)
Net cash from (used in) financing activities	**(93,593)**	**83,581**	**51,953**
Net increase (decrease) in cash and bank balances	**(43,066)**	**(4,984)**	**21,135**
Cash and bank balances at the beginning of the year	50,004	6,937	1,953
Cash and bank balances at the end of the year	**6,937**	**1,953**	**23,088**

Source: Company's audited financial statements for the financial years ending on 31 December 2022G (where information for the comparative financial year 2021G was extracted) and 2023G.

Net cash from operating activities

Net cash flows from operating activities ("**CFFO**") increased from SAR 106.1 million in the financial year 2021G to SAR 132.5 million in the financial year 2022G. This increase was primarily driven by an increase in profit before zakat by SAR 79.5 million, offset by a decrease in changes in working capital by SAR 78.6 million, reported at positive net changes in working capital of SAR 58.2 million in the financial year 2021G to a net negative impact of changes of SAR 20.4 million in the financial year 2022G. The working capital changes in the financial year 2021G were primarily attributed to the carve-out from ARASCO, whereby the Company did not have any assets and liabilities on its book before the financial year 2021G, and as such reported the substantial changes in working capital during the financial year 2021G. Subsequently, changes in working capital reported during the financial year 2022G, reflect more accurately the Company's working capital changes under normal operations. The Company has also classified finance costs paid in the financial year 2021G amounting to SAR 14.6 million under cash flow from operating activities, and subsequently reclassified these payments to cash flow from financing activities.

Net cash flows from operating activities subsequently increased to SAR 160.4 million in the financial year 2023G, despite the decrease in net profit before zakat by SAR 15.0 million, primarily driven by positive net working capital changes by SAR 49.5 million following more effective management of the Company's inventory, accounts receivables and account payables over the 2022G to 2023G financial period.

Net cash used in investing activities

Net cash flows used in investing activities ("**CFFI**") amounted to SAR 55.5 million in the financial year 2021G and increased to SAR 221.0 million during the financial year 2022G driven by the Company's expansion projects, particularly the "600 thousand bird" project. This project is aimed at increasing the Company's daily processing capacity from 297 thousand to 600 thousand birds and encompasses various investments across the Company's production and operational facilities. The Company has not generated sufficient operating cashflows to fund its investments in the financial year 2022G, with the CFFI-to-CFFO ratio reported at 166.9 per cent., with the excess cashflow requirements obtained from the Agricultural Development Fund.

The Company continued to reinvest its cash flows generated from operations in its expansion project, with cashflows used in investing activities reported at SAR 191.2 million in the financial year 2023G, with the CFFI-to-CFFO ratio reported at 119.2 per cent. during the financial year 2023G.

Net cash from (used in) financing activities

Net cash flows used in financing activities ("**CFNF**") reported at SAR 93.6 million in the financial year 2021G as compared to net cash flows from financing activities of SAR 83.6 million in the financial year 2022G, mainly driven by the refinancing of loans from local banks by obtaining loans from the Agricultural Development Fund to fund its expansion and settling a portion of its existing borrowings.

Net cash flows from financing activities decreased to SAR 52.0 million in the financial year 2023G, as the Company continued to restructure its long-term debt to facilities with lower borrowing costs. The Company has taken out loan proceeds amounting to SAR 207.3 million, while repaying principal and finance costs of SAR 148.4 million in relation to its long-term debts during the financial year 2023G.

6.6.4 Contingent Liabilities and Capital Commitments

Contingent liabilities

Contingent liabilities, obtained by ARASCO on behalf of the Company, as of 31 December 2023G include letters of guarantee amounting to SAR 51.41 million (2022G: SAR 51.11 million) and letters of credit amounting to SAR 38.56 million (2022G: SAR 76.68 million) for the benefit of the Company's external suppliers for raw materials purchases.

Capital commitment

The capital commitments related to ongoing capital work-in-progress projects amounts to EUR 9.42 million, equivalent to SAR 38.28 million (2022G: EUR 11.85 million, equivalent to SAR 47.43 million).

6.7 Operating Results for the Three-Month Periods Ended 31 March 2023G and 2024G

6.7.1 Statement of Comprehensive Income

The table below summarises the statement of comprehensive income data for the three-month periods ended 31 March 2023G and 2024G:

Table 6.49: Statement of Comprehensive Income Data for the Three-Month Periods Ended 31 March 2023G and 2024G

SAR in thousands	Three-month period ended 31 March 2023G (Unaudited)	Three-month period ended 31 March 2024G (Unaudited)	Variance
Revenue	280,690	339,618	21.0%
Cost of revenue	(222,759)	(264,467)	18.7%
Gross profit	**57,931**	**75,151**	**29.7%**
Selling and distribution	(21,460)	(22,899)	6.7%
Provision for expected credit loss for accounts receivables	(3,306)	(9,160)	177.1%
General and administration	(10,847)	(13,672)	26.0%
Profit from operations	**22,318**	**29,420**	**31.8%**
Share of loss from an associate	-	-	NA
Loss on fair value adjustment on biological assets	(2,372)	(5,517)	132.6%
Finance costs	(4,047)	(5,377)	32.8%
Other income	641	3,444	437.1%
Profit before Zakat	16,540	21,970	32.8%
Zakat	(450)	-	(100.0%)
Profit for the period	**16,090**	**21,970**	**36.5%**

Source: Company's unaudited interim condensed financial statements for the three-month period ended 31 March 2024G and management information.

The table below summarises the key performance indicators for the three-month periods ended 31 March 2023G and 2024G:

Table 6.50: Key Performance Indicators for the Three-Month Periods Ended 31 March 2023G and 2024G

SAR in thousands	Three-month period ended 31 March 2023G (Unaudited)	Three-month period ended 31 March 2024G (Unaudited)	Variance
			Percentage points
Gross margin (1)	20.6%	22.1%	1.5
EBITDA margin (2)	10.9%	12.3%	1.4
Net profit margin (3)	5.7%	6.5%	0.7
Operational KPIs			**As a percentage**
Poultry			
Core products - units sold (kgs)	20,201,527	24,659,709	22.1%
Core products - ASP per unit sold (SAR)	13.1	13.3	1.5%
Non-core products - units sold (kgs)	312,041	1,848,774	492.5%
Non-core products - ASP per unit sold (SAR)	1.7	4.4	162.8%
Table eggs			
Units sold (units)	724,745	130,035	(82.3%)
ASP per unit sold (SAR)	17.7	17.6	(0.3%)
Red meat			
Units sold (kgs)	13,049	4,351	(66.7%)
ASP per unit sold (SAR)	84.9	96.0	13.0%

Source: Company's unaudited condensed financial statements for the three-month period ended 31 March 2024G and management information.

(1) Gross profit margin is calculated by dividing gross profit by revenue and is displayed as a percentage.

(2) EBITDA margin is calculated by dividing EBITDA by revenue and is displayed as a percentage.

(3) Net profit margin is calculated by dividing the profit for the period by revenue and is displayed as a percentage.

(4) The average selling price is calculated by dividing the sales for the year/period by the units sold and is displayed in Saudi Arabian Riyals.

Revenue

Revenue increased by 21.0 per cent. from SAR 280.7 million in the three-month period ended 31 March 2023G to SAR 339.6 million in the three-month period ended 31 March 2024G, primarily due to growth in both core and non-core poultry sales. Poultry sales increased by SAR 70.9 million, driven mainly by an increase in quantities of core poultry products sold, reporting an increase from 20.2 million kilograms in the three-month period ended 31 March 2023G to 24.7 million kilograms in the three-month period ended 31 March 2024G, coupled with a 1.5 per cent. increase in average selling prices per kilogram, which were reported at SAR 13.3 in the three-month period ended 31 March 2024G. Additionally, non-core poultry sales increased from SAR 92 thousand in the three-month period ended 31 March 2023G to SAR 7.2 million in the three-month period ended 31 March 2024G, due to an increase in quantities sold by 1.5 million kilograms, particularly relating to the sale of live birds during the three-month period ended 31 March 2024G. This was slightly offset by a decrease in table eggs revenue from SAR 13.1 million in the three-month period ended 31 March 2023G to SAR 2.3 million in the three-month period ended 31 March 2024G as the Company shifts its focus towards its main revenue generating product offerings within the poultry segment.

Cost of revenue

Cost of revenue increased by 18.7 per cent. from SAR 222.8 million in the three-month period ended 31 March 2023G to SAR 264.5 million in the three-month period ended 31 March 2024G, driven by (i) an increase in the cost of direct materials by SAR 15.8 million, in line with revenue growth and the increase in the number of units sold, (ii) an increase in overheads by SAR 10.2 million, also driven by sales growth resulting in higher cost allocation, (iii) an increase in salaries and wages by SAR 5.2 million, driven by an increase in the average number of employees from 647 in the three-month period ended 31 March 2023G to 1,033 in the three-month period ended 31 March 2024G, as the Company continues its investments in its operational expansions, and (iv) a decrease in government subsidies earned by SAR 0.8 million over the three-month period ended 31 March 2023G to 2024G, among various other factors.

Gross profit

Gross margin increased from 20.6 per cent. in the three-month period ended 31 March 2023G to 22.1 per cent. in the three-month period ended 31 March 2024G, mainly due to cost of revenue increasing at a lower rate than revenue growth at 21.0 per cent. over the three-month period ended 31 March 2023G to 2024G, primarily driven by lower direct materials prices of feed and hatching eggs, which collectively represent a significant portion of direct materials costs, helping to improve gross margins over the same period.

Selling and distribution expenses

Selling and distribution expenses increased by 6.7 per cent. from SAR 21.5 million in the three-month period ended 31 March 2023G to SAR 22.9 million in the three-month period ended 31 March 2024G, driven by an increase across various selling and distribution expenses in line with the growth in revenue over the three-month period ended 31 March 2023G to 2024G, majorly within salaries, wages, and related costs, increasing from SAR 3.5 million in the three-month period ended 31 March 2023G to SAR 6.8 million in the three-month period ended 31 March 2024G due to significant hires made within selling and distribution functions, with the average number of employees increasing from 91 in the three-month period ended 31 March 2023G to 161 in the three-month period ended 31 March 2024G as the Company continued to invest in its operational expansion.

General and administration expenses

General and administration expenses increased by 26.0 per cent. from SAR 10.8 million in the three-month period ended 31 March 2023G to SAR 13.7 million in the three-month period ended 31 March 2024G, primarily driven by an increase in salaries, wages, and related costs by SAR 2.7 million due to the increase in general and administration employees from 84 in the three-month period ended 31 March 2023G to 165 in the three-month period ended 31 March 2024G, as the Company continued to hire middle management and entry level staff to support its growth and administration requirements.

Provision for expected credit loss for accounts receivables

Provision for expected credit losses for accounts receivables ("ECL") increased from SAR 3.3 million in the three-month period ended 31 March 2023G to SAR 9.2 million in the three-month period ended 31 March 2024G primarily due to disputed balances with key accounts that are subject to reconciliation.

Loss on fair value adjustment on biological assets

Loss on fair value adjustment of biological assets increased from SAR 2.4 million in the three-month period ended 31 March 2023G to SAR 5.5 million in the three-month period ended 31 March 2024G. These losses were driven by the decrease in number of birds subsequent to the year-end reporting date, in addition to the changes in the life cycle of the birds as of the reporting periods ended for each of the three-month period ended 31 March 2023G and the three-month period ended 31 March 2024G, resulting in a decline in the fair value of biological assets over the same period.

Finance costs

Finance costs increased by 32.8 per cent. from SAR 4.0 million in the three-month period ended 31 March 2023G to SAR 5.4 million in the three-month period ended 31 March 2024G, primarily driven by an increase in finance costs on loans from related parties by SAR 1.0 million to support the expansion of the Company's operational facilities ahead of the phased rollout of the Company's 600 thousand birds' expansion project.

Other income

Other income increased significantly from SAR 0.6 million in the three-month period ended 31 March 2023G to SAR 3.4 million in the three-month period ended 31 March 2024G, mainly due to currency exchange gains on foreign exposures amounting to SAR 0.8 million, and an increase in other income by SAR 2.7 million pertaining to hatching services provided to other poultry companies as the Company had excess capacity in its hatcheries as part of its expansion plans.

Zakat

Zakat expenses amounted to SAR 0.5 million during the three-month period ended 31 March 2023G, while no zakat expenses were recorded during the three-month period ended 31 March 2024G, as no expense was allocated by the Holding Company.

Profit for the period

The Company's profit for the period increased from SAR 16.1 million in the three-month period ended 31 March 2023G to SAR 22.0 million in the three-month period ended 31 March 2024G. The net profit margin improved from 5.7 per cent. in the three-month period ended 31 March 2023G to 6.5 per cent. in the three-month period ended 31 March 2024G. This improvement is attributed to revenue growth and an increase in the gross margin.

6.7.1.1 Revenue

The table below summarises revenue for the three-month period ending 31 March 2023G and 2024G:

Table 6.51: Revenue for the three-month period ending 31 March 2023G and 2024G

SAR in thousands	Three-month period ended 31 March 2023G	Three-month period ended 31 March 2024G	Variance
Local sales			
Core products [1]	263,607	328,375	24.6%
Non-core products [2]	92	7,163	7687.4%
Total poultry sales	**263,699**	**335,538**	**27.2%**
Table eggs sales	13,088	2,295	(82.5%)
Red meat sales	1,106	418	(62.2%)
Cold store sales (others)	522	-	(100.0%)
Total local sales	**278,416**	**338,251**	**21.5%**
Exported sales			
Core products [1]	1,846	416	(77.4%)
Non-core products [2]	429	951	121.7%
Total exported poultry sales	2,275	1,368	(39.9%)
Total revenue	**280,690**	**339,618**	**21.0%**
As a percentage of revenue			**Percentage points**
Poultry sales	93.9%	98.8%	4.9
Table eggs sales	4.7%	0.7%	(4.0)
Red meat sales	0.4%	0.1%	(0.3)
Cold store sales (others)	0.2%	0.0%	(0.2)
Local sales	99.2%	99.6%	0.4
Exported sales	0.8%	0.4%	(0.4)
Operational KPIs			**As a percentage**
Poultry sales			
Core products - units sold (kgs)	20,201,527	24,659,709	22.1%
Core products - ASP per unit sold (SAR)	13.1	13.3	1.5%
Non-core products - units sold (kgs)	312,041	1,848,774	492.5%
Non-core products - ASP per unit sold (SAR)	1.7	4.4	162.8%
Table eggs sales			
Units sold (units)	734,745	130,035	(82.3%)
ASP per unit sold (SAR)	17.7	17.6	(0.3%)

SAR in thousands	Three-month period ended 31 March 2023G	Three-month period ended 31 March 2024G	Variance
Red meat sales			
Units sold (kgs)	13,049	4,351	(66.7%)
ASP per kg sold (SAR)	84.9	96.0	13.0%
Total			
Units sold (units)	20,949,321	24,794,096	18.4%
ASP per unit sold (SAR)	13.4	13.7	2.2%

Source: Company's unaudited interim condensed financial statements for the three-month period ended 31 March 2024G and management information.

(1) Core products consist of the major products resulting from poultry processing, namely (1) whole chickens, (2) cut ups, (3) value-added products, and (4) other co-products.

(2) Non-core products consist of (i) live broiler chickens, which are considered non-recurring sales in nature, and were sold due to the increase in the quantities of live broiler chickens from the Company's farms due to the gradual expansion of the Company's facilities in preparation for expanding the capacity of the poultry processing plant, (ii) In addition to derivatives and excesses resulting from poultry processing (by-products).

The revenue classification is represented by four main segments, (1) poultry, (2) table eggs, (3) red meat, and (4) cold stores.

(i) Poultry

Poultry sales revenue (local and exported) increased from SAR 266.0 million in the three-month period ended 31 March 2023G to SAR 336.9 million in the three-month period ended 31 March 2024G, mainly attributable to an increase in core poultry product offerings, with volumes sold increasing from 20.2 million kilograms in the three-month period ended 31 March 2023G to 24.7 million kilograms in the three-month period ended 31 March 2024G, coupled with a 1.5 per cent. increase in average selling prices per kilogram of core poultry products, reported at SAR 13.3 in the three-month period ended 31 March 2024G. Additionally, there was an increase in sales of non-core poultry products by SAR 7.6 million over the three-month periods ended 31 March 2023G to 2024G, with quantities sold increasing by 1.5 million kilograms and an increase in average selling price by SAR 2.7 during the same period.

Revenue growth over the three-month period ended 31 March 2023G to 2024G was driven by (i) an increase in whole chicken revenue by SAR 33.9 million representing 16.1 per cent. over the three-month period ended 31 March 2023G to 2024G, following an increase in volumes sold from 15.9 million kilograms in the three-month period ended 31 March 2023G to 18.4 million kilograms in the three-month period ended 31 March 2024G, coupled with an increase in average selling price per kilogram from SAR 13.2 to SAR 13.3 over the same period, in addition to (ii) an increase in cut-ups revenue by SAR 28.7 million representing 48.8 per cent. over the three-month period ended 31 March 2023G to 2024G, following an increase in volumes sold from 3.4 million kilograms in the three-month period ended 31 March 2023G to 5.7 million kilograms in the three-month period ended 31 March 2024G over the same period, and (iii) "live birds" sold in the three-month period ended 31 March 2024G, which generated an additional SAR 5.9 million in revenue, at an average selling price of SAR 7.8 per kilogram, due to an increased supply from the expanded farm capacity under the 600 thousand bird expansion project.

(ii) Table Eggs

Table egg sales decreased from SAR 13.1 million in the three-month period ended 31 March 2023G to SAR 2.3 million in the three-month period ended 31 March 2024G, driven by the Company shifting its focus towards its main product offerings within the poultry segment, as the table eggs segment continued to witness limited supply in the market, coupled with competition from more established competitors in this segment.

(iii) Red Meat

Red meat sales decreased by 62.2 per cent. from SAR 1.1 million in the three-month period ended 31 March 2023G to SAR 0.4 million in the three-month period ended 31 March 2024G, with volumes sold decreasing from 13.0 thousand kilograms in the three-month period ended 31 March 2023G to 4.4 thousand kilograms in the three-month period ended 31 March 2024G, slightly offset by an increase in the average selling price from SAR 84.9 in the three-month period ended 31 March 2023G to SAR 96.0 in the three-month period ended 31 March 2024G driven by the increase in market prices.

(iv) Cold Stores

Cold store sales decreased from SAR 0.5 million in the three-month period ended 31 March 2023G to nil in the three-month period ended 31 March 2024G due to the Company fully utilising its cold store facilities, hence no leasing income was generated during the three-month period ended 31 March 2024G.

6.7.1.2 Poultry Revenue by Sub-Segment

The table below summarises poultry revenues by sub-segment for the three-month periods ending 31 March 2023G and 2024G:

Table 6.52: Poultry Revenue by Sub-Segment for the Three-Month Period Ended 31 March 2023G And 2024G

SAR in thousands	Three-month period ended 31 March 2023G	Three-month period ended 31 March 2024G	Variance
Core products			
Whole chicken	209,809	243,667	16.1%
Cut ups	58,755	87,420	48.8%
Value added	4,348	4,296	(1.2%)
Other	4,000	1,928	(51.8%)
Non-core products			
Live birds	-	5,878	NA
By-products	521	2,237	329.1%
Gross revenue	**277,434**	**345,425**	**24.5%**
Rebates and discounts	(11,460)	(8,519)	(25.7%)
Total	**265,974**	**336,905**	**26.7%**
Operational KPIs			**Aa a percentage**
Units sold (kgs)			
Core-products			
Whole chicken	15,871,613	18,387,004	15.8%
Cut ups	3,358,565	5,688,800	69.4%
Value added	238,846	247,231	3.5%
Other	732,504	336,674	(54.0%)
Non-core products			
Live birds	-	751,316	NA
By-products	312,041	1,097,458	251.7%
ASP per unit sold (SAR)			
Core products			
Whole chicken	13.2	13.3	0.2%
Cut ups	17.5	15.4	(12.2%)
Value added	18.2	17.4	(4.6%)
Other	5.5	5.7	4.8%
Non-core products			
Live birds	-	7.8	NA
By-products	1.7	2.0	22.0%

Source: Management information.

The Company's core products include the Company's four sub-segments, whole chickens, cut ups, value-added products, and other (co-products).

(i) Whole Chicken

Whole chicken gross revenue increased from SAR 209.8 million in the three-month period ended 31 March 2023G to SAR 243.7 million in the three-month period ended 31 March 2024G driven by growth in whole chicken volumes sold from 15.9 million kilograms in the three-month period ended 31 March 2023G to 18.4 million kilograms in the three-month period ended 31 March 2024G, mainly due to increases in the Company's top revenue generating SKUs, namely 1000g by SAR 18.3 million and 900g by SAR 10.7 million fresh whole chicken, reporting an increase in quantities sold by 1.5 million kilograms and 0.7 million kilograms over the three-month period ended 31 March 2023G and 2024G, respectively. This was offset by the decrease in average selling price per kilogram from SAR 13.6 to SAR 13.3 per kilogram for 1000g fresh whole chicken over the three-month period ended 31 March 2023G to 2024G, and the average selling price for 900g fresh whole chicken remained stable at SAR 13.9 over the same period.

(ii) Cut ups

Cut ups increased by 48.8 per cent. from SAR 58.8 million in the three-month period ended 31 March 2023G to SAR 87.4 million in the three-month period ended 31 March 2024G mainly driven by growth in quantities sold from 3.4 million kilograms in the three-month period ended 31 March 2023G to 5.7 million kilograms in the three-month period ended 31 March 2024G, offset by the decrease in the average selling price per kilogram from SAR 17.5 to SAR 15.4 over the three-month period ended 31 March 2023G to 2024G.

(iii) Value-added

Value-added products revenue remained stable at SAR 4.3 million during the three-month period ended 31 March 2023G to 2024G, supported by a slight increase in quantities sold from 239 thousand kilograms in the three-month period ended 31 March 2023G to 247 thousand kilograms in the three-month period ended 31 March 2024G, offset by a decrease in the average selling price, which decreased from SAR 18.2 in the three-month period ended 31 March 2023G to SAR 17.4 in the three-month period ended 31 March 2023G.

(iv) Other

Others decreased by 51.8 per cent. from SAR 4.0 million in the three-month period ended 31 March 2023G to SAR 1.9 million in the three-month period ended 31 March 2024G, due to a decrease in quantities sold from 733 thousand kilograms in the three-month period ended 31 March 2023G to 337 thousand kilograms in the three-month period ended 31 March 2024G as the poultry processing plant operated near maximum capacity throughout the three-month period ended 31 March 2023G to 2024G, partially offset by an increase in average selling price from SAR 5.5 to SAR 5.9 over the same period.

Non-core Products

Non-core products were only reported during the financial year 2023G and include live birds' sales, considered to be non-recurring in nature and have only been sold due to the over-supply of live birds from the Company's farms, and by-products, in the form of chicken feet, chicken skin, and other output resulting from processed broilers.

(1) Live birds

Live birds' revenue amounted to SAR 5.9 million in the three-month period ended 31 March 2024G, with 751 thousand kilograms sold at an average selling price of SAR 7.8 per kilogram, this represents 614 thousand birds, each priced at an average of SAR 9.6 per bird.

(2) By-products

By-products increased from SAR 0.5 million in the three-month period ended 31 March 2023G to SAR 2.2 million in the three-month period ended 31 March 2024G mainly driven by growth in quantities sold from 312 thousand kilograms in the three-month period ended 31 March 2023G to 1.2 million kilograms in the three-month period ended 31 March 2024G, in addition to an increase in average selling price per kilogram from SAR 1.7 to SAR 2.0 over the three-month period ended 31 March 2023G to 2024G.

6.7.1.3 Cost of Revenue

The table below summarises cost of revenue for the three-month periods ended 31 March 2023G and 2024G:

Table 6.53: Cost of revenue for the three-month periods ended 31 March 2023G and 2024G

SAR in thousands	Three-month period ended 31 March 2023G	Three-month period ended 31 March 2024G	Variance
Direct materials	126,252	142,072	12.5%
Overheads	45,657	55,813	22.2%
Salaries, wages and related costs	19,981	25,154	25.9%
Depreciation of property and equipment	7,264	10,312	42.0%
Packaging materials	10,122	7,592	(25.0%)
Shipping and freight	5,836	8,136	39.4%
Repair and maintenance	3,270	6,026	84.3%
Utilities	2,790	3,911	40.2%
Rent	367	787	114.3%
Depreciation of right-of-use assets	1,917	2,099	9.5%
Provision for slow moving inventory items and NRV provisions	363	3,390	833.9%
Expired finished goods	868	123	(85.8%)
Shared services expenses	786	-	(100.0%)
Machinery and equipment insurance	492	769	56.3%
Provision for employees' defined benefit liabilities	386	430	11.3%
Government subsidies earned	(4,086)	(3,297)	(19.3%)
Others	494	1,149	132.8%
Total cost of revenue	**222,759**	**264,467**	**18.7%**
Operational KPIs			**As a percentage**
Average no. of employees	647	1,033	386
Average monthly staff costs per employee	10,294	8,121	(11.2%)
As a percentage of revenue			**Percentage points**
Direct materials	45.0%	41.8%	(3.1)
Overheads	16.3%	16.4%	0.2
Salaries, wages and related costs	7.1%	7.4%	0.3
Depreciation of property and equipment	2.6%	3.0%	0.4
Packaging materials	3.6%	2.2%	(1.4)
Shipping and freight	2.1%	2.4%	0.3
Repair and maintenance	1.2%	1.8%	0.6
Utilities	1.0%	1.2%	0.2
Rent	0.1%	0.2%	0.1
Others Items[1]	0.4%	1.5%	1.2
Total	**79.4%**	**77.9%**	**(1.5)**

Source: Company's unaudited interim condensed financial statements for the three-month period ended 31 March 2024G and management information.

[1] Other Items includes Depreciation of right-of-use assets, Provision for slow moving inventory items and NRV provisions, Expired finished goods, Shared services expenses, Machinery and equipment insurance, Provision for employees' defined benefit liabilities, Government subsidies earned, and Others.

Direct Materials

Direct materials increased by 12.5 per cent. from SAR 126.3 million in the three-month period ended 31 March 2023G to SAR 142.1 million in the three-month period ended 31 March 2024G, at a lower rate than revenue growth which represented an increase by 21.0 per cent., driven by the decrease in prices of feed and hatching eggs over the three-month period ended 31 March 2023G to 2024G.

Overheads

Overheads increased from SAR 45.7 million in the three-month period ended 31 March 2023G to SAR 55.8 million in the three-month period ended 31 March 2024G driven by an (i) increase of allocated manufacturing overheads by SAR 5.5 million following the increase in production volumes to meet sales demand over the three-month period ended 2023G to 2024G period, (ii) an increase in fuel and diesel expenses by SAR 2.3 million again in line with the increase in the Company's operational facilities, and (iii) an increase in material scrapping costs by SAR 1.3 million.

Salaries, wages and related costs

Salaries, wages, and related costs increased from SAR 20.0 million in the three-month period ended 31 March 2023G to SAR 25.2 million in the three-month period ended 31 March 2024G, driven primarily by an increase in the average number of employees from 647 in the three-month period ended 31 March 2023G to 1,033 in the three-month period ended 31 March 2024G, due to substantial hiring within the Company's operational staff to support the ramp-up of operational facilities and the preparations for the phased rollout of the 600 thousand birds' expansion project initiated in the financial year 2023G. Average monthly staff costs per employee decreased from SAR 10.3 thousand in the three-month period ended 31 March 2023G to SAR 8.1 thousand in the three-month period ended 31 March 2024G, due to the hiring of employees within entry level jobs.

Depreciation of property and equipment

Depreciation of property and equipment increased from SAR 7.3 million in the three-month period ended 31 March 2023G to SAR 10.3 million in the three-month period ended 31 March 2024G due to additions to buildings and machinery and equipment related to the expanded operational facilities.

Packaging materials

Packaging materials decreased by 25.0 per cent. from SAR 10.1 million in the three-month period ended 31 March 2023G to SAR 7.6 million in the three-month period ended 31 March 2024G, due to switching to lower cost packaging materials, resulting in cost savings despite revenue growth.

Shipping and freight

Shipping and freight increased from SAR 5.8 million in the three-month period ended 31 March 2023G to SAR 8.1 million in the three-month period ended 31 March 2024G, primarily due to increased internal logistics from ARASCO driven by the process flow of poultry products across the Company's operations cycle.

Repair and maintenance

Repair and maintenance costs increased by 84.3 per cent. from SAR 3.3 million in the three-month period ended 31 March 2023G to SAR 6.0 million in the three-month period ended 31 March 2024G due to an increase in routine machinery and equipment maintenance by SAR 1.1 million, in line with the expansion of the Company's operational facilities in preparation for the gradual rollout of the 600 thousand birds' expansion project initiated in the financial year 2023G.

Utilities

Utilities increased from SAR 2.8 million in the three-month period ended 31 March 2023G to SAR 3.9 million in the three-month period ended 31 March 2024G, primarily due to an increase in vehicle petrol costs by SAR 0.9 million driven by the increase in the Company's operations and revenue growth.

Rent

Rent increased from SAR 0.4 million in the three-month period ended 31 March 2023G to SAR 0.8 million in the three-month period ended 31 March 2024G, primarily due to an additional SAR 0.7 million in rented equipment expenses following the expansion of the Company's operational facilities.

Depreciation of right-of-use assets

Depreciation of right-of-use assets increased from SAR 1.9 million in the three-month period ended 31 March 2023G to SAR 2.1 million in the three-month period ended 31 March 2024G, due to additions made to right of use assets during the financial year 2023G.

Provision for slow moving inventory items and NRV provisions

Provision for slow moving inventory items and NRV provisions increased from SAR 0.4 million in the three-month period ended 31 March 2023G to SAR 3.4 million in the three-month period ended 31 March 2024G due to net realizable value impairment adjustments during the period ended 31 March 2024G, mainly within the frozen poultry products sub-segment.

Expired finished goods

Expired finished goods decreased from SAR 0.9 million in the three-month period ended 31 March 2023G to SAR 0.1 million in the three-month period ended 31 March 2024G, despite the increase in sales over the historical period, mainly due to the continuous improvements made in sales and marketing strategies, including better monitoring of products on key clients' shelves and offering discounts and incentives to encourage clients to sell the Company's products before they expire.

Shared services expenses

Shared services expenses decreased from SAR 0.8 million in the three-month period ended 31 March 2023G to nil in the three-month period ended 31 March 2024G as the Company started managing more of its facility management services internally reducing reliance on ARASCO.

Machinery and equipment insurance

Machinery and equipment insurance increased from SAR 0.5 million in the three-month period ended 31 March 2023G to SAR 0.8 million in the three-month period ended 31 March 2024G due to higher insurance premiums charged over the three-month period ended 31 March 2023G to 2024G.

Provision for employees' defined benefit liabilities

Provision for employees' defined benefit liabilities remained relatively stable at SAR 0.4 million during the historical period.

Government subsidies earned

Government subsidies earned decreased from SAR 4.1 million in the three-month period ended 31 March 2023G to SAR 3.3 million in the three-month period ended 31 March 2024G, primarily due to a reduction in the subsidy rates from MEWA, despite higher level of production within the Company, as nation-wide competitors increase their poultry operational facilities within the Kingdom.

Others

Other expenses increased from SAR 0.5 million in the three-month period ended 31 March 2023G to SAR 1.1 million in the three-month period ended 31 March 2024G, primarily due to a SAR 0.5 million increase in cost allocation for logistic operations and a SAR 0.5 million increase in consultancy and professional fees.

6.7.1.4 Selling and Distribution Expenses

The table below summarises selling and distribution expenses for the three-month periods ended 31 March 2023G and 2024G:

Table 6.54: Selling and distribution expenses for the three-month periods ended 31 March 2023G and 2024G

SAR in thousands	Three-month period ended 31 March 2023G	Three-month period ended 31 March 2024G	Variance
Shipping and freight	12,501	6,699	(46.4%)
Marketing expenses	2,227	3,188	43.2%
Salaries, wages and related costs	3,529	6,758	91.5%
Warehousing expenses	1,265	1,975	56.1%
Rent	357	417	16.8%
Depreciation of property and equipment	691	1,852	168.0%
Professional fees	60	511	753.7%
Repair and maintenance	103	124	20.7%
Shared services expenses	85	-	(100.0%)

SAR in thousands	Three-month period ended 31 March 2023G	Three-month period ended 31 March 2024G	Variance
Provision for employees' defined benefit liabilities	106	157	48.0%
Depreciation of right-of-use assets	52	-	(100.0%)
Other	484	1,219	152.0%
Total	**21,460**	**22,899**	**6.7%**
Operational KPIs			**As a percentage**
Average no. of employees	91	161	70
Average. monthly staff costs per employee	12,926	14,034	8.6%
As a percentage of revenue			**Percentage points**
Shipping and freight	4.5%	2.0%	(2.5)
Marketing expenses	0.8%	0.9%	0.1
Salaries, wages and related costs	1.3%	2.0%	0.7
Warehousing expenses	0.5%	0.6%	0.1
Rent	0.1%	0.1%	(0.0)
Depreciation of property and equipment	0.2%	0.5%	0.3
Professional fees	0.0%	0.2%	0.1
Others Items[1]	0.3%	0.4%	0.2
Total	**7.6%**	**6.7%**	**(0.9)**

Source: Company's unaudited interim condensed financial statements for the three-month period ended 31 March 2024G and management information.

(1) Other items includes Repair and maintenance, Shared services expenses, Provision for employees' defined benefit liabilities, Depreciation of right-of-use assets, and Others.

Shipping and freight

Shipping and freight decreased by 46.4 per cent. from SAR 12.5 million in the three-month period ended 31 March 2023G to SAR 6.7 million in the three-month period ended 31 March 2024G, primarily due to a decrease in logistics costs driven by the Company increasing its logistics and distribution fleet and staff, resulting in lower shipping and freight costs incurred over the three-month period ended 31 March 2024G compared to three-month period ended 31 March 2023G.

Marketing expenses

Marketing expenses increased by 43.2 per cent. from SAR 2.2 million in the three-month period ended 31 March 2023G to SAR 3.2 million in the three-month period ended 31 March 2024G due to higher expenses incurred on advertising and public relations.

Salaries, wages and related costs

Salaries, wages, and related costs increased from SAR 3.5 million in the three-month period ended 31 March 2023G to SAR 6.8 million in the three-month period ended 31 March 2024G due to significant hires made within selling and distribution functions to support the Company's growth and expansion plans, with the average number of employees increasing from 91 in the three-month period ended 31 March 2023G to 161 in the three-month period ended 31 March 2024G, coupled with an increase in average monthly staff costs per employee, reported an increase from SAR 12.9 thousand in the three-month period ended 31 March 2023G to SAR 14.0 thousand in the three-month period ended 31 March 2024G.

Warehousing expenses

Warehousing expenses increased from SAR 1.3 million in the three-month period ended 31 March 2023G to SAR 2.0 million in the three-month period ended 31 March 2024G due to higher costs incurred on warehousing following the increase in the Company's production facilities and operations.

Rent

Rent remained relatively stable at SAR 0.4 million over the three-month period ended 31 March 2023G to 2024G.

Depreciation of property and equipment

Depreciation of property and equipment increased from SAR 0.7 million in the three-month period ended 31 March 2023G to SAR 1.9 million due to the capitalisation of commissioned assets in relation to the Company's expansion plans.

Professional fees

Professional fees increased from SAR 60 thousand in the three-month period ended 31 March 2023G to SAR 0.5 million in the three-month period ended 31 March 2024G due to an increase in consultancy fees by SAR 0.2 million for market analysis, in addition to an increase in IT support services by SAR 0.1 million allocated to selling and distribution expenses for information technology controls testing.

Repair and maintenance

Repair and maintenance remained relatively stable at SAR 0.1 million over the three-month period ended 31 March 2023G to 2024G.

Shared services expenses

Shared services expenses decreased from SAR 85 thousand in the three-month period ended 31 March 2023G to nil in the three-month period ended 31 March 2024G due to the increased independence from ARASCO as the Company continues to internalise its administrative functions.

Provision for employees' defined benefit liabilities

Provision for employees' defined benefit liabilities increased from SAR 0.1 million in the three-month period ended 31 March 2023G to SAR 0.2 million in the three-month period ended 31 March 2024G in line with the increase in headcount over the three-month period ended 31 March 2023G to 2024G.

Depreciation of right-of-use assets

Depreciation of right-of-use assets decreased from SAR 52 thousand in the three-month period ended 31 March 2023G to nil in the three-month period ended 31 March 2024G due to full depreciation of right-of-use assets after reaching the end of the lease term.

Others

Others increased from SAR 0.5 million in the three-month period ended 31 March 2023G to SAR 1.2 million in the three-month period ended 31 March 2024G, mainly due to the allocation of costs related to logistics facilities reported under others.

6.7.1.5 General and Administration Expenses

The table below summarises general and administration expenses for the three-month periods ended 31 March 2023G and 2024G:

Table 6.55: General and administration expenses for the three-month periods ended 31 March 2023G and 2024G

SAR in thousands	Three-month period ended 31 March 2023G	Three-month period ended 31 March 2024G	Variance
Salaries, wages and related costs	5,208	7,873	51.2%
Shared services expenses	4,555	4,450	(2.3%)
Provision for employees' defined benefit liabilities	201	351	74.4%
Board of directors' renumeration	-	322	NA
Professional fees	77	93	20.4%
Depreciation of property and equipment	62	58	(6.1%)
Rent	15	24	66.7%
Others	729	499	(31.5%)
Total	**10,847**	**13,672**	**26.0%**
Operational KPIs			**As a percentage**
Average no. of employees	84	165	81

SAR in thousands	Three-month period ended 31 March 2023G	Three-month period ended 31 March 2024G	Variance
Average. monthly staff costs per employee	20,665	15,906	(23.0%)
As a percentage of revenue			**Percentage points**
Salaries, wages and related costs	1.9%	2.3%	0.4
Shared services expenses	1.6%	1.3%	(0.3)
Board of directors' renumeration	0.0%	0.1%	0.1
Provision for employees' defined benefit liabilities	0.1%	0.1%	0
Professional fees	0.0%	0.0%	0.0
Others	0.3%	0.2%	(0.1)
Total	**3.9%**	**4.0%**	**0.1**

Source: Company's unaudited interim condensed financial statements for the three-month period ended 31 March 2024G and management information.

Salaries, wages and related costs

Salaries, wages and related costs increased from SAR 5.2 million in the three-month period ended 31 March 2023G to SAR 7.9 million in the three-month period ended 31 March 2024G, mainly driven by the growth in average number of employees from 84 in the three-month period ended 31 March 2023G to 165 in the three-month period ended 31 March 2024G within general and administrative, with average monthly staff costs per employee decreasing from SAR 20.7 thousand in the three-month period ended 31 March 2023G to SAR 15.9 thousand in the three-month period ended 31 March 2024G due to various hires made within middle management and entry level jobs, to support the Company ahead and after of its contemplated IPO.

Shared services expenses

Shared services expenses slightly decreased from SAR 4.6 million in the three-month period ended 31 March 2023G to SAR 4.5 million in the three-month period ended 31 March 2024G driven by decreased reliance on ARASCO.

Provision for employees' defined benefit liabilities

Provision for employees' defined benefits liabilities increased from SAR 0.2 million in the three-month period ended 31 March 2023G to SAR 0.4 million in the three-month period ended 31 March 2024G, driven by an increase in end of service benefits by SAR 0.2 million, in line with the increase in headcount over the three-month period ended 31 March 2023G to 2024G.

Board of directors' renumeration

Board of directors' remuneration consists of board of directors' bonuses, other benefits, and incentives for board of directors' committees. The Company did not have any board sitting fee during the three-month period ended 31 March 2023G and reported SAR 0.3 million of board sitting fees during the three-month period ended 31 March 2024G, due to the increase in meetings and associated fees ahead of the contemplated IPO.

Professional fees

Professional fees increased from SAR 77 thousand in the three-month period ended 31 March 2023G to SAR 93 thousand in the three-month period ended 31 March 2024G, primarily due to an increase in external audit fees incurred over the period.

Depreciation of property and equipment

Depreciation of property and equipment was relatively stable across the historical period reported at SAR 0.06 million across the historical period.

Rent

Rent increased from SAR 15 thousand in the three-month period ended 31 March 2023G to SAR 24 thousand in the three-month period ended 31 March 2024G, driven by the increase in vehicle hire.

Others

Others decreased from SAR 0.7 million in the three-month period ended 31 March 2023G to SAR 0.5 million in the three-month period ended 31 March 2024G, due to lower cost allocation for logistic operations costs from ARASCO.

6.7.1.6 Finance Costs

The table below summarises finance costs for the three-month periods ended 31 March 2023G and 2024G:

Table 6.56: Finance costs for the three-month periods ended 31 March 2023G and 2024G

SAR in thousands	Three-month period ended 31 March 2023G	Three-month period ended 31 March 2024G	Variance
Finance costs on loan from related parties	2,607	3,753	44.0%
Finance costs on lease liabilities	697	847	21.6%
Finance costs on employees' defined benefit liabilities	228	275	20.7%
Bank charges	515	501	(2.7%)
Total	**4,047**	**5,377**	**32.8%**

Source: Company's unaudited interim condensed financial statements for the three-month periods ended 31 March 2024G.

Finance costs on loan from related parties

Finance charges on loan from related parties increased by 44.0 per cent. from SAR 2.6 million in the three-month period ended 31 March 2023G to SAR 3.8 million in the three-month period ended 31 March 2024G, due to the completion of various assets under construction in relation the Company's expansion plans, resulting in lower finance costs capitalised during the three-month period ended 31 March 2024G.

Finance costs on lease liabilities

Finance costs on lease liabilities slightly increased from SAR 0.7 million in the three-month period ended 31 March 2023G to SAR 0.8 million in the three-month period ended 31 March 2024G due to higher finance costs used in recognition of new and renewed leases over the three-month period ended 31 March 2023G to 2024G.

Finance costs on employees' defined benefit liabilities

Finance costs on employee-defined liabilities increased from SAR 0.2 million in the three-month period ended 31 March 2023G to SAR 0.3 million in the three-month period ended 31 March 2024G, driven by the increases in the Company's employees over the period.

Bank charges

Bank charges remained stable at SAR 0.5 million during the three-month period ended 31 March 2023G to 2024G.

6.7.1.7 Other Comprehensive Income data

The table below summarises Other comprehensive income data for the three-month periods ended 31 March 2023G and 2024G:

Table 6.57: Other comprehensive income data for the three-month periods ended 31 March 2023G and 2024G

SAR in thousands	Three-month period ended 31 March 2023G	Three-month period ended 31 March 2024G	Variance
Profit for the period	16,090	21,970	36.5%
Remeasurement gain on employees' defined benefits liabilities	110	109	(0.5%)
Other comprehensive income for the period	110	109	(0.5%)
Total comprehensive income for the period	**16,200**	**22,080**	**36.3%**

Source: Company's unaudited interim condensed financial statements for the three-month period ended 31 March 2024G.

Profit for the Period

The profit for the period increased from SAR 16.1 million in the three-months period ended 31 March 2023G to SAR 22.0 million in the three-months period ended 31 March 2024G. This increase aligns with a 21.0 per cent. rise in revenues during the three-month period ended 31 March 2024G, as well as an improvement in the profit margin from 20.6 per cent. in the three-months period ended 31 March 2023G to 22.1 per cent. in the three-months period ended 31 March 2024G.

Gains on Remeasurement of Employees' Defined Benefits Liabilities

Gains on the remeasurement of employees' defined benefit liabilities remained stable at SAR 0.1 million in the three-months ended 31 March 2023G to 2024G.

6.7.2 Statement of Financial Position Data

The table below summarises the statement of financial position data as of 31 December 2023G and 31 March 2024G:

Table 6.58: Statement of Financial Position Data as of 31 December 2023G and 31 March 2024G

SAR in thousands	31 December 2023G	31 March 2024G (Unaudited)
Assets		
Non-current assets		
Property and equipment	854,972	869,979
Right-of-use assets	56,512	54,413
Total non-current assets	**911,484**	**924,391**
Current assets		
Inventories	105,848	103,950
Biological assets	52,613	53,193
Government subsidies receivable	2,613	2,663
Amounts due from related parties	158	105
Accounts receivables	81,354	93,719
Prepayments and other current assets	15,464	24,513
Cash and bank balances	23,088	121,095
Total current assets	**281,139**	**399,238**
Total assets	**1,192,622**	**1,323,630**
Total equity and liabilities		
Equity		
Share capital	50,000	300,000
Proposed increase in share capital	250,000	-
Statutory reserve	7,505	7,505
Retained earnings	129,076	151,156
Total equity	**436,580**	**458,660**
Liabilities		
Non-current liabilities		
Employees' defined benefit liabilities	24,608	26,376
Loan from a related party, non-current	460,415	444,000

SAR in thousands	31 December 2023G	31 March 2024G (Unaudited)
Lease liabilities, non-current	49,230	45,421
Accruals and other non-current liabilities	1,186	1,316
Total non-current liabilities	**535,439**	**517,113**
Current liabilities		
Accounts payable	43,463	50,814
Accruals and other current liabilities	61,623	85,603
Amounts due to related parties	50,330	70,157
Current portion of loans from a related party	56,788	133,470
Current portion of lease liabilities	8,399	7,813
Total current liabilities	**220,603**	**347,857**
Total liabilities	**756,042**	**864,970**
Total equity and liabilities	**1,192,622**	**1,323,630**

Source: Company's audited financial statements for the financial year ending on 31 December 2023G and the unaudited interim condensed financial statements for the three-month period ended 31 March 2024G.

The table below summarises the Statement of financial position key performance indicators as of and for the periods ended 31 December 2023G and 31 March 2024G:

Table 6.59: Statement of Financial Position Key Performance Indicators as of and for the Periods Ended 31 December 2023G and 31 March 2024G

SAR in thousands	31 December 2023G (Management information)	31 March 2024G (Management information)
Days sales outstanding (1)	32	24
Days inventory outstanding (2)	37	36
Days payable outstanding (3)	21	25
Cash conversion cycle (4)	48	34
Return on assets (5)	5.8%	1.7%
Return on equity (6)	22.3%	4.9%

Source: Management information.

(1) Days sales outstanding was calculated using the average total trade receivables as of each period end reporting date for the previous and current periods divided by total revenues, multiplied by 365 days, and multiplied by 12 months divided by 3 months for the financial period ending 31 March 2024G.

(2) Days inventory outstanding was calculated using the average total inventory as of each period end reporting date for the previous and current periods divided by the total cost of revenue, multiplied by 365 days, and multiplied by 12 months divided by 3 months for the financial period ending 31 March 2024G.

(3) Days payables outstanding was calculated using the average of accounts payable as of each period end reporting date for the previous and current periods divided by total cost of revenue linked to accounts payables (excluding (a) overheads, (b) salaries and wages, (c) depreciation charges, (d) provisions, and (e) government subsidies earned) multiplied by 365 days, and multiplied by 12 months divided by 3 months for the financial period ending 31 March 2024G.

(4) Cash conversion cycle is calculated by adding the days of days sales outstanding and days inventory outstanding and deducting days payables outstanding for each financial period.

(5) The return on assets for the periods ended 31 March 2023G and 2024G was calculated using profit for the period divided by the average total assets for the periods. The Average total assets for the periods ended 31 March 2023G and 2024G was calculated as the sum of the total assets at period end reporting date for the previous and current periods, and divided by 2.

(6) The return on equity for the periods ended 31 March 2023G and 2024G was calculated using profit for the period divided by the average total equity for the periods ended 31 March 2023G and 2024G. The average total equity for the periods ended 31 March 2023G and 2024G was calculated as the sum of the total equity at period end reporting date for the previous and current periods, and divided by 2.

Non-current assets

Property and Equipment

Property and equipment amounted to SAR 870.0 million as of 31 March 2024G, consisting of land at SAR 62.2 million, buildings at SAR 284.1 million, machinery and equipment at SAR 227.7 million, motor vehicles at SAR 14.2 million, office furniture and equipment at SAR 3.8 million, capital spare parts at SAR 0.5 million, and projects in progress at SAR 277.5 million.

Right of use Assets

Right-of-use assets amounted to SAR 54.4 million as of 31 March 2024G, consisting of (i) leased land which houses the Company's main cold storage facility and distribution point after its poultry processing stage amounting to SAR 8.1 million, and (ii) operational facilities in the form of buildings that are to be used in the 600 thousand birds' expansion project amounting to SAR 46.3 million.

Current assets

Inventories

Inventories balance amounted to SAR 104.0 million as of 31 March 2024G, and mainly comprised of (i) finished goods at SAR 23.1 million, (ii) spare parts at SAR 27.7 million, (iii) raw materials at SAR 22.0 million, (iv) packing materials at SAR 12.9 million, amongst others at SAR 31.4 million, with provisions of SAR 13.2 million recorded against its gross inventory balances, based on the Company's provisioning policy.

Biological assets

Biological assets balances amounted to SAR 53.2 million as of 31 March 2024G. This balance increased from SAR 52.6 million as of 31 December 2023G to SAR 53.2 million as of 31 March 2024G, due to the increase in the prices of live broiler chickens over the period, in addition to changes in the age of live broilers.

Government subsidies receivable

Government subsidies receivable amounted to SAR 2.7 million as of 31 March 2024G. The balance slightly increased from SAR 2.6 million as of 31 December 2023G to SAR 2.7 million as of 31 March 2024G. This increase occurred despite changes in the Company's poultry processing capacity towards the end of the financial year 2023G, and during the three months period ending 31 March 2024G. This was due to expanded poultry processing capacity by competitors, which has depleted support and resulted in lower allocations for the Company.

Amounts due from related parties

Amounts due from related parties balance amounted to SAR 105 thousand as of 31 March 2024G and pertains to a receivable from Mazaq Altabkha alzeeza Company.

Accounts receivables

Accounts receivables balance amounted to SAR 93.7 million as of 31 March 2024G and majorly pertains to key accounts. Gross receivables amounted to SAR 147.9 million as of 31 March 2024G, with an ECL provision of SAR 54.2 million booked against receivables, representing 36.6 per cent. of gross receivables as of the same date.

Prepayments and other current assets

Prepayments and other current assets amounted to SAR 24.5 million as of 31 March 2024G, and mainly comprise of (i) prepaid expenses at SAR 19.8 million for farms, accommodation and other prepaid expenses, (ii) advances to suppliers at SAR 6.2 million primarily pertaining to externally managed poultry farms services and raw materials suppliers, (iii) staff advances and loans at SAR 0.6 million, (iv) refundable deposits at SAR 0.5 million, and (v) other receivables at SAR 2.6 million primarily pertaining to retained deposits paid to manpower service providers for contracted staff, offset by (vi) provision for impairment booked against advances to suppliers amounting to SAR 3.5 million and refundable deposits amounting to SAR 1.5 million.

Cash and bank balances

Cash and bank balances reported at SAR 121.1 million as of 31 March 2024G and comprised time deposits amounting to SAR 102.0 million, cash at banks amounting to SAR 16.9 million, and cash on hand amounting to SAR 2.2 million.

Equity

Share capital

Share capital amounting to SAR 300.0 million as of 31 March 2024G, and comprising 30,000,000 shares of SAR 10 each share, which is 95.1 per cent. owned by ARASCO and 4.9 per cent. owned by Ocean Line Marine Services Limited.

Proposed increase in share capital

The proposed share capital increase was zero as of 31 March 2024G, down from SAR 250.0 million as of 31 December 2023G, as a result of its capital transfer.

Statutory reserve

The balance of the statutory reserve amounted to SAR 7.5 million as of 31 March 2024G and remained stable at the same value as of 31 December 2023G, in line with the reserves deducted in accordance with the 'Companies Law' in the Kingdom of Saudi Arabia.

Retained earnings

Retained earnings amounted to SAR 151.2 million as of 31 March 2024G, increased from SAR 129.1 million as of 31 December 2023G mainly driven by a profit for the period of SAR 22.0 million in the three-month period ended 31 March 2024G.

Non-current liabilities

Employees' defined benefit liabilities

Employees' defined benefit liabilities amounted to SAR 26.4 million as of 31 March 2024G, The balance increased from SAR 24.6 million as of 31 December 2023G to SAR 26.4 million as of 31 March 2024G mainly due to the increase in number of employees from 1,113 to 1,406 in the three-month period ended 31 March 2024G.

Loan from a related party, non-current

The balance of the non-current portion of loans from a related party amounted to SAR 443.9 million as of 31 March 2024G. These loans include multiple financings from local banks and the Agricultural Development Fund.

Non-current portion of lease liabilities

The non-current portion of lease liabilities amounted to SAR 45.4 million as of 31 March 2024G, down from SAR 49.2 million as of 31 December 2023G.

Accruals and other non-current liabilities

The balance of Accruals and other non-current liabilities amounted to SAR 1.3 million as of 31 March 2024G. This includes provisions for employee leave carried over from 2017G.

Current liabilities

Accounts payable

The accounts payable balance amounted to SAR 50.8 million as of 31 March 2024G. The Company makes timely payments to its suppliers, with payables due and not yet due within 30 days totaling SAR 38.2 million representing 75.1 per cent. of the total. This has contributed to a relative decrease in the reported number of days payable outstanding, which was 21 days for the financial year 2023G, before rising to 25 days in the three-month period ended 31 March 2024G. The company had accounts payable of SAR 6.1 million as of 31 March 2024G, overdue by more than 365 days, representing 12.1 per cent. of the total.

Accruals and other current liabilities

Accruals and other current liabilities balance amounted to SAR 85.6 million as of 31 March 2024G, and mainly comprised of (i) accruals for inventories received at SAR 28.0 million, however not yet invoiced, (ii) value-added tax payables at SAR 12.0 million, (iii) accrued salaries and related benefits at SAR 14.4 million, (iv) advance payments from customers at SAR 4.4 million, (v) contract liabilities of biological assets at SAR 3.9 million, (vi) accrued customer rebates and promotion at SAR 6.4 million, (vii) unclaimed deposits at SAR 1.0 million, (viii) amongst other accrued logistics and supply chain costs at SAR 6.4 million, accrued finance costs at SAR 3.3 million and other accruals at SAR 5.7 million.

Amounts due to related parties

Amounts due to related parties amounted to SAR 70.2 million as of 31 March 2024G, and mainly comprise of (i) amounts due to ARASCO at SAR 69.8 million primarily related to feed purchases, (ii) amounts due to IDAC Merieux Nutri Sciences at SAR 0.3 million, a related party to ARASCO, from which the Company procures its vaccinations for its day-one chicks.

Current portion of loan from a related party

The balance of the current portion of loans from related parties amounted to SAR 133.5 million as of 31 March 2024G. This represents an increase from SAR 56.8 million as of 31 December 2023G, due to withdrawals made from available credit facilities to finance expansion projects.

Current portion of lease liabilities

The balance of the current portion of lease liabilities amounted to SAR 7.8 million as of 31 March 2024G, decreased from SAR 8.4 million as of 31 December 2023G.

6.7.2.1 Non-Current Assets

The table below summarises non-current assets as of 31 December 2023G and 31 March 2024G:

Table 6.60: Non-current assets as of 31 December 2023G and 31 March 2024G

SAR in thousands	31 December 2023G	31 March 2024G
Property and equipment	854,972	869,979
Right-of-use assets	56,512	54,413
Total non-current assets	**911,484**	**924,391**

Source: Company's audited financial statements for the financial year ending on 31 December 2023G and the unaudited interim condensed financial statements for the three-month period ended 31 March 2024G.

As of 31 March 2024G, the Company's non-current assets comprised property and equipment amounted to SAR 870.0 million and right-of-use assets amounted to SAR 54.4 million. The balance of non-current assets increased from SAR 911.5 million as of 31 December 2023G to SAR 924.4 million as of 31 March 2024G, due to the Company's investment in the expansion project known as the "600 thousand Birds Project".

(a) Property and Equipment

The table below summarises net book value for property and equipment as of 31 December 2023G and 31 March 2024G:

Table 6.61: Net Book Value of Property and Equipment as of 31 December 2023G and 31 March 2024G

SAR in thousands	31 December 2023G	31 March 2024G
Land	62,173	62,173
Buildings	283,365	284,137
Machinery and equipment	221,874	227,704
Motor vehicles	12,073	14,196
Office furniture and equipment	3,450	3,760
Capital spare parts	524	496
Projects in progress	271,514	277,514
Total	**854,972**	**869,979**

Source: Company's audited financial statements for the financial year ending on 31 December 2023G and the unaudited interim condensed financial statements for the three-month period ended 31 March 2024G.

The table below summarises additions to property and equipment as of 31 December 2023G and 31 March 2024G:

Table 6.62: Additions to Property and Equipment as of 31 December 2023G and 31 March 2024G

SAR in thousands	31 December 2023G	31 March 2024G
Land	-	-
Buildings	-	-
Machinery and equipment	6	-
Motor vehicles	-	-
Office furniture and equipment	-	-
Capital spare parts	-	-
Projects in progress	191,317	27,229
Total	**191,323**	**27,229**

Source: Company's audited financial statements for the financial year ending on 31 December 2023G and the unaudited interim condensed financial statements for the three-month period ended 31 March 2024G.

The table below summarises accumulated depreciation for property and equipment as of 31 December 2023G and 31 March 2024G:

Table 6.63: Accumulated Depreciation for Property and Equipment as of 31 December 2023G and 31 March 2024G

SAR in thousands	31 December 2023G	31 March 2024G
Land	-	-
Buildings	83,323	86,655
Machinery and equipment	249,808	256,634
Motor vehicles	43,934	44,563
Office furniture and equipment	14,514	15,922
Capital spare parts	1,139	1,167
Projects in progress	-	-
Total	**392,718**	**404,940**

Source: Company's audited financial statements for the financial year ending on 31 December 2023G and the unaudited interim condensed financial statements for the three-month period ended 31 March 2024G.

Land

Land amounted to SAR 62.2 million as of 31 March 2024G, predominantly comprising 39 plots of land located throughout the Kingdom of Saudi Arabia. The balance remained stable during the past period due to the absence of new land acquisitions with the exception of one plot of land that was returned to ARASCO in December 2024G.

Buildings

Buildings balance amounted to SAR 284.1 million as of 31 March 2024G and pertain to (i) Broiler farms amounted to SAR 187.5 million representing 66.0 per cent. of total, (ii) hatchery farms amounted to SAR 56.3 million representing 19.8 per cent. of total (iii) Poultry Processing Plant ("PPP") amounted to SAR 31.9 million representing 11.2 per cent. of total, while (iv) cold stores, red meat facilities, breeder farms, among other administrative buildings, amounted to SAR 8.5 million representing 3.0 per cent. of total.

The balance slightly increased from SAR 283.4 million as of 31 December 2023G to SAR 284.1 million as of 31 March 2024G due to the capitalisation of completed projects amounting to SAR 4.1 million mainly for the broiler plant amounting to SAR 2.5 million, this was offset by the depreciation charge for the period amounting to SAR 3.3 million.

Machinery and equipment

Machinery and equipment amounted to SAR 227.7 million as of 31 March 2024G, and majorly pertains to (i) hatcheries amounting to SAR 62.1 million at 31 March 2024G included setters, vaccination equipment, and hatchers, amongst other supporting equipment, (ii) broiler farms amounting to SAR 103.9 million at 31 March 2024G equipment includes feed silos, chicken feed systems, and poultry management equipment, and the (iii) Poultry Processing Plant amounting to SAR 53.9 million at 31 March 2024G included pre-chilling equipment, evisceration equipment, weighing, packing, and labelling machines.

The balance increased from SAR 221.9 million as of 31 December 2023G to SAR 227.7 million as of 31 March 2024G due to the capitalisation of commissioned assets in broiler plants, hatcheries, poultry processing plants, among others, amounting to SAR 12.7 million, which accounts for 59.6 per cent. of total transfers made to property and equipment during the period. This increase was offset by depreciation charges of SAR 6.8 million.

Motor vehicles

Motor vehicles amounted to SAR 14.2 million as of 31 March 2024G, the balance increased from SAR 12.1 million as of 31 December 2023G to SAR 14.2 million as of 31 March 2024G due to additions made amounting to SAR 2.8 million which was offset by depreciation charges by SAR 0.6 million during the period.

Office furniture and equipment

Office furniture and equipment amounted to SAR 3.8 million as of 31 March 2024G. The balance slightly increased from SAR 3.5 million as of 31 December 2023G to SAR 3.8 million as of 31 March 2024G due to additions amounting to SAR 1.7 million, mainly related to the administrative offices which was offset by depreciation charges amounting to SAR 1.4 million during the period.

Capital spare parts

Capital spare parts amounted to SAR 0.5 million as of 31 March 2024G. The balance remained stable at SAR 0.5 million as of 31 December 2023G and as of 31 March 2024G.

Projects in progress

As of 31 March 2024G, the balance of projects in progress amounted to SAR 277.5 million. This includes SAR 221.4 million for projects at the poultry processing plant, SAR 36.9 million for the broiler plant and farms, SAR 3.2 million for the Shakira project, SAR 0.4 million for breeder farms, and SAR 14.3 million for other routine maintenance capital expenditures.

(b) Right of use assets

The table below summarises right of use assets as of 31 December 2023G and 31 March 2024G:

Table 6.64: Right of Use Assets as of 31 December 2023G and 31 March 2024G

SAR in thousands	31 December 2023G	31 March 2024G
Land	8,284	8,071
Buildings	48,228	46,342
Total	**56,512**	**54,413**

Source: Company's audited financial statements for the financial year ending on 31 December 2023G and the unaudited interim condensed financial statements for the three-month period ended 31 March 2024G.

As of 31 March 2024G, the balance of right-of-use assets amounted to SAR 54.4 million. This comprises (1) leased land which houses the Company's main cold storage facility and distribution point after its poultry processing stage, amounted to at SAR 8.1 million, and (2) operational facilities in the form of buildings to be used in the "600 thousand Birds Expansion Project," amounted to at SAR 46.3 million.

6.7.2.2 Current Assets

The table below summarises current assets as of 31 December 2023G and 31 March 2024G:

Table 6.65: Current Assets as of 31 December 2023G and 31 March 2024G

SAR in thousands	31 December 2023G	31 March 2024G
Inventories	105,848	103,950
Biological assets	52,613	53,193
Government subsidies receivable	2,613	2,663
Amounts due from related parties	158	105
Accounts receivables	81,354	93,719
Prepayments and other current assets	15,464	24,513
Cash and bank balances	23,088	121,095
Total current assets	**281,139**	**399,238**

Source: Company's audited financial statements for the financial year ending on 31 December 2023G and the unaudited interim condensed financial statements for the three-month period ended 31 March 2024G.

(a) Inventories

The table below summarises inventories as of 31 December 2023G and 31 March 2024G:

Table 6.66: Inventory as of 31 December 2023G and 31 March 2024G

SAR in thousands	31 December 2023G	31 March 2024G
Finished goods	37,408	23,081
Spare parts	25,784	27,718
Raw materials	24,706	21,997
Packing materials	10,931	12,926
Chemical and consumables (1)	7,614	8,574
Medicines and vaccination	6,790	7,530
Goods in transit	1,727	7,241
Fuel and diesel	1,518	2,950
Work in progress	1,186	2,615
Goods for trading	30	1,927
Tools and biosecurity items (1)	637	609
Total	**118,332**	**117,169**
Less: Provision for slow moving inventories	(12,484)	(13,218)
Net inventory	**105,848**	**103,951**

Source: Company's audited financial statements for the financial year ending on 31 December 2023G and the unaudited interim condensed financial statements for the three-month period ended 31 March 2024G.

(1) Other inventories reported as of 31 December 2023G has been split into two separate sub-captions, namely "chemicals and consumables" and "tools and biosecurity items" in the unaudited interim condensed financial statements for the three-month period ended 31 March 2024G. Hence, these numbers have been extracted from the unaudited interim condensed financial statements for the three-month period ended 31 March 2024G.

Table 6.67: Movement in Provision for Slow Moving Inventories during the Periods Ended 31 December 2023G and 31 March 2024G

SAR in thousands	31 December 2023G	31 March 2024G
At the beginning of the year/period	12,308	12,484
Charge during the year/period	176	734
At the end of the year/period	12,484	13,218

Source: Company's audited financial statements for the financial year ending on 31 December 2023G and the unaudited interim condensed financial statements for the three-month period ended 31 March 2024G.

Finished goods

Finished goods amounted to SAR 23.1 million as of 31 March 2024G and majorly pertains to frozen poultry products at SAR 18.5 million, in addition to fresh poultry SKUs at SAR 4.6 million which have been processed but not yet distributed.

Finished goods decreased from SAR 37.4 million as of 31 December 2023G to SAR 23.1 million as of 31 March 2024G, due to a flush sale of poultry frozen products over the three-month period ended 31 March 2024G.

Spare parts

Spare parts amounted to SAR 27.7 million as of 31 March 2024G. The balance increased from SAR 25.8 million as of 31 December 2023G to SAR 27.7 million as of 31 March 2024G, in line with the increase in utilisation which resulted in spare parts purchases amounting to SAR 6.6 million and spare parts consumed amounting to SAR 4.6 million.

Raw materials

Raw materials balance amounted to SAR 22.0 million as of 31 March 2024G, decreased from SAR 24.7 million as of 31 December 2023G. This decrease is attributed to increased usage of materials due to higher company operations during the three-month period ended 31 March 2024G.

Medicines and vaccination

Medicines and vaccines balance amounted to SAR 7.5 million as of 31 March 2024G, increased from SAR 6.8 million as of 31 December 2023G. This increase is due to the expansion of farm capacity, which necessitates additional health interventions.

Packing materials

Packing materials balance amounted to SAR 12.9 million as of 31 March 2024G, increased from SAR 10.9 million as of 31 December 2023G. This increase reflects the Company's growth in sales, expected production plans, and future goals.

Chemical and consumables

The balance increased from SAR 7.6 million as of 31 December 2023G to SAR 8.6 million as of 31 March 2024G driven by the Company's growth in sales, expected production plans, and future goals.

Goods in transit

The balance increased from SAR 1.7 million as of 31 December 2023G to SAR 7.2 million as of 31 March 2024G, due to a lower balance of hatching eggs in transit during the previous period.

Fuel and diesel

Fuel and diesel balance amounted to SAR 3.0 million as of 31 March 2024G, increased from SAR 1.5 million as of 31 December 2023G. This increase is attributed to higher production levels.

Work in progress

The balance increased from SAR 1.2 million as of 31 December 2023G to SAR 2.6 million as of 31 March 2024G as the Company had allocated all associated costs to its biological assets in the previous reporting period ending 31 December 2023G.

Goods for trading

The balance increased from SAR 30 thousand as of 31 December 2023G to SAR 1.9 million as of 31 March 2024G, due to fluctuations in sales of table eggs and the availability of egg supplies for purchase towards the end of the three-month period ending 31 March 2024G.

Tools and biosecurity items

The balance remained relatively stable at an average of SAR 0.6 million as of 31 December 2023G and 31 March 2024G.

Provision for slow moving inventories

Provisions for slow-moving inventories balance amounted to SAR 13.2 million as of 31 March 2024G, an increase from SAR 12.5 million as of 31 December 2023G. This increase is due to an increase in the value of old spare parts by SAR 406 thousand and outdated packaging materials by SAR 293 thousand.

(b) Biological assets

The table below summarises biological assets as of 31 December 2023G and 31 March 2024G:

Table 6.68: Biological assets as of 31 December 2023G and 31 March 2024G

SAR in thousands	31 December 2023G	31 March 2024G
At the beginning of the year/period	41,224	52,613
Net movement	8,703	6,097
Change in fair value	2,687	(5,517)
At the end of year/period	**52,613**	**53,193**

Source: Company's audited financial statements for the financial year ending on 31 December 2023G and the unaudited interim condensed financial statements for the three-month period ended 31 March 2024G.

Biological assets balance amounted to SAR 53.2 million as of 31 March 2024G. This represents an increase from SAR 52.6 million as of 31 December 2023G to SAR 53.2 million as of 31 March 2024G due to the increase in the prices of live broiler chickens over the period, in addition to changes in the age of live broilers.

(c) Government subsidies receivable

The table below summarises the movement in government subsidies receivables during the periods ended 31 December 2023G and 31 March 2024G:

Table 6.69: Movement in Government Subsidies Receivable during the Periods Ended 31 December 2023G and 31 March 2024G

SAR in thousands	31 December 2023G	31 March 2024G (Reviewed)
At the beginning of the year/period	3,166	2,613
Government subsidies earned during the year/period	14,334	3,297
Government subsidies collected during the year/period	(14,887)	(3,247)
At the end of year/period	**2,613**	**2,663**

Source: Company's audited financial statements for the financial year ending on 31 December 2023G and the unaudited interim condensed financial statements for the three-month period ended 31 March 2024G.

Government subsidies receivable

Government subsidies receivable amounted to SAR 2.7 million as of 31 March 2024G. The balance slightly increased from SAR 2.6 million as of 31 December 2023G to SAR 2.7 million as of 31 March 2024G. This increase occurred despite changes in the Company's poultry processing capacity towards the end of the financial year 2023G, and during the three months period ending 31 March 2024G. This was due to expanded poultry processing capacity by competitors, which has depleted support and resulted in lower allocations for the Company.

(d) Amounts due from related parties

Table 6.70: Related Party Transactions for the Three-Month Period Ended 31 March 2023G and 31 March 2024G

SAR in 000s	Relationship	Nature of transaction	31 March 2023G	31 March 2024G
Arabian Agricultural services Company	Holding Company	Purchases	105,115	72,810
		Shared services	5,426	4,450
		Financing loans proceeds	128,747	59,485
		Interests paid	3,819	5,102
		Logistic services	16,978	1,919
		Payroll and employee benefits	17,768	-
		VAT and Government payments	24,297	27,537
		Supplier payments on behalf of the Company	75,738	13,237
		Veterinary services	709	2,142
IDAC Merieux Nutri Sciences	Affiliate	Purchase	1,217	1,340
Alkhorayef Agriculture Company	Affiliate	Purchase	495	116
Mazaq Altabkha alzeeza Company	Affiliate	Sales	321	176
Abdullah Al-Othaim Markets Company	Related to board of director member	Sales	-	7,422
Total			**380,630**	**195,736**

Source: Company's unaudited interim condensed financial statements for the three-month period ended 31 March 2024G.

The table below summarises amounts due from related parties as of 31 December 2023G and 31 March 2024G:

Table 6.71: Amounts Due from Related Parties as of 31 December 2023G and 31 March 2024G

SAR in thousands	31 December 2023G	31 March 2024G
Mazaq Altabkha Al Laziza Company	139	105
Others	19	-
Total	**158**	**105**

Source: Company's audited financial statements for the financial year ending on 31 December 2023G and the unaudited interim condensed financial statements for the three-month period ended 31 March 2024G.

Amounts due to related parties

Amounts due from related parties balance amounted to SAR 105 thousand as of 31 March 2024G and pertains to a receivable from Mazaq Altabkha alzeeza Company.

(e) Accounts receivables

The table below summarises accounts receivables as of 31 December 2023G and 31 March 2024G:

Table 6.72: Accounts Receivables as of 31 December 2023G and 31 March 2024G

SAR in thousands	31 December 2023G	31 March 2024G
Gross accounts receivables	126,403	147,929
less: provision for ECL	(45,049)	(54,210)
Net accounts receivables	**81,354**	**93,719**

Source: Company's audited financial statements for the financial year ending on 31 December 2023G and the unaudited interim condensed financial statements for the three-month period ended 31 March 2024G.

Accounts receivables

Gross accounts receivable balance amounted to SAR 147.9 million as of 31 March 2024G. This represents an increase from SAR 126.4 million as of 31 December 2023G, in line with the increase in sales. This increase is also attributed to deferred sales during the interim period that have not yet matured.

Provision for expected credit losses

Provision for expected credit losses increased from SAR 45.0 million as of 31 December 2023G to SAR 54.2 million as of 31 March 2024G. This increase is primarily due to an increase in provisions for normal customers amounting to SAR 10.1 million.

(f) Prepayments and other current assets

The table below summarises prepayments and other current assets as of 31 December 2023G and 31 March 2024G:

Table 6.73: Prepayments and Other Current Assets as of 31 December 2023G and 31 March 2024G

SAR in thousands	31 December 2023G	31 March 2024G
Prepaid expenses	10,834	19,776
Advances to suppliers	5,899	6,155
Staff advances and loans	716	568
Refundable deposits	502	502
Other receivables	2,571	2,569
Subtotal	20,522	29,571
Less: provision for impairment	(5,058)	(5,058)
Total	**15,464**	**24,513**

Source: Company's audited financial statements for the financial year ending on 31 December 2023G and the unaudited interim condensed financial statements for the three-month period ended 31 March 2024G.

Prepaid expenses

Prepaid expenses balance amounted to SAR 19.8 million as of 31 March 2024G and mainly pertains to prepaid farms rent amounting to SAR 5.8 million, prepaid medical insurance at SAR 6.0 million, prepaid all-property and vehicles insurance at SAR 3.1 million, as well as employee accommodation for operational staff, in addition to various other prepayments.

Prepaid expenses increased from SAR 10.8 million as of 31 December 2023G to SAR 19.8 million as of 31 March 2024G, mainly driven by prepaid insurance premiums which are renewed at the beginning of the year, with medical insurance prepayments reported at SAR 6.0 million, and insurance against all-property and vehicle insurance reported at SAR 3.1 million as of 31 March 2024G.

Advances to suppliers

Advances to supplier's balance increased slightly from SAR 5.9 million as of 31 December 2023G to SAR 6.2 million as of 31 March 2024G. This increase is attributed to the Company's expanded operations and growth in its operational facilities, resulting in higher advance payments for materials and supplies used in its operations.

Staff advances and loans

Staff advances and loans balance remained relatively stable, amounting to SAR 0.7 million as of 31 December 2023G. It decreased to SAR 0.6 million as of 31 March 2024G, due to repayments made by employees to settle their advances and loans.

Refundable deposits

Refundable deposits remained stable at SAR 0.5 million as of both 31 December 2023G and 31 March 2024G.

Other receivables

Other receivables remained stable at SAR 2.6 million as of both 31 December 2023G and 31 March 2024G.

Provision for impairment

Provision for impairment amounted to SAR 5.1 million as of both 31 December 2023G and 31 March 2024G. This provision relates to old advance payments to suppliers, where the Company does not expect to receive the materials or services or recover the amounts.

(g) Cash and bank balances

The table below summarises cash and bank balances as of 31 December 2023G and 31 March 2024G:

Table 6.74: Cash and Bank Balances as of 31 December 2023G and 31 March 2024G

SAR in thousands	31 December 2023G	31 March 2024G
Time deposits	-	102,000
Cash at banks	19,719	16,896
Cash on hand	3,370	2,200
Total	**23,088**	**121,095**

Source: Company's audited financial statements for the financial year ending on 31 December 2023G and the unaudited interim condensed financial statements for the three-month period ended 31 March 2024G.

Cash and bank balances

Cash and bank balances reported at SAR 121.1 million as of 31 March 2024G and comprised time deposits amounting to SAR 102.0 million, cash at banks amounting to SAR 16.9 million, and cash on hand amounting to SAR 2.2 million.

(h) Equity

The table below summarises equity as of 31 December 2023G and 31 March 2024G:

Table 6.75: Equity as of 31 December 2023G and 31 March 2024G

SAR in thousands	31 December 2023G	31 March 2024G
Share Capital	50,000	300,000
Proposed increase in share capital	250,000	-
Statutory reserve	7,505	7,505
Retained earnings	129,076	151,156
Total equity	**436,580**	**458,660**

Source: Company's audited financial statements for the financial year ending on 31 December 2023G and the unaudited interim condensed financial statements for the three-month period ended 31 March 2024G.

(i) Share capital

Share capital amounting to SAR 300.0 million as of 31 March 2024G, and comprising 30,000,000 shares of SAR 10 each share, which is 95.1 per cent. owned by ARASCO and 4.9 per cent. owned by Ocean Line Marine Services Limited.

(j) Proposed increase in share capital

The proposed share capital increase was zero as of 31 March 2024G, down from SAR 250.0 million as of 31 December 2023G

(k) Statutory reserve

The balance of the statutory reserve amounted to SAR 7.5 million as of 31 March 2024G and remained stable at the same value as of 31 December 2023G, in line with the reserves deducted in accordance with the 'Companies Law' in the Kingdom of Saudi Arabia.

(l) Retained earnings

Retained earnings amounted to SAR 151.2 million as of 31 March 2024G, increased from SAR 129.1 million as of 31 December 2023G mainly driven by a net profit of SAR 22.0 million.

6.7.2.3 Non-Current Liabilities

The table below summarises non-current liabilities as of 31 December 2023G and 31 March 2024G:

Table 6.76: Non-Current Liabilities as of 31 December 2023G and 31 March 2024G

SAR in thousands	31 December 2023G	31 March 2024G
Employees' defined benefit liabilities	24,608	26,376
Loan from a related party, non-current	460,415	444,000
Lease liabilities, non-current	49,230	45,421
Accruals and other non-current liabilities	1,186	1,316
Total non-current liabilities	**535,439**	**517,113**

Source: Company's audited financial statements for the financial year ending on 31 December 2023G and the unaudited interim condensed financial statements for the three-month period ended 31 March 2024G.

Non-current liabilities accounted for 70.8 per cent. of total liabilities as of 31 December 2023G and 59.8 per cent. as of 31 March 2024G.

(a) Employees' defined benefits liabilities

The table below summarises the movement in employees' defined benefits liabilities during the periods ended 31 December 2023G and 31 March 2024G:

Table 6.77: Movement in Employees' Defined Benefits Liabilities during the Periods Ended 31 December 2023G and 31 March 2024G

SAR in thousands	31 December 2023G	31 March 2024G (Management information)
At the beginning of the year/period	18,821	24,608
Current service cost	2,772	938
Interest expense	891	275
Amount recognised in statement of profit and loss	3,663	1,213
Re-measurements:		
Loss from change in financial assumptions	5	-
Actuarial loss	1,666	(110)
Amount recognised in other comprehensive income	**1,671**	**(110)**
Employees transferred from the Company	2,350	1,345
Benefits paid during the year/period	(1,897)	(681)
At the end of the year/period	**24,608**	**26,376**

Source: Company's audited financial statements for the financial year ending on 31 December 2023G and the unaudited interim condensed financial statements for the three-month period ended 31 March 2024G.

Employee defined benefit liabilities balance amounted to SAR 26.4 million as of 31 March 2024G, increased from SAR 24.6 million as of 31 December 2023G. This increase is primarily due to the increase in the number of employees from 1,113 as of 31 December 2023G to 1,406 as of 31 March 2024G.

(b) Loan from a related party

The table below summarises loans from related parties as of 31 December 2023G and 31 March 2024G:

Table 6.78: Loan from a Related Party as of 31 December 2023G and 31 March 2024G

SAR in thousands	31 December 2023G	31 March 2024G
Loan from ARASCO, non-current	460,415	444,000
Loan from ARASCO, current	56,788	133,470
Total	**517,203**	**577,469**

Source: Company's audited financial statements for the financial year ending on 31 December 2023G and the unaudited interim condensed financial statements for the three-month period ended 31 March 2024G.

The balance of loans from related parties amounted to SAR 577.5 million as of 31 March 2024G, increased from SAR 517.2 million as of 31 December 2023G. This increase is primarily due to withdrawals from available credit facilities to finance expansion projects.

As of 31 March 2024G, the loans include SAR 222.6 million (both current and non-current) from the Agricultural Development Fund, secured by collateral against the Company's properties, including land, equipment, and machinery related to the poultry processing plant, hatcheries, and farms. Additionally, the loans include SAR 360.0 million (both current and non-current) from Saudi Awwal Bank, secured by a letter of guarantee from ARASCO. For further details regarding the loans, see Section 11.5 (*Financing Agreements*) of this Prospectus.

(c) Lease liabilities – non-current

The table below summarises the movement in lease liabilities – non-current during the periods ended 31 December 2023G and 31 March 2024G:

Table 6.79: Movement in Lease Liabilities – Non-Current during the Periods Ended 31 December 2023G and 31 March 2024G

SAR in thousands	31 December 2023G	31 March 2024G
At the beginning of the year/period	9,881	57,629
Additions during the year/period	54,767	-
Accretion of interest	3,269	847
Payments during the year/period	(10,204)	(5,241)
Written-off during the year/period	(83)	-
At the end of the year/period	**57,629**	**53,235**
Less: current portion of lease payment	(8,399)	(7,813)
Non-current portion of lease payment	**49,230**	**45,421**

Source: Company's audited financial statements for the financial year ending on 31 December 2023G and the unaudited interim condensed financial statements for the three-month period ended 31 March 2024G.

The balance of non-current lease liabilities amounted to SAR 45.4 million as of 31 March 2024G, decreased from SAR 49.2 million as of 31 December 2023G. This decrease is due to payments made for leased land, farms, and distribution trucks, with no new additions during the period.

6.7.2.4 Current Liabilities

The table below summarises current liabilities as of 31 December 2023G and 31 March 2024G:

Table 6.80: Current Liabilities as of 31 December 2023G and 31 March 2024G

SAR in thousands	31 December 2023G	31 March 2024G
Accounts payable	43,463	50,814
Accruals and other current liabilities	61,623	85,603
Amounts due to related parties	50,330	70,157
Current portion of loan from a related party	56,788	133,470
Current portion of lease liabilities	8,399	7,813
Total current liabilities	**220,603**	**347,857**

Source: Company's audited financial statements for the financial year ending on 31 December 2023G and the unaudited interim condensed financial statements for the three-month period ended 31 March 2024G.

Current liabilities accounted for 29.2 per cent. of total liabilities as of 31 December 2023G, and 40.2 per cent. as of 31 March 2024G.

(a) Accounts payables

The table below summarises accounts payables as of 31 December 2023G and 31 March 2024G:

Table 6.81: Account Payables as of 31 December 2023G and 31 March 2024G

SAR in thousands	31 December 2023G	31 March 2024G
Accounts payable	43,463	50,814
Total	**43,463**	**50,814**

Source: Company's audited financial statements for the financial year ending on 31 December 2023G and the unaudited interim condensed financial statements for the three-month period ended 31 March 2024G.

Accounts payable balance amounted to SAR 50.8 million as of 31 March 2024G. The Company makes timely payments to its suppliers, with payables due and not yet due within 30 days amounting to SAR 38.2 million representing 75.1 per cent. of the total. This contributed to a relative decrease in the reported average days payable, which was 21 days for the financial year 2023G, before increasing to 25 days for the three-month period ending 31 March 2024G. As of 31 March 2024G, the Company had overdue accounts payable of SAR 6.1 million, representing 12.1 per cent. of the total.

(b) Accruals and other current liabilities

The table below summarises accruals and other current liabilities as of 31 December 2023G and 31 March 2024G:

Table 6.82: Accruals and Other Current Liabilities as of 31 December 2023G and 31 March 2024G

SAR in thousands	31 December 2023G	31 March 2024G
Accrual for inventories received	20,567	27,983
Accrued salaries and related benefits	10,549	14,443
Accrued customer rebates and promotion	3,202	6,441
Value added tax ("VAT")	10,830	11,978
Advance payments from customers	5,279	4,404
Accrued logistics and supply chain costs	-	6,484
Unclaimed deposits	1,050	974
Contract liabilities of biological assets	3,668	3,875
Accrued finance cost	2,844	3,358

SAR in thousands	31 December 2023G	31 March 2024G
Accrued expenses	622	622
Accrued BOD remuneration	-	322
Accrued marketing costs	-	250
Others	3,013	4,469
Total	**61,623**	**85,603**

Source: Company's audited financial statements for the financial year ending on 31 December 2023G and the unaudited interim condensed financial statements for the three-month period ended 31 March 2024G.

Accrual for inventories received

Accruals for inventories received increased from SAR 20.6 million as of 31 December 2023G to SAR 28.0 million as of 31 March 2024G. This increase is attributed to increased demand and anticipated production plans. The company placed a larger number of birds in contracted farms.

Accrued salaries and related benefits

Accrued salaries and related benefits balance increased from SAR 10.5 million as of 31 December 2023G to SAR 14.4 million as of 31 March 2024G, mainly due to an increase in accrued employee bonuses as the Company accrued for an additional SAR 1.3 million during the period.

As of 31 March 2024G, accrued salaries comprised of accrued employee bonuses at SAR 7.8 million, accrued vacation pay at SAR 4.9 million, accrued food allowance at SAR 0.7 million, employee fines and penalties at SAR 0.5 million, and others at SAR 0.5 million.

Accrued customer rebates and promotion

Accrued customer rebates and promotion balance increased from SAR 3.2 million as of 31 December 2023G to SAR 6.4 million as of 31 March 2024G. This increase is attributed to the Company's expanded capacity, which allowed them to launch campaigns aimed at acquiring new customers, as they can now serve a larger customer base.

Value added tax

Value Added Tax (VAT) balance increased from SAR 10.8 million as of 31 December 2023G to SAR 12.0 million as of 31 March 2024G. This increase is due to the increase in sales during the period, along with the Company's efforts to accelerate sales towards the end of the year to improve inventory levels and reduce provisions. These factors led to a higher VAT receivable.

Advance payments from customers

As of 31 March 2024G, the balance decreased to SAR 4.4 million due to the Company delivering sales to the relevant customers.

Accrued logistics and supply chain costs

Accrued logistics and supply chain costs amounted to SAR 6.5 million as of 31 March 2024G and mainly related to shipping and other logistics costs incurred for which the related invoice have yet been received as of the reporting date.

Unclaimed deposits

Unclaimed deposits were reported at SAR 1.1 million as of 31 December 2023G, and SAR 1.0 million as of 31 March 2024G.

Contract liabilities of biological assets

The balance increased slightly from SAR 3.7 million as of 31 December 2023G to SAR 3.9 million as of 31 March 2024G. This is because the birds have not yet been received, as the cycle has not fully matured.

Accrued finance costs

Accrued finance costs increased from SAR 2.8 million as of 31 December 2023G to SAR 3.4 million as of 31 March 2024G. This increase is due to the increased use of borrowings over the period.

Accruals for purchases

Accruals for purchases balance remained relatively stable at SAR 0.6 million as of both 31 December 2023G and 31 March 2024G, relating to accrued audit fees as of the reporting date.

Accrued BOD remuneration

Accrued BOD remuneration amounted to SAR 322 thousand as of 31 March 2024G and primarily related to the Board of Directors' remuneration.

Accrued marketing costs

Accrued marketing costs amounted to SAR 250 thousand as of 31 March 2024G, pertains to marketing campaigns the Company engaged in throughout the historical period.

Others

Others balance increased from SAR 3.0 million as of 31 December 2023G to SAR 4.5 million as of 31 March 2024G mainly due to additional contractual labour accruals amounting to SAR 0.9 million, in line with the Company's operational expansion and increased capacity.

(c) Amounts Due to Related Parties

The table below summarises amounts due to related parties as of 31 December 2023G and 31 March 2024G:

Table 6.83: Amounts Due to Related Parties as of 31 December 2023G and 31 March 2024G

SAR in thousands	31 December 2023G	31 March 2024G
Arabian Agricultural services Company	40,389	69,819
IDAC Merieux Nutri Sciences	9,386	280
AlKhorayef Agriculture Company	555	59
Total	**50,330**	**70,157**

Source: Company's audited financial statements for the financial year ending on 31 December 2023G and the unaudited interim condensed financial statements for the three-month period ended 31 March 2024G.

Amounts due to related parties amounted to SAR 70.2 million as of 31 March 2024G, comprising the following:

1. Arabian Agricultural Services Company ("ARASCO") balance amounted to SAR 69.8 million, increased from SAR 40.4 million as of 31 December 2023G, due to additional purchases made during the period.
2. IDAC Merieux Nutri Sciences balance amounted to SAR 0.3 million, decreased from SAR 9.4 million as of 31 December 2023G, due to settlements made during the period.
3. AlKhorayef Agriculture Company balance amounted to SAR 59 thousand, decreased from SAR 0.6 million as of 31 December 2023G.

(d) Loan from Related Party – Current Portion

The table below summarises loans from related parties as of 31 December 2023G and 31 March 2024G:

Table 6.84: Loan from Related Party – Current as of 31 December 2023G and 31 March 2024G

SAR in thousands	31 December 2023G	31 March 2024G
Loan from ARASCO, current	56,788	133,470
Total	**56,788**	**133,470**

Source: Company's audited financial statements for the financial year ending on 31 December 2023G and the unaudited interim condensed financial statements for the three-month period ended 31 March 2024G.

The balance of current portion of loans from a related party increased from SAR 56.8 million as of 31 December 2023G to SAR 133.5 million as of 31 March 2024G. This increase is attributed to the increase in the Company's loans in preparation for the 600 thousand-bird project.

(e) Lease liabilities – Current Portion

The table below summarises the movement of lease liabilities – current during the periods ended 31 December 2023G and 31 March 2024G:

Table 6.85: Movement of Lease Liabilities – Current during the Periods Ended 31 December 2023G and 31 March 2024G

SAR in thousands	31 December 2023G	31 March 2024G
At the beginning of the year/period	9,881	57,629
Additions during the year/period	54,767	-
Accretion of interest	3,269	847
Payments during the year/period	(10,204)	(5,241)
Written-off during the year/period	(83)	-
At the end of the year/period	**57,629**	**53,235**
Current portion of lease payment	**8,399**	**7,813**

Source: Company's audited financial statements for the financial year ending on 31 December 2023G and the unaudited interim condensed financial statements for the three-month period ended 31 March 2024G.

The balance of current portion of lease liabilities amounted to SAR 7.8 million as of 31 March 2024G, decreased from SAR 8.4 million as of 31 December 2023G. This decrease is due to payments made for leased land, farms, and distribution trucks.

6.7.3 Statement of Cash Flows Data

The table below summarises the statement of cash flows data for the period ended 31 March 2023G and 2024G:

Table 6.86: Statement of Cash Flows Data for the Three-Month Period Ended 31 March 2023G and 31 March 2024G

SAR in thousands	Three-month period ended 31 March 2023G (Unaudited)	Three-month period ended 31 March 2024G (Unaudited)
Operating activities		
Profit before zakat	16,540	21,970
Adjustments to reconcile profit before zakat to net cash flows:		
Depreciation of property and equipment	8,017	12,222
Depreciation of right-of-use assets	1,972	2,099
Provision for employees' defined benefit liabilities	694	938
Provision for slow moving inventory items	-	734
Expected credit loss on accounts receivable	3,306	9,160
Finance costs	4,047	5,377
Amortisation of finance costs paid upfront	260	782
Gain on fair value adjustments on biological assets	2,372	5,517
(Gain) loss on disposal of right-of-use assets and lease liabilities	(33)	-
Total adjustments	**37,175**	**58,800**
Changes in operating assets and liabilities:		
Inventories	(16,021)	1,164
Biological assets	305	(6,097)
Government subsidies receivable	(135)	(50)
Accounts receivable	(3,634)	(21,526)
Prepayments and other current assets	(6,254)	(9,049)
Accounts payable	13,507	7,351
Accruals and other liabilities	(253)	25,454
Amounts due from / to related parties	(76,527)	19,880
Cash from operating activities	**(51,837)**	**75,928**

SAR in thousands	Three-month period ended 31 March 2023G (Unaudited)	Three-month period ended 31 March 2024G (Unaudited)
Employees' defined benefit liabilities paid	(187)	(681)
Net cash from (used in) operating activities	**(52,024)**	**75,247**
Investing activities		
Purchase of property and equipment	(56,604)	(27,229)
Net cash used in investing activities	**(56,604)**	**(27,229)**
Financing activities		
Proceeds from loan from a related party	128,747	59,485
Repayment of loan from related party	(9,041)	-
Finance costs paid	(3,819)	(5,102)
Payment of principal portion of lease liabilities	(6,963)	(4,394)
Net cash from financing activities	**108,923**	**49,989**
Net increase in cash and bank balances	**295**	**98,007**
Cash and bank balances at the beginning of the Period	1,953	23,088
Cash and bank balances at the end of the period	**2,248**	**121,095**

Source: Company's unaudited interim condensed financial statements for the three-month period ended 31 March 2024G.

Net cash from operating activities

Net cash flows from operating activities ("**CFFO**") amounted to a cash outflow of SAR 52.0 million in the three-month period ended 31 March 2023G as compared to a cash inflow of SAR 75.2 million in the three-month period ended 31 March 2024G. This movement was primarily driven by an increase in changes in working capital by SAR 127.8 million, reported at negative net changes in working capital of SAR 51.8 million in the three-month period ended 31 March 2023G to a net positive changes of SAR 75.9 million in the three-month period ended 31 March 2024G, majorly driven by the utilisation of dues from related parties to increase the Company's share capital during the financial year 2023G.

Net cash used in investing activities

Net cash flows used in investing activities ("**CFFI**") amounted to SAR 56.6 million in the three-month period ended 31 March 2023G and decreased to SAR 27.2 million in the three-month period ended 31 March 2024G driven by the near completion of the Company's expansion projects, which reduced the need for significant capital expenditures comparing the three-month period ended 31 March 2023G and 2024G.

Net cash from financing activities

Net cash flows from financing activities ("**CFNF**") decreased from SAR 108.9 million in the three-month period ended 31 March 2023G to SAR 50.0 million in the three-month period ended 31 March 2024G, as the Company reduced drawdowns on its credit facilities in line with the near completion of the expansion projects.

6.7.4 Contingent Liabilities and Capital Commitments

Contingent liabilities

Contingent liabilities, obtained by ARASCO on behalf of the Company, as of 31 March 2024G, include letters of guarantee amounting to SAR 51.41 million (31 December 2023G: SAR 51.41 million) and letters of credit amounting to SAR 38.56 million (31 December 2023G: SAR 38.56 million) for the benefit of the Company's external suppliers for raw materials purchases.

Capital commitment

The capital commitments related to ongoing capita; work-in-progress projects amounts to EUR 8.02 million, equivalent to SAR 32.88 million as of 31 March 2024G (31 December 2023G: EUR 9.42 million, equivalent to SAR 38.28 million).

6.8 Capitalisation and Indebtedness

Existing shareholders own all of the Company's shares before the Offering. After completing the Offering, existing shareholders will own 70 per cent. of the Company's shares.

The table below summarises the Company's capitalisation as it appears in the financial statements for the financial years ending 31 December 2022G and 2023G, and the three-month period ended 31 March 2024G. Noting that the following table must be read and interpreted in conjunction with the relevant financial statements, including the notes attached thereto and contained in Section 18 (*Financial Statements and Auditor's Reports*) of this Prospectus.

Table 6.87: Capitalisation of the Company's Capital and Indebtedness as of the End of the Financial Years Ended 31 December 2021G, 2022G and 2023G, and the Three-Month Period Ending 31 March 2024G

SAR in thousands	As of			
	Financial year ending 31 December 2021G	Financial year ending 31 December 2022G	Financial year ending 31 December 2023G	Three-month period ending 31 March 2024G
Non-current portion of lease liabilities	9,909	8,583	49,230	45,421
Current portion of lease liabilities	8,590	1,298	8,399	7,813
Non-current portion of loan from a related party	265,536	398,302	460,415	444,000
Current portion of loan from a related party	68,795	42,987	56,788	133,470
Employees' defined benefit liabilities	16,920	18,821	24,608	26,376
Accruals and other non-current liabilities	1,511	1,312	1,186	1,316
Non-current portion of amounts due to related parties	120,218	120,218	-	-
(Less): Cash and bank balances	(6,937)	(1,953)	(23,088)	(121,095)
Total net debt	**484,543**	**589,568**	**577,538**	**537,300**
Share capital	50,000	50,000	50,000	300,000
Proposed increase in share capital	-	-	250,000	-
Statutory reserve	28	7,505	7,505	7,505
(Accumulated losses) / Retained earnings	(4,778)	68,087	129,076	151,156
Total shareholders' equity	**45,250**	**125,591**	**436,580**	**458,660**
Total Capitalisation (Total net debt plus total shareholders' equity)	**529,792**	**715,159**	**1,014,118**	**995,960**
Total net debt / Total capitalisation	**91.5%**	**82.4%**	**56.9%**	**53.9%**

Source: Company's audited financial statements for the financial years ending on 31 December 2022G (where information for the comparative financial year 2021G was extracted) and 2023G and the unaudited interim condensed financial statements for the three-month period ended 31 March 2024G.

Members of the Company's board of directors Declare that:

(a) The Company do not have any debt instruments as of the date of this Prospectus.

(b) The Company's shares are subject to any option rights.

(c) The Company's cash balance and cash flows are sufficient to cover its expected cash needs for working capital and capital expenditures for a period of at least (12) twelve months after the date of this Prospectus.

Dividend Policy

7. Dividend Policy

Pursuant to Article 107 of the Companies Law, each shareholder is entitled to the rights attached to each of their Shares, including disposition of shares, attending shareholder assemblies, participating in their deliberations, and voting on their resolutions and the right to receive a portion of net profits to be distributed. The declaration and distribution of dividends will be recommended by the Board of Directors before being presented to the shareholder at a General Assembly meeting for approval. The Company is under no obligation to declare any dividends and any decision to do so will depend on a number of factors including the Company's past and projected earnings, cash flow, funding and capital requirements, market and economic factors in general, Zakat, as well as other legal and statutory considerations. The distribution of dividend is subject to certain obligations set out in the financing agreements entered into with lenders (for further details, see Section 11.5 (*Financing Agreements*)). Dividend distribution is subject to the restrictions contained in the Bylaws, and dividends are distributed in Saudi Arabian Riyals.

The distribution of dividends is subject to certain restrictions according to the Company's Bylaws. Article 46 of the Company's Bylaws states that the Company's annual net profits, after deducting all general expenses and other costs, shall be distributed as follows:

1. the General Assembly shall determine the percentage to be distributed to shareholders from the net profits after deducting reserves, if any, and shall distribute the company's annual net profits after deducting all general expenses and other costs.
2. The Company may distribute interim dividends to shareholders from distributable profits after meeting the following requirements:

   (a) The Ordinary General Assembly authorises the Board to distribute interim dividends by a resolution issued annually;

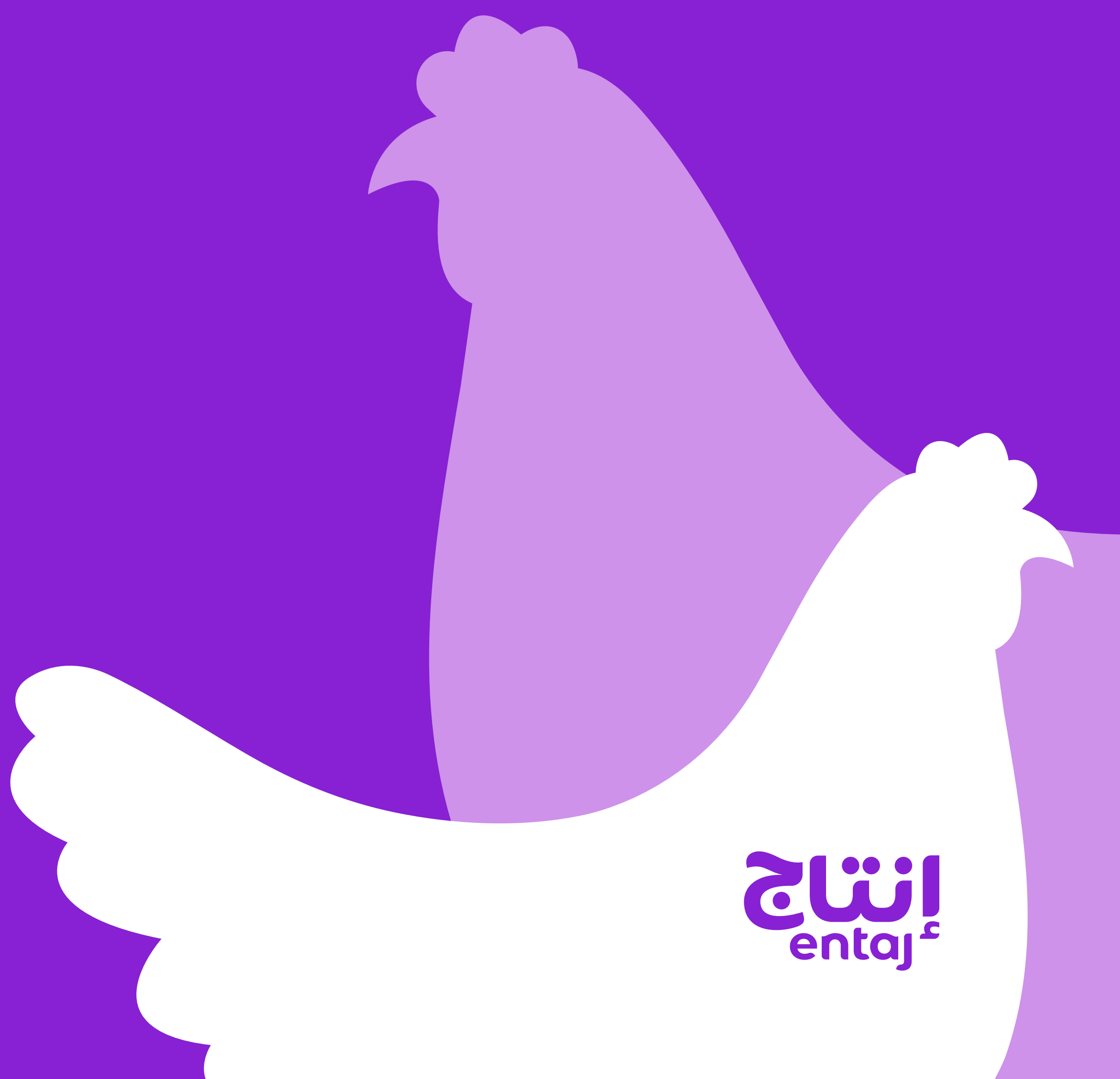
   (b) the Company must have reasonable liquidity and be able to reasonably predict its profit level; and

   (c) the Company must have sufficient distributable profits according to the latest financial statements to cover the expected distributions, after deducting what has been distributed and capitalised from those profits after the date of these statements.

In accordance with the Company's Bylaws, the Company may distribute interim profits semi-annually or quarterly, according to the rules determined by the competent authority.

The holders of Offer Shares are not entitled to any dividends announced prior to the date of this Prospectus, as the first entitlement of Offer Shares shall be dividends announced by the Company from the date of this Prospectus and the subsequent financial years. As of the date of this Prospectus, the Directors undertake that there are no declared or outstanding dividends for the Financial Years ended 31 December 2021G, 2022G and 2023G, and the three-month period ended 31 March 2024G.

Use of Offering Proceeds



8. Use of Offering Proceeds

The estimated total Offering Proceeds are approximately four hundred and fifty million Saudi Arabian Riyals (SAR 450,000,000), thirty million Saudi Arabian Riyals (SAR 30,000,000) of these shall be used to settle all 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 Auditor, the Market Consultant, the Legal Advisor to the Financial Advisor, Bookrunner, Underwriter and Lead Manager and the Exchange, as well as the regulatory fees, marketing, printing and distribution fees and other costs and expenses related to the Offering.

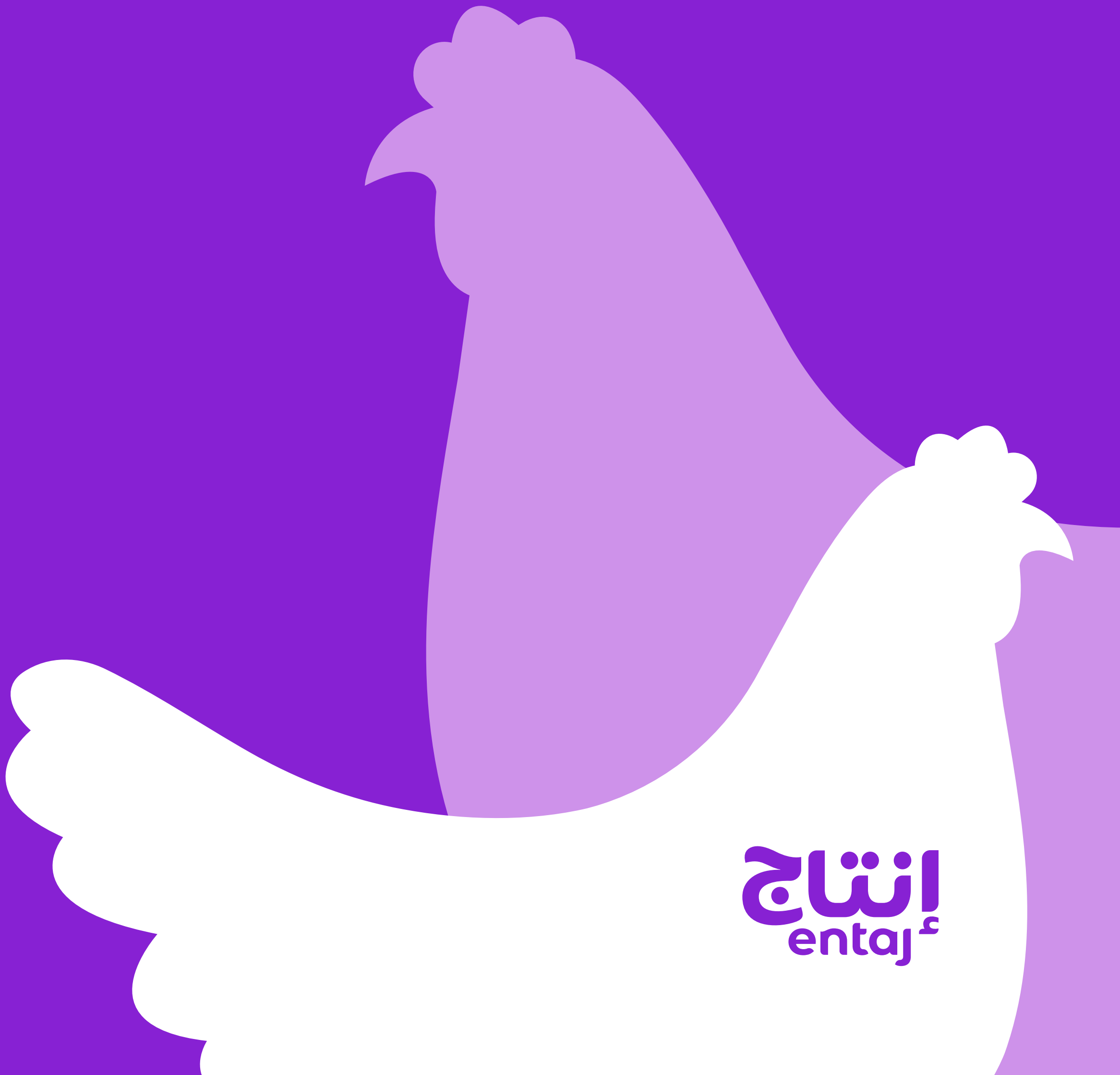
The Net Offering Proceeds of approximately four hundred and twenty million Saudi Arabian Riyals (SAR 420,000,000) shall be distributed to the Selling Shareholder in proportion to the number of Offer Shares to be sold by them in the Offering. The Company will not receive any part of the Net Offering Proceeds. The Selling Shareholder will bear all fees, costs and expenses in relation to the Offering.

Expert Statements

9. Expert Statements

All of the Advisors and the Auditor, whose names are listed starting on pages (vi) to (vii), have given and, as of the date of this Prospectus, have not withdrawn, their written consent to the publication of their names, logos and statements or reports (as applicable) attributed to each of them in this Prospectus, and do not, themselves, nor their employees who form 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 might affect their independence.

Declarations



10. Declarations

The Directors declare the following:

1. none of them or any of the Senior Executives or the Secretary of the Board of Directors has at any time declared bankruptcy or been subject to bankruptcy proceedings;
2. none of the companies in which any of the Directors, Senior Executives or the Secretary has been employed, in a managerial or supervisory capacity, was declared bankrupt or insolvent during the past five years;
3. except as specified in Section 11.8 (*Related Party Contracts and Transactions*), none of the Directors, Senior Executives, Secretary, or any of 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;
4. except as otherwise described in Section 11.9 (*Conflicts of Interest*), and Section 11.8 (*Related Party Contracts and Transactions*), none of the Directors, Senior Executives, Secretary or their Relatives have any shareholding or interest of any kind in the Company, or 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;
5. all of the transactions with Related Parties described in Section 11.8 (*Related Party Contracts and Transactions*), including the determination of the financial consideration for contracts, have been conducted lawfully and on a commercial basis that is as fair and appropriate as that of other third parties;
6. 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;
7. all increases in the share capital of the Company are compliance with the applicable laws and regulations of the Kingdom;
8. there has been no interruption in the Company's business that has or may have significantly affected its financial position during the last 12 months;
9. there is no intention to introduce any material changes to the nature of the Company's business;
10. the Directors shall not vote on General Assembly resolutions that relate to any transaction or contract in which they have a direct or indirect interest;
11. there has been no material adverse change in the financial and trading position of the Company during the three years ended 31 December 2021G, 2022G and 2023G and the three-month period ended 31 March 2024G immediately preceding the date of filing the application for registration and the offering of securities that are the 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;
12. except as disclosed in Section 5.5 (*Remuneration of Directors and Rewards and Bonus of Senior Executives*), the Company does not have any employee stock programmes in place for its employees or any other similar arrangement involving the employees in the capital of the Company;
13. the Company does not have any securities (contractual or otherwise) or assets, the value of which is subject to fluctuation that would adversely and materially affect its financial position;
14. 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;
15. except as disclosed in Section 2 (*Risk Factors*), the Company is not aware of any material seasonal information or business cycles related to its business that would affect the Company's operations or financial position;
16. the statistical information used in Section 3 (*Market Overview*) obtained from third party sources represents the latest information available from each respective source;
17. except as stated in Section 2.1.38 (*Risks Related to Failure to Secure Adequate Insurance Coverage*), the Company has insurance policies with sufficient insurance coverage to carry out its activities and it renews its insurance policies regularly to ensure continued insurance coverage;
18. all of the contracts and agreements which the Company believes to be material or significant or which may have an impact on a Investors' decision to invest in the Offer Shares have been disclosed. There are no other material agreements or contracts that have not been disclosed;
19. all terms and conditions that may affect the decisions of the Investors to invest in Offer Shares have been disclosed;

20. except as specified in Section 11.8 (*Related Party Contracts and Transactions*), 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;
21. the Selling Shareholder will incur all of 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 Market Consultant, the Legal Advisor to the Financial Advisor, Bookrunner, Underwriter and Lead Manager and the Exchange, as well as the regulatory fees, marketing, printing and distribution costs and other expenses related to the Offering;
22. as of the date of this Prospectus, the Company is not involved in any material disputes or objections related to ZATCA and any additional claims that may arise from ZATCA against the Company for the years prior to the Listing Date will be borne by the Selling Shareholder and undertakings have been obtained by the Selling Shareholder accordingly;
23. they have developed procedures, controls and systems that would enable the Company to meet all the requirements of the relevant laws and regulations, including the Companies Law, the CML and its implementing regulations (including the Rules on the Offer of Securities and Continuing Obligations), and the Listing Rules;
24. all of the Company's employees are under its sponsorship, except for workers engaged through the "Ajeer" programme in accordance with the relevant legal instructions and regulations;
25. as of the date of this Prospectus, the Shareholders whose names appear in Section 4.4 (*Current Shareholding Structure*) are the legal and beneficial owners of the Shares;
26. all changes in the share capital of the Company are in compliance with the applicable laws and regulations of the Kingdom;
27. As of the date of this Prospectus, all necessary approvals have been obtained to list the Company's shares on the Capital Market and to be a listed joint stock company;
28. 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;
29. except as disclosed in Section 2.1.5 (*Risks Related to Licences and Approvals*) and Section 11.3 (*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;
30. except as disclosed in Section 11.11 (*Litigation*), the Company is not subject to any material claims or legal procedures that may individually or as a whole materially affect the business of the Company its financial position;
31. except as disclosed in Section 11.5 (*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);
32. the Company has working capital sufficient for at least 12 months immediately following the date of this Prospectus;
33. no Shares in the Company are under option;
34. The Company undertakes to submit the latest interim financial statements to the Authority, to be included in the preliminary prospectus before the start of the Company's share offering or in the final prospectus before the Company's shares are listed (as applicable), in accordance with the periods specified in Article 81 of the Rules on the Offer of Securities and Continuing Obligations (Disclosure of Financial Information), and in compliance with the relevant continuing obligations for listed companies
35. The audited financial statements for the financial years ended 31 December 2021G, 2022G and 2023G, and the accompanying notes thereto have been prepared in compliance with IFRS as endorsed in the Kingdom and other standards and pronouncements endorsed by SOCPA. The unaudited condensed interim financial statements for the three-month period ended 31 March 2024G and the accompanying notes have been prepared in accordance with IAS 34 (*Interim Financial Reporting*) as endorsed in the Kingdom;
36. Unless otherwise disclosed, the financial information contained in this Prospectus has been extracted without material change and is presented in accordance with the Financial Statements;
37. the financial information contained in Section 6 (*Management's Discussion and Analysis of Financial Position and Results of Operations*) has been extracted without material changes from the Company's audited financial statements for the financial years ended 31 December 2022G and 2023G, and from the unaudited condensed interim financial statements for the three-month period ended 31 March 2024G. Furthermore, the financial information is presented in a manner consistent with the Company's Financial Statements;
38. the Company is capable of preparing the required reports in a timely manner in accordance with the implementing regulations issued by the CMA;
39. all necessary approvals have been obtained from lenders in relation to the Offering and Listing of 30 per cent. of the Company's shares for public subscription, thereby making the Company a Public Joint Stock company;

40. as of the date of this Prospectus, there have been no breaches of the contractual terms and conditions under the agreements with the providers of all loans, facilities and financing;
41. the Company is in compliance with all terms and conditions under the agreements with the lenders for all loans, facilities and financing;
42. all of the material facts regarding the Company and its financial performance have been disclosed in this Prospectus, and there are no other facts the omission of which would make any statement herein misleading;
43. the Directors acknowledge that the Company does not own any other assets outside the Kingdom;
44. the Offering does not violate the relevant laws and regulations of the Kingdom;
45. the Offering does not violate any of the contracts or agreements to which the Company is a party;
46. all material legal information relating to the Company has been disclosed in this Prospectus; and
47. 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:

1. 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;
2. they have submitted, and will submit, to the CMA all of the documents required under CML and the Rules on the Offer of Securities and Continuing Obligations;
3. the Company has prepared its internal control policies on sound principles where the Company 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;
4. the internal control, accounting, and information technology systems of the Company are sufficient and adequate;
5. except as disclosed in Section 11.8 (*Related Party Contracts and Transactions*), there are no conflicts of interest related to the Directors with respect to contracts or transactions entered into with the Company;
6. as of the date of this Prospectus, none of the Directors has engaged in any activities similar to or competitive with the activities of the Company. The Directors undertake to fulfil this regulatory requirement in the future as per Article 27 of the Companies Law and Chapter 6 of Part 3 of the Corporate Governance Regulations;
7. 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;
8. 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;
9. 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;
10. the Directors and the Chief Executive Officer shall not have the right to vote on decisions related to their fees and remuneration or on a proposal in which they have an interest; and
11. the Directors shall not obtain a loan from the Company, and the Company shall not guarantee any loan entered into by a Director.

The Directors undertake to:

1. record all Board of Directors resolutions by means of written minutes of meetings, which shall be signed by the Directors;
2. disclose the details of any Related Party transactions in accordance with the Companies Law and the Corporate Governance Regulations;
3. 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
4. amend the Company's Bylaws after listing, if possible, in accordance with the Corporate Governance Regulations issued by CMA and other applicable laws and regulations.

Legal Information

11. Legal Information

11.1 The Company

Arabian Company for Agricultural and Industrial Investment is a closed joint stock company with Commercial Registration No. 1010318944 dated 24 Thul-Qi'dah 1432H (corresponding to 22 October 2011G) issued Riyadh, Kingdom of Saudi Arabia. The Company's registered head office is located at Prince Sultan bin Abdulaziz Road, Al Olaya District, P.O. Box 53845, Riyadh 11321, Kingdom of Saudi Arabia. As of the date of this Prospectus, the current share capital of the Company is three hundred million Saudi Arabian Riyals (SAR 300,000,000) divided into thirty million (30,000,000) ordinary Shares with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per Share (for further information, see Section 4.3 (*Evolution of Capital*)). According to its main commercial registration certificate, the Company's main activities include agriculture, grain farming (including wheat, barley, yellow and white corn, grains, etc.), the cultivation of fibre crops (including cotton, jute, hemp and linen etc.), the cultivation of fodder such as clover and other animal feed, raising cattle, raising camels and dromedary animals, egg production, broiler production, support activities for animal production, processing industries including production of frozen meat, preservation and preparation of meat and its products by drying and canning, manufacturing, preparation and processing of egg products and egg whites, land transportation of goods, wholesale of dairy products, wholesale of eggs and their products, and wholesale of frozen meat and poultry.

11.2 Ownership Structure

The following table summarises the shareholding structure of the Company pre-and post-Offering:

Table 11.1: Shareholding Structure of the Company Pre-and Post-Offering

Shareholder	Shareholding (Pre-Offering)			Shareholding (Post-Offering)		
	Number of Shares	Shareholding (%)(1)	Nominal Value (SAR)	Number of Shares	Shareholding (%)(1)	Nominal Value (SAR)
ARASCO	28,530,000	95.10%	285,300,000	19,530,000	65.10%	195,300,000
Ocean Line Marine Services Co(1)	1,470,000	4.90%	14,700,000	1,470,000	4.90%	14,700,000
Public	-	-	-	9,000,000	30.00%	90,000,000
Total	**30,000,000**	**100.00%**	**300,000,000**	**30,000,000**	**100.00%**	**300,000,000**

Source: The Company.

(1) ARASCO owns the entire capital of Ocean Line Maritime Services Company. As a result, ARASCO owns the entire capital of the company, both directly and indirectly, prior to the offering.

For further details regarding the Shareholders and the shareholding structure of the Company, see Section 4.4 (*Current Shareholding Structure*).

11.3 Government Consents, Licences and Certificates

The Company holds several operational and regulatory licences and certificates issued by the relevant competent authorities and which are periodically renewed. The Directors declare that the Company has obtained all of the 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.

The following tables outline the licences and certificates held by the Company as of the date of this Prospectus:

Table 11.2: Details of Commercial Registration Certificates Obtained by the Company

Location	Type of Entity	Commercial Registration No	Registration Date	Expiration Date
Riyadh, Kingdom of Saudi Arabia	Main	1010318944	24 Thul-Qi'dah 1432H (corresponding to 22 October 2011G)	24 Thul-Qi'dah 1450H (corresponding to 8 April 2029G)
Riyadh, Kingdom of Saudi Arabia	Branch	1010189677	10 Rajab 1424H (corresponding to 7 September 2003G)	24 Sha'ban 1449H (corresponding to 21 January 2028G)
Riyadh, Kingdom of Saudi Arabia	Branch	1010130873	20 Jumada al-Akhirah 1415H (corresponding to 24 November 1994G)	4 Sha'ban 1449H (corresponding to 1 January 2028G)

Source: The Company.

Table 11.3: Details of Regulatory Licences and Certificates Obtained by the Company

Issuing Authority	Licence Number	Purpose	Issue Date	Expiration Date
Ministry of Human Resource and Social Development	864146-36710206	Certificate of compliance with Saudisation requirements	4 Rabi' al-Awwal 1445H (corresponding to 19 September 2023G)	19 Rabi' al-Thani 1446H (corresponding to 22 October 2024G)
Ministry of Human Resource and Social Development	18534613269582	Certificate of wage protection	18 Muharram 1446H (corresponding to 24 July 2024G)	20 Safar 1446H (corresponding to 24 August 2024G)
Riyadh Chamber of Commerce and Industry	262262	Chamber of Commerce and Industry membership certificate	26 Thul-Qi'dah 1432H (corresponding to 24 October 2011G)	24 Thul-Qi'dah 1450H (corresponding to 8 April 2029G)
Riyadh Chamber of Commerce and Industry	333600	Chamber of Commerce and Industry membership certificate	19 Rabi' al-Awwal 1437H (corresponding to 30 December 2015G)	24 Sha'ban 1449H (corresponding to 21 January 2028G)
ZATCA	1022235622	Certificate enabling the Company to finalise all processes	22 Shawwal 1445H (corresponding to 1 May 2024G)	2 Thul-Qi'dah 1446H (corresponding to 30 April 2025G)
ZATCA	300050069310003	VAT registration certificate	4 Jumada al-Ula 1439H (corresponding to 21 January 2018G)	N/A
GOSI	71563877	Certificate of fulfilment of the GOSI obligations	18 Muharram 1446H (corresponding to 9 August 2024G)	18 Safar 1446H (corresponding 27 September 2024G)
GOSI	71506337	Certificate of fulfilment of the GOSI obligations	18 Muharram 1446H (corresponding to 28 August 2024G)	18 Safar 1446H (corresponding 26 September 2024G)

Source: The Company.

Table 11.4: Summary of Operational Licences Obtained by the Company

Issuing Authority	Licence Number	Purpose	Issue Date	Expiry Date
Riyadh – (Head Office) Commercial Registration 1010318944 Prince Sultan bin Abdulaziz Road, Al Olaya District, Riyadh, Kingdom of Saudi Arabia.				
Riyadh Municipality, Kingdom of Saudi Arabia(1)	40092381600	Engaging in commercial activities	N/A	5 Jumada al-Ula 1446H (corresponding to 3 June 2025G)
General Directorate of Civil Defence, Kingdom of Saudi Arabia(1)	1-001150039-44	Civil defence licence	11 Jumada al-Akhirah 1446H (corresponding to 15 August 2024G)	11 Safar 1447H (corresponding to 5 August 2025G)
Ministry of Environment Water and Agriculture, Kingdom of Saudi Arabia	20/05/014605/004	Broiler chicken production	23 Jumada al-Ula 1435H (corresponding to 24 March 2014G)	14 Sha'ban 1476H (corresponding to 24 March 2054G)
Ministry of Environment Water and Agriculture, Kingdom of Saudi Arabia	N/A	Egg production(2)	N/A	N/A
Saudi Food and Drug Authority, Kingdom of Saudi Arabia	SWL-2024-FO-0086	Food establishment licence	23 Rajab 1445H (corresponding to 4 February 2024G)	4 Sha'ban 1446H (corresponding to 3 February 2025G)
Riyadh – (Branch) Commercial Registration 1010189677 Al Aflaj Governorate				
Riyadh Municipality, Kingdom of Saudi Arabia	N/A	Engaging in commercial activities(2)	N/A	N/A
General Directorate of Civil Defence, Kingdom of Saudi Arabia	N/A	Civil defence licence(2)	N/A	N/A

Issuing Authority	Licence Number	Purpose	Issue Date	Expiry Date
Ministry of Environment Water and Agriculture, Kingdom of Saudi Arabia	20/01/01461/036	Raising and producing broiler chickens and operating their chicks	25 Rajab 1437H (corresponding to 2 May 2016G)	20 Ramadan 1442H (corresponding to 2 May 2021G)
Ministry of Environment Water and Agriculture, Kingdom of Saudi Arabia	20/01/01461/122	Raising and producing broiler chickens and operating their chicks	5 Rabi' al-Awwal 1432H (corresponding to 8 February 2011G)	16 Rabi' al-Awwal 1433H (corresponding to 8 February 2012G)
Ministry of Industry and Mineral Resources	1419100187244	Industrial facility licence	4 Rabi' al-Thani 1419H (corresponding to 28 July 1998G)	5 Muharram 1450H (corresponding to 29 May 2028G)
Al Kharj – (Processing Plant and Hatchery Branch) Commercial Registration 1010189677 Al Kharj Governorate				
Al Kharj Municipality, Kingdom of Saudi Arabia (PPP)	N/A	Engaging in commercial activities[5]	N/A	N/A
Al Kharj Municipality, Kingdom of Saudi Arabia (Hatchery)	N/A	Engaging in commercial activities[5]	N/A	N/A
General Directorate of Civil Defence, Kingdom of Saudi Arabia (PPP)	3-000145353-42	Civil defence licence[5]	9 Rabi' al-Thani 1442H (corresponding to 24 November 2020G)	9 Rabi' al-Thani 1443H (corresponding to 14 November 2021G)
General Directorate of Civil Defence, Kingdom of Saudi Arabia (Hatchery)	N/A	Civil defence licence	N/A	N/A
Ministry of Environment Water and Agriculture	031/101021/01/20	Production of fresh poultry, rabbit and bird meat	13 Rabi' al-Thani 1433H (corresponding to 6 March 2012G)	24 Thul-Qi'dah 1453H (corresponding to 6 March 2032G)
Ministry of Environment Water and Agriculture	038/014605/01/20	Poultry farming	17 Thul-Qi'dah 1433H (corresponding to 3 October 2012G)	7 Rabi' al-Awwal 1444H (corresponding to 3 October 2022G)
Ministry of Environment Water and Agriculture	014/014605/01/20	Broiler chicken production	22 Jumada al-Akhirah 1433H (corresponding to 13 May 2012G)	16 Shawwal 1476H (corresponding to 24 May 2054G)
Ministry of Environment Water and Agriculture	033/014615/01/20	Operate chicken hatcheries	7 Rabi' al-Thani 1433H (corresponding to 29 February 2012G)	18 Thul-Qi'dah 1453H (corresponding to 29 February 2032G)
Ministry of Environment Water and Agriculture	015/014605/01/20	Broiler chicken production	26 Rabi' al-Thani 1433H (corresponding to 19 March 2012G)	16 Thul-Hijjah 1455H (corresponding to 7 March 2034G)
Ministry of Environment Water and Agriculture	1444258348-1	Disclosure certificate for an unlicenced well[4]	27 Shawwal 1444H (corresponding to 17 May 2023G)	N/A
Ministry of Environment Water and Agriculture	8764	Raising poultry licence	17 Rajab 1440H (corresponding to 24 March 2019G)	17 Rajab 1451H (corresponding to 24 November 2029G)
Ministry of Environment Water and Agriculture	8765	Raising poultry licence	17 Rajab 1440H (corresponding to 24 March 2019G)	17 Rajab 1451H (corresponding to 24 November 2029G)
Ministry of Environment Water and Agriculture	8766	Raising poultry licence	17 Rajab 1440H (corresponding to 24 March 2019G)	17 Rajab 1451H (corresponding to 24 November 2029G)
Ministry of Environment Water and Agriculture	8767	Raising poultry licence	17 Rajab 1440H (corresponding to 24 March 2019G)	17 Rajab 1451H (corresponding to 24 November 2029G)
Ministry of Industrial and Mineral Resources	451102131499	Industrial facility licence	4 Rabi' al-Thani 1419H (corresponding to 28 July 1998G)	5 Muharram 1450H (corresponding to 29 May 2028G)
Ministry of Industrial and Mineral Resources	441110126981	Industrial facility licence	9 Thul-Qi'dah 1444H (corresponding to 29 May 2023G)	5 Muharram 1450H (corresponding to 29 May 2028G)

Issuing Authority	Licence Number	Purpose	Issue Date	Expiry Date
National Centre for Environmental Compliance	9671	Environmental permit for operation	23 Rajab 1444H (corresponding to 14 February 2023G)	28 Rajab 1447H (corresponding 17 January 2026G)
Riyadh – (Branch) Commercial Registration 1010189677 Shaqra Governorate				
Riyadh Municipality, Kingdom of Saudi Arabia	N/A	Engaging in commercial activities(2)	N/A	N/A
General Directorate of Civil Defence, Kingdom of Saudi Arabia	N/A	Civil defence licence(2)	N/A	N/A
Ministry of Environment Water and Agriculture	054/01461/01/20	Raising and producing broiler chickens and operating their chicks	4 Thul-Hijjah 1434H (corresponding to 9 October 2013G)	3 Rabi' al-Awwal 1443H (corresponding to 9 October 2021G)
Riyadh – (Cold Store Branch) Commercial Registration 1010130873 Riyadh – Second Industrial City				
Riyadh Municipality, Kingdom of Saudi Arabia	43047993912	Engaging in commercial activities	21 Jumada al-Akhirah 1443H (corresponding to 24 January 2022G)	21 Jumada al-Akhirah 1446H (corresponding to 22 December 2024G)
General Directorate of Civil Defence, Kingdom of Saudi Arabia	1-000837893-43	Civil defence licence	17 Jumada al-Akhirah 1443H (corresponding to 20 January 2022G)	21 Jumada al-Akhirah 1446H (corresponding to 22 December 2024G)
Saudi Authority for Industrial Cities and Technology Zones (MODON)	OLC-23-11-19004224	Operational licence	5 Jumada al-Ula 1445H (corresponding to 19 November 2023G)	17 Jumada al-Ula 1446H (corresponding to 19 November 2024G)
Saudi Food and Drug Authority	1133- FO -2023-WL	Food establishment licence	27 Jumada al-Ula 1445H (corresponding to 11 December 2023G)	1 Rajab 1448H (corresponding to 10 December 2026G)
Transport General Authority	00052932/11	Road freight transport licence	21 Jumada al-Akhirah 1445H (corresponding to 3 January 2024G)	21 Jumada al-Akhirah 1448H (corresponding to 1 December 2026G)
National Centre for Environmental Compliance	EPOPP – 2024 – 005488	Environmental permit for operation	5 Thul-Hijjah 1445H (corresponding to 11 June 2024G)	6 Muharram 1449H (corresponding to 11 June 2027G)

Source: The Company.

(1) The licence is under Arabian Agriculture Services Company's (ARASCO) name, and it is in the process of being transferred to the Company's name. It is expected that the licence will be obtained in the coming month.

(2) As of the date of this Prospectus, the Company has not yet obtained the licence. The Company will obtain such licence upon commencement of the activity.

(3) The expired licence is in Arabian Agriculture Services Company's (ARASCO) name; the Company will amend the licence to its name upon renewal once commencement of such activity.

(4) The disclosure certificate is in Arabian Agriculture Services Company's (ARASCO) name, and it cannot be re-issued in the Company's name.

(5) As of the date of this Prospectus, the Company has not obtained the licence. The Company is in the process of obtaining the licence in its name and it is expected the licence will be obtained in the coming month.

(6) The licence has expired and the Company is in the process of renewing it.

11.4 Material Agreements

The Company has entered into a number of agreements in connection with its business, and below is a summary of the agreements that 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 material provisions of these 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 are not intended to describe all of the terms and conditions applicable to these agreements. see Section 11.7.2 (*Leases*) and Section 11.6 (*Insurance Policies*) for additional information about the Company's lease agreements and insurance policies. The following table sets out the material agreements (except for lease agreements and insurance policies) entered into by the Company for the purposes of its business:

Table 11.5: Details of Material Agreements

Name of Agreement	Parties	Brief Description	Term and Renewal Mechanism	Transaction Volume during the financial year ended 31 December 2022G	Transaction Volume during the financial year ended 31 December 2023G	Transaction Volume during he three-month period ended 31 March 2024G	Total Value	Applicable Law	Disputes	Material Terms
Agreements with Key Customers										
Supply Agreement	The Company (as supplier) and Panda Retail Company (as retailer)	The Company concluded a supply agreement for the purpose of selling the Company's fresh food products at retail within the retailer's stores in the Kingdom. In return for retail services, the retailer applies a promotional charge set by the Company for each item sold, plus an agreed rent for allocated display spaces.	The agreement is valid for one year starting from19 Jumada al-Akhirah 1445H (corresponding to 1 January 2024G), and is automatically renewed for the same terms and conditions unless new terms and conditions are agreed upon by both parties.	SAR 34,000,000	SAR 31,000,000	SAR 12,920,000	No specific value.	Laws of the Kingdom	Any dispute arising from the agreement will be referred to competent courts in the Kingdom.	– The retailer does not make any commitment regarding the duration of the display, the size of the shelf space or the location, except in cases where fees are paid. – In the event the supplier transacts directly with stores, the category manager may charge for the same space at double the amount that the supplier dealt with the other store. – The supplier shall remove damaged or expired products at its expense within 48 hours of notification by the retailer. If the supplier fails to do so, the retailer has the right to remove or destroy such products. – If delivery is delayed beyond the specified time, a fine of 1% of the total value of the order will be imposed for each day of delay, up to a maximum of 5% of the total value of the order. – The supplier is prohibited from providing gifts or rewards to the retailer's employees. In the event of a violation, the retailer shall have the right to take action, including by terminating the agreement.
Supply and Distribution Agreement	The Company (as supplier) and Afaq Al Jowhara (as a distributor)	The Company concluded a supply and distribution agreement for the purpose of supplying the distributor with products within the Kingdom, subject to conditions such as minimum monthly distribution volumes set by the Company.	The agreement was concluded on 5 Muharram 1446H (corresponding to 11 July 2024G), and is for a term of one year. The agreement shall be renewed automatically on the same terms and conditions unless one party notifies the other not to renew 30 days prior.	SAR 56,000,000	SAR 64,000,000	SAR 18,740,000	No specific value.	Laws of the Kingdom	Any dispute arising from the agreement will be referred to competent courts in the Kingdom.	– The distributor shall provide an unconditional promissory note in favour of the supplier for the amount of SAR 1,500,000, which shall be renewed annually in the event the agreement is renewed. – In the event that the distributor violates any of its obligations towards the supplier, the supplier shall have the right to liquidate the promissory note and terminate the contract without any liability on the supplier. – The supplier shall deliver the products supplied to the distributor in an appropriate manner and in the quantities requested by the distributor and shall provide marketing support to the distributor. – -The supplier is not responsible for any damage caused by the other party's mismanagement of storage, etc.

Name of Agreement	Parties	Brief Description	Term and Renewal Mechanism	Transaction Volume during the financial year ended 31 December 2022G	Transaction Volume during the financial year ended 31 December 2023G	Transaction Volume during he three-month period ended 31 March 2024G	Total Value	Applicable Law	Disputes	Material Terms
Supply and Distribution Agreement	The Company (as supplier) and Nojoom Al Faisal Trading Establishment (as distributer)	The Company concluded a supply and distribution agreement for the purpose of supplying the distributor with products for exclusive distribution in the city of Hail, subject to conditions including minimum monthly distribution volumes.	The agreement was concluded on 10 Muharram 1446H (corresponding to 10 July 2024G), and is for a term of one year. The agreement shall be renewed automatically on the same terms and conditions unless one party notifies the other not to renew 30 days prior.	SAR 22,100,000	SAR 29,300,000	SAR 10,020,000	No specific value.	Laws of the Kingdom	Any dispute arising from the agreement will be referred to competent courts in the Kingdom.	– The distributor shall refrain from selling the supplier's products outside the distribution area specified in the agreement. – The distributor is also not entitled to sell or distribute the products to customers contracting with the supplier, except with written approval. – The supplier shall grant the distributor the agreed discount if it makes payment on time. – The supplier shall deliver the products supplied to the distributor in an adequate manner and in the quantities requested by the distributor and shall provide marketing support to the distributor. – The supplier shall deliver the products supplied to the distributor in an adequate manner and in the quantities requested by the distributor and shall provide marketing support to the distributor.
Supply and Distribution Agreement	The Company (as supplier) and Rawasi Al Gheiza Establishment (formerly Rawasi Al Jiza) (as distributer)	The Company concluded a supply and distribution agreement for the purpose of supplying the distributor with products for exclusive distribution in the city of Hail, subject to conditions including minimum monthly distribution volumes.	The agreement was concluded on 10 Muharram 1446H (corresponding to 10 July 2024G), and is for a term of one year. The agreement shall be renewed automatically on the same terms and conditions unless one party notifies the other not to renew 30 days prior.	SAR 35,000,000	SAR 29,000,000	SAR 9,000,000	No specific value.	Laws of the Kingdom	Any dispute arising from the agreement will be referred to competent courts in the Kingdom.	– The distributor shall ensure that its monthly purchases of the products subject to this contract are not less than 104,000 birds. During the final two months of the agreement, the distributor shall increase its purchases to 182,000 birds. – The distributor shall provide an unconditional promissory note in favour of the supplier for the amount of SAR 700,000, which shall be renewed annually in the event the agreement is renewed.
Supply Agreement	The Company (as supplier) and Al Romansiah closed joint stock company (as customer)	The Company has entered into a supply agreement for the purpose of cooking the Company's products in their restaurants throughout the Kingdom, at a special price subject to certain conditions imposed by the Company.	The agreement was concluded on 27 Thul-Hijjah 1445H (corresponding to 3 July 2024G), and is for a term of one year. The agreement shall be renewed automatically on the same terms and conditions unless one party notifies the other not to renew 30 days prior.	SAR 35,300,000	SAR 25,200,000	N/A	No specific value.	Laws of the Kingdom	Any dispute arising from the agreement will be referred to competent courts in the Kingdom.	– Either party may terminate the agreement without any liability for the consequences of such termination upon 30 days' prior notice. – The supplier shall have the right to amend the pricing provided a seven-day prior written notice is given. – The customer shall provide a promissory note as a credit guarantee for the drawdowns.

Name of Agreement	Parties	Brief Description	Term and Renewal Mechanism	Transaction Volume during the financial year ended 31 December 2022G	Transaction Volume during the financial year ended 31 December 2023G	Transaction Volume during he three-month period ended 31 March 2024G	Total Value	Applicable Law	Disputes	Material Terms
Agreements with Key Suppliers										
Broiler Chicken Growing Agreement	The Company (as customer) and Mohammed Zaid Al Qahtani Establishment (as grower)	The company has concluded an agreement to raise one-day-old chicks and supply feed, with the grower undertaking to raise them before returning them to the Company.	The agreement was concluded on 29 Safar 1445H (corresponding to 14 September 2023G), and is for a term of three years. The agreement shall be renewed for the same period by providing written notice by the parties.	N/A	SAR 51,000,000	SAR 11,000,000	No specific value.	Laws of the Kingdom	Any dispute arising from the agreement will be referred to competent courts in the Kingdom.	– The grower shall sign a promissory note in favour of the customer equivalent to the value of one cycle as a guarantee in the event that the grower fails to fulfil its obligations.
Broiler Chicken Growing Agreement	The Company (as customer) and Saleh Ibrahim Al Shuhail (as grower)	The Company concluded an agreement to raise day old broiler chicks and supply feed, with the grower undertaking to raise them before returning them to the client.	The agreement was concluded on 7 Jumada al-Ula 1444H (corresponding to 1 December 2022G), and is for a term of ten years. The agreement shall be renewed automatically on the same terms and conditions.	SAR 69,000,000	SAR 25,600,000	SAR 4,830,000	No specific value.	Laws of the Kingdom	Any dispute arising from the agreement will be referred to competent courts in the Kingdom.	– The grower shall sign a promissory note in favour of the customer equivalent to the value of one cycle as a guarantee in the event that the grower fails to fulfil its obligations.
Transactions on a Purchase Order Basis	The Company (as customer) and Broeierij En Pluimveebedrijf Lafaut (as supplier)	The Company has entered into a number of transactions based on purchase orders for the purpose of supplying table hatching eggs.	N/A	SAR 76,100,000	SAR 92,500,000	SAR 18,500,000	No specific value.	N/A	N/A	N/A

Source: The Company.

11.5 Financing Agreements

The Company has entered into four financing 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. The Company has not breached any of the terms and conditions stipulated in those agreements. The summaries of the agreements and contracts shown below 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 total value of the facilities granted amounted to SAR 582.6 million, with the total amounts utilised as of 31 March 2024G amounting to SAR 582.6 million. This includes prepaid and scheduled administrative fees according to the financing agreements with the Agricultural Development Fund, but excludes financing expenses from Alawwal Bank, as they are variable depending on the period (SAIBOR rate for the period).

The facility offer letter for Shari'ah compliant agreement between the Company and Saudi Awwal Bank includes provisions that require prior notification to Saudi Awwal Bank in the event of any change in control of the Company, changes in its ownership structure, or when offering its shares for public subscription. It also includes clauses requiring prior approval from Saudi Awwal Bank for the introduction of new provisions. The Company has obtained the necessary consent from Saudi Awwal Bank.

The following tables show the financing agreements concluded by the Company for purposes related to its business:

Table 11.6: Facility Offer Letter for Shari'ah Compliant Agreement between Saudi Awwal Bank (formerly Saudi British Bank) and the Company

Date of Agreement and Termination	The agreement is effective as of 7 Shawwal 1445H (corresponding to 16 April 2024G) for a term of 6 years.
Value of Facilities and Purpose	SAR 450,000,000 for the purpose of financing capital to expand the company's production line.
Facilities Limits	– Term finance facility for an amount of SAR 360,000,000 for the purpose of capex financing for the expansion of the Company with a profit rate of 1.60% p.a. over three months SAIBOR; – letter of credit facility for an amount of SAR 55,000,000 for the purpose of import or local purchase of goods over SAMA Tariff at 0.375 % p.a.; – import finance facility for an amount of SAR 27, 753,000 for the purpose of financing payment obligations of the Company in connection with a letter of credit issued by the bank or to an import supplier with a profit rate of 1.25% p.a. over three months SAIBOR; and – letter of guarantee facility for an amount of SAR 60,000,000 for the purpose of issuing a payment guarantee with a profit rate of 1% p.a.
Guarantees	– A promissory note in the amount of SAR 450,000,000; and – a corporate guarantee from Arabian Agriculture Services Company (ARASCO) in the amount of SAR 450,000,000.
Covenants	N/A.
Applicable Law	The agreement is governed by the laws of the Kingdom and any disputes arising therefrom shall be resolved amicably. Otherwise, the disputes shall be referred to the competent judicial bodies in the Kingdom of Saudi Arabia.
Amount Utilised as of 31 March 2024G	SAR 360,000,000 being the total amount available under the term finance facility. (1)
On 1 Thul-Qi'dah 1445H (corresponding to 9 May 2024G), Saudi Awwal Bank consented to the Offering and a waiver of the personal guarantees once the CMA's approval is obtained.	

Source: The Company

(1) The utilised amount does not include interest, as the financing agreement with Saudi Awwal Bank includes variable interest based on the SAIBOR rate. It is recorded as a prepaid expense at the beginning of each repayment year and amortised as a financing expense throughout the year.

Table 11.7: Agricultural Loan Agreement between Agricultural Development Fund and the Company

Date of Agreement and Termination	The agreement is effective as of 29 Sha'ban 1445H (corresponding to 10 March 2024G) and will expire on 15 Thul-Qi'dah 1450H (corresponding to 30 March 2029G).
Value of Facilities and Purpose	Pursuant to the agreement, the Agricultural Development Fund agreed to provide a loan of SAR 25,249,902 for the purpose of financing the Company's hatchery expansion project to produce chicks required for raising broilers (for further details, see Section 4.7.2.1 (*Breeding and Hatching*)).
Guarantees	– A guarantee letter from Arab National Bank for an amount of SAR 4,177,837; – a total number of six promissory notes issued by Abdulmalik Abdullah AlHussaini in favour of the Agricultural Development Fund for an amount of SAR 3,933,310 each; – a mortgage of a property for an amount of SAR 22,389,360; – a mortgage of a property for an amount of SAR 375,000; – a mortgage of a property for an amount of SAR 187,500,000; – a mortgage of a property for an amount of SAR 5,389,777.50; and – a mortgage of a property for an amount of SAR 2,228,625.
Total Number and Value of Mortgaged Properties	Five mortgaged properties with a total value of SAR 217,882,762.
Covenants	– Agreement to not undertake any legal actions in relation to the mortgaged properties without the prior consent of the lender; – in the event the mortgaged properties are leased, the Company agrees to: • ensure the lease terms are acceptable to the lender; • ensure the term of the lease is at least 15 years from the date of the loan agreement; • restrict the lessee's ability to assign the leased properties until all loan instalments are repaid; and • acknowledge the lender's right to seize and sell the leased properties for debt recovery in connection with the loan agreement; – the Company shall not take any action, whether directly or indirectly, that could result in the transfer of ownership of the mortgaged properties without the lender's prior written consent; – the Company shall grant the lender, its employees, their authorised delegates, and any relevant governmental entities unrestricted access to the mortgaged properties (including farm, project or land) at reasonable hours for inspection purposes; and – the Company is fully and equally responsible for the repayment of the entire loan amount and all associated obligations until the loan is fully repaid
Applicable Law	The Sharia-compliant Loan Agreement is governed by the laws of the Kingdom and any disputes arising therefrom shall be resolved amicably. Otherwise, the disputes shall be referred to the competent judicial bodies in the Kingdom of Saudi Arabia.
Amount Utilised as of 31 March 2024G	SAR 21,269,114. (1)
On 25 Thul-Hijjah 1445H (corresponding to 1 July 2024G), Agricultural Development Fund consented to the Offering once the approval of the Capital Market Authority was obtained.	

Source: The Company

(1) The utilised amount does not include interest, as the Agricultural Development Fund applies fixed administrative fees that are paid and scheduled in advance according to the loan repayment schedule. These fees are not referred to as interest but are treated in accounting terms in the same way as a commercial loan.

Table 11.8: Agricultural Loan Agreement between Agricultural Development Fund and the Company

Date of Agreement and Termination	The agreement is effective as of 29 Sha'ban 1445H (corresponding to 10 March 2024G) and will expire on 15 Sha'ban 1452H (corresponding to 11 December 2030G).
Value of Facilities and Purpose	Pursuant to the Agreement, the Agricultural Development Fund agreed to provide a loan of SAR 34,244,447 for the purpose of financing the automated slaughterhouse expansion project with a production capacity of up to 600,000 birds per day (for further details, see Section 4.7.2.5 (*Processing Facilities*)).
Guarantees	– A guarantee letter from Saudi Awwal Bank (formerly Saudi British Bank) for an amount of SAR 30,590,217; – a mortgage of a property for an amount of SAR 187,000; – a mortgage of a property for an amount of SAR 3,850,875; – a mortgage of a property for an amount of SAR 187,500; and – a mortgage of a property for an amount of SAR 4,156,875.
Total Number and Value of Mortgaged Properties	Three mortgaged properties with a total value of SAR 8,382,250.
Covenants	– Agreement to not undertake any legal actions in relation to the mortgaged properties without the prior written consent of the lender; – in the event the mortgaged properties are leased, the Company agrees to: • ensure the lease terms are acceptable to the lender; • ensure the term of the lease is at least 15 years from the date of the loan agreement; • restrict the lessee's ability to assign the leased properties until all loan instalments are repaid; and • acknowledge the lender's right to seize and sell the leased properties for debt recovery in connection with the loan agreement. – the Company shall not take any action, whether directly or indirectly, that could result in the transfer of ownership of the mortgaged properties without the lender's prior written consent; – the Company shall grant the lender, its employees, their authorised delegates, and any relevant governmental entities unrestricted access to the mortgaged properties (including farm, project or land) at reasonable hours for inspection purposes; and – the Company is fully and equally responsible for the repayment of the entire loan amount and all associated obligations until the loan is fully repaid.
Applicable Law	The Sharia-compliant Loan Agreement is governed by the laws of the Kingdom and any disputes arising therefrom shall be resolved amicably. Otherwise, the disputes shall be referred to the competent judicial bodies in the Kingdom of Saudi Arabia.
Amount Utilised as of 31 March 2024G	SAR 34,244,447.
On 25 Thul-Hijjah 1445H (corresponding to 1 July 2024G), Agricultural Development Fund consented to the Offering once the approval of the Capital Market Authority was obtained.	

Source: The Company

(1) The utilised amount does not include interest, as the Agricultural Development Fund applies fixed administrative fees that are paid and scheduled in advance according to the loan repayment schedule. These fees are not referred to as interest but are treated in accounting terms in the same way as a commercial loan.

Table 11.9: Agricultural Loan Agreement between the Company and the Agricultural Development Fund

Date of Agreement and Termination	The agreement is effective as of 25 Jumada al-Ula 1446H (corresponding to 27 November 2024G) and will expire on 11 Muharram 1456H (corresponding to 1 April 2034G).
Value of Facilities and Purpose	Pursuant to the Agreement, the Agricultural Development Fund agreed to provide a loan of SAR 185,081,258 for the purpose of financing the broiler production project and the broiler cage farm expansion project with an additional production capacity of 2.4 million birds per cycle (for further details, see Section 4.7.2.2 (*Broilers*)).
Guarantees	– A guarantee letter from Saudi Awwal Bank (formerly Saudi British Bank) for an amount of SAR 16,344,000; – a mortgage of a property for an amount of SAR 9,100,000; – a mortgage of a property for an amount of SAR 2,291,900.94; – a mortgage of a property for an amount of SAR 1,400,000; – a mortgage of a property for an amount of SAR 1,400,000; – a mortgage of a property for an amount of SAR 1,400,000; – a mortgage of a property for an amount of SAR 1,400,000; – a mortgage of a property for an amount of SAR 1,400,000; – a mortgage of a property for an amount of SAR 8,400,000; – a mortgage of a property for an amount of SAR 8,400,000; – a mortgage of a property for an amount of SAR 1,120,000; – a mortgage of a property for an amount of SAR 560,000; – a mortgage of a property for an amount of SAR 560,000; – a mortgage of a property for an amount of SAR 560,000; – a mortgage of a property for an amount of SAR 1,120,000; – a mortgage of a property for an amount of SAR 69,447,028.40; – a mortgage of a property for an amount of SAR 2,238,389.37; – a mortgage of a property for an amount of SAR 2,238,387.84; – a pledge of the project's assets (equipment and machines) for an amount of SAR 19,181,694; – a pledge of the project's assets (equipment and machines) for an amount of SAR 19,181,692; – a pledge of the project's assets (equipment and machines) for an amount of SAR 19,181,692; – a pledge of the project's assets (equipment and machines) for an amount of SAR 19,181,692; – a mortgage of a property for an amount of SAR 621,722.04; and – a pledge of the project's assets (equipment and machines) for an amount of SAR 19,181,692.
Total Number and Value of Mortgaged Properties	Five mortgaged properties and 5 pledged assets with a total value of SAR 209,565,890.
Covenants	– Agreement to not undertake any legal actions in relation to the mortgaged properties without the prior written consent of the lender; – in the event the mortgaged properties are leased, the Company agrees to: • ensure the lease terms are acceptable to the lender; • ensure the term of the lease is at least 15 years from the date of the loan agreement; • restrict the lessee's ability to assign the leased properties until all loan instalments are repaid; and • acknowledge the lender's right to seize and sell the leased properties for debt recovery in connection with the loan agreement; – the Company shall not take any action, whether directly or indirectly, that could result in the transfer of ownership of the mortgaged properties without the lender's prior written consent; – the Company shall grant the lender, its employees, their authorised delegates, and any relevant governmental entities unrestricted access to the mortgaged properties (including farm, project or land) at reasonable hours for inspection purposes; and – the Company is fully and equally responsible for the repayment of the entire loan amount and all associated obligations until the loan is fully repaid,
Applicable Law	The Sharia-compliant Loan Agreement is governed by the laws of the Kingdom and any disputes arising therefrom shall be resolved amicably. Otherwise, the disputes shall be referred to the competent judicial bodies in the Kingdom of Saudi Arabia.
Amount Utilised as of 31 March 2024G	SAR 171,344,581.00 [1].

Source: The Company.

(1) The utilised amount does not include interest, as the Agricultural Development Fund applies fixed administrative fees that are paid and scheduled in advance according to the loan repayment schedule. These fees are not referred to as interest but are treated in accounting terms in the same way as a commercial loan.

11.6 Insurance Policies

The Company maintain insurance policies covering different types of risks that they may be exposed to. The following table sets out the key particulars of the insurance policies held by the Company:

Table 11.10: Details of Insurance Policies

Policy No.	Types of Insurance Coverage	Insurer & Insured Company	Validity	Maximum Insurance Coverage
PAR-5831573-2024	Property All Risks Insurance	Gulf Insurance Group Company (as insurer) and the Company (as insured)	19 Jumada al-Akhirah 1445H (corresponding to 1 January 2024G) to 30 Jumada al-Akhirah 1446H (corresponding to 31 December 2024G)	SAR 1,029,800,831.99
PAR-5831581	Property All Risks Insurance	Gulf Insurance Group Company (as insurer) and the Company (as insured)	19 Jumada al-Akhirah 1445H (corresponding to 1 January 2024G) to 30 Jumada al-Akhirah 1446H (corresponding to 31 December 2024G)	SAR 72,293,680.75
GRH-16558744	Mandatory Corporate Health Insurance	Gulf Insurance Group Company (as insurer) and the Company (as insured)	19 Jumada al-Akhirah 1445H (corresponding to 1 January 2024G) to 30 Jumada al-Akhirah 1446H (corresponding 31 December 2024G)	SAR 1,000,000 per person
MOC-6035570	Comprehensive Motor Insurance	Gulf Insurance Group Company (as insurer) and the Company (as insured)	19 Jumada al-Akhirah 1445H (corresponding to 1 January 2024G) to 30 Jumada al-Akhirah 1446H (corresponding 31 December 2024G)	SAR 10,000,000

Source: The Company.

11.7 Real Estate

11.7.1 Real Estate Owned by the Company

The table below shows a summary of the real estate owned by the Company:

Table 11.11: Details of Title Deeds Owned by the Company

#	Title Deed Particulars	Location	Purpose	Book Value (SAR)	Rights of Third Parties/Disputes
1	Title deed number 911506002920 dated 21 Safar 1445H (corresponding to 6 September 2023G)	Al Kharj Road, Al Kharj, Riyadh, Kingdom of Saudi Arabia	Plot of land with a total size of 213,232 sqm, for agricultural purposes.	SAR 3,280,000	The property is mortgaged to Agricultural Development Fund, with a mortgage value of SAR 34,202,706.
2	Title deed number 411511010503 dated 20 Muharram 1445H (corresponding to 7 August 2023G)	Al Wase'a District, Al Kharj, Riyadh, Kingdom of Saudi Arabia	Plot of land with a total size of 100,000 sqm, for agricultural purposes.	N/A	The property is mortgaged to Agricultural Development Fund, with a mortgage value of SAR 34,202,706.
3	Title deed number 311511010502 dated 20 Muharram 1445H (corresponding to 7 August 2023G)	Al Kharj Road District, Al Kharj, Riyadh, Kingdom of Saudi Arabia	Plot of land with a total size of 1,188,600 sqm, for agricultural purposes.	SAR 2,160,000	The property is mortgaged to Agricultural Development Fund, with a mortgage value of SAR 34,202,706.
4	Title deed number 311511010480 dated 19 Muharram 1445H (corresponding to 6 August 2023G)	Al Wase'a District, Al Kharj, Riyadh, Kingdom of Saudi Arabia	Plot of land with a total size of 50,000 sqm, for agricultural purposes.	SAR 270,000	The property is mortgaged to Agricultural Development Fund, with a mortgage value of SAR 34,202,706.
5	Title deed number 211506002714 dated 19 Muharram 1445H (corresponding to 6 August 2023G)	Haradh Road, Al Kharj, Riyadh, Kingdom of Saudi Arabia	Plot of land with a total size of 1,100,000 sqm, for agricultural purposes.	SAR 2,000,000	The property is mortgaged to Agricultural Development Fund, with a mortgage value of SAR 34,202,706.
6	Title deed number 311511010483 dated 19 Muharram 1445H (corresponding to 6 August 2023G)	Haradh Road District, Al Kharj, Riyadh, Kingdom of Saudi Arabia	Plot of land with a total size of 500,000 sqm, for agricultural purposes.	N/A	The property is mortgaged to Agricultural Development Fund, with a mortgage value of SAR 41,813,030.

#	Title Deed Particulars	Location	Purpose	Book Value (SAR)	Rights of Third Parties/Disputes
7	Title deed number 611511010482 dated 19 Muharram 1445H (corresponding to 6 August 2023G)	Al Wase'a District, Al Kharj, Riyadh, Kingdom of Saudi Arabia	Plot of land with a total size of 50,000 sqm, for agricultural purposes.	SAR 270,000	The property is mortgaged to Agricultural Development Fund, with a mortgage value of SAR 41,813,030.
8	Title deed number 711507013128 dated 15 Thul-Qi'dah 1444H (corresponding to 4 May 2023G)	Haradh Road District, Al Kharj, Riyadh, Kingdom of Saudi Arabia	Plot of land with a total size of 854,000 sqm, for agricultural purposes.	N/A	The property is mortgaged to Agricultural Development Fund, with a mortgage value of SAR 41,813,030.
9	Title deed number 811506002713 dated 19 Muharram 1445H (corresponding to 6 August 2023G)	Al Wase'a District, Al Kharj, Riyadh, Kingdom of Saudi Arabia	Plot of land with a total size of 50,000 sqm, for agricultural purposes.	SAR 270,000	The property is mortgaged to Agricultural Development Fund, with a mortgage value of SAR 41,813,030.
10	Title deed number 311506002915 dated 21 Safar 1445H (corresponding to 6 September 2023G)	Al Kharj, Riyadh, Kingdom of Saudi Arabia	Plot of land with a total size of 1,000,000 sqm, for agricultural purposes.	SAR 2,000,000	N/A
11	Title deed number 311506002916 dated 21 Safar 1445H (corresponding to 6 September 2023G)	Al Kharj, Riyadh, Kingdom of Saudi Arabia	Plot of land with a total size of 1,000,000 sqm, for agricultural purposes.	SAR 4,000,000	N/A
12	Title deed number 311509006190 dated 20 Safar 1445H (corresponding to 5 September 2023G)	Al Kharj, Riyadh, Kingdom of Saudi Arabia	Plot of land with a total size of 1,000,000 sqm, for agricultural purposes.	SAR 300,000	N/A
13	Title deed number 411506002917 dated 21 Safar 1445H (corresponding to 6 September 2023G)	Al Wase'a District, Al Kharj, Riyadh, Kingdom of Saudi Arabia	Plot of land with a total size of 50,000 sqm, for agricultural purposes.	SAR 270,000	N/A
14	Title deed number 511506002918 dated 16 Jumada al-Ula 1446H (corresponding to 18 November 2024G)	Al Kharj, Riyadh, Kingdom of Saudi Arabia	Plot of land with a total size of 2,000,000 sqm, for agricultural purposes.	SAR 2,000,000	N/A
15	Title deed number 511509006191 dated 20 Safar 1445H (corresponding to 5 September 2023G)	Al Kharj, Riyadh, Kingdom of Saudi Arabia	Plot of land with a total size of 1,000,000 sqm, for agricultural purposes.	SAR 300,000	N/A
16	Title deed number 711509006189 dated 20 Safar 1445H (corresponding to 5 September 2023G)	Al Kharj, Riyadh, Kingdom of Saudi Arabia	Plot of land with a total size of 1,000,000 sqm, for agricultural purposes.	SAR 2,000,000	N/A
17	Title deed number 911506002919 dated 21 Safar 1445H (corresponding to 6 September 2023G)	Al Waseeh Al Kharj, Riyadh, Kingdom of Saudi Arabia	Plot of land with a total size of 50,000 sqm, for agricultural purposes.	SAR 270,000	N/A
18	Title deed number 911509006192 dated 20 Safar 1445H (corresponding to 5 September 2023G)	Al Kharj, Riyadh, Kingdom of Saudi Arabia	Plot of land with a total size of 2,000,000 sqm, for agricultural purposes.	SAR 300,000	N/A
19	Title deed number 413403006776 dated 6 Jumada al-Akhirah 1445H (corresponding to 19 December 2023G)	Al Aflaj southeast Al Seih, Riyadh, Kingdom of Saudi Arabia	Plot of land with a total size of 2,000,000 sqm, for agricultural purposes.	SAR 1,200,000	N/A
20	Title deed number 360001549018 dated 16 Jumada al-Ula 1446H (corresponding to 18 November 2024G)	Al Aflaj, Al Kharj, Riyadh, Kingdom of Saudi Arabia	Plot of land with a total size of 1,500,000 sqm, for agricultural purposes.	SAR 600,000	N/A
21	Title deed number 960001549029 dated 15 Jumada al-Ula 1446H (corresponding to 17 November 2024G)	Al Houta, Riyadh, Kingdom of Saudi Arabia	Plot of land with a total size of 846,000 sqm, for agricultural purposes.	SAR 2,000,000	N/A

#	Title Deed Particulars	Location	Purpose	Book Value (SAR)	Rights of Third Parties/Disputes
22	Title deed number 513404006578 dated 5 Rabi' al-Thani 1446 (corresponding to 8 October 2024G)	Al Aflaj, Riyadh, Kingdom of Saudi Arabia	Plot of land with a total size of 3,000,000 sqm, for agricultural purposes.	SAR 1,320,000	N/A
23	Title deed number 760001495003 dated 7 Rabi' al-Thani 1446 (corresponding to 10 October 2024G)	Shaqraa, Riyadh, Kingdom of Saudi Arabia	Plot of land with a total size of 200,000 sqm, for agricultural purposes.	SAR 2,800,000	N/A
24	Title deed number 560001591575 dated 18 Jumada al-Akhirah 1446H (corresponding to 19 December 2024G)	Al Wase'a District, Al Kharj, Riyadh, Kingdom of Saudi Arabia	Plot of land with a total size of 100,000 sqm, for agricultural purposes.	SAR 270,000	The property is mortgaged to Agricultural Development Fund, with a mortgage value of SAR 185,081,258.
25	Title deed number 360001591632 dated 18 Jumada al-Akhirah 1446H (corresponding to 19 December 2024G)	Al Wase'a District, Al Kharj, Riyadh, Kingdom of Saudi Arabia	Plot of land with a total size of 50,000 sqm, for agricultural purposes.	SAR 270,000	The property is mortgaged to Agricultural Development Fund, with a mortgage value of SAR 185,081,258.
26	Title deed number 460001591622 dated 18 Jumada al-Akhirah 1446H (corresponding to 19 December 2024G)	Al Badea District, Al Aflaj, Riyadh, Kingdom of Saudi Arabia	Plot of land with a total size of 2,178,460 sqm, for agricultural purposes.	SAR 600,000	The property is mortgaged to Agricultural Development Fund, with a mortgage value of SAR 185,081,258.
27	Title deed number 660001590058 dated 17 Jumada al-Akhirah 1446H (corresponding to 18 December 2024G)	Al Badea District, Al Aflaj, Riyadh, Kingdom of Saudi Arabia	Plot of land with a total size of 2,537,641 sqm, for agricultural purposes.	SAR 600,000	The property is mortgaged to Agricultural Development Fund, with a mortgage value of SAR 185,081,258.
28	Title deed number 360001547826 dated 15 Jumada al-Ula 1446H (corresponding to 17 November 2024G)	Haradh Center District, Al Ahsa, Eastern Province, Kingdom of Saudi Arabia	Plot of land with a total size of 2,000,000 sqm, for agricultural purposes.	SAR 100,000	The property is mortgaged to Agricultural Development Fund, with a mortgage value of SAR 185,081,258.
29	Title deed number 360001547831 dated 15 Jumada al-Ula 1446H (corresponding to 17 November 2024G)	Haradh Center District, Al Ahsa, Eastern Province, Kingdom of Saudi Arabia	Plot of land with a total size of 2,000,000 sqm, for agricultural purposes.	SAR 7,300,000	The property is mortgaged to Agricultural Development Fund, with a mortgage value of SAR 185,081,258.
30	Title deed number 760001591646 dated 18 Jumada al-Akhirah 1446H (corresponding to 19 December 2024G)	Al Wase'a District, Al Kharj, Riyadh, Kingdom of Saudi Arabia	Plot of land with a total size of 50,000 sqm, for agricultural purposes.	SAR 4,594,782.71	The property is mortgaged to Agricultural Development Fund, with a mortgage value of SAR 185,081,257.
31	Title deed number 960001590275 dated 17 Jumada al-Akhirah 1446H (corresponding to 18 December 2024G)	Al Kharj, Riyadh, Kingdom of Saudi Arabia	Plot of land with a total size of 1,000,000 sqm, for agricultural purposes.	SAR 344,608.70	The property is mortgaged to Agricultural Development Fund, with a mortgage value of SAR 185,081,258.
32	Title deed number 360001590060 dated 17 Jumada al-Akhirah 1446H (corresponding to 18 December 2024G)	East of Sahaba District, Al Kharj, Riyadh, Kingdom of Saudi Arabia	Plot of land with a total size of 1,818,969 sqm, for agricultural purposes.	SAR 4,320,000	The property is mortgaged to Agricultural Development Fund, with a mortgage value of SAR 185,081,258.
33	Title deed number 360001590132 dated 17 Jumada al-Akhirah 1446H (corresponding to 18 December 2024G)	Al Kharj, Riyadh, Kingdom of Saudi Arabia	Plot of land with a total size of 1,000,000 sqm, for agricultural purposes.	SAR 344,608.70	The property is mortgaged to Agricultural Development Fund, with a mortgage value of SAR 185,081,258.
34	Title deed number 460001547315 dated 15 Jumada al-Ula 1446H (corresponding to 17 November 2024G)	Haradh Center District, Al Ahsa, Eastern Province, Kingdom of Saudi Arabia	Plot of land with a total size of 2,000,000 sqm, for agricultural purposes.	SAR 100,000	The property is mortgaged to Agricultural Development Fund, with a mortgage value of SAR 185,081,258.
35	Title deed number 960001591571 dated 18 Jumada al-Akhirah 1446H (corresponding to 19 December 2024G)	Al Kharj, Riyadh, Kingdom of Saudi Arabia	Plot of land with a total size of 1,000,000 sqm, for agricultural purposes.	SAR 300,000	The property is mortgaged to Agricultural Development Fund, with a mortgage value of SAR 185,081,258.
36	Title deed number 760001590141 dated 17 Jumada al-Akhirah 1446H (corresponding to 18 December 2024G)	Al Wase'a District, Al Kharj, Riyadh, Kingdom of Saudi Arabia	Plot of land with a total size of 1,000,000 sqm, for agricultural purposes.	SAR 270,000	The property is mortgaged to Agricultural Development Fund, with a mortgage value of SAR 185,081,258.

#	Title Deed Particulars	Location	Purpose	Book Value (SAR)	Rights of Third Parties/Disputes
37	Title deed number 460001547854 dated 15 Jumada al-Ula 1446H (corresponding to 17 November 2024G)	Haradh Center District, Al Ahsa, Eastern Province, Kingdom of Saudi Arabia	Plot of land with a total size of 2,000,000 sqm, for agricultural purposes.	SAR 7,400,000	The property is mortgaged to Agricultural Development Fund, with a mortgage value of SAR 185,081,258.
38	Title deed number 760001547848 dated 15 Jumada al-Ula 1446H (corresponding to 17 November 2024G)	Haradh Center District, Al Ahsa, Eastern Province, Kingdom of Saudi Arabia	Plot of land with a total size of 2,000,000 sqm, for agricultural purposes.	SAR 100,000	The property is mortgaged to Agricultural Development Fund, with a mortgage value of SAR 185,081,258.

Source: The Company.

11.7.2 Leases

As of the date of this Prospectus, the Company has entered into a number of lease agreements in connection with its business. The Company, as lessees in these agreements, is responsible for the payment of the annual rental amount as specified in each agreement. The Company has registered all lease agreements on the Ejar platform except for eight lease agreements. (For more details on the risks related to the failure to register lease agreements through the Ejar platform, see section 2.1.16 (*Risks Related to the Non-Registration of Lease Agreements on the Ejar Platform*)). The Company's Board of Directors has confirmed that there are no substantive lease agreements on which the Company depend on for its operations. The following table shows the details of the lease agreements concluded by the Company:

Table 11.12: Details of Lease Agreements

#	Lessor	Location	Size (Sqm)	Rent	Term of Lease/ Renewal Mechanism	Right to Terminate/Post Termination Procedures	Purpose	Subleasing
1	Saudi Authority for Industrial Cities and Technology Zones	Second Industrial City, Riyadh, Kingdom of Saudi Arabia.	20,063 sqm.	SAR 1,203,780 annually.	13 years starting from 27 Jumada al-Akhirah 1442H (corresponding to 9 February 2021G) to 27 Jumada al-Akhirah 1455H (corresponding to 22 September 2033G).	N/A	Logistics services.	N/A
2	Faisal Rashid Shubayyib Al Subaie[1]	Al Kharj, Riyadh, Kingdom of Saudi Arabia.	3,225,000 sqm.	SAR 340,000 annually.	Six years starting from 8 Jumada al-Akhirah 1444H (corresponding to 1 January 2023G) to 15 Sha'ban 1450H (corresponding to 31 December 2028G). The agreement shall be renewed for an equivalent term and for the same conditions, unless one party notifies the other in writing of their intention of a non-renewal 60 days prior to the contract expiration date.	The lessee may terminate this lease agreement immediately upon the lessor's breach of any of its obligations under this agreement. This termination right is without prejudice to the lessee's right to seek compensation and collect any outstanding debts under this agreement. The lessee has the right to terminate this agreement before its expiration date, provided that the lessor is notified in writing at least six months prior to termination. In the event of early termination, only the rent for the period preceding the termination date will be calculated. The remaining rent for the unfulfilled term will be refunded to the lessee. Otherwise, the lessee has the right to rent the leased land until the end of the contract to recover what he has paid for the remaining period to the lessor.	Poultry farming.	N/A

#	Lessor	Location	Size (Sqm)	Rent	Term of Lease/ Renewal Mechanism	Right to Terminate/Post Termination Procedures	Purpose	Subleasing
3	Munirah Abdulrahman Al Yahya[1]	Thadiq, Riyadh, Kingdom of Saudi Arabia.	50 Dunam (equivalent to 50,000 sqm.)	SAR 450,000 annually.	Four years starting from 1 Thul-Qi'dah 1445H (corresponding to 9 May 2024G) to 6 Muharram 1451H (corresponding to 19 May 2029G). The agreement may be renewed for one or more terms if both parties agree.	The lessee may terminate this agreement after the lessor violates any of its obligations under this agreement, without prejudice to the lessee's right to compensation for the term in which the agreement was terminated and damages, if any. The lessee may at any time terminate this agreement with a written notice to lessor 90 days prior to the termination date.	Poultry farming.	N/A
4	Mohammed Hamad Mohammed Al Majed [1]	Thadiq, Riyadh, Kingdom of Saudi Arabia.	6,180 sqm	SAR 450,000 annually.	Four years starting from 1 Thul-Qi'dah 1445H (corresponding to 9 May 2024G) to 6 Muharram 1451H (corresponding to 19 May 2029G). The agreement may be renewed for one or more terms if both parties intend to.	The lessee may terminate this agreement after the lessor violates any of its obligations under this agreement, without prejudice to the lessee's right to compensation for the term in which the agreement was terminated and damages, if any. The lessee may at any time terminate this agreement with a written notice to lessor 90 days prior to the termination date.	Poultry farming.	N/A
5	Baddah Hamoud Mohammed Al Nafjan [1]	Al Ahsa, Eastern Province, Kingdom of Saudi Arabia.	105,120 sqm.	SAR 1,785,000 annually.	10 years starting from 11 Jumada al-Akhirah 1444H (corresponding to 4 January 2023G) to 1 Shawwal 1454H (corresponding to 3 January 2033G). The agreement may be renewed for one or more terms if both parties agree.	In the event the lessor breaches any provision of the agreement, the lessee has the right to immediately terminate the contract, and the lessee is entitled to claim compensation equal to the value of the cycle during which the termination occurs, as well as any damages incurred by the lessee. The parties may terminate this agreement any time after a written notice is given to the other party 180 days prior the termination date and paying two years lease payments compensation or the remaining term value, whichever is less.	Poultry farming.	The lessee may not sublease or assign the property to a third party.
6	Abdullah Abad Mohammed Al Abad [1]	Al Ahsa, Eastern Province, Kingdom of Saudi Arabia.	1,000,000 sqm.	SAR 2,040,000 annually.	Four years starting from 7 Jumada al-Ula 1440H (corresponding to 13 January 2019G) to 19 Jumada al-Akhirah 1444H (corresponding to 12 January 2023G) and renewed to be until 4 Sha'ban 1448H (corresponding to 12 January 2027G). The agreement may be renewed for one or more terms if both parties agree.	In the event of the lessor violating any of its obligations under this agreement or the cancellation of its agricultural licence or non-renewal, the lessee may terminate the agreement immediately, without prejudice to the lessee to compensation for the terminated term or damages if any. The lessee may terminate this agreement at any time after a written notice is given to the lessor 180 days prior the termination date.	Poultry farming.	The lessee may not sublease or assign the property to a third party.

#	Lessor	Location	Size (Sqm)	Rent	Term of Lease/ Renewal Mechanism	Right to Terminate/Post Termination Procedures	Purpose	Subleasing
7	Abdullatif Saleh Abdullatif Al Shehail [1]	Al Ahsa, Eastern Province, Kingdom of Saudi Arabia.	1,000 Dunam (corresponding to 1,000,000 sqm.)	SAR 3,570,000 annually.	10 years starting from 11 Rajab 1444H (corresponding to 2 February 2023G) to 1 Thul-Qi'dah 1454H (corresponding to 1 February 2033G). The agreement may be renewed for one or more terms if both parties agree.	In the event of the lessor violating any of its obligations under this agreement, the lessee may terminate the agreement immediately, without prejudice to the lessee to compensation for the terminated term or damages if any. The parties may terminate this agreement any time after a written notice is given to the other party 180 days prior the termination date and paying two years lease payments compensation or the remaining term value, whichever is less.	Poultry farming.	The lessee may not sublease or assign the property to a third party.
8	Amal Alkhair Poultry Limited Company[1]	Al Kharj, Riyadh, Kingdom of Saudi Arabia	524,691 sqm.	SAR 600,000 annually	Five years starting from 2 Jumada al-Ula 1445H (corresponding to 16 November 2023G) to 28 Jumada al-Akhirah 1450H (corresponding to 15 November 2028G). The agreement may be renewed for one or more terms if both parties agree.	In the event of a breach of any obligation under this agreement by either party, the damaged party shall have the right to immediately terminate this agreement, without prejudice to its right to claim compensation for the unexpired term or any damages arising from the breach. Notwithstanding the foregoing, the lessee shall have the option to terminate this agreement at any time upon providing the lessor with written notice at least 180 days prior to the desired termination date. In such a case, the lessee shall be obligated to pay to the lessor, as liquidated damages, the lesser of six months' lease payments or the remaining lease payments for the unexpired term; provided, however, that the amount of liquidated damages shall not be less than six months lease payments. In the event of lessee's default for due amounts more than two months, the lessor may terminate the agreement after providing the lessee with a written notice 30 days prior the expiry date.	Poultry farming.	The lessee may not sublease or assign the property to a third party.
9	Al Khorayef Agricultural Projects Company[1]	Al Wase'a, Al Kharj, Riyadh, Kingdom of Saudi Arabia	24 chicken barns.	SAR 960,000 annually.	Five years starting from 2 Jumada al-Akhirah 1445H (corresponding to 1 January 2024G) to 25 Sha'ban 1451H (corresponding to 31 December 2029G). The agreement may be renewed for one or more terms if both parties agree.	The lessor holds the right to terminate the agreement if the event of the lessee default in payment, in the event of the lessee's bankruptcy, insolvency and liquidation and in the event of breaching any obligation under this agreement by the lessee.	Poultry farming.	The lessee may sublease or assign the property to a third party.

#	Lessor	Location	Size (Sqm)	Rent	Term of Lease/ Renewal Mechanism	Right to Terminate/Post Termination Procedures	Purpose	Subleasing
10	Saleh Gusaybah Oudah Al Balawi	Al Madinah Al Munawwarah, Kingdom of Saudi Arabia	270 sqm.	SAR 75,000 annually.	One year starting from 17 Rabi' al-Thani 1445H (corresponding to 1 November 2023G) to 28 Rabi' al-Thani 1446H (corresponding to 31 October 2024G). The agreement may be renewed for one or more terms if both parties agree renew 60 days prior to the end term.	The lease agreement may be terminated when one or more of the following conditions are met: i) proof that the property is about to collapse, as evidenced by a report from the civil defence or authorised governmental entities; ii) if governmental decisions necessitate modifications to the building codes, resulting in the inability to use the real estate units; iii) the state acquiring the property or part of it, making it impossible to use the real estate units; or iv) in the case of force majeure.	Apartment.	The lessee may not sublease or assign the property to a third party.
11	Ali Fozan Mohammed Al Fozan and Sons Company	Al Shahada District, Al Qatif, Kingdom of Saudi Arabia.	756 sqm.	SAR 156, 492 annually	One year starting from 15 Rabi' al-Awwal 1445H (corresponding to 30 September 2023G) to 26 Rabi' al-Awwal 1446H (corresponding to 29 September 2024G). The agreement may be renewed by executing a new agreement between the parties.	The lease agreement may be terminated, if the lessor or the lessee violates any of its obligations under this agreement, after giving a notice to the party in breach by the affected party. The affected party may terminate this agreement if the warned party is not committed to its obligations or remove damages caused thereby within 15 days of the warning date. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Warehouse.	The lessee may not sublease or assign the property to a third party.
12	Abdullatif Saleh Abdullatif Al Shehail	AlAhsa, Eastern Province, Kingdom of Saudi Arabia.	1,000 Dunam (corresponding to 1,000,000 sqm.)	SAR 136,681 annually.	One year starting from 22 Jumada al-Ula 1445H (corresponding to 5 December 2023G) to 4 Jumada al-Akhirah 1446H (corresponding to 5 December 2024G). The agreement may be renewed by executing a new agreement between the parties.	The lease agreement may be terminated when one or more of the following conditions are met: i) proof that the property is about to collapse, as evidenced by a report from the civil defence or authorised governmental entities; ii) if governmental decisions necessitate modifications to the building codes, resulting in the inability to use the real estate units; iii) the state acquiring the property or part of it, making it impossible to use the real estate units; or iv) in the case of force majeure.	Individual accommodation.	The lessee may not sublease or assign the property to a third party.

#	Lessor	Location	Size (Sqm)	Rent	Term of Lease/ Renewal Mechanism	Right to Terminate/Post Termination Procedures	Purpose	Subleasing
13	Arabian Agriculture Services Company (ARASCO)	Prince Sultan bin Abdulaziz, Riyadh, Kingdom of Saudi Arabia.	1,355 sqm.	SAR 2,587,500 semi-annually.	Five years starting from 19 Jumada al-Akhirah 1445H (corresponding to 1 January 2024G) to 15 Sha'ban 1450H (corresponding to 31 December 2028G). The agreement may be renewed by executing a new agreement between the parties.	The lease agreement may be terminated, if the lessor or lessee violates any of their obligations under this agreement, after giving a notice to the defaulting party by the affected party. The affected party may terminate this agreement if the defaulting party is not committed to his obligations or remove damaged caused thereby within 15 days of warning date. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Headquarters.	N/A

Source: The Company.

(1) As of the date of this Prospectus, the contract has not been registered through the Ejar platform. For more information regarding the risks associated with not registering lease agreements through the Ejar platform, see section 2.1.16 (*Risks Related to the Non-Registration of Lease Agreements on the Ejar Platform*).

11.7.3 Movable Assets

As of the date of this prospectus, the Company owns a number of movable assets that they consider to be material. The following table shows the movable assets that the Company considers to be material:

Table 11.13: Details of Movable Assets Owned by the Company

#	Location	Description and Purpose	Type of Right	Value	Net Book Value	Actual cost of assets disposed during the period
1.	The Kingdom	Buildings for plants, farms, others	Ownership	SAR 366,687,924 as of 31 December 2023G. SAR 370,791,865 as of 31 March 2024G.	SAR 283,365,357 as of 31 December 2023G. SAR 284,136,575 as of 31 March 2024G.	SAR 0 for the year ended 31 December 2023G. SAR 0 for the three-month period ended 31 March 2024G.
2.	The Kingdom	Machinery and equipment for plants, farms, others	Ownership	SAR 471,681,962 as of 31 December 2023G. SAR 484,336,682 as of 31 March 2024G.	SAR 221,873,645 as of 31 December 2023G. SAR 227,703,166 as of 31 March 2024G.	SAR 26,500 for the year ended 31 December 2023G. SAR 0 for the three-month period ended 31 March 2024G.
3.	The Kingdom	Motor vehicles for plants, farms, others	Ownership	SAR 56,006,971 as of 31 December 2023G. SAR 58,758,971 as of 31 March 2024G.	SAR 12,072,854 as of 31 December 2023G. SAR 14,196,433 as of 31 March 2024G.	SAR 623,244 for the year ended 31 December 2023G. SAR 0 for the three-month period ended 31 March 2024G.
4.	The Kingdom	Projects in progress for plants, farms, others	Ownership	SAR 271,513,951 as of 31 December 2023G. SAR 277,513,762 as of 31 March 2024G.	SAR 271,513,951 as of 31 December 2023G. SAR 277,513,762 as of 31 March 2024G.	SAR 0 for the year ended 31 December 2023G. SAR 0 for the three-month period ended 31 March 2024G.

#	Location	Description and Purpose	Type of Right	Value	Net Book Value	Actual cost of assets disposed during the period
5.	The Kingdom	Office furniture and equipment for plants, farms, capital spare parts, others	Ownership	SAR 19,626,464 as of 31 December 2023G. SAR 21,344,559 as of 31 March 2024G.	SAR 3,973,679 as of 31 December 2023G. SAR 4,255,771 as of 31 March 2024G.	SAR 550,678 for the year ended31 December 2023G. SAR 0 for the three-month period ended 31 March 2024G.

11.8 Related Party Contracts and Transactions

11.8.1 Services Agreement between the Company and ARASCO (Facility)

The Company (as customer) entered into a Services Agreement with ARASCO (as facility service provider) to provide the required services. The agreement was made on a commercial basis and at market prices. The volume of transaction amounted to SAR 2,495,361, SAR 5,265,974, SAR 4,500,000, and SAR 1,125,000 for the financial years ended 31 December 2021G, 2022G and 2023G, and the three-month period ended 31 March 2024G, respectively. The agreement was concluded on 8 Jumada al-Akhirah 1444H (corresponding to 1 January 2023G) for a term of one year. The agreement shall be renewed annually unless either party notifies the other not to renew by providing a prior written notice of 365 working days. The agreement is governed by the laws of the Kingdom and any disputes arising from the agreement shall be resolved amicably, if it is not resolved by amicable means, it shall be referred to the competent authority in the Kingdom.

This agreement is with a related party due to the indirect interest of Vice Chairman Ziyad Abdul Latif Saleh Al Sheikh in his capacity as Chief Executive Officer of ARASCO and due to the indirect interest of the Chairman of the Board, Bader Hamid Al Aujan and the members of the Board of Directors, Ibrahim Abdulaziz Ibrahim Al Muhanna, Faris Abdullah Al Habib, and Fahad Mutlaq Al Henaki in their capacity as Board Members of ARASCO. Accordingly, this agreement and that interest were approved by the Company's General Assembly on 11 Thul-Qi'dah 1445H (corresponding to 19 May 2024G).

The agreement concluded with ARASCO contains a confidentiality clause, whereby parties are required to hold the information provided to them in confidence. On 4 Thul-Qi'dah 1445H (corresponding to 12 May 2024G), the Company obtained ARASCO's prior written consent to disclose contractual arrangements entered into with ARASCO in this Prospectus.

11.8.2 Services Agreement between the Company and ARASCO (HR)

The Company (as customer) entered into a Services Agreement with ARASCO (as service provider) to provide the required services. The agreement was made on a commercial basis and at market prices. The volume of transaction amounted to SAR 4,327,743, SAR 5,179,560, SAR 3,884,670, and SAR 825,300 for the financial years ended 31 December 2021G, 2022G and 2023G, and the three-month period ended 31 March 2024G, respectively. The agreement was concluded on 19 Jumada al-Akhirah 1445H (corresponding to 1 January 2024G). The term of the agreement is not defined. The agreement shall be automatically renewed unless either party notifies the other not to renew by providing a prior written notice of 365 working days. The agreement is governed by the laws of the Kingdom and any disputes arising from the agreement shall be resolved amicably, if it is not resolved by amicable means, it shall be referred to the competent authority in the Kingdom.

This agreement is with a related party due to the indirect interest of Vice Chairman Ziyad Abdul Latif Saleh Al Sheikh in his capacity as Chief Executive Officer of ARASCO and due to the indirect interest of the Chairman of the Board, Bader Hamid Al Aujan and the members of the Board of Directors, Ibrahim Abdulaziz Ibrahim Al Muhanna, Faris Abdullah Al Habib, and Fahad Mutlaq Al Henaki in their capacity as Board Members of ARASCO. Accordingly, this agreement and that interest were approved by the Company's General Assembly on 11 Thul-Qi'dah 1445H (corresponding to 19 May 2024G).

The agreement concluded with ARASCO contain a confidentiality clause, whereby parties are required to hold the information provided to them in confidence. On 4 Thul-Qi'dah 1445H (corresponding to 12 May 2024G). The Company obtained ARASCO's prior written consent to disclose contractual arrangements entered into with ARASCO in this Prospectus.

11.8.3 Services Agreement between the Company and ARASCO (IT)

The Company (as customer) entered into a Services Agreement with ARASCO (as service provider) for the purpose of providing the required services. The agreement was made on a commercial basis and at market prices. The volume of transaction amounted to SAR 9,546,690, SAR 7,335,840, SAR 10,000,000, and SAR 2,500,000 for the financial years ended 31 December 2021G, 2022G and 2023G, and the three-month period ended 31 March 2024G, respectively. The agreement was concluded on 8 Jumada al-Akhirah 1444H (corresponding to 1 January 2023G) for a term of one year. The agreement shall be renewed annually unless either party notifies the other not to renew by providing a prior written notice of 365 working days. The agreement is governed by the laws of the Kingdom and any disputes arising from the agreement shall be resolved amicably, if it is not resolved by amicable means, it shall be referred to the competent authority in the Kingdom.

This agreement is with a related party due to the indirect interest of Vice Chairman Ziyad Abdul Latif Saleh Al Sheikh in his capacity as Chief Executive Officer of ARASCO and due to the indirect interest of the Chairman of the Board, Bader Hamid Al Aujan and the members of the Board of Directors, Ibrahim Abdulaziz Ibrahim Al Muhanna, Faris Abdullah Al Habib, and Fahad Mutlaq Al Henaki in their capacity as Board Members of the ARASCO. Accordingly, this agreement and that interest were approved by the Company's General Assembly on 11 Thul-Qi'dah 1445H (corresponding to 19 May 2024G).

The agreement concluded with ARASCO contains a confidentiality clause, whereby parties are required to hold the information provided to them in confidence. On 4 Thul-Qi'dah 1445H (corresponding to 12 May 2024G) the Company obtained Arabian Agriculture Services Company's (ARASCO) prior written consent to disclose contractual arrangements entered into with ARASCO in this Prospectus.

11.8.4 Feed Supply Agreement between the Company and ARASCO

The Company (as customer) entered into a Feed Supply Agreement with ARASCO (as supplier) to supply raw material/ feed. The Company purchases raw materials/feed from the Substantial Shareholder on a commercial basis and at market prices. The volume of transaction amounted to SAR 237,389,941, SAR 335,376,511, SAR 383,609,149 and SAR 72,810,389 for the financial year ended 31 December 2023G and the three-month period ended 31 March 2024G, respectively. The agreement was concluded on 9 Rajab 1444H (corresponding to 31 January 2023G) for a term of five years. The agreement shall be automatically renewed unless either party notifies the other not to renew by providing a prior written notice of 60 days before the end of the term. The agreement is governed by the laws of the Kingdom and any disputes arising from the agreement shall be resolved amicably, if it is not resolved by amicable means, it shall be referred to the competent authority in the Kingdom.

This agreement is with a related party due to the indirect interest of Vice Chairman Ziyad Abdul Latif Saleh Al Sheikh in his capacity as Chief Executive Officer of the ARASCO and due to the indirect interest of the Chairman of the Board, Bader Hamid Al Aujan and the members of the Board of Directors, Ibrahim Abdulaziz Ibrahim Al Muhanna, Faris Abdullah Al Habib, and Fahad Mutlaq Al Henaki in their capacity as Board Members of the ARASCO. Accordingly, this agreement and that interest were approved by the Company's General Assembly on 11 Thul-Qi'dah 1445H (corresponding to 19 May 2024G).

11.8.5 Services Agreement between the Company and Inspection, Diagnosis and Analysis Lab Company (IDAC)

The Company (as customer) entered into a Services Agreement with Inspection, Diagnosis and Analysis Lab Company (IDAC) (as service provider) for to provide sample test services. The agreement was made on a commercial basis and at market prices. The volume of transaction amounted to SAR 1,190,793, SAR 3,524,777, SAR 4,670,238, and SAR 279,540 for the financial years ended 31 December 2021G, 2022G and 2023G, and the three-month period ended 31 March 2024G, respectively. The agreement was concluded on 8 Jumada al-Akhirah 1444H (corresponding to 1 January 2023G) for a term of one year. The agreement shall be automatically renewed for a similar period unless either party notifies the other not to renew 60 days prior to the end of the term. The agreement is governed by the laws of the Kingdom and any disputes arising from the agreement shall be resolved amicably, if it is not resolved by amicable means, it shall be referred to the competent authority in the Kingdom.

This agreement is with a related party due to the indirect interest of the Vice Chairman of the Board, Ziyad Abdul Latif Saleh Al Sheikh, in his capacity as Chairman of the Board of Directors of the Inspection, Diagnosis and Analysis Lab Company (IDAC). This agreement has been approved by the Company's General Assembly on 11 Thul-Qi'dah 1445H (corresponding to 19 May 2024G).

The agreement concluded with Inspection, Diagnosis and Analysis Lab Company (IDAC) contains a confidentiality clause, whereby parties are required to hold the information provided to them in confidence. On 4 Thul-Qi'dah 1445H (corresponding to 12 May 2024G), the Company obtained Inspection, Diagnosis and Analysis Lab Company's (IDAC) prior written consent to disclose contractual arrangements entered into with Inspection, Diagnosis and Analysis Lab Company (IDAC) in this Prospectus.

11.8.6 Supply Agreement between the Company and Al Emar International (Branch of ARASCO)

The Company (as customer) entered into a Supply Agreement with Al Emar International (Al Emar) (as service provider) to supply veterinary vaccine feed additives and disinfectants. The agreement was made on a commercial basis and at market prices. The volume of transaction amounted to SAR 3,771,080 and SAR 2,141,899 for the financial year ended 31 December 2023G and the three-month period ended 31 March 2024G, respectively. The agreement was concluded on 8 Jumada al-Akhirah 1444H (corresponding to 1 January 2023G) for a term of one year. The agreement shall be automatically renewed for a similar period unless either party notifies the other not to renew 30 days prior to the end term. The agreement is governed by the laws of the Kingdom and any disputes arising from the agreement shall be resolved amicably, if it is not resolved by amicable means, it shall be referred to the competent authority in the Kingdom.

This agreement is with a related party due to the indirect interest of Vice Chairman Ziyad Abdul Latif Saleh Al Sheikh in his capacity as Chief Executive Officer of the ARASCO and due to the indirect interest of the Chairman of the Board, Bader Hamid Al Aujan and the members of the Board of Directors, Ibrahim Abdulaziz Ibrahim Al Muhanna, Faris Abdullah Al Habib, and Fahad Mutlaq Al Henaki in their capacity as

Board Members of the ARASCO. Accordingly, this agreement and that interest were approved by the Company's General Assembly on 11 Thul-Qi'dah 1445H (corresponding to 19 May 2024G).

11.8.7 Loan Transfer Agreement between the Company and ARASCO

The Company (as transferee) has entered into a Loan Transfer Agreement with Arabian Agriculture Services Company (as transferor) to transfer four loans from the Agricultural Development Fund and Saudi Al Awwal Bank (SAB) from ARASCO to the Company. The loans have been successfully transferred from the Agricultural Development Fund as of the date of this Prospectus. Total loans balance was SAR 517,202,785 and SAR 577,469,357 for the financial year ended 31 December 2023G and the three-month period ended 31 March 2024G, respectively. The agreement was concluded on 9 Rajab 1444H (corresponding to 31 January 2023G). The agreement is governed by the laws of the Kingdom and any disputes arising from the agreement shall be resolved amicably, if it is not resolved by amicable means, it shall be referred to the competent authority in the Kingdom.

This agreement is with a related party due to the indirect interest of Vice Chairman Ziyad Abdul Latif Saleh Al Sheikh in his capacity as Chief Executive Officer of ARASCO and due to the indirect interest of the Chairman of the Board, Bader Hamid Al Aujan and the members of the Board of Directors, Ibrahim Abdulaziz Ibrahim Al Muhanna, Faris Abdullah Al Habib, and Fahad Mutlaq Al Henaki in their capacity as Board Members of the ARASCO. Accordingly, this agreement and that interest were approved by the Company's General Assembly on 11 Thul-Qi'dah 1445H (corresponding to 19 May 2024G).

11.8.8 Services Agreement between the Company and Al Khorayef Commercial Company

The Company (as customer) entered into a Services Agreement with Al Khorayef Commercial Co (as service provider) to supply, commission, test and startup prime generators for Amal Farm. The agreement was made on a commercial basis and at market prices. The volume of transaction amounted to SAR 3,104,101 and SAR 115,572 for the financial year ended 31 December 2023G and the three-month period ended 31 March 2024G, respectively. The agreement was concluded 9 Jumada al-Ula 1443H (corresponding to 13 December 2021G) and provides for 16 weeks for supply and eight to 10 weeks for installation, testing, commissioning and startup. The agreement is governed by the laws of the Kingdom and any disputes arising from the agreement shall be resolved amicably, if it is not resolved by amicable means, it shall be referred to the competent authority in the Kingdom.

The Company and Al Khorayef Commercial Company are related parties pursuant to the definition of a "related party" in Article 1 of the Corporate Governance Regulations. Furthermore, the Shareholder Abdullah Al Khorayef has an indirect interest through his share in Abdullah Ibrahim Alkhorayef Sons Company, which in turn owns 19.93 per cent. in ARASCO.

11.8.9 Supply Agreement between the Company and Abdullah Al Othaim Markets Company

The Company (as supplier) entered into a Supply Agreement with Abdullah Al Othaim Markets Company (as retailer) for the purpose of retailing the Company's fresh food products within retailer's stores across the Kingdom. The agreement was made on a commercial basis and at market prices. In return, the retailer pays a fee in the form of a discount on each product sold, plus additional fees for inventory storage per unit, a one-time opening fee for each new branch selling the Company's products, a discount for product display, and advertising support fees. The volume of transaction amounted to SAR 29,000,000 and SAR 7,421,627 for the financial year ended 31 December 2023G and the three-month period ended 31 March 2024G, respectively. The agreement was concluded on 25 Rabi' al-Thani 1440H (corresponding to 1 January 2019G) and was due to expire on 5 Jumada al-Ula 1441H (corresponding to 31 December 2019G). The agreement shall be renewed automatically on the same terms and conditions. The agreement is governed by the laws of the Kingdom and any dispute arising from the agreement will be referred to competent courts in the Kingdom.

This agreement is with a related party due to the indirect interest of the Chairman of the Board, Bader Hamid Al Aujan, in his capacity as Chairman of the Board of Abdullah Al Othaim Markets Company. This agreement has been approved by the Company's General Assembly on 11 Thul-Qi'dah 1445H (corresponding to 19 May 2024G).

11.8.10 Supply Agreement between the Company and Mazaq Al Tabkha Al Lazeeza

The Company (as supplier) has entered into a Supply Agreement with Mazaq Al Tabkha Al Lazeeza (as customer) to supply frozen/fresh chicken to the customer's warehouse. The agreement was made on a commercial basis and at market prices. The volume of transaction amounted to SAR 650,417 and SAR 176,492 for the financial year ended 31 December 2023G and the three-month period ended 31 March 2024G, respectively. The agreement was concluded on 20 Thul-Qi'dah 1445H (corresponding to 27 May 2024G). The agreement shall be renewed automatically on the same terms and conditions unless one party notifies the other not to renew 30 days prior. The agreement is governed by the laws of the Kingdom and any disputes arising from the agreement shall be resolved amicably, if it is not resolved by amicable means, it shall be referred to the competent authority in the Kingdom.

This agreement is with a related party due to the indirect interest of the Board Member Faris Abdullah Al Habib as his brother is the founder of Mazaq Al Tabkha Al Lazeeza. This agreement has been approved by the Company's General Assembly on 11 Thul-Qi'dah 1445H (corresponding to 19 May 2024G).

11.8.11 Supply Agreement between the Company and Al Hanaki Trading Establishment

The Company (as supplier) has entered into a Supply Agreement with Al Hanaki Trading Establishment (as customer) to supply frozen/fresh chicken to the customer's warehouse. The agreement was made on a commercial basis and at market prices. The agreement was concluded on 3 Muharram 1446H (corresponding to 9 July 2024G) for a term of one year. The agreement shall be renewed automatically on the same terms and conditions unless one party notifies the other not to renew 30 days prior. The agreement is governed by the laws of the Kingdom and any disputes arising from the agreement shall be resolved amicably, if it is not resolved by amicable means, it shall be referred to the competent authority in the Kingdom.

This agreement is with a related party as the Board Member Fahad Mutlaq Al Henaki, has an indirect interest in his capacity as CEO in Al Hanaki Trading Establishment. This agreement has been approved by the Company's General Assembly on 21 Rabi' al-Awwal 1446H (corresponding to 24 September 2024G).

11.9 Conflicts of Interest

As of the date of this Prospectus, the Directors confirm that they do not have any conflicts of interest in relation to contracts and/or transactions entered into with the Company except as disclosed in Section 11.8 (*Related Party Contracts and Transactions*), and none of them has been engaged in any activities similar to, or competing with, the Company's activities.

11.10 Intellectual Property

11.10.1 Trademarks

The Company has registered a number of trademarks for the branding of its businesses. The Company relies on these trademarks to ensure the success of its businesses and support its competitive position in the market. Accordingly, if the Company fails to protect its trademarks or it is forced to take legal action to protect the same, this may have an adverse effect on its ability to use them, which would affect its businesses and results of operations (for further details on risks related to the trademarks, see Section 2.1.39 (*Risks Related to Protection of Intellectual Property Rights*)).

The following table sets out certain key particulars of the Company trademarks:

Table 11.14: Details of Registered Trademarks

Country of Registration	Registration Number	Validity/Expiration Date	Category	Logo
The Kingdom	142404510	Registered on 20 Rabi' al-Awwal 1425H (corresponding to 9 May 2004G) and valid until 18 Rajab 1454H (corresponding to 23 October 2032G).	29	
The Kingdom	142501872	Registered on 9 Sha'ban 1426H (corresponding to 13 September 2005G) and valid until 19 Rabi' al-Awwal 1455H (corresponding to 17 June 2033G).	29	
The Kingdom	142500084	Registered on 12 Ramadan 1425H (corresponding to 26 October 2004G) and valid until 3 Muharram 1455H (corresponding to 3 April 2033G).	29	
The Kingdom	142403880	Registered on 20 Rabi' al-Awwal 1425H (corresponding to 9 May 2004G) and valid until 21 Jumada al-Akhirah 1454H (corresponding to 26 September 2032G).	29	
The Kingdom	1442009137	Registered on 8 Jumada al-Akhirah 1442H (corresponding to 21 January 2021G) and valid until 18 Rabi' al-Awwal 1452H (corresponding to 19 July 2030G).	29	

Country of Registration	Registration Number	Validity/Expiration Date	Category	Logo
The Kingdom	1442007063	Registered on 8 Jumada al-Akhirah 1442H (corresponding to 21 January 2021G) and valid until 14 Rabi' al-Awwal 1452H (corresponding to 15 July 2030G).	29	
The Kingdom	1442009138	Registered on 28 Jumada al-Akhirah 1442H (corresponding to 10 February 2021G) and valid until 23 Rabi' al-Awwal 1452H (corresponding to 24 July 2030G).	29	
The Kingdom	1442007061	Registered on 8 Jumada al-Akhirah 1442H (corresponding to 21 January 2021G) and valid until 14 Rabi' al-Awwal 1452H (corresponding to 15 July 2030G).	29	
The Kingdom	1442037460	Registered on 28 Safar 1443H (corresponding to 5 October 2021G) and valid until 29 Thul-Qi'dah 1452H (corresponding to 23 March 2031G).	29	
The Kingdom	142403882	Registered on 20 Rabi' al-Awwal 1425H (corresponding to 9 May 2004G) and valid until 21 Jumada al-Akhirah 1454H (corresponding to 26 September 2032G).	29	
The Kingdom	1435003800	Registered on 25 Shawwal 1435H (corresponding to 21 August 2014G) and valid until 11 Rabi' al-Awwal 1455H (corresponding to 9 June 2033G).	29	
The Kingdom	1440007659	Registered on 15 Jumada al-Akhirah 1440H (corresponding to 20 February 2019G) and valid until 23 Rabi' al-Awwal 1450H (corresponding to 14 August 2028G).	29	
The Kingdom	1440023300	Registered on 25 Muharram 1441H (corresponding to 24 September 2019G) and valid until 15 Ramadan 1450H (corresponding to 30 January 2029G).	29	
The Kingdom	1439018915	Registered on 5 Thul-Qi'dah 1439H (corresponding to 18 July 2018G) and valid until 14 Sha'ban 1449H (corresponding to 11 January 2028G).	29	
The Kingdom	TM-01-00-05026-24	Registered on 20 Thul-Hijjah 1445H (corresponding to 26 June 2024G) and valid until 26 Rajab 1455H (corresponding to 20 October 2033G).	29	
The Kingdom	TM-01-00-05016-24	Registered on 20 Thul-Hijjah 1445H (corresponding to 26 June 2024G) and valid until 26 Rajab 1455H (corresponding to 20 October 2033G).	29	
The Kingdom	TM-01-00-05023-24	Registered on 15 Muharram 1446H (corresponding to 21 July 2024G) and valid until 26 Rajab 1455H (corresponding to 20 October 2033G).	29	
The Kingdom	TM-01-00-05018-24	Registered on 15 Muharram 1446H (corresponding to 21 July 2024G) and valid until 26 Rajab 1455H (corresponding to 20 October 2033G).	29	

Country of Registration	Registration Number	Validity/Expiration Date	Category	Logo
The Kingdom	TM-01-00-05015-24	Registered on 15 Muharram 1446H (corresponding to 21 July 2024G) and valid until 26 Rajab 1455H (corresponding to 20 October 2033G).	29	
The Kingdom	TM-01-00-05014-24	Registered on 15 Muharram 1446H (corresponding to 21 July 2024G) and valid until 26 Rajab 1455H (corresponding to 20 October 2033G).	29	
The Kingdom	TM-01-00-04955-24	Registered on 15 Muharram 1446H (corresponding to 21 July 2024G) and valid until 25 Rajab 1455H (corresponding to 19 October 2033G).	29	
The Kingdom	TM-01-00-04995-24	Registered on 15 Muharram 1446H (corresponding to 21 July 2024G) and valid until 26 Rajab 1455H (corresponding to 20 October 2033G).	29	

Source: The Company.

11.10.2 The Company's Other Intellectual Properties

The Company owns a number of internet domains registered under its name. The following table sets out the details of the internet domains registered under the Company's name:

Table 11.15: Details of Internet Domain Names

Internet Domain Name	Expiration Date
www.entaj.com	5 Safar 1447H (corresponding to 30 July 2025G)
www.entaj.sa	3 Shawwal 1446H (corresponding to 1 April 2025G)
www.entaj.net	22 Rabi' al-Awwal 1447H (corresponding to 14 September 2025G)
www.entaj.com.sa	9 Rabi' al-Awwal 1447H (corresponding to 1 September 2025G)
www.intaj.com.sa	9 Rabi' al-Awwal 1447H (corresponding to 1 September 2025G)
www.intaj.sa	9 Rabi' al-Awwal 1447H (corresponding to 1 September 2025G)
www.acaii.net	24 Jumada al-Akhirah 1446H (corresponding to 25 December 2024G)
www.entajfoods.com	2 Jumada al-Akhirah 1452H (corresponding to 30 September 2030G)

Source: The Company.

11.11 Litigation

As of the date of this Prospectus, the Company is party to a number of lawsuits that have arisen in the ordinary course of its business. The Company believes that none of these lawsuits are material. For the purposes of this section, any case or claim is deemed material if its value was equivalent to SAR 6 million or more (which accounts for five per cent. or more of the Company's net assets for the financial year ended 31 December 2023G and the three-month period ended 31 March 2024G), or if the Company deems it material by nature and the possibility of it impacting the Company's business and/or reputation.

The following table shows a brief summary of outstanding lawsuits by type of claim as of the date of this Prospectus:

Table 11.16: Summary of Mon-Material Ongoing Claims by Type of Claim as of the Date of this Prospectus

Type of Claim	Number of Claims	Subject of the Lawsuit	Estimated Total Value of Claims	Amount Provided for as of 31 March 2024G (SAR)
Non-material ongoing claims and legal proceedings initiated by the Company	Seven	Four lawsuits relating to financial claims before the Execution Court. Two lawsuits relating to financial claims before the Commercial Court. One lawsuit relating to a financial claim with the bankruptcy trustee.	SAR 7,082,410.44	SAR 6,410,563.00
Non-material ongoing claims and legal proceedings initiated against the Company	Three	One labour lawsuit relating to a financial claim before the Labour Court. One lawsuit relating to a financial claim for the value of transportation, storage and distribution before the General Court. One lawsuit relating to a compensation claim for the value of movables before the Commercial Court.	SAR 611,006.00	SAR 727,700.00

Source: The Company.

Table 11.17: Summary of Pending or Potential Material Claims Initiated by the Company

Capacity	Dispute Summary	Amount Provided for as of 31 March 2024G (SAR)
Company (as plaintiff)	The Company (as plaintiff) filed a lawsuit against an establishment (as defendant) in the Enforcement Court regarding a financial claim related to the Defendant's commitment to fulfil a promissory note. The ruling was in favour of the plaintiff, and the execution is ongoing.	SAR 7,890,691.14 A provision of SAR 7,890,691 was set aside for the lawsuit filed by the Company.
Company (as defendant)	An establishment (as plaintiff) filed a lawsuit against the company (as defendant) in the Enforcement Commercial Court regarding a financial claim for the value of goods. The case is scheduled to be heard on2 Safar 1446H (corresponding to 6 August 2024G), and the ruling was issued in favour of the plaintiff for approximately SAR 300,000. The defendant has appealed the decision.	SAR 14,435,580

Source: The Company.

11.12 Summary of Bylaws

11.12.1 Establishment of the Company

Arabian Company for Agricultural and Industrial Investment was converted in accordance with the provisions of the Companies Law issued by Royal Decree No. (132) dated 1 Thul-Hiiiah 1443H, and its Implementing Regulations issued by the decision of the Minister of Commerce No. 284 dated 23 Jumada al-Akhirah 1444H and this Law, from a limited liability company to a closed joint-stock company as detailed below:

11.12.2 Name of the Company

The name of the Company is Arabian Company for Agricultural and Industrial Investment (closed joint stock Company).

11.12.3 Head Office of the Company

The head office of the Company is in the city of Riyadh, Kingdom of Saudi Arabia. The Company, by a Board resolution, may establish branches, offices, or agencies therefor within or outside the Kingdom of Saudi Arabia, where the interests of the company so require.

11.12.4 Objects of the Company

The company engages in and carries out the following objects:

- Real estate activities;
- professional, scientific and technical activities;
- agriculture, forestry and fishing;
- industry and transformation;
- transportation and storage; and
- wholesale and retail trade in repair of motor vehicles and motorcycles.

The Company conducts its activities according to the relevant laws and after obtaining the required licences, when required, from the competent authorities.

11.12.5 Participation and Ownership in Companies

The Company by itself, may establish (limited liability, close joint stock, or simplified joint stock) companies. The Company may own Shares or stock in other existing companies, or merge therewith; as well as participate with third parties in the establishment of joint stock, simplified joint stock or limited liability companies after fulfilling the requirements set forth by the applicable laws and regulations in this regard. The Company may also dispose of said stock or Shares provided that no brokerage activities are warranted upon the disposal of such stock or Shares.

11.12.6 Duration of the Company

The term of the Company shall be 99 Hijri years commencing from the date of its due registration in the commercial register. The term of the Company may always be extended by a resolution issued by the Extraordinary General Assembly at least one year prior to the expiration of its term.

11.12.7 Capital

1. The share capital of the Company is three hundred million Saudi Arabian Riyals (SAR 300,000,000) divided into thirty million (30,000,000) ordinary Shares with an equal nominal value of ten Saudi Arabian Riyals (SAR 10) each, all of which are ordinary Shares.
2. The shareholders acknowledge their commitment to fully fulfil the capital upon establishment.

11.12.8 Share Subscription

The Shareholders have subscribed to the entire share capital, amounting to is three hundred million Saudi Arabian Riyals (SAR 300,000,000), which has been fully paid up.

11.12.9 Preferred Shares

The Company's Extraordinary General Assembly may, in accordance with the guidelines set by the competent authority, issue preferred Shares, and decide to purchase the same or convert ordinary Shares into preferred or convert preferred Shares into ordinary Shares. Preferred Shares shall not bestow voting rights in Shareholder General Assembly meetings. The owners shall have the right to receive a greater percentage of the Company's net profits than the holders of ordinary Shares. The Company's Extraordinary General Assembly also has the right to issue treasury shares or decide to purchase them or convert ordinary or preferred shares into treasury shares in accordance with the guidelines set by the competent authority.

11.12.10 Sale of Unpaid Shares

The Shareholder undertakes to pay the value of the Share on the dates specified for that purpose. Failure to do so will give the Board of Directors the right, after informing the Shareholder by registered mail of selling the Share at a public auction or the stock exchange - as the case may be - pursuant to the controls set by the competent authority.

The Company shall collect the amounts payable thereto, from its sale proceeds, and shall repay the balance to the owner of the Share. If the sale proceeds are not sufficient to satisfy such amounts, then the Company may recover the balance from all Shareholder assets.

However, the defaulting shareholder may, up until the day of the sale, pay the outstanding value along with any expenses incurred by the company in this regard.

The Company shall cancel Share sold pursuant to the provisions of this Article and give the buyer a new share certificate bearing the same serial numbers as those of the cancelled Shares, with an annotation made in the Share Register indicating the sale as well as the new owner's name.

11.12.11 Issuance of Shares

Shares shall be nominal and may not be issued for less than their nominal value. However, they may be issued for a value higher than the nominal value, in which case the difference is recorded in a separate account under shareholders' equity and may not be distributed as dividends to shareholders. Shares are indivisible in relation to the company, and if a share is jointly owned by multiple persons, they must appoint one of them to represent them in exercising the rights associated with the share. These individuals are jointly liable for the obligations arising from the ownership of the share.

11.12.12 Trading of Shares

Trading of Shares subscribed by the founder is not allowed before the publication of financial statements for two consecutive fiscal years, each lasting no less than twelve months from the date of Company establishment. These Shares are indicated by certificates that specify their type, establishment date, and the period during which trading is prohibited. However, during the restricted period, the ownership of these Shares can be transferred according to the rules of selling rights from one founder to another or to the successors in case of the founder's death, or in case of execution on the founder's insolvent or bankrupt assets. The ownership of these Shares should be prioritised for other founders. The provisions of this article also apply to what is written by the founders in the case of an increase in the capital before the expiration of the restricted period.

11.12.13 Shareholders' Register

The Company shall prepare a register which includes Shareholders' names, nationalities, particulars, places of residence, and occupations as well as the number of Shares owned by each shareholder, the serial numbers of the Shares which they own, and the amount paid of their value. The Company may outsource the preparation of the register; said register shall be maintained in the Kingdom.

11.12.14 Increase of Share Capital

(a) The Extraordinary General Assembly may decide to increase the Company's issued capital, provided that the issued capital has been paid in full. The full payment of capital shall not be required if the unpaid portion of said capital relates to Shares issued against the conversion of debt instruments or financing Sukuk into Shares, and the period set for such conversion has not yet expired.

(b) In all cases, the Extraordinary General Assembly may allocate the issued Shares or part thereof to the employees of the Company and/or any or all of its subsidiaries.

(c) Shareholders may not exercise their pre-emptive rights on issued Shares allocated for employees.

(d) A Shareholder who owns a share, as of the date of issuance of the Extraordinary General Assembly's decision approving the increase of the issued capital, shall have a pre-emptive right to subscribe to new Shares issued against cash contributions.

A Shareholder shall be notified by registered mail sent to the address stated in the Shareholders' Register or through modern technology means of the capital increase decision, the conditions and duration of subscription, and the dates on which said subscription begins and ends.

(e) The Extraordinary General Assembly may suspend the pre-emptive rights of Shareholders to subscribe to the capital increase against cash contributions, or may grant pre-emptive rights to non-Shareholders, in relation to capital increases in cases where it deems this to be beneficial to the Company's interests.

(f) The shareholder has the right to sell or assign the pre-emptive rights from the time the Extraordinary General Assembly issues the resolution to increase capital until the last day of subscription for the new shares associated with these rights, in accordance with the regulations set by the relevant authority.

Subject to the provisions of Paragraph (D), newly issued Shares shall be distributed to the holders of pre-emptive rights requesting subscription in proportion to the pre-emptive rights they hold against the total pre-emptive rights resulting from the capital increase, provided that the number of newly issued Shares they receive does not exceed the number of Shares they request. The remaining new Shares shall be distributed among the holders of the pre-emptive rights who request more than their share in proportion to the pre-emptive rights they hold against the total pre-emptive rights resulting from the capital increase, provided that the number of newly issued Shares they receive does not exceed the number of Shares they request. Any remaining Shares shall be offered to third parties, unless the Extraordinary General Assembly decides otherwise, or the Capital Market Law specifies otherwise.

11.12.15 Decrease of Capital

The Extraordinary General Assembly may resolve to reduce the capital, if it exceeds the Company's needs, or if the Company sustains losses. In the latter case only, the Company's capital may be reduced below the limit prescribed under Article 45 of the Companies' Law. The decision to decrease the capital shall not be issued until a statement, prepared by the Board of Directors, is recited at the General Assembly, stating the reasons for such decrease, the Company's obligations, and the effect of the decrease on the satisfaction of such obligations. Said statement shall include the report of the Company's auditor. In cases where the General Assembly decision is passed by circulation, the presentation of the statement shall suffice. If the capital reduction is due to the capital exceeding the Company's needs, then the creditors must be invited to express their objection thereto, at least 45 days before the date set for holding the Extraordinary General Assembly meeting to issue the reduction decision. A statement, specifying the capital before and after reduction, the date and time of the meeting, and the effective date of the reduction, shall be attached to the invitation provided to the Company's creditors. Should any creditor object and present to the Company evidentiary documents within the period set above, then the Company shall pay such debt, if already due, or present a sufficient guarantee of payment, if the debt is due on a later date.

11.12.16 Management of the Company

The Company shall be managed by a Board of Directors consisting of five to nine members to be natural persons and elected by the founders of the foundation assembly for a term not exceeding four years. The Board shall appoint a Chairman during its first meeting.

11.12.17 Debt Bonds

After the approval from the relevant authorities, the Company is permitted to issue debt bonds, loans, as well as convertible bonds and sukuk (Islamic bonds) whether for public subscription or otherwise, in accordance with the applicable regulations and rules governing such matters, by a resolution issued by the General Assembly.

11.12.18 Membership Termination

Board membership shall expire upon the expiration of the Board's term, or the expiration of the Board member's term, in accordance with any law or directives applicable in the Kingdom. The Ordinary General Assembly may, at the recommendation of the Board, terminate the membership of Board members that fail to attend three (3) consecutive meetings, or a total of five (5) meetings during their term, without a valid excuse which is satisfactory to the Board.

However, the Ordinary General Assembly may dismiss some or all the Board members. This is without prejudice to the right of the dismissed member to claim compensation from the Company if the dismissal occurs for an unacceptable reason or at an inappropriate time. A Board member may resign, provided it is at an appropriate time; otherwise, they will be liable to the company for any resulting damages. In this case, the Ordinary General Assembly shall appoint a new Board or a replacement for the dismissed member (as the case may be) in accordance with the provisions of the Companies Law.

11.12.19 Termination of Board Term, Resignation of Board Members, or Membership Vacancy

1. Before the end of its term, the Board of Directors must call for an ordinary General Assembly to appoint a new Board for the next term. If the appointment is not possible and the current Board's term ends, its members continue to perform their duties until a new Board is appointed, provided that the duration of the continuing members does not exceed ninety days from the date of the end of their term. The Board of Directors must take necessary actions to elect a new Board to replace it before the expiration of this specified period.
2. If the Chairman and members of the Board of Directors resign, they must call for an ordinary General Assembly to appoint a new Board. The resignation does not affect the election of the new Board unless the duration of the resigned Board exceeds one hundred and twenty days from the date of resignation.
3. A member of the Board of Directors is allowed to resign from their membership by submitting a written notice to the Chairman of the Board. If the Chairman resigns, the notice must be delivered to the remaining members of the Board and the Board secretary. The resignation is effective immediately in both cases from the date specified in the notice.
4. If a position in the Board of Directors becomes vacant due to the death or resignation of any of its members, and this vacancy does not result in the violation of the necessary conditions for the validity of the Board's formation due to a shortage in the number of members below the minimum required, the Board can temporarily appoint a qualified individual to fill the vacant position. The appointment must be notified to the commercial register within fifteen days from the date of appointment, and the appointment should be presented to the ordinary General Assembly for the appointment of a member to the vacant seat.
5. If the necessary conditions for the valid formation of the Board of Directors are not met due to a shortage of the number of members below the minimum required, as stipulated in the Companies Law or in this regulation, the remaining members are required to call for an ordinary General Assembly to convene within 60 days to elect the necessary number of members.

11.12.20 Powers of the Board

Subject to the powers vested in the General Assembly, the Board of Directors shall have the broadest authority to manage the company in a manner that achieves its purposes. It has the right to sign contracts for sale, purchase, loans, mortgages, supply, leasing, and all types of contracts in which the company is a party. This includes contracts for owning shares in existing companies or partnership agreements with third parties to establish joint stock or limited liability companies. The Board also has the authority to sign partner resolutions in those companies, amend management provisions, and sign all commercial papers (receivables, payables, checks) and endorse them. Furthermore, it has the authority to appoint legal advisors, determine their salaries and fees, and the right to dismiss and terminate their services. The Board may also appoint or delegate others with some or all of its powers and authorities. Overall, the company's manager shall have all the necessary powers and authorities required to manage the company.

Subject to the powers assigned to the Ordinary General Assembly, the Board of Directors shall have the broadest powers in managing the company, conducting its affairs, supervising its business and financial affairs inside and outside the Kingdom of Saudi Arabia, preparing policies and guidelines to achieve its objectives, and it shall have, for example, but not limited to, documents for sale, lease, rental, representation, declarations, mortgages, etc., and conducting transactions on behalf of the company, collecting, paying, and receiving rights from others.

The Board also has the right to establish companies, participate in the establishment of companies, open branches for the Company, and sign all types of contracts, documents, and records, including, but not limited to, articles of association for companies that the Company establishes or participates in, along with all amendments and appendices to these articles and all partner resolutions in those companies. This includes resolutions regarding capital increase and reduction, transfer and purchase of shares, documentation, and signing before the Companies Affairs Department at the Ministry of Commerce and Industry, as well as with the Notary Public. It also includes making modifications, additions, deletions, extracting, renewing, receiving, and canceling commercial registrations, changing company names, providing loans to subsidiaries, guaranteeing their loans, and signing agreements and deeds before notaries and official bodies. Additionally, the Board has the right to engage in loan agreements with the Real Estate Development Fund, Agricultural Development Fund, Industrial Development Fund, Human Resources Development Fund, and the Saudi Credit and Savings Bank, including applying for loans, receiving funds, signing contracts with these funds, presenting and collaborating with guarantors, transferring loans, transferring loans on land, requesting loan exemptions, request a clearance of any financial obligations, reclaiming amounts, issuing checks, paying off loans, and signing before the Notary Public regarding industrial mortgages. The Board is authorised to receive and deliver, follow up with all relevant authorities, complete all necessary procedures, and sign as required. It also has the right to delegate others for any or all of the aforementioned tasks, guarantees, sureties, financial documents, relinquishing pre-emptive rights in the settlement of company debts, issuing legal powers of attorney on behalf of the company, as well as buying, selling, transferring, gifting real estate, lands, shares, and company assets, both movable and immovable. The Board may also dispose of the company's assets and properties and mortgage both fixed and movable assets to secure loans for the company and its subsidiaries in accordance with the following conditions:

Obtaining the approval of the General Assembly when selling company assets that exceed 50 per cent. of the total asset value, whether the sale occurs through a single transaction or multiple transactions. In such cases, the transaction that results in exceeding the 50 per cent. threshold of asset value shall be the transaction requiring General Assembly approval. This percentage is calculated from the date of the first transaction completed within the preceding twelve months.

The Board has the right to request and accept Electronic Land and Real Estate Title Registration, accept payments in any form it deems appropriate, oversee receipt and delivery, rent, lease, and handle payments and collections. The Board may open, manage, operate, and close bank accounts, handle deposits and withdrawals at banks, borrow from them, and sign all documents, checks, and other banking transactions. It has the right to invest Company funds and operate them in domestic and international markets, both within and outside the Kingdom of Saudi Arabia. Furthermore, the board has the right to lend to companies and individuals, banks, and financial institutions; to manage dealings with banks, open accounts, withdraw and deposit funds, transfer between accounts, receive and issue transfers, obtain and renew ATM cards and credit cards, issue account statements, request check books, issue certified checks, receive, cash, and contest checks, handle returned checks, open, close, and settle accounts, update information, subscribe to and renew safety deposit boxes, redeem units in safety deposit boxes, obtain loans and provide collateral from banks, and sign loan agreements and credit facilities. It may also request letters of credit and bank guarantees, sign all banking contracts, apply for loan waivers, participate in public company subscriptions, buy and sell shares, receive share certificates, dividends, and surpluses, open investment portfolios, issue, modify, and cancel orders, redeem fund units, subscribe, buy, sell, and transfer shares to and from portfolios, sign electronic documents and applications, and utilise electronic services. The board may review the relevant authorities to complete necessary procedures and may delegate any or all of these tasks as needed. The Board also has the right to disburse bonuses, appoint and dismiss company agents and employees, as well as external service providers such as law, engineering, and accounting firms, and set their compensation, benefits, and employment terms. Passports: it may issue and renew residency permits, replace lost or damaged permits, arrange for exit and re-entry, arrange for final exits, transfer sponsorships, update records, amend professions, make settlements, waive workers, report escapes, cancel escape reports, cancel exit and return visas, cancel final exit visas, issue travel visas in place of damaged or lost ones, issue and extend visit visas, complete deceased employee affairs, issue a workers' data sheet (print), drop workers, contact the Expatriate Affairs and the Ports Authority, issue a follower card. It also has the right to receive and deliver, and the right to review all relevant parties, complete all necessary procedures, and sign what is required, and the right to authorise others in all or some of the above. The board may issue work, exit, and re-entry visas, and final exit visas for company employees and their dependents, transfer sponsorships, and release sponsorships. The Board may enter into commercial loans and obtain credit facilities from government institutions, commercial banks, financial entities, and credit companies, issue guarantees in favor of any party if deemed beneficial for the company, issue promissory notes and other negotiable instruments, and enter into all types of agreements and banking transactions for any period not exceeding the company's duration. For loans exceeding ten years, the following conditions apply:

1. The Board shall specify in its decision the uses of the loan and how to repay it.
2. The terms of the loan and the guarantees provided for it shall consider not to harm the company, its shareholders, and the general guarantees of creditors. The Board shall also approve the Company's internal, financial, administrative and technical regulations, its policies and procedures for employees, and authorise the Company's executive directors to sign on its behalf in accordance with the regulations and controls established by the Board and approve the Company's business and operating plans and approve its annual budget. Discharging the Company's debtors from their obligations, provided that the minutes of the Board of Directors and the grounds for its decision include consideration of the following conditions:
3. The discharge shall be after a full year has passed since the debt arose as a minimum.
4. The discharge shall be for a specified maximum amount per year for each debtor.
5. Discharging debtors is an absolute right of the Board that may not be delegated.

The Board has also the right to buy, sell, and mortgage real estate and personal property in the name of the Company and for its benefit, before public or private parties. It may also accept and release mortgages on real estate or personal property as a guarantee for rights against third parties. It has also the right to carry out necessary transactions to ensure the efficient and profitable operation of the company as much as possible.

The Board has the right to review the Royal Court, the Ministry of Justice, the Ministry of Interior, governmental and private institutions, bodies and companies, the Ministry of Foreign Affairs, the Ministry of Defense, the Ministry of Commerce and Industry, the Ministry of Finance, the Ministry of Agriculture, the Ministry of Labour, the Ministry of Social Affairs, the Ministry of Municipal and Rural Affairs, the Ministry of Higher Education, the Ministry of Education, the Ministry of Health, the Ministry of Culture and Information, the Ministry Of Islamic Affairs, Dawah and Guidance, the Ministry of Housing, the Ministry of Electricity and Water, the Ministry of Petroleum and Mineral Resources, the Ministry of Transport, the Ministry of Hajj, the Ministry of Civil Service, Civil Status and Civil Rights, the Ministry of Communications and Information Technology, the Ministry of Economy and Planning and its branches and affiliated departments and sections. It has the right to review the Saudi Central Bank, the Technical and Vocational Training Corporation, the Saudi Ports Authority, the Saudi Railways Organisation, King Fahad Causeway Authority, King Abdulaziz City for Science and Technology, the Grain Silos and Flour Mills Organisation, the Public Pension Agency, the Saudi Arabian Airlines Corporation, the Saline Water Conversion Corporation, the General Organisation for Social Insurance and its branches and affiliated departments and sections. It also has the right to review the Control and Investigation Board, the Bureau of Investigation and Public Prosecution, the General Investment Authority, the Capital Market Authority, the Saudi Standards, Metrology and Quality Organisation, the Saudi Commission for Health Specialties, the Saudi Food and Drug Authority, the General Commission for Tourism and Antiquities, the National Anti-Corruption Commission, the Saudi Authority for Industrial Cities and Technology Zones, the Royal Commission for Jubail and Yanbu, the Human Rights Commission, the National Center for Wildlife, the General Authority of Civil Aviation, the Royal Commission for Riyadh City, the Royal Commission for Makkah City and Holy Sites, the Development of Madinah Authority, the Communications, Space and Technology Commission and its branches and affiliated departments and sections. It also has the right to review the General Organisation for Social Insurance and other ministries, institutions, authorities and other governmental and private companies. It has the right to create, activate, amend and cancel all electronic services related to the Absher system and other electronic systems of the Ministry of Interior and other ministries, authorities and governmental and private companies, and any new systems that are created later. It has the right to receive and deliver and the right to review all relevant parties and complete all necessary procedures and sign as required. It has the right to authorise others in all or some of the above. The Board has the right, within the limits of its jurisdiction, to delegate one or more of its members or a third party to undertake a specific task or tasks.

11.12.21 Remuneration of the Directors

1. The Remuneration of the Board of Directors can consist of a specific amount, attendance allowances for meetings, in-kind benefits, or a certain percentage of the net profits. It is permissible to combine two forms of compensation.
2. If the compensation is a certain percentage of the Company's profits, this percentage cannot exceed ten per cent. of the net profits after deducting the reserves determined by the ordinary General Assembly, in accordance with the provisions of the regulations and the Company's bylaws. After distributing dividends to the shareholders, the compensation should not be less than five per cent. of the paid-up capital of the Company. The entitlement to compensation should be proportional to the number of attended meetings by the Board member, and any deviation from this would be considered invalid.
3. In any case, the total amount received by a Board member as bonuses and financial or in-kind benefits should not exceed SAR 500,000 annually, according to the regulations set by the competent authority. The Board of Directors' report to the ordinary General Assembly should include a comprehensive overview of all the bonuses, allowances, and other benefits received by the Board members during the fiscal year. It should also include a statement of the remuneration received by the Board members as employees, executives, or for technical or consultancy work. Additionally, it should provide a record of the Board meetings and the number of meetings attended by each member since the last General Assembly meeting.

11.12.22 Powers of the Chairman, Vice Chairman, Deputy Chairman and Secretary

1. The Board of Directors appoints a Chairman and may appoint a vice-Chairman from among its members in its first meeting.
2. The Board of Directors may appoint an executive president from among its members or from outside.

The Chairman is responsible for the following:

a. Calling for meetings of the Board of Directors and general assemblies of the Company.

b. chairing and managing the meetings of the Board of Directors and General Assemblies of the Company,

c. Having a casting vote in case of a tie in the votes of the Board of Directors.

d. Representing the Company in official and media forums.

e. Representing the Company in its relations with others, including all governmental and private entities, Sharia courts, judicial bodies, the Board of Grievances, and all other judicial committees within and outside the Kingdom of Saudi Arabia. They have the right to defend, plead, and sign on behalf of the Company regarding the establishment contracts of companies in which the Company is a partner or amendments to the establishment contracts of such companies, whether before notaries, official or private entities. The Chairman also represents the Company before the Capital Market Authority, labour offices, high and primary committees, commercial papers committees, and all other judicial bodies, civil rights arbitration bodies, police departments, chambers of commerce and industry, private entities, companies, and insurance companies of all kinds. They have the right to participate in tenders and auctions and award contracts.

f. The Chairman has the right to claim, file lawsuits, plead, defend, hear claims, respond to them, acknowledge, or deny them, reconcile, waive rights, request oaths, and refuse to take an oath. They can summon witnesses and present evidence, challenge them, answer questions, object, modify, challenge forgery, ideas, and deny lines, stamps, and signatures. They can request travel bans, lift them, request seizure and execution, request arbitration, appoint experts and arbitrators, challenge the reports of experts and arbitrators, replace them, and request the implementation of Article 23 of the Litigation System. Claiming the execution of judgments, accepting judgments, rejecting them, objecting to judgments, requesting appeals, seeking a review, requesting restitution, requesting mediation, and fulfilling the requirements of attending sessions and all lawsuits before all courts, notary offices, receiving amounts, receiving deeds, requesting the recusal of the judge, requesting intervention and interference in Sharia courts, administrative courts (Board of Grievances), Sharia medical committees, labour committees, financial disputes resolution committees, banking disputes settlement committees, commercial paper arbitration offices, commercial disputes settlement committees, customs committees, commercial fraud committees, supervisory and investigation bodies, public prosecution, and all judicial and executive authorities in their various degrees and types. They have the right to receive and deliver, the right to review all relevant entities, and to complete all necessary procedures inside and outside the Kingdom of Saudi Arabia. They have the right to sign where necessary and have the right to delegate to others all or some of the aforementioned declaration, claim, defence, pleading, litigation, settlement, reconciliation, waiver, denial, requesting an oath, rejecting an oath, mediation, accepting judgments, rejecting them, arbitrating on behalf of the Company, requesting the execution of judgments, opposing them, receiving the proceeds of execution, presenting arbitration arguments, requesting the amendment of deeds, and issuing replacements and duplicates and their duration.

Other authorities and powers granted by the Board of Directors:

The Chairman of the Board may delegate all or some of his powers to one of the Board members or employees of the Company or someone else, and the special compensation received by the Chairman of the Board is double the compensation prescribed for the Board members. The Board of Directors appoints a secretary who is chosen from among its members or others, and his duties and compensation are determined by a separate contract, and the duration of membership for the Chairman of the Board, Vice Chairman, Executive Member, Secretary, and Board members does not exceed the duration of their membership in the Board. They can be re-elected, and the Board has the right at any time to dismiss them or any of them without violating the right of the dismissed person to compensation if the dismissal occurs for an unjustified reason or at inappropriate time.

The Chairman of the Board has the authority to delegate in writing some of his powers to other Board members or others to carry out work or tasks, and the Vice Chairman of the Board assumes his duties in his absence in cases where the Board has a Vice Chairman. The duration of the Chairman of the Board's absence in cases where the Board has a Vice Chairman does not exceed the duration of the absence of the Chairman of the Board. The same applies to the Vice Chairman of the Board, the CEO, the Secretary, and any of them in those positions, and this does not result in their exemption from their membership.

11.12.23 Meetings of the Board of Directors

The Board of Directors meets at least four times a year upon the invitation of its Chairman. The invitation can be in the form of a written letter, sent via email, fax, or regular mail, accompanied by an agenda. The invitation should be sent at least seven (7) days prior to the meeting date. The Chairman of the Board is obligated to call for a meeting whenever requested to do so in writing by any Board member. During the meeting, any topic can be discussed and deliberated upon.

11.12.24 Board Quorum and Decisions

The Board meeting is not valid unless attended by at least half of the members in person or by proxy, provided that the number of attendees is not less than three members. A Board member is allowed to appoint another member as a proxy to attend meetings, according to the following guidelines:

1. a Director may not act as a proxy for more than one other Director at the same meeting;
2. a proxy shall be appointed in writing; and
3. a Director acting by proxy may not vote on resolutions on which his/her principal is prohibited from voting.

The decisions of the Board of Directors are issued based on the majority of the opinions of the attending members or their representatives. In case of a tie, the vote of the Board Chairman who voted in Favour of the decision prevails.

The Board of Director may issue decisions by presenting them separately to the members, unless one of the Board members requests a meeting to discuss these decisions. These decisions are issued only after obtaining the absolute majority approval of the Board members, and they are presented at the first subsequent meeting of the Board.

11.12.25 Board Decisions on Urgent Matters

The Board of Directors is empowered to make decisions on urgent matters by presenting them to all members for approval unless requested by any member to have them discussed in a council meeting. Such decisions are made with the consent of the majority of its members and are presented to the council in the next subsequent meeting for confirmation, as documented in the minutes of that meeting.

11.12.26 Deliberations of the Board

1. Board deliberations and resolutions shall be recorded in minutes prepared by the Board's Secretary and signed by the Chairman of the Board, the attending Board members, and the Secretary.
2. Such minutes shall be recorded in a special register signed by the Chairman of the Board and the Secretary.
3. Means of modern technology may be used for signature, to record deliberations and resolutions, and to prepare meeting minutes.

11.12.27 Attendance at General Meetings

Each Shareholder has the right to attend the general meetings of the Company. Furthermore, they have the option to appoint another individual who is not a member of the Board of Directors or an employee of the Company to attend the general meeting on their behalf.

11.12.28 The Authorities of the Ordinary General Assembly

Except for matters within the competence of the Extraordinary General Assembly, the Ordinary General Assembly shall be concerned with all matters related to the Company, and the Annual Ordinary General Assembly shall convene at least once during the six months following the end of the Company's fiscal year.

Other ordinary general assemblies may be convened whenever the need arises.

11.12.29 The Authorities of the Extraordinary General Assembly

The Extraordinary General Assembly shall have the authority to amend the company's articles of association, except for matters that it is prohibited from amending by law. It may issue decisions on matters originally within the competence of the Ordinary General Assembly, under the same terms and conditions prescribed for the Ordinary General Assembly.

11.12.30 Manner of Convening Assemblies

1. General or Special Assemblies shall convene at the invitation of the Board of Directors. The call for the Assembly meeting shall be made at least twenty-one (21) days prior to the date set for the meeting, by announcing the invitation and agenda via any of the modern means of communication, in accordance with the relevant laws and regulations and the controls specified by the competent authorities.
2. The Board of Directors must call for an Ordinary General Assembly to convene within thirty (30) days from the date on which it is requested to do so by the Auditor or by a number of Shareholders representing at least ten per cent. (10%) of the Company's voting Shares. The Auditor may also call for the General Assembly to convene if the Board fails to do so within thirty (30) days from the date of the Auditor's request.
3. General Assembly meetings of shareholders may be held, and the shareholder may participate in its deliberations and vote on its decisions by means of modern technology, in accordance with the controls determined by the competent authority.
4. Shareholders who own at least ten per cent. (10%) of the company's shares with voting rights may add one or more topics to the agenda of the General Assembly when it is prepared.

11.12.31 Record of Attendance

Shareholders who wish to attend the General Assembly must register their names in the Company's headquarters before the time specified for convening the meeting. This registration can be done either through email or fax.

11.12.32 Quorum of the Ordinary General Assembly

A meeting of the Ordinary General Assembly shall not be valid unless attended by Shareholders representing at least a quarter of the Company's share capital. If such quorum cannot be attained, a second meeting shall be held one hour after the end of the period set for the first meeting, provided that the invitation to the first meeting includes an announcement indicating the possibility of holding the second meeting. In all cases, the second meeting shall be valid regardless of the number of Shares represented therein.

11.12.33 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 of the Company's share capital. If such quorum cannot be achieved at the first meeting, an invitation shall be issued for a second meeting to be held no earlier than one hour and no later than thirty hours after the first. In all cases, the second meeting shall be valid if attended by Shareholders representing at least a quarter of the Company's voting shares. 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 Thirty (30) of these Bylaws. The third meeting shall be valid regardless of the number of Shares represented therein, following the approval of the competent authorities.

11.12.34 Voting in Assemblies

At General Assembly meetings, each Shareholder shall have one vote for each share held thereby, with cumulative voting used in the election of the Board of Directors. Members of the Board of Directors may not vote on General Assembly resolutions relating to transactions and contracts in which they have a direct or indirect interest, or which involve a conflict of interest.

11.12.35 Assembly Resolutions

Ordinary General Assembly resolutions shall be issued by an absolute majority of voting Shares represented therein. Extraordinary General Assembly resolutions shall be issued by a majority of two-thirds of the voting Shares represented therein, unless the decision is related to increasing or decreasing the capital, extending the Company's term, dissolving the Company prior to the expiry of the term specified in its articles of association, or merging the Company with another company. In this case, it shall not be valid unless issued by a majority of three-quarters of the shares represented therein.

11.12.36 Discussion in Assemblies

Each Shareholder shall have the right to discuss the items listed in the General Assembly's agenda and to direct questions in respect thereof to the Directors and the auditor. The Directors or the auditor 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 General Assembly and its resolution in this regard shall be conclusive.

11.12.37 Presiding Over Assembly Meetings and Preparing Minutes

The meetings of the General Assembly of shareholders shall be presided over by the Chairman of the Board of Directors or, in their absence, by the Vice-Chairman, or by a board member appointed by the Board in the absence of both the Chairman and Vice-Chairman.

General Assembly meeting minutes shall be prepared during the General Assembly meeting and shall specify the number of Shareholders present in person or by proxy, the number of Shares held thereby in person or by proxy, the number of votes allocated to said Shares, the resolutions made, the number of votes in favour or against each resolution, and a comprehensive summary of the discussions held during the meeting. The minutes shall be recorded regularly after each meeting in a special register, signed by the Chairman of the General Assembly, the Secretary, and vote counters.

11.12.38 Audit Committee

The Audit Committee is formed by a decision of the Board of Directors, consisting of (three to five) members who are not executive members of the Board. The Chairman of the Board of Directors cannot be appointed as the Chairman of the Audit Committee for a period exceeding four years. The General Assembly issues a resolution for the Audit Committee, which includes the committee's tasks, working procedures, and the remuneration of its members.

11.12.39 Quorum of the Committee

The meeting of the Audit Committee shall be valid by the presence of a majority of its members. All of its decisions shall be made by the majority of votes of the attending members. In the event of a tie, the committee chairman's vote shall be decisive.

11.12.40 Committee Authorities

The Audit Committee shall oversee the affairs of the Company. As a result, it has the right to review all of the Company's records and documents and obtain any explanations or statements from the members of the Board of Directors or the executive management. The Committee may request that the Board of Directors call an Ordinary General Assembly if the Board of Directors obstructs its course of work or the Company suffers serious damage or losses.

11.12.41 Committee Reports

The Audit Committee shall check the Company's financial statements and the reports and notes to be provided by the auditor and shall express its opinion on the same, if any. It shall also prepare a report on its opinion with respect to the sufficiency of the internal control in the Company, along with other activities within its competence. The Board of Directors shall deposit enough copies of this report in the Company's headquarters at least twenty-one (21) days prior to the date of the regular general meeting convention, in order to provide it to any Shareholder wishing to have the same. The report shall be read out at the meeting.

11.12.42 Appointment, Removal, and Resignation of the Auditor

1. The Company shall have one or more auditors, licenced to practice in the Kingdom and appointed by the Ordinary General Assembly, who shall determine the remuneration, scope of work, and term thereof. Said auditor may be reappointed, provided that his term does not exceed the the period specified in the relevant regulations and bylaws..
2. The General Assembly may resolve to remove the Auditor without prejudice to his right to compensation for any damage incurred, if justified. The Chairman of the Board of Directors shall inform the competent authority of such removal and the reasons therefor within the period specified in the relevant regulations.
3. The Auditor may resign pursuant to a written notice submitted to the Company. His assignment shall terminate from the date of submitting the resignation notice or at a later date as specified therein, without prejudice to the Company's right to compensation for any damage incurred thereby, if justified. The resigning auditor shall, upon submission of the notice, provide the Company and the competent authority with the reasons for his resignation. The Board of Directors shall call for the General Assembly to convene, to review said reasons, appoint another auditor and determine the remuneration, term, and scope of work thereof.

11.12.43 Auditor Authorities

The Auditor shall, at any time, access the Company's books, accounting records, and other supporting documents, and he may request any information and clarifications he deems necessary to verify the Company's assets and liabilities, as well as any other matters falling within his scope of work. The Chairman of the Board of Directors shall enable the Auditor to carry out his assignment. If the Auditor encounters any difficulty in carrying out his assignment, he shall submit a report to this effect to the Board of Directors. If the Board of Directors fails to facilitate the Auditor's work, the Auditor shall submit a request thereto to call for a meeting of the General Assembly to review the matter. The Auditor may direct this call if the Board of Directors does not direct it within thirty (30) days of the date of the Auditor's request.

11.12.44 Financial Year

The Company's financial year begins on the 1st of January and ends on the 31st of December of each calendar year. The first financial year shall commence from the date of the ministerial decision announcing the company's establishment and shall end on the 31st of December of the current calendar year.

11.12.45 Financial Statements

1. At the end of each fiscal year, the Board of Directors shall prepare the Company's financial statements together with a report on its business and financial position for the ended fiscal year. This report shall include the proposed method for distributing dividends. The Board of Directors shall place such documents at the disposal of the Auditor at least forty-five (45) days prior to the date set for convening the General Assembly.
2. The Chairman of the Board, the CEO and the Vice President of Finance shall sign the documents referred to in Paragraph 1 of this Article, with a copy thereof being placed at the Company's head office at the disposal of the Shareholders.
3. The Chairman of the Board shall provide the Shareholders with the Company's financial statements and Board of Directors' report after signing the same, as well as the Auditor's report, unless they are published through means of modern technology, at least twenty-one (21) days prior to the date set for the General Assembly meeting. The Chairman shall also deposit the company's financial statements and the Auditor's report, if any, with the Saudi Center for Economic Business via the electronic deposit programme for financial statements.

11.12.46 Distribution of Dividends

1. 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.
2. The Company may also distribute interim dividends to Shareholders of distributable profits after fulfilling the following requirements:

   a. the Ordinary General Assembly shall authorise the Board to distribute interim dividends pursuant to a resolution issued annually;

   b. has reasonable liquidity and can reasonably predict the level of their profits; and

   c. the Company shall have distributable dividends in accordance with the latest financial statements, sufficient to cover the profits proposed to be distributed, after deducting the dividends that have been distributed and capitalised after the date of these statements.

11.12.47 Distribution of Dividends to Preferred Shares

The shareholder is entitled to his share of the profits in accordance with the General Assembly's decision issued in this regard. The decision shall specify the due date and the date of distribution. The right to profits shall be for the shareholders registered in the shareholders' records at the end of the day specified for entitlement. The Board of Directors shall implement the General Assembly's decision regarding the distribution of profits to shareholders within fifteen (15) days from the due date of these profits specified in the General Assembly's decision.

11.12.48 Distribution of Dividends to Preferred Shares

1. If dividends are not distributed for any fiscal year, dividends for subsequent years may not be distributed until the specified percentage, as stipulated by the Companies Law, has been paid to holders of preferred shares for that year.
2. If the Company fails to pay the specified dividends to holders of preferred shares from the net profits after deducting reserves, if any, for three consecutive years, the Special Assembly for holders of these shares, convened in accordance with the provisions of the Companies Law, may decide to grant them attendance and voting rights in the Company's General Assembly meetings. This right remains until the company can fully pay the priority dividends due to holders of these shares for previous years. Each preferred share shall have one vote in the general assembly, and in this case, the preferred shareholder has the right to vote on all items on the General Assembly's agenda without exception.

11.12.49 Company Losses

If the Company's losses amount to half of its issued capital, the Board of Directors shall, within sixty (60) days from the date of its knowledge thereof, disclose the losses and its recommendations relating thereto, and shall, within one hundred and eighty (180) days from the date of its knowledge thereof, call for an Extraordinary General Assembly meeting to consider the continuation of the Company by taking measures necessary to resolve such losses or the dissolution of the Company.

11.12.50 Claims

1. The Company has the right to file a claim against members of the Board of Directors for violating the provisions of the Companies Law or these Bylaws, or for their commission of any mistake, negligence, or shortcomings in performing their duties, resulting in damages to the Company. The General Assembly or shareholders shall resolve to file the claim and appoint someone to represent the Company in pursuing such claim. If the Company is under liquidation, the liquidator shall assume the responsibility of filing the claim. In the event of any liquidation proceedings being initiated against the Company in accordance with the Bankruptcy Law, filing such claim shall be carried out by those authorised by law to represent the Company.
2. One or more Shareholders, representing five per cent. (5%) of the Company's capital, may file a claim on behalf of the Company, if such claim is not filed by the Company, provided that the filing of such claim serves the interests of the Company and is based on valid grounds, and provided that the plaintiff is acting in good faith and is a Shareholder in the Company at the time of filing the claim.
3. In order to file the claim referred to in Paragraph 2 of this Article, the Company's Board members shall be notified of the intent to file the claim at least fourteen (14) days prior to the date of filing such claim.
4. Every Shareholder has the right to file a claim against the members of the Board of Directors if an error committed thereby caused specific damage to the Shareholder in question.

11.13 Description of Shares

11.13.1 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. In the latter case, the difference in value shall be added to the statutory reserve, even if it reaches its maximum limit. 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.

11.13.2 Repurchase of Shares

Based on Article 114 of the Companies Law, which stipulates that the Company may buy its shares in accordance with controls set by the competent authority, provided that the shares purchased by the Company do not have votes in the shareholders' assemblies.

11.13.3 Rights of Ordinary Shareholders

Pursuant to Article 107 of the Companies Law, all rights related to the share are guaranteed to the shareholder, particularly the right to receive a portion of the profits declared for distribution, the right to obtain a share of the Company's assets upon liquidation, the right to attend shareholders' assemblies, participate in their deliberations, and vote on their decisions, dispose of shares, the right to request access to the Company's records and documents, monitor the work of the Board of Directors, file a claim against the Board Members, and challenge the validity of the decisions of the shareholders' assemblies, subject to the conditions and restrictions stipulated in the Companies 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 Auditor. The Directors or the Auditor 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.

11.13.4 Voting Rights

The duly constituted General Assembly represents all shareholders and convenes in the city where the Company's headquarters is located. Every subscriber, regardless of the number of shares they hold, has the right to attend the founding assembly, either in person or as a representative of other subscribers.

Each shareholder has one vote for each share he represents in the General Assembly, and votes in both Ordinary and Extraordinary General Assemblies are calculated on a one-vote-per-share basis. 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.

11.13.5 Amending Shareholders' Rights

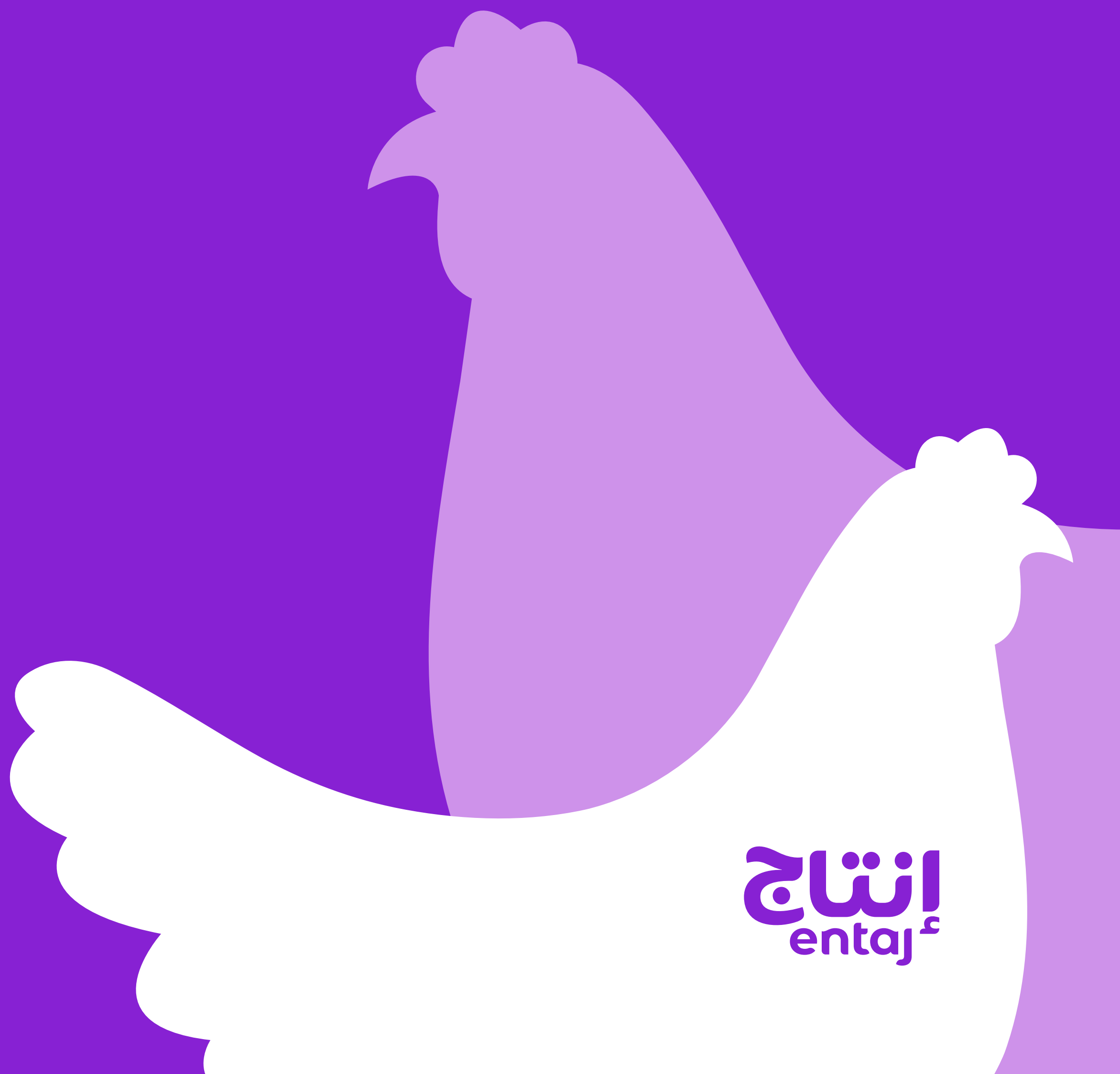
The rights of shareholders related to obtaining a share of the profits that are decided to be distributed, the right to obtain a share of the Company's surplus assets upon liquidation, the right to attend General Assemblies, participate in their deliberations, and vote on their decisions, the right to dispose of shares, the right to request access to the Company's books and documents, monitor the work of the Board of Directors, file a claim against the Board members, and challenge the validity 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.

11.14 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 11.11 (*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.

Underwriting



12. Underwriting

The Underwriter, SNB Capital has undertaken to fully underwrite the Offering of nine million (9,000,000) Offer Shares pursuant to the underwriting agreement (the "**Underwriting Agreement**") entered into with the Company and the Selling Shareholder, subject to certain conditions. The name and address of the Underwriter are set out below:

12.1 Underwriter

SNB Capital
SNB Regional Building
King Saud Road
P.O. Box 22216, Riyadh 11495
Kingdom of Saudi Arabia
Tel: + 966 (92) 0000222
Fax: +966 (11) 4060052
Website: www.alahlicapital.com
E-mail: snbc.cm@alahlicapital.com

The principal terms of the Underwriting Agreement are set out below:

12.2 Summary of Underwriting Arrangements

Under the terms of, and subject to the conditions contained in, the Underwriting Agreement:

(a) The Selling Shareholder undertakes to the Underwriter that, on the first Business Day after the allocation of the Offer Shares following the end of the Offering Period, it shall:

(i) sell and allocate the Offer Shares to any Individual Subscriber or Participating Party whose application for Offer Shares has been accepted by the Receiving Agents; and

(ii) sell and allocate to the Underwriter the Offer Shares that have not been subscribed by the Individual Subscribers or Participating Parties pursuant to the Offering.

(b) The Underwriter undertakes to the Selling Shareholder that at the date of allocation, it will purchase any Offer Shares that have not been subscribed by the Individual Subscribers or Participating Parties, in accordance with what is mentioned below:

Table 12.1: Underwritten Shares

Underwriter	Number of Offer Shares to be Underwritten	Percentage of Offer Shares Underwritten
SNB Capital	9,000,000	100%

Source: The Company.

The Company and the Selling Shareholder have committed to satisfying all the provisions of the Underwriting Agreement.

12.3 Underwriting Costs

The Selling Shareholder will pay the Underwriter an underwriting fee based on the total value of the Offering, as well as the Underwriter's costs and expenses in connection with the Offering on behalf of the Company.

Expenses

13. Expenses

The Selling Shareholder will be responsible for all costs and expenses associated with the Offering, which are estimated at approximately thirty million (30,000,000) Saudi Arabian Riyals. This amount includes the fees of the Financial Advisor, the Lead Manager, the Bookrunner, the Underwriter, the Legal Advisor, the Financial Due Diligence Advisor, the Receiving Agents and the Market Consultant and the Legal Advisor to the Financial Advisor, Bookrunner, Underwriter and Lead Manager and the Exchange as well as the regulatory fees, 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.

Undertakings Following Listing

14. Undertakings Following Listing

Following Listing, 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 present justification for such non-compliance;

(b) provide the CMA with the date on which the first General Assembly will be held following Listing so that a representative thereof may attend;

(c) update the Company's legal entity in the official corporate documents (including the Commercial Register and the Bylaws) at the first General Assembly meeting held after the listing, to reflect its status as a Public Joint Stock Company;

(d) 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 the license annually, 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 11.8 (*Related Party Contracts and Transactions*);

(e) comply with all the mandatory provisions the Corporate Governance Regulations immediately upon Listing; and

(f) comply with the provisions of the Securities Offering Rules, the Continuing Obligations, and the Listing Rules concerning the Company's continuing obligations immediately upon Listing.

Similarly, following Listing, 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, as well as notify the Board of their direct and indirect personal interests in the business and contracts concluded for the Company, provided that the same is recorded in the minutes of the Board of Directors meeting.

Waivers

15. Waivers

The Company has not applied to the CMA for any waivers from any of its regulatory requirements.

Subscription Terms and Conditions

16. 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 to the Receiving Agent, as applicable, is deemed as acceptance and approval of the subscription terms and conditions.

16.1 Subscription to Offer Shares

The Offering will consist of nine million (9,000,000) Offer Shares with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per Share at an Offer Price of fifty Saudi Arabian Riyals (SAR 50) per Offer Share. The Offer Shares represent thirty per cent. (30%) of the Company's share capital, with a total value of four hundred and fifty million Saudi Arabian Riyals (SAR 450,000,000) The CMA also has the right to suspend the Offering if, at any time after its approval of this Prospectus and before the registration and Listing of the Offer Shares, a material adverse change occurs in respect of the Company's operations.

The Offering is restricted to the following groups of Investors:

16.1.1 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 nine million (9,000,000) Offer Shares, representing one hundred per cent. (100%) of Offer Shares. The final allocation for the Participating Entities will be made upon the expiry of Individual Subscriber's 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 Subscribers, the Financial Advisor, in coordination with the Company shall have the right to reduce the previously allocated Offer Shares to Participating Entities to eight million, one hundred thousand (8,100,000) Offer Shares, representing ninety per cent. (90%) of the total Offer Shares. Initially, three million five hundred and ninety-nine thousand and nine hundred and ninety-nine (3,599,999) Offer Shares will be allocated to public funds, representing forty per cent. (40%) of the total number of Offer Shares. In the event that there is sufficient demand from Individual Subscribers to subscribe to the Offer Shares, the Financial Advisor may reduce the number of Offer Shares allocated to public funds to a minimum three million and two hundred and thirty-nine thousand and nine hundred and ninety-nine (3,239,999) Shares, representing thirty-six per cent. (36%) of the total number of Offer Shares, after completion of the Individual Subscribers' subscription process.

16.1.2 Tranche (B): Individual Subscribers

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 an investment account and an active investment portfolio with one of the Receiving Agents. 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 nine hundred thousand (900,000) Offer Shares, representing ten per cent. (10%) of the total Offer Shares shall be allocated to Individual Subscribers. If the Individual Subscribers do not subscribe in full to the Offer Shares allocated to them, the Financial Advisor in coordination with the Company, may reduce the number of Offer Shares allocated to Individual Subscribers in proportion to the number of Offer Shares subscribed by them.

16.2 Book-Building and Subscription by Participating Parties

(a) The Financial Advisor shall determine the price range for the purposes of book-building, which will be made available to all Participating Parties.

(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 is made by submitting an amended or additional Bidding Participation Application, where applicable, prior to the conclusion of fixing the Offer Price, which precedes the commencement of the Offering Period. The number of Offer Shares to be subscribed by each Participating Entity shall be no less than one hundred thousand (100,000) Offer Shares and no more than one million four hundred and ninety-nine thousand nine hundred and ninety-nine (1,499,999) 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 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 Subscribers, according to the subscription terms and conditions set out in the Subscription Application Forms.

(c) All Participating Entities must submit subscription requests with the allocable applications and must not submit any fictitious or exaggerated subscription requests with the aim of obtaining a larger allocation. They must have the ability to cover the application by ensuring the availability of funds or the necessary arrangements to cover the value of the application from the submission of the application form until the final allocation.

(d) After book-building for the Participating Entities is completed, the Bookrunner will announce the coverage percentage for the Participating Entities.

(e) The Financial Advisor, in coordination with the Company shall determine the Offer Price based on the supply and demand for the Offer Shares, provided that it does not exceed the price set out in the Underwriting Agreement and provided that the Offer Price is in accordance with the tick size applied by the Exchange.

16.3 Subscription by Individual Subscribers

Each Individual Subscriber shall subscribe for a minimum of ten (10) Offer Shares and a maximum of two hundred and fifty thousand (250,000) Offer Shares. Changes to or withdrawals 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 Subscribers can also subscribe through the websites and platforms of the Receiving Agents that offer any or all such services to its customers, provided that, the following requirements are satisfied:

(a) the Individual Subscriber has an investment account at a Receiving Agent, which offers such services;

(b) the Individual Subscriber has an active portfolio if he/she wishes to subscribe to the offering shares through Al Ahli Capital;

(c) no changes in the personal information or data of the Individual Subscriber have occurred since his/her subscription in a recent initial public offering; and

(d) the Non-Saudi and Non-GCC Individual Subscriber has an investment account at one of the Capital Market Institutions which offer such services.

A signed Subscription Application Form represents a legally binding agreement between the Company and the relevant Individual Subscriber submitting the application to the Receiving Agents.

Individual Subscribers may obtain a copy of this Prospectus from the websites of the Company (www.entaj.com), the CMA (www.cma.org.sa) or the Financial Advisor (www.alahlicapital.com). Below are the details of the Receiving Agents:

Table 16.1: Receiving Agents

Receiving Agents	
SNB Capital King Saud Street P.O. Box 2575 Riyadh 12624 Kingdom of Saudi Arabia Phone: +966 (92) 000 0232 Website: www.alahlicapital.com Email: snbc.cm@alahlicapital.com.sa	SNB Capital
Saudi Fransi Capital King Fahad Road – 8092 P.O. Box 23454 Riyadh 12313-3735 Kingdom of Saudi Arabia Tel: +966 (11) 282 6666 Fax: +966 (11) 282 6823 Website: www.bsfcapital.sa E-mail: sfc-supportcenter@FransiCapital.com.sa	BSF Capital

Receiving Agents

Al Rajhi Capital
Head Office, King Fahd Road, Al Murouj District
P.O. Box 5561
Riyadh 12263
Kingdom of Saudi Arabia
Tel: +966 92 000 5856
Fax: +966 (11) 460 0625
Website: www.alrajhi-capital.com
Email:InvestmentBankingTeam@alrajhi-capital.com

Riyad Capital
2414 - Al Shahada District, Unit No. 69
P.O. Box 13241
Riyadh 7279
Kingdom of Saudi Arabia
Tel: +966 (11) 486 5649
Fax: +966 (11) 486 5908
Website: www.riyadcapital.com
Email: ask@riyadcapital.com

Al Bilad Investment
King Fahd Road - Al Olaya
Riyadh 3701- 12313
Kingdom of Saudi Arabia
Tel: +966 (92) 000 3636
Fax: +966 (11) 290 6299
Website: www.albilad-capital.com
Email: investmentbanking@albilad-capital.com

Al Jazira Capital
King Fahd Street, Al Rahmaniya
P.O. Box 20438
Riyadh 11455
Kingdom of Saudi Arabia
Tel: +966 (11) 225 6000
Fax: +966 (11) 225 6182
Website: www.aljaziracapital.com.sa
Email: contactus@aljaziracapital.com.sa

Investment Securities and Brokerage Company
King Fahd Road
P.O. Box 6888 - 11452
Riyadh
Kingdom of Saudi Arabia
Tel: +966 (11) 254 7666
Fax: +966 (11) 489 6253
Website: www.alistithmarcapital.com
Email: WebEcare@icap.com.sa

Derayah Financial
Al-Takhasusi Street - Prestige Centre - Third Floor
Riyadh
Kingdom of Saudi Arabia
Tel: +966 (11) 299 8000
Fax: +966 (11) 419 5498
Website: web.derayah.com
Email: support@derayah.com

Receiving Agents	
Alinma Investment Al Anood Tower 2, King Fahd Road P.O. Box 55560 Riyadh 11544 Kingdom of Saudi Arabia Tel: +966 (11) 218 5999 Fax: +966 (11) 218 5970 Website: www.alinmainvestment.com Email: info@alinmainvest.com	
ANB Capital ANB Capital Building, King Faisal Street 3851 New Al Moayed - Al Murabba District P.O. Box 220009 Riyadh 11311 Kingdom of Saudi Arabia Tel: +966 (11) 406 2500 Fax: +966 (11) 406 2548 Website: anbcapital.com.sa Email: investment.banking@anbcapital.com.sa	
Yaqeen Capital Al-Wurud District - Al-Olaya Street P.O. Box 884 Riyadh 11421 Kingdom of Saudi Arabia Tel: 800 429 8888 Fax: +966 (11) 205 4827 Website: http://www.yaqeen.sa Email: addingvalue@yaqeen.sa	
Al Khabeer Financial Madinah Road P.O. Box 128289 Jeddah 21362 Kingdom of Saudi Arabia Tel: +966 (12) 612 9345 Fax: +966 (12) 685 6663 Website: www.alkhabeer.com Email: info@alkhabeer.com	
Al-Awwl Investment (SAB Invest) Al-Olaya General Street P.O. Box 1467 Riyadh 11431 Kingdom of Saudi Arabia Tel: 8001242442 Fax: +966 (12) 216 9102 Website: www.sabinvest.com Email: customercare@sabinvest.com	
Saham Capital Financial Company Building 3.05 - KAFD Riyadh 13519 Kingdom of Saudi Arabia Tel: +966 (11) 4145260 Website: www.sahmcapital.com Email: info@sahmcapital.com	

Receiving Agents
GIB Capital Low Rise Building 1, Granada Business & Residential Park Eastern Ring Road P.O Box 89589 Riyadh 11692 Kingdom of Saudi Arabia Tel: +966 (11) 511 2200 Fax: +966 (11) 511 2201 Website: www.gibcapital.com Email: GIBC.IB@gibcapital.com

The Receiving Agents will commence receiving Subscription Application Forms beginning on Wednesday, 27 Sha'ban 1446H (corresponding to 26 February 2025G) until 2:00 p.m. Thursday 28 Rajab Sha'ban 1446H (corresponding to 27 February 2025G) for a period of two days. If the information provided in the Subscription Application Form is incomplete or inaccurate, or not stamped by the relevant Receiving Agent, it will be considered void. Individual Subscribers do not have the right then to claim any compensation for damages incurred due to such cancellation.

Each Individual Subscriber 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 fifty Saudi Arabian Riyals (SAR 50) per Offer Share.

Subscriptions by Individual Subscribers for less than ten (10) 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 Subscribers must be submitted during the Offering Period and accompanied (where applicable) by the following documents (the Receiving Agents will verify all copies against the originals and will return the originals to the relevant Individual Subscriber):

(a) the original and copy of the Individual Subscribers' national civil identification card (in case of individuals, including Saudi and other GCC natural persons);

(b) the original and copy of the family civil identification card (when subscribing on behalf of family members);

(c) the original and copy of a power of attorney (when subscribing on behalf of others);

(d) the original and copy of the certificate of guardianship (when subscribing on behalf of orphans);

(e) the original and copy of the divorce certificate (when subscribing on behalf of the children of a divorced Saudi woman);

(f) the original and copy of the death certificate (when subscribing on behalf of the children of a widowed Saudi woman); and

(g) the original and 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 that an application is made on behalf of an Individual Subscriber (parents and children only), the agent must write their name and attach the original and copy of a valid power of attorney. The power of attorney must be issued by the Ministry of Justice (through Najiz) or notarised by a notary public for the Individual Subscribers residing in the Kingdom and must be legalised through a Saudi embassy or consulate in the relevant country for the Individual Subscribers residing outside the Kingdom or through an apostille certificate. The concerned official of the Receiving Agents shall match the copy with the original version and return the original version to the Individual Subscriber, as applicable.

One Subscription Application Form should be completed for each primary Individual Subscriber applying for himself/herself and members appearing on his/her family identification card if the family members apply for the same number of Offer Shares as the primary Individual Subscriber. In this case:

(a) all Offer Shares allocated to the primary Individual Subscriber and dependent Individual Subscribers will be registered in the primary Individual Subscriber's name;

(b) the primary Individual Subscriber will receive any refund in respect of amounts not allocated and paid for by himself/herself or dependent Individual Subscribers; and

(c) the primary Individual Subscriber will receive all of the dividends distributed in respect of the Offer Shares allocated to himself/herself and dependent Individual Subscribers (in the event the Shares are not sold or transferred).

Separate Subscription Application Forms must be used if:

(a) the Offer Shares to be allocated are to be registered in a name other than the name of the primary Individual Subscriber;

(b) dependent Individual Subscribers intend to apply for a different number of Offer Shares than the primary Individual Subscriber; or

(c) 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 Subscriber). 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 Subscriber subscribes for himself/herself and his/her 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 Subscriber 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 may only be included as dependents with their mother and may not subscribe as primary Individual Subscribers. 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 Subscriber 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 fifty Saudi Arabian Riyals (SAR 50) per Offer Share per Offer Share. Each Individual Subscriber shall acquire the number of Offer Shares allocated to him/her upon:

(a) delivery by the Individual Subscriber of the Subscription Application Form to any of the Receiving Agents; and

(b) payment in full by the Individual Subscriber to the Receiving Agents of the total value of the Offer Shares subscribed for.

The total value of the Offer Shares subscribed for must be paid in full to the Receiving Agents by authorising a debit of the Individual Subscriber's account held with the Receiving Agents 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 it in full or in part. The Individual Subscriber shall accept any number of Offer Shares allocated to him/her unless the allocated Shares exceed the number of Offer Shares he/she has applied for.

16.4 Allocation and Refunds

The Lead Manager and the Receiving Agents shall open and operate an escrow account for the purpose of depositing and keeping subscription monies collected from Participating Entities and Receiving Agents. Each of the Receiving Agents shall deposit all amounts received from the Subscribers into escrow accounts.

The Lead Manager or Receiving Agents (as applicable) will notify Subscribers of the final number of Offer Shares allocated to each of them along with the amounts to be refunded. The excess subscription monies, if any, will be refunded to the Subscribers in whole without any deductions or fees and deposited into the Subscribers' accounts specified in the Subscription Application Forms. The announcement of final allocation shall be made no later than Tuesday 4 Ramadan 1446H (corresponding to 4 March 2025G) and the refunds shall be processed no later than Tuesday 10 Ramadan 1446H (corresponding to 10 March 2025G) (for further details, see "*Key Dates and Subscription Procedures*", page (xvi), and Section 16 (*Subscription Terms and Conditions*)). The individual subscriber should contact the Lead Manager or the branch of the Receiving Agent to which he submitted the subscription application form (as the case may be) if he/she wishes to obtain additional details.

16.4.1 Allocation of Offer Shares to Participating Entities

After completion of the allocation of the Offer Shares to Individual Subscribers, the final allocation of the Offer Shares to the Participating Entities will be made as the Financial Advisor deem appropriate, in coordination with the Company, using the discretionary allocation mechanism. Therefore, the Offer Shares may not be allocated to some of the Participating Entities. A total of nine million (9,000,000) Offer Shares, representing one hundred per cent. (100%) of the Offer Shares shall be initially allocated to the Participating Entities. At least (40%) of the Offer Shares will be allocated to public funds, provided there is sufficient demand from public funds. The Offer Shares will be initially allocated to each public fund on a pro-rata basis, according to the ratio of shares requested by each public fund to the total number of shares allocated to all public funds. If the Individual Subscribers subscribe to the Offer Shares allocated thereto, the Financial Advisor in coordination with the Company shall have the right to reduce the number of Offer Shares allocated to the Participating Entities to eight million one hundred thousand (8,100,000) Offer Shares, representing ninety per cent. (90%) of the Offer Shares after the completion of the Individual Subscriber' subscription process.

Provided there is sufficient demand from public funds, initially, three million five hundred and ninety-nine thousand and nine hundred and ninety-nine (3,599,999) Offer Shares will be allocated to public funds, representing forty per cent. (40%) of the total number of Offer Shares. In the event that there is sufficient demand from Individual Subscribers to subscribe to the Offer Shares, the Financial Advisor may reduce the number of Offer Shares allocated to public funds to a minimum of three million and two hundred and thirty-nine thousand and nine hundred and ninety-nine (3,239,999) Offer Shares, representing thirty-six per cent. (36%)of the total number of Offer Shares, after completion of the Individual Subscribers' subscription process.

16.4.2 Allocation of Offer Shares to Individual Subscribers

There will be an allocation of a maximum of nine hundred thousand (900,000) Offer Shares, representing ten per cent. (10%) of the Offer Shares, to Individual Subscribers. The minimum allocation per Individual Subscriber is ten (10) Offer Shares and the maximum allocation per Individual Subscriber is two hundred and fifty thousand (250,000) Offer Shares; the remaining Offer Shares, if any, will be allocated on a pro rata basis of the percentage applied for by each Individual Subscriber to the number of Offer Shares applied for by each Individual Subscriber. If there are more than ninety thousand (90,000) Individual Subscribers, the Company will not guarantee the minimum allocation. The Offer Shares will be allocated at the discretion of the Financial Advisor in coordination with the Company. Excess subscription monies, if any, will be refunded to the Individual Subscribers by the Receiving Agents without any charge or withholding.

16.5 Circumstances Where Trading and Listing May be Suspended or Cancelled

16.5.1 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 the financial restructuring of the issuer in the event of its accumulated losses reaching fifty per cent. (50%) 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 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) the lifting of 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 set out in Part 2 of the Listing Rules are not satisfied after the lapse of the period determined by the Exchange to the issuer to rectify its position, unless the CMA approves 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 shall remove 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 the event that over-the-counter trading of the issuer's shares is allowed, the Exchange shall lift the suspension within a period of not more than five trading sessions after the end of the suspension circumstances.

(e) The Exchange may at any time propose to the CMA the suspension of trading of any listed security or cancel its listing where, in its opinion, it is likely that any of the circumstances set out in Paragraph (a) above were 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.

(h) Upon the issuer's completion of a reverse takeover, the issuer's shares shall be de-listed. If the issuer wishes to re-list its shares, it must submit a new application for the registration and admission to listing in accordance with the requirements stipulated in the Rules on the Offer of Securities and Continuing Obligations and the Listing Rules.

(i) This paragraph shall not prejudice the suspension of trading and the cancellation of listing resulting from the losses of the issuer pursuant to the relevant implementing regulations of the CML and the Listing Rules.

16.5.2 Voluntary Cancellation of Listing

(a) After its shares have been listed on the Exchange, an issuer may not cancel the listing without the prior approval of the CMA. To obtain CMA's approval, the issuer must submit a cancellation application to the CMA along with a simultaneous notice to the Exchange. The application must include the following:

1. the specific reasons for the request for cancellation;
2. a copy of the disclosure described in Paragraph (d) below;
3. 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 another corporate action by the issuer; and
4. 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 for the cancellation of the listing after obtaining the CMA's approval.

(d) Where cancellation is made at the issuer's request, it must disclose this 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.

16.5.3 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 the trading of the securities of that issuer immediately upon receiving such request.

(b) When 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, the nature of the event that gave rise to it, the anticipated length of the suspension 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 where the CMA 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 jeopardise 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 the 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 jeopardise the protection of investors.

(e) A temporary trading suspension will be lifted following the elapse of the period referred to in Paragraph (b) above, unless the CMA or the Exchange decides otherwise.

(f) If the listing suspension continues for six (6) months or more with no appropriate procedure made by the issuer to correct such suspension, CMA may cancel the listing of issuer.

16.5.4 Re-Registering and Listing After Cancellation of Listing

After the cancellation of an issuer's securities listing, 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.

16.6 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 dated 11 Thul-Qi'dah 1445H (corresponding to 19 May 2024G);

(b) the Company's General Assembly resolution approving the Offering dated 11 Thul-Qi'dah 1445H (corresponding to 19 May 2024G);

(c) the CMA's approval of the Offering dated27 Rabi' al-Awwal 1446H (corresponding to 30 September 2024G).

(d) the conditional approval of Tadawul to list the Shares dated 19 Rabi' al-Awwal 1446H (corresponding to 22 September 2024G).

16.7 Lock-up Period

The Substantial Shareholder may not dispose of any of its Shares for a period of six (6) months from the date on which trading of the Shares commences on the Exchange. It may dispose of its Shares after the end of this period without obtaining the CMA's prior approval.

16.8 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) represents and warrants that he/she has read this Prospectus and has understood all of 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 he/she nor any of his/her 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 (up 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 Agents or 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 material information that would affect the Subscriber's decision if it were added to the Prospectus.

For further details on the allocation process, see Section 16.4 (*Allocation and Refunds*).

16.9 Shares' Record and Trading Arrangements

Securities Depository Center Company shall keep a Shareholders' Register containing the Shareholder's names, nationalities, addresses, professions, the Shares held by them and the amounts paid for these Shares.

16.10 Saudi Exchange (Tadawul)

In 1990G, full electronic trading of shares in the Kingdom was introduced. Tadawul was founded in 2001G as a 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 the execution of the trade transaction through to 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, orders can be entered, amended or cancelled from 9:30 a.m. to 10:00 a.m. at other times. Trading times change during the month of Ramadan and are announced by Tadawul's 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 the 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 the "Tadawul" Information Link, which supplies trading data in real time to information providers such as Reuters. Exchange transactions are settled on a T+2 basis, meaning that share ownership is transferred 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.

16.11 Securities Depository Center Company (Edaa)

Securities Depository Center Company (Edaa) was established in 2016G as a closed joint stock company in accordance with the Companies Law issued by Royal Decree No. M/3 dated 28 Muharram 1437H, 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 of Edaa was based on the CMA's approval of Tadawul's board of directors request in relation to the conversion of the Securities Depository Center 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.

The activities of Edaa are to conduct businesses related to depositing, registering, transferring, settling and clearing of securities, as well as 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.

16.12 Trading of the 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 trading start date by Edaa. Following Listing, 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 available for trading on the Exchange. Moreover, Qualified Foreign Investors, Strategic Foreign Investors and the Approved Client will be permitted to trade in the Shares in accordance with the Rules for Foreign Investment in Securities. Foreign investors, non-Saudi individuals residing outside the Kingdom, and institutions registered outside the Kingdom will also have the right to invest indirectly to acquire economic benefits in the Shares by entering into swap agreements to acquire, hold and trade in the Shares by entering into swap agreements with persons licensed by the CMA, and to purchase shares listed on the Exchange and trade in them for the benefit of non-Gulf foreign investors. Under swap agreements, authorised persons are considered to be the regular owners of the Shares. Moreover, some other foreign investors have the right to trade in shares after they are traded on the Exchange, provided that the foreign investor is a client of a Capital Market Institution authorised by the CMA to conduct managing activities, and that the Capital Market Institution has been appointed on conditions that enable it to make all investment decisions on the client behalf without obtaining prior approval from the client.

Furthermore, Offered Shares can only be traded after the allocated Offer Shares have been credited to Subscribers' investment portfolios in Tadawul, the Company has been registered in the Main Market and its Shares have been listed on the Exchange. Pre-trading in the company's Shares is strictly prohibited prior to official trading, and Subscribers entering into such activities will be acting at their own risk. The Company or the Shareholder shall have no legal responsibility in this regard.

16.13 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 shall be assigned or delegated by any of the parties to the subscription without the prior written consent of the other party.

These instructions and 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 texts, the Arabic text of this Prospectus shall prevail.

The distribution of this Prospectus and the sale of the Offer Shares in any country other than the Kingdom are expressly prohibited, except to certain GCC investors, Qualified Foreign Investors, 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 a 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 (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 may not occur at all. Consequently, the prospective investors should consider all future statements in light of these explanations and should not place undue reliance on them.

Documents Available for Inspection

17. Documents Available for Inspection

The following documents will be available for inspection at the Company's head office located at Prince Sultan bin Abdulaziz Road, Al Olaya District, P.O. Box 53845, Postal Code 12311, Riyadh, Kingdom of Saudi Arabia, between 9:00 a.m. and 5:00 p.m. from 30 Rajab 1446H (corresponding to 30 January 2025G) until 28 Sha'ban 1446H (corresponding to 27 February 2025G) for a period of not less than 20 days prior to the end of the Offering Period:

- the CMA announcement of the approval of the Offering;
- the conditional approval of the Saudi Stock Exchange (Tadawul) to list the Company's shares dated 19 Rabi' al-Awwal 1446H (corresponding to 22 September 2024G);
- the Company's Board of Directors' resolution approving the Offering dated 11 Thul-Qi'dah 1445H (corresponding to 19 May 2024G);
- the Company's General Assembly's approval of the Offering dated 11 Thul-Qi'dah 1445H (corresponding to 19 May 2024G);
- the Company's Bylaws;
- the Company's articles of association and all amendments thereto;
- the Company's Commercial Registration certificate issued by the Ministry of Commerce;
- the audited financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and the unaudited interim condensed financial statements for the three-month period ended 31 March 2024G;
- the Market Study Report prepared by the Market Consultant;
- all other reports, letters, documents, value and data assessments prepared by any expert, including any part thereof mentioned in this Prospectus;
- the contracts and agreements disclosed in Section 11.8 (*Related Party Contracts and Transactions*);
- letters of consent from:

  (a) the Financial Advisor, Bookrunner, Underwriter and Lead Manager (Al Ahli Capital) for the inclusion of its name, logo, and statements in this Prospectus;

  (b) the Auditor, (Ernst & Young Professional Services (Professional LLC)) for the inclusion herein of its name and logo, along with the audit reports on the financial statements of the Company for the financial year ended 31 December 2021G, 2022G and 2023G and the review report on the unaudited interim condensed financial statements of the Company for three-month period ended 31 March 2024G in this Prospectus;

  (c) the Financial Due Diligence Advisor (PricewaterhouseCoopers Public Accountants (PwC)) for the inclusion of its name, logo and statements in this Prospectus;

  (d) the Market Consultant (Euromonitor International Ltd.) for the inclusion of its name, logo and statements in this Prospectus;

  (e) the Legal Advisor to the Company (STAT Law Firm), for the inclusion of its name, logo and statements in this Prospectus; and

  (f) the Legal Advisor to the Financial Advisor, Bookrunner, Underwriter and Lead Manager (White & Case (LLP)) for the inclusion of its name, logo, and statements in this Prospectus.

- a document detailing the methodology employed to arrive at the price range used in the book-building process or the valuation report; and
- the Underwriting Agreement.

Financial Statements and Auditor's Reports

18. Financial Statements and Auditor's Reports

This Section contains the financial statements of the Company for the financial years ended 31 December 2021G, 2022G and 2023G and accompanying notes thereto, which have been prepared in accordance with IFRS as endorsed in the Kingdom and other standards and pronouncements endorsed by SOCPA, and audited by the Auditor (Ernst & Young Professional Services (Professional LLC)). The unaudited interim condensed financial statements for the Three-month period ended 31 March 2024G and for the Three-month and Nine-month periods ended 30 September 2024G, along with the accompanying notes, have been prepared in accordance with International Accounting Standard No. (34) (Interim Financial Reporting) as endorsed in the Kingdom.

With respect to the Company's unaudited interim condensed financial statements for the three-month period ended 31 March 2024G and for the Three-Month and Nine-Month Periods ended 30 September 2024G, respectively, the Auditor have reported that they have applied limited procedures in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Auditor of the Entity", as endorsed in the Kingdom. Their review reports dated 14 July 2024G and 26 December 2024G, included elsewhere in the Prospectus, states that they did not audit and they do not express an opinion on that interim financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.

ARABIAN COMPANY FOR AGRICULTURE AND INDUSTRIAL INVESTMENTS - SINGLE PERSON COMPANY

(A LIMITED LIABILITY COMPANY)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

31 DECEMBER 2021

Arabian Company for Agriculture and Industrial Investments - Single Person Company
(A Limited Liability Company)

FINANCIAL STATEMENTS
For the year ended 31 December 2021

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EY Building a better working world

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INDEPENDENT AUDITOR'S REPORT
TO THE OWNER OF ARABIAN COMPANY FOR AGRICULTURE AND INDUSTRIAL INVESTMENTS - SINGLE PERSON COMPANY (A LIMITED LIABILITY COMPANY)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Arabian Company for Agriculture and Industrial Investments - Single Person Company – A Limited Liability Company (the "Company"), which comprise the statement of financial position as at 31 December 2021, the statement of profit or loss , the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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 ("IFRSs") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants.

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 International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia that is relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with this Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organisation for Chartered and Professional Accountants and the provisions of Companies' Law, 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.

Management is responsible for overseeing the Company's financial reporting process.

INDEPENDENT AUDITOR'S REPORT
TO THE OWNER OF ARABIAN COMPANY FOR AGRICULTURE AND INDUSTRIAL INVESTMENTS - SINGLE PERSON COMPANY (A LIMITED LIABILITY COMPANY) (continued)

Report on the Audit of the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the 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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, 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.

INDEPENDENT AUDITOR'S REPORT
TO THE OWNER OF ARABIAN COMPANY FOR AGRICULTURE AND INDUSTRIAL INVESTMENTS - SINGLE PERSON COMPANY (A LIMITED LIABILITY COMPANY) (continued)

Report on the Audit of the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We communicate with management 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.

for Ernst & Young Professional Services

Manar E. Alshamass
Certified Public Accountant
License No. 588

Riyadh: 8 Sha'ban 1444H
28 February 2023

Arabian Company for Agriculture and Industrial Investments - Single Person Company
(A Limited Liability Company)

STATEMENT OF FINANCIAL POSITION
As at 31 December 2021

	Notes	***31 December 2021 SR***	*31 December 2020 SR*
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	6	**507,509,584**	9
Right-of-use assets	7	**18,173,105**	-
Investment in an associate	8	**1,226,608**	1,231,969
TOTAL NON-CURRENT ASSETS		**526,909,297**	1,231,978
CURRENT ASSETS			
Inventories	9	**84,249,901**	-
Biological assets	10	**38,321,521**	-
Government subsidies receivable	11	**3,098,866**	-
Amounts due from related parties	12	**168,906**	-
Accounts receivable	13	**100,212,132**	-
Prepayments and other current assets	14	**18,287,087**	-
Cash and bank balances	15	**6,937,436**	50,003,784
TOTAL CURRENT ASSETS		**251,275,849**	50,003,784
TOTAL ASSETS		**778,185,146**	51,235,762
EQUITY AND LIABILITIES			
EQUITY			
Capital	16	**50,000,000**	50,000,000
Statutory reserve	17	**28,303**	28,303
Accumulated losses		**(4,778,476)**	(8,191,903)
TOTAL EQUITY		**45,249,827**	41,836,400
NON-CURRENT LIABILITIES			
Employees' defined benefit liabilities	18	**16,920,084**	-
Loan from a related party, non current	12	**265,536,166**	-
Amounts due to related parties, non-current	12	**120,218,474**	-
Lease liabilities, non current	19	**9,909,108**	-
Accruals and other non-current liabilities		**1,510,979**	-
TOTAL NON-CURRENT LIABILITIES		**414,094,811**	-
CURRENT LIABILITIES			
Current portion of lease liabilities	19	**8,589,756**	-
Amounts due to related parties	12	**156,533,207**	9,339,362
Loan from a related party, current	12	**68,795,383**	-
Accruals and other current liabilities	21	**54,936,357**	60,000
Accounts payable		**29,985,805**	-
TOTAL CURRENT LIABILITIES		**318,840,508**	9,399,362
TOTAL LIABILITIES		**732,935,319**	9,399,362
TOTAL EQUITY AND LIABILITIES		**778,185,146**	51,235,762

The attached notes 1 to 32 form part of these financial statements.

Arabian Company for Agriculture and Industrial Investments - Single Person Company
(A Limited Liability Company)

STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2021

	Notes	***2021*** ***SR***	*2020* *SR*
Revenue	22	**729,082,436**	-
Government subsidies earned	11	**18,008,646**	-
Cost of revenue	23	**(620,771,738)**	-
GROSS PROFIT		**126,319,344**	-
EXPENSES			
Selling and distribution expenses	24	**(76,943,811)**	-
General and administrative expenses	25	**(35,125,707)**	(60,000)
PROFIT (LOSS) FROM OPERATIONS		**14,249,826**	(60,000)
Share of (loss) profit from investment in an associate	8	**(6,901)**	172,453
Gain on fair value adjustment on biological assets	10	**4,645,592**	-
Finance charges		**(15,266,870)**	(136)
Other income		**61,240**	-
PROFIT BEFORE ZAKAT		**3,682,887**	112,317
Provision for zakat	20	-	-
PROFIT FOR THE YEAR		**3,682,887**	112,317

The attached notes 1 to 32 form part of these financial statements.

Arabian Company for Agriculture and Industrial Investments - Single Person Company
(A Limited Liability Company)

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2021

	Notes	***2021*** ***SR***	*2020* *SR*
PROFIT FOR THE YEAR		**3,682,887**	112,317
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods			
Remeasurement loss on employees' defined benefit liabilities	18	**(271,000)**	-
Share of other comprehensive income from investment in an associate	8	**1,540**	3,640
OTHER COMPREHENSIVE (LOSS) INCOME FOR THE YEAR		**(269,460)**	3,640
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**3,413,427**	115,957

The attached notes 1 to 32 form part of these financial statements.

Arabian Company for Agriculture and Industrial Investments - Single Person Company
(A Limited Liability Company)

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2021

	Capital *SR*	*Statutory reserve* *SR*	*Accumulated losses* *SR*	*Total* *SR*
As at 1 January 2020	50,000,000	17,071	(8,296,628)	41,720,443
Income for the year	-	-	112,317	112,317
Other comprehensive income	-	-	3,640	3,640
Total comprehensive income for the year	-	-	115,957	115,957
Transferred to statutory reserve	-	11,232	(11,232)	-
As at 31 December 2020	50,000,000	28,303	(8,191,903)	41,836,400
Income for the year	-	-	3,682,887	3,682,887
Other comprehensive loss	-	-	(269,460)	(269,460)
Total comprehensive income for the year	-	-	3,413,427	3,413,427
Transferred to statutory reserve	-	-	-	-
As at 31 December 2021	**50,000,000**	**28,303**	**(4,778,476)**	**45,249,827**

The attached notes 1 to 32 form part of these financial statements.

Arabian Company for Agriculture and Industrial Investments - Single Person Company
(A Limited Liability Company)

STATEMENT OF CASH FLOWS
For the year ended 31 December 2021

	Notes	2021 SR	2020 SR
OPERATING ACTIVITIES			
Profit before zakat		**3,682,887**	112,317
Non-cash adjustments to reconcile income to net cash flows:			
Depreciation	6	**33,076,761**	-
Right-of-use assets depreciation	7	**8,475,114**	-
Provision for employee defined benefit liabilities	18	**2,193,821**	-
Provision for slow moving inventory items	9	**4,065,434**	-
Provisions for prepayments and other current assets	14	**232,393**	-
Provision for accounts receivable	13	**1,633,226**	-
Finance charges		**15,266,870**	-
Gain on fair value adjustment on biological assets	10	**(4,645,592)**	-
Gain on disposal of right of use asset		**111,350**	
Share of (loss) income from investment in an associate	8	**6,901**	(172,453)
		64,099,165	(60,136)
Changes in operating assets and liabilities:			
Inventories	9	**(28,252,088)**	-
Biological assets	10	**(4,657,716)**	-
Government subsidies receivable	11	**1,969,380**	-
Accounts receivable	13	**(40,955,064)**	-
Prepayments and other current assets	14	**(7,904,525)**	-
Accruals and other current liabilities		**18,767**	25,000
Accounts payable		**2,684,140**	-
Amounts due to related parties		**145,328,322**	35,999
Cash from operating activities		**132,330,381**	863
Employees' defined benefit liabilities paid	18	**(1,633,131)**	-
Finance charges paid		**(12,359,777)**	-
Net cash from operating activities		**118,337,473**	863
INVESTING ACTIVITIES			
Purchase of projects in progress	6	**(55,537,948)**	-
Net cash used in investing activities		**(55,537,948)**	-
FINANCING ACTIVITIES			
Loan from a related party repaid		**(96,238,697)**	-
Lease liabilities payment	19	**(9,627,176)**	-
Net cash used in financing activities		**(105,865,873)**	-
NET (DECREASE)/INCREASE IN CASH AND BANK BALANCES		**(43,066,348)**	863
Cash and bank balances at the beginning of the year		**50,003,784**	50,002,921
CASH AND BANK BALANCES AT THE END OF THE YEAR	15	**6,937,436**	50,003,784
Significant Non-Cash Transaction:			
Transfer of net assets	30	**120,218,474**	-

The attached notes 1 to 32 form part of these financial statements.

Arabian Company for Agriculture and Industrial Investments - Single Person Company
(A Limited Liability Company)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

1 ACTIVITIES

Arabian Company for Agriculture and Industrial Investments (ACAII) is a One Person Company LLC incorporated in the Kingdom of Saudi Arabia. The Company operates under the Commercial Registration No. 1010318944 issued on 24 Shaaban 1432H (corresponding to 22 October 2011).

The main activity of the Company is egg production, broiler chicken production, support activities for animal production, production of chilled and frozen meat, preservation and preparation of meat and meat products in various ways such as drying, canning, manufacturing of egg products and egg albumen, preparation and processing of egg products, wholesale of dairy products, wholesale of egg products, wholesale of frozen meat and poultry.

The Company's office located in Riyadh, Kingdom of Saudi Arabia. P.O. Box 53845 – Riyadh 11593.

2 BASIS OF PREPARATION

Statement of compliance

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by Saudi Organization for Chartered and Professional Accountants ("SOCPA") (collectively referred to as "IFRS as endorsed in KSA").

These financial statements have been prepared under the historical cost convention, except for the following material items in the statement of financial position:

- The defined benefit obligation is recognised at the present value of future obligations using the projected unit credit method.
- Biological assets are measured at fair value.

The financial statements are presented in Saudi Riyals ("SR"), which is the Company's presentation and functional currency.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Property and equipment

Property and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Category of asset	*Years*
Building	20 to 35 years
Machinery and equipment	2 to 20 years
Motor vehicles	5 to 15 years
Office furniture and equipment	2 to 15 years
Capital spare parts	10 to 15 years

An item of property and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised. The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in associates

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Company's investment in its associate is accounted for using the equity method.

Under the equity method, the investment in an associate or is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Company's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Company's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Company's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Company recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Company and the associate is eliminated to the extent of the interest in the associate.

The aggregate of the Company's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate. The financial statements of the associate is prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

After application of the equity method, the Company determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Company determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss within "share of profit from an associate" in the statement of profit or loss.

Upon loss of significant influence over the associate, the Company measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in the statement of profit or loss.

Leases

The Company assess whether a contract contains a lease, at inception of the contract. For all such lease arrangements the Company recognize right of use assets and lease liabilities except for the short-term leases and leases of low value assets as follows:

Right-of-use assets
The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment. Right-of-use assets are depreciated over the useful life or lease period whichever is lower.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

Lease liabilities
At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Company applies the short-term lease recognition exemption to its short-term leases of commercial buildings, accommodations and offices (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of commercial buildings, accommodations and offices that are considered of low value (i.e., below SR 20,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is determined using the weighted average method. Cost includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

In the case of manufactured inventories and work in progress, the cost includes an appropriate proportion of production overheads allocated based on normal operating capacity.

Net realizable value comprises estimated selling price in the ordinary course of business, less estimated costs to completion and appropriate selling and distribution costs. Provision is made, where necessary, for obsolete, slow moving and defective stocks.

Biological assets

Biological assets consist of poultry and eggs. The biological assets are measured at fair value less costs to sell. Costs to sell include the rearing costs, production costs, and selling costs. Changes in fair value of biological assets are recognized in the statement of profit or loss.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:
• Expected to be 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; or
• Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:
• It is expected to be settled in the normal operating cycle;
• It is held primarily for the purpose of trading;
• It is due to be settled within twelve months after the reporting period; or
• There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in below mentioned categories:

- Financial assets at amortized cost (debt instruments).
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments).
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss.

Financial assets at amortized cost
This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets to collect contractual cash flows.
- 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.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in statement of profit or loss when the asset is derecognized, modified or impaired. The Company financial assets at amortized cost includes accounts receivables and other receivables included under current assets.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets
For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 365 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include loan from a related party, lease liabilities, amounts due to related parties, accounts payable and other payables. These loans are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Accounts payable and other liabilities

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

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities (continued)

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.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised 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 recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations 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. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to liability. The increase in the provision due to the passage of time is recognised as interest expense.

Government subsidies receivables

Government subsidies receivables are recognised where there is reasonable assurance that the grant will be received and all relevant conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Statutory reserve

In accordance with the Regulations for Companies and the Company's articles of association , 10% of net income for the year is transferred to statutory reserve. The Company's General Assembly may discontinue such transfer when the reserve equals 30% of the capital. This reserve is not available for distribution. In view of accumulated losses no such transfer is made.

Employee benefits and post-employment benefits

(i) Short-term obligations

Short-term benefits are those amounts expected to be settled wholly within 12 months of the end of the period in which the employees render the service that gives rise to the benefits.

Liabilities for wages and salaries, including non-monetary benefits and accumulated leaves and benefits-in-kind that are expected to be settled wholly within twelve months after the end of the year in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations under "other payables" in the statement of financial position.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits and post-employment benefits (continued)

(ii) Post-employment obligation

The Company provides end of service benefits to its employees in accordance with the requirements of articles 87 and 88 of the Labour and Workmen Law (1969) issued by the Ministry of Labour of the Kingdom of Saudi Arabia. The entitlement to these benefits, is based upon the employees' basic salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are recognised over the service period. The employee benefits obligation plans are not funded. Accordingly, valuations of the obligations under those plans are carried out by an independent actuary based on the projected unit credit method and the liability is recorded based on an actuarial valuation.

The liability recognised in the statement of financial position in respect of end of service benefits is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality United States government 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 obligation.

Current and past service costs related to post-employment benefits are recognized immediately in the statement of profit or loss while unwinding of the liability at discount rates used are recorded as financial cost. Any changes in net liability due to actuarial valuations and changes in assumptions are taken as re-measurement in the other comprehensive income.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the statement of financial position.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in the statement of profit or loss as past service costs.

Zakat and Value Added Tax (VAT)

The Company is a wholly owned subsidiary of Arabian Agricultural Services Company (ARASCO). Consolidated zakat return for the Group is submitted in accordance with the consolidated special-purpose financial statements (consolidated zakat base). The Company's share of this provision is charged to the statement of profit or loss in accordance with accrued zakat based on fair charging rates from the Holding Company in addition to Zakat calculation on the basis of the consolidated financial statements of the Holding company and its subsidiaries. The resulting provision is presented in the statement of profit or loss for the year within financial statements of the ARASCO. No amount is allocated to the Company by the ARASCO at 31 December 2021. (31 December 2020: Nil).

Expenses, and assets are recognized net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and/or
- When receivables and payables are stated with the amount of VAT included.

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

The Company recognises revenue from the following streams:

- Poultry sales
- Table eggs sales
- Red meat sales
- Cold store sales

Revenue is recognised when a customer obtains control of goods or services. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the goods or services. The core principle of IFRS 15 is that an entity recognizes revenue as it transfer the promised goods or services in an amount that reflects the consideration to which the entity to be entitled in exchange for those goods or services.

Sale of goods
The Company's contracts with customers for the sale of goods generally include one performance obligation. The Company has concluded that revenue from sale of goods should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

Some contracts with customers provide a right of return, trade discounts or volume rebates. Under IFRS 15, rights of return and volume rebates give rise to variable consideration. The variable consideration is estimated at contract inception and constrained until the associated uncertainty is resolved.

Expenses

Selling and marketing expenses are those that mainly relate to salesmen and sales department. All other expenses are allocated on a consistent basis to cost of sales and general and administration expenses in accordance with allocation factors determined as appropriate by the Company.

Foreign currencies

Transactions in foreign currencies are initially recorded at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the financial statements reporting date for the Company. All differences arising on settlement or translation of monetary items are taken to the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of a gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in statement of profit or loss or statement of other comprehensive income, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Company initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Company determines the transaction date for each payment or receipt of advance consideration.

4 USE OF ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

In preparing these financial statements, management makes estimates and judgments that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Actual results could differ from the estimates. The Company's estimates and judgments are based on historical experience and other factors management considers reasonable, including expectations of future events. The judgments and other sources of estimation uncertainty that have a risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next year are outlined below.

4.1 Critical accounting estimates and assumptions

4.1.1 Useful lives of property and equipment

The Company's management determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear.

Management reviews the useful lives and residual value of the assets at least once per year and always at the end of each financial year and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

4.1.2 Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

4.1.3 Impairment of account receivable (Expected Credit Losses)

The Company uses a provision matrix to calculate ECLs for trade accounts receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

4.1.4 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account 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.

4.1.5 Estimation of post-employment benefits obligation

Employee benefits obligation represent obligations that will be settled in the future and require assumptions to project obligations. IFRS requires management to make further assumptions regarding variables such as discount rates, rate of compensation increases, mortality rates, employment turnover and future healthcare costs. The Company's management use an independent actuary for performing this calculation. Changes in key assumptions can have a significant impact on the projected benefit obligation and/or periodic employees' benefits costs incurred.

4 USE OF ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS (continued)

4.1 Critical accounting estimates and assumptions (continued)

4.1.6 Valuation of biological assets

IAS 41 "Agriculture" requires measurement at fair value less costs to sell from initial recognition of such biological assets up to the point of harvest, other than when fair value cannot be measured reliably on initial recognition. The fair value hierarchy was concluded as follows:

Level 1 - there is no active market for poultry and eggs in the Kingdom of Saudi Arabia and therefore a level valuation is not possible.

Level 2 - there is no observable market data available and due to the significant differences in location, environment associated costs, average yield per dairy animal, majority of distribution within the Kingdom of Saudi Arabia and distance active markets means that a level 2 valuation is not possible.

Level 3- Discounted cash flow ("DCF") techniques (income or market approach) - the lack of a relevant market for poultry and eggs requires that any DCF valuation technique would use overall revenue as a basis for any valuation and then eliminate costs and associated profit margin relating to manufacturing packaging and sales and distribution so as to determine the net indirect cash inflows arising from the production. Management considers that any fair value so derived would be clearly unreliable as the costs of the dairy operation are a relatively small part of the Company's overall activities and any imputed cash flows derived from such a valuation approach would be overly dependent on a large number of assumptions, many of which could not be derived from, or compared to, market assumptions or observed data.

4.1.7 Going concern

The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, these financial statements continue to be prepared on the going concern basis.

4.1.8 Determining the lease term of contracts with renewal and termination options – Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

In addition, the renewal options for leases of motor vehicles are not included as part of the lease term because the Company typically leases motor vehicles for not more than five years and, hence, is not exercising any renewal options. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

5 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Company has chosen not to early adopt the following new standards and amendments to IFRS which have been issued but not yet effective for the Company's accounting years beginning on or after January 1, 2021.

New and amended standards and interpretations

Amendments to IAS 1: Classification of Liabilities as Current or Non-current
In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement.
- That a right to defer must exist at the end of the reporting period.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.
The amendments are not expected to have a material impact on the Company.

IAS 41 Agriculture – Taxation in fair value measurements
As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted.

The amendments are not expected to have a material impact on the Company.

6 PROPERTY AND EQUIPMENT

	Land (*) *SR*	*Buildings* *SR*	*Machinery and equipment* *SR*	*Motor vehicles* *SR*	*Office furniture and equipment* *SR*	*Capital spare parts* *SR*	*Projects in progress* *SR*	***Total*** ***SR***
Cost:								
At 1 January 2021	-	-	18,819	-	58,435	-	-	**77,254**
Transferred from the parent company (note 30)	62,172,890	225,027,097	369,532,234	54,393,490	15,191,098	1,662,874	54,520,940	**782,500,623**
Additions during the year	-	-	-	-	-	-	55,537,948	**55,537,948**
Transferred from projects in progress	-	428,448	2,593,698	-	145,104	-	(3,167,250)	-
At 31 December 2021	62,172,890	225,455,545	372,144,751	54,393,490	15,394,637	1,662,874	106,891,638	**838,115,825**
Accumulated depreciation:								
At 1 January 2021	-	-	18,814	-	58,431	-	-	**77,245**
Transferred from the parent company (note 30)	-	64,467,244	181,734,543	36,763,262	13,683,461	803,725	-	**297,452,235**
Charge for the year	-	6,050,305	23,685,873	2,746,548	482,365	111,670	-	**33,076,761**
At 31 December 2021	-	70,517,549	205,439,230	39,509,810	14,224,257	915,395	-	**330,606,241**
Net book value:								
At 31 December 2021	**62,172,890**	**154,937,996**	**166,705,521**	**14,883,680**	**1,170,380**	**747,479**	**106,891,638**	**507,509,584**

(*) As of 31 December 2021, land is owned by the owner and is held for the beneficial interest of the Company. The legal formalities for the transfer of land under the Company's name were completed after the year ended 31 December 2021. Some of these plots of land which have a carrying amount of SR 37.47 million are mortgaged against loans obtained under the name of the owner (ARASCO).

6 PROPERTY AND EQUIPMENT (continued)

	Machinery and equipment	*Office furniture and equipment*	*Total*
Cost:	*SR*	*SR*	*SR*
At 31 December 2020	18,819	58,435	77,254
Accumulated depreciation:			
At 31 December 2020	18,814	58,431	77,245
Net book value:			
At 31 December 2020	5	4	9

Depreciation for the years ended 31 December is presented as follows:

	Notes	***2021 SR***	*2020 SR*
Cost of revenue	23	**28,484,740**	-
Selling and distribution expenses	24	**4,312,583**	-
General and administrative expenses	25	**279,438**	-
		33,076,761	-

7 RIGHT-OF-USE ASSETS

	Land SR	*Buildings SR*	*Warehouses SR*	*Motor vehicles SR*	***Total SR***
Cost:					
Transferred from the parent company (note 30)	12,486,149	27,897,168	1,064,545	4,879,062	**46,326,924**
Additions during the year	10,832,334	-	-	-	**10,832,334**
Disposals during the year	(12,486,149)	(1,976,320)	(1,064,545)	(715,571)	**(16,242,585)**
At 31 December 2021	10,832,334	25,920,848	-	4,163,491	**40,916,673**
Depreciation:					
Transferred from the parent company (note30)	1,655,622	14,362,961	1,016,158	2,645,771	**19,680,512**
Charge for the year	849,595	6,484,949	48,387	1,092,183	**8,475,114**
Disposal during the year	(1,655,622)	(1,976,320)	(1,064,545)	(715,571)	**(5,412,058)**
At 31 December 2021	849,595	18,871,590	-	3,022,383	**22,743,568**
Net book value:					
At 31 December 2021	**9,982,739**	**7,049,258**	-	**1,141,108**	**18,173,105**

7 RIGHT-OF-USE ASSETS (continued)

Depreciation for the year ended 31 December 2021 is presented as follows:

	Notes	***2021*** ***SR***
Cost of revenue	23	**7,713,972**
Selling and distribution expenses	24	**696,477**
General and administrative expenses	25	**64,665**
		8,475,114

8 INVESTMENT IN AN ASSOCIATE

The Company has 14% ownership of Ocean Line Marine Services Company incorporated in Kingdom of Saudi Arabia. The investment in an associate is accounted for under the equity method of accounting and the following table summarises the financial information of the Company's investment in associate:

	31 December 2021 SR	*31 December 2020 SR*
Current assets	**12,544,219**	12,442,469
Non-current assets	**67,116**	132,926
Current liabilities	**(1,749,161)**	(1,755,587)
Non-current liabilities	**(2,100,691)**	(2,020,032)
Equity	**8,761,483**	8,799,776
Company's share in equity – 14% (2020: 14%)	**1,226,608**	1,231,969
Company's carrying amount of the investment	**1,226,608**	1,231,969

	31 December 2021 SR	*31 December 2020 SR*
Revenue	**2,227,766**	3,847,672
Cost of revenues	**(1,174,324)**	(1,603,205)
General and administrative expenses	**(1,076,643)**	(959,819)
Finance charges	**(26,092)**	(52,840)
(Loss) profit for the year	**(49,293)**	1,231,808
Company's share of (loss) profit for the year	**(6,901)**	172,453

8 INVESTMENT IN AN ASSOCIATE (continued)

	31 December 2021 SR	*31 December 2020 SR*
(Loss) profit for the year	**(49,293)**	1,231,808
Other comprehensive income that will not be reclassified to profit and loss in subsequent periods	**11,000**	26,000
Total comprehensive (loss) income for the year (continuing operations)	**(38,293)**	1,257,808
Company's share of other comprehensive income for the year	**1,540**	3,640

Movements of investment in an associate were as follows:

	31 December 2021 SR	*31 December 2020 SR*
At the beginning of the year	**1,231,969**	1,055,876
Share of (loss) profit for the year	**(6,901)**	172,453
Share of other comprehensive income from investment in an associate	**1,540**	3,640
At the end of the year	**1,226,608**	1,231,969

The associate had no contingent liabilities or capital commitments as at 31 December 2021 and 2020.

9 INVENTORIES

	31 December 2021 SR	*31 December 2020 SR*
Finished goods	**40,421,145**	-
Spare parts	**19,380,884**	-
Raw materials	**9,229,786**	-
Packing materials	**8,524,992**	-
Goods in transit	**4,197,873**	-
Goods for trading	**4,655,959**	-
Other materials	**7,495,239**	-
	93,905,878	-
Less: Provision for slow moving inventory items	**(9,655,977)**	-
	84,249,901	-

9 INVENTORIES (continued)

The movements for slow moving inventory were as follows:

	31 December 2021 SR	*31 December 2020 SR*
Transferred from the parent company	**5,590,543**	-
Provided during the year	**4,065,434**	-
At the end of the year	**9,655,977**	-

10 BIOLOGICAL ASSETS

Biological assets consist of poultry. The biological assets are measured at fair value less costs to sell. Costs to sell include the rearing costs, production costs, and selling costs. Changes in fair value of biological assets are recognized in the statement of profit or loss.

	31 December 2021 SR	*31 December 2020 SR*
Transferred from the parent company (note 30)	**29,018,213**	-
Net movement	**4,657,716**	-
Change in fair value	**4,645,592**	-
At the end of the year	**38,321,521**	-

11 GOVERNMENT SUBSIDIES RECEIVABLE

The Company receive subsidies from the Ministry of Environment, Water and Agriculture in accordance with the national plan to encourage production of poultry and its income. Movement in the government subsidies receivable during the year were as follows:

	31 December 2021 SR	*31 December 2020 SR*
Transferred from the parent company (note 30)	**5,068,246**	-
Charged to the statement of income for the year	**18,008,646**	-
Proceeds during the year	**(19,978,026)**	-
At the end of the year	**3,098,866**	-

12 RELATED-PARTY TRANSACTIONS AND BALANCES

The Company enters into transactions with the related parties described below in the ordinary course of business which include the directors, management, the owner, entities controlled or influenced by such parties. The Company's management identifies value of these transactions at fair value.

The significant transactions with the related parties during the year ended are as follows:

Related Party	*Relationship*	*Nature of transactions*	*Amount of transactions* **2021** **SR**	*2020* *SR*
Arabian Agricultural Services Company (ARASCO)	Owner	Trading and shared services	**260,476,481**	36,000
		Loans	**334,331,549**	-
		Repayment of loans	**95,623,644**	-
		Interests paid	**10,828,909**	-
		Financing loans Proceeds	**10,891,649**	-
		Transfer of net assets (note 30)	**120,218,474**	-
IDAC Merieux Nutri Sciences	Affiliate	Purchase	**1,190,793**	-
AlKhorayef Agriculture Company	Affiliate	Purchase	**17,861**	-
Mazaq Altabkha Allzeeza Co.	Affiliate	Sale	**118,906**	-
Saudi Grandparent Poultry	Affiliate	Purchase	**50,000**	-

Related parties balances for the year ended as follows:

Amounts due from related parties	***31 December 2021 SR***	*31 December 2020 SR*
Mazaq Altabkha Allzeeza Co.	**118,906**	-
Saudi Grandparent Poultry	**50,000**	-
	168,906	-

Amounts due to related parties	***31 December 2021 SR***	*31 December 2020 SR*
Current:		
Arabian Agricultural Services Company (ARASCO)	**155,324,554**	9,339,362
IDAC Merieux Nutri Sciences	**1,190,793**	-
Alkhorayef Agriculture Company	**17,860**	-
	156,533,207	9,339,362
Non-current:		
Due to ARASCO (transfer of net assets)	**120,218,474**	-

12 RELATED-PARTY TRANSACTIONS AND BALANCES (continued)

Loan from a related party

	31 December 2021 SR	*31 December 2020 SR*
Loan from ARASCO, non-current	**265,536,166**	-
Loan from ARASCO, current	**68,795,383**	-
	334,331,549	-

The Company has obtained various loans from different banks through the parent company (ARASCO). These loans carry interest rates in the range of 1.2% to 2.5% plus 3M SAIBOR. These loans are payable in instalments which are spread over the period upto 2030.

Below are the maturities of the bank loans:

Year	**SR**
2022	68,795,383
2023	57,780,737
2024	57,780,737
2025	57,780,737
2026	57,780,737
2027	9,072,054
2028	9,072,054
2029	9,072,054
2030	7,197,056
	334,331,549

13 ACCOUNTS RECEIVABLE

	31 December 2021 SR	*31 December 2020 SR*
Accounts receivable	**118,331,093**	-
Less: Provision for expected credit losses	**(18,118,961)**	-
	100,212,132	-

The movements for provision for expected credit losses were as follows:

	31 December 2021 SR	*31 December 2020 SR*
Transferred from the parent company	**30,269,289**	-
Provided during the year	**1,633,226**	-
Write off during the year	**(13,783,554)**	-
At the end of the year	**18,118,961**	-

Accounts receivable comprise of interest free net receivables due from customers with no credit rating. Unimpaired accounts receivable are expected, on the basis of past experience, to be fully recoverable. It is the practice of the Company to obtain collateral over receivables but there are exceptions that therefore unsecured.

13 ACCOUNTS RECEIVABLE (continued)

The following table details the risk profile of accounts receivable based on the Company's provision matrix. As the Company's historical credit loss experience does not show significantly different loss pattern for different customer segments, the allowance for expected credit losses based on past due status is not further distinguished between the Company's different customer types.

31 December 2021	*ECL rate %*	*Gross carrying amount*	*Expected credit loss*
Current	**0%**	**70,876,692**	**184,610**
1-30 days	**2%**	**12,316,274**	**200,677**
31-60 days	**4%**	**6,771,956**	**276,962**
61-90 days	**7%**	**2,369,175**	**174,748**
91-120 days	**27%**	**1,856,635**	**503,145**
121-180 days	**27%**	**8,222,252**	**2,245,198**
181-365 days	**84%**	**8,657,528**	**7,273,040**
More than 365 days	**100%**	**7,260,581**	**7,260,581**
Total	**15%**	**118,331,093**	**18,118,961**

14 PREPAYMENTS AND OTHER CURRENT ASSETS

	31 December 2021 SR	*31 December 2020 SR*
Advances to suppliers	**10,417,773**	-
Prepaid expenses	**2,253,634**	-
Staff advances and loans	**896,847**	-
Accrued insurance claims	**502,335**	-
Other receivables (*)	**7,881,948**	-
	21,952,537	-
Less: provision for expected credit losses	**(3,665,450)**	-
	18,287,087	-

(*) Other receivables included an amount of SR 5,664,449 which represents the amount due from Customs Authority regarding refund of clearance charges for the table eggs shipment as an extra payment to Jeddah Islamic port made in June 2020. The balance has been subsequently cleared.

The movements for provision for expected credit losses were as follows:

	31 December 2021 SR	*31 December 2020 SR*
Transferred from the parent company	**9,170,059**	-
Provided during the year	**232,393**	-
Write off during the year	**(5,737,002)**	-
At the end of the year	**3,665,450**	-

15 CASH AND BANK BALANCES

	31 December 2021 SR	*31 December 2020 SR*
Cash at banks	**6,572,895**	50,003,784
Cash on hand	**364,541**	-
	6,937,436	50,003,784

16 CAPITAL

The capital of the Company amounted to SR 50,000,000 divided into 50,000 shares of SR 1,000 each share.

The shareholding and ownership structure at 31 December 2021 and 2020 were as follows:

Partners	***2021 Ownership***	*2020 Ownership*	***2021 No. of shares***	*2020 No. of shares*	***2021 Nominal Value SR***	*2020 Nominal Value SR*
Arabian Agricultural Services Company	**100%**	99.00%	**50,000**	49,500	**50,000,000**	49,500,000
Motlaq Salih Al Hanaki	-	0.35%	-	177	-	177,000
Abdullah Ibrahim Al Khoraief Sons Company	-	0.20%	-	100	-	100,000
Mafaz Company for International Development	-	0.12%	-	62	-	62,000
Abdullah bin Sulaiman Al Ruabaian	-	0.08%	-	41	-	41,000
Abdullatif bin Salih AL Al Shaikh	-	0.08%	-	38	-	38,000
H.H Prince Sultan Bin Mohamed bin Saud Al Kabeer	-	0.07%	-	32	-	32,000
Multaqa Holding Company	-	0.06%	-	28	-	28,000
Abdulrahman bin Abdulaziz Al Mohana	-	0.03%	-	17	-	17,000
Abdulmalik Abdullah Al Hussaini	-	0.01%	-	5	-	5,000
	100%	100%	**50,000**	50,000	**50,000,000**	50,000,000

17 STATUTORY RESERVE

In accordance with the previous Saudi Arabian Regulations for Companies, the Company sets aside 10% of its net income each year as statutory reserve until such reserve equals to 30% of the share capital. This reserve is currently not available for distribution to the shareholders of the Company. In view of accumulated losses no such transfer is made during the year.

18 EMPLOYEES' DEFINED BENEFITS LIABILITIES

The movements in provision for employees' defined benefits liabilities for the year ended were as follows:

	31 December 2021 SR	*31 December 2020 SR*
Transferred from the parent company (note 30)	**16,239,235**	-
Current service cost	**2,193,821**	-
Interest expense	**210,000**	-
Amount recognized in statement of profit or loss	**2,403,821**	-
Re-measurements		
Loss from change in financial assumptions	**(435,000)**	-
Actuarial loss	**706,000**	-
Amount recognized in other comprehensive income	**271,000**	-
Employees transferred from the Company	**(360,841)**	-
Benefits paid during the year	**(1,633,131)**	-
Balance at the end of the year	**16,920,084**	-

Significant actuarial assumptions

The Company carried out employees' benefits actuarial valuation, using the projected unit credit method, of its liability as at 31 December 2021 arising from the end of service benefits to qualifying in-service employees.

The following were the principal actuarial assumptions:

Key actuarial assumptions	***31 December 2021***	*31 December 2020*
Financial assumptions		
Discount rate used	**1.75%**	-
Salary growth rate	**3.25%**	-
Demographic assumptions		
Mortality rate	**100%**	-
Withdrawal rate (resignation / termination)	**8% / 9%**	-

Sensitivity analysis

Reasonably possible changes as to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation. The following is a sensitivity analysis for the salary inflation and discount rate assumptions that were performed at the previous and current valuation date:

	31 December 2021		*31 December 2020*	
	Base	***1% increase SR***	*Base*	*1% increase SR*
Salary growth rate	**3.25%**	7,976	-	-
Discount rate	**1.75%**	7,177	-	-

Risks associated with defined benefit plans

(a) Longevity risks:
The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

(b) Salary increase risk:
The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual salary increases are higher than expectation and impacts the liability accordingly.

19 LEASE LIABILITIES

	31 December 2021 SR	*31 December 2020 SR*
Transferred from the parent company (note 30)	**26,768,463**	-
Additions during the year	**10,832,334**	-
Accretion of interest	**1,244,420**	-
Payments	**(9,627,176)**	-
Disposal during the year	**(10,719,177)**	-
At the end of the year	**18,498,864**	-

Following is the aggregate maturities of lease liabilities:

	31 December 2021 SR	*31 December 2020 SR*
Within one year	**9,403,812**	-
One to five years	**6,196,550**	-
More than five years	**7,222,680**	-
	22,823,042	-

	31 December 2021 SR	*31 December 2020 SR*
Future minimum lease payment	**22,823,042**	-
Less: un-amortized finance charges	**(4,324,178)**	-
Present value of minimum lease payment	**18,498,864**	-
Less: current portion of lease payment	**(8,589,756)**	-
Non-current portion of lease payment	**9,909,108**	-

20 ZAKAT PROVISION

The Company is a wholly owned subsidiary of Arabian Agricultural Services Company (ARASCO). Consolidated zakat return for the Group is submitted in accordance with the consolidated special-purpose financial statements (consolidated zakat base). The Company's share of this provision is charged to the statement of profit or loss in accordance with accrued zakat based on fair charging rates from the Holding Company in addition to Zakat calculation on the basis of the consolidated financial statements of the Holding company and its subsidiaries. The resulting provision is presented in the statement of profit or loss for the year within financial statements of the ARASCO. No amount is allocated to the Company by the ARASCO at 31 December 2021. (31 December 2020: Nil)

Arabian Company for Agriculture and Industrial Investments-Single Person Company
(A Limited Liability Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2021

21 ACCRUALS AND OTHER CURRENT LIABILITIES

	31 December 2021 SR	*31 December 2020 SR*
Accrual for inventories received	**25,235,776**	-
Accrued salaries and related benefits	**6,131,447**	-
Contract liabilities of biological assets	**5,864,966**	-
Accrued sales commissions	**4,842,106**	-
Value added tax (VAT)	**2,119,013**	-
Accrued expenses	**1,903,993**	-
Unclaimed deposits	**1,465,940**	-
Others	**7,373,116**	60,000
	54,936,357	60,000

22 REVENUE

	31 December 2021 SR	*31 December 2020 SR*
Local sales:		
Poultry sales	**691,101,049**	-
Table eggs sales	**26,918,413**	-
Red meat sales	**4,241,133**	-
Cold store sales	**37,545**	-
	722,298,140	-
Exported poultry sales	**6,784,296**	-
	729,082,436	-

23 COST OF REVENUES

	31 December 2021 SR	*31 December 2020 SR*
Direct materials	**327,914,230**	-
Overhead	**132,849,434**	-
Salaries, wages and related costs	**55,879,127**	-
Depreciation (note 6)	**28,484,740**	-
Packaging materials	**20,497,951**	-
Expired finished goods	**13,072,368**	-
Repair and maintenance	**11,565,930**	-
Electricity, fuel, water and communication	**9,718,866**	-
Right-of-use assets depreciation (note 7)	**7,713,972**	-
Rent	**5,147,291**	-
Provision for slow moving inventory items (note 9)	**4,065,434**	-
Machinery and equipment insurance	**1,279,273**	-
Provision for employee defined benefit liabilities (note 18)	**1,003,753**	-
Consultancy fees	**154,496**	-
Travel	**305,902**	-
Others	**1,118,971**	-
	620,771,738	-

24 SELLING AND DISTRIBUTION EXPENSES

	31 December 2021 SR	*31 December 2020 SR*
Shipping and freight	**35,827,766**	-
Salaries, wages and related costs	**12,411,918**	-
Marketing expenses	**7,226,167**	-
Warehousing expenses	**6,187,030**	-
Depreciation (note 6)	**4,312,583**	-
Sales commission	**2,865,259**	-
Expected credit losses provision (note 13)	**1,633,226**	-
Rent	**1,498,224**	-
Provision for employee defined benefit liabilities (note 18)	**729,896**	-
Right-of-use assets depreciation (note 7)	**696,477**	-
Electricity, fuel, water and communication	**681,645**	-
Insurance	**495,448**	-
Repair and maintenance	**489,878**	-
Professional fees	**446,244**	-
Travel	**117,103**	-
Others	**1,324,947**	-
	76,943,811	-

25 GENERAL AND ADMINISTRATIVE EXPENSES

	31 December 2021 SR	*31 December 2020 SR*
Shared services expenses	**21,440,357**	-
Salaries, wages and related costs	**9,528,711**	-
Provision for employee defined benefit liabilities (note 18)	**460,172**	-
Provisions for other current assets (note 14)	**232,393**	-
Professional fees	**246,984**	60,000
Depreciation (note 6)	**279,438**	-
Travel expenses	**109,497**	-
Rent	**74,188**	-
Right-of-use assets depreciation (note 7)	**64,665**	-
Electricity, fuel, water and communication	**50,474**	-
Insurance	**15,176**	-
Repair and maintenance	**13,360**	-
Delay fines	**9,905**	-
Others	**2,600,387**	-
	35,125,707	60,000

26 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES

Introduction

The Company's objective in managing risk is the creation and protection of shareholder value. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Company's continuing profitability. The Company is exposed to market risk (which includes interest rate risk, currency risk), liquidity risk, credit risk and investment holding period risk arising from the financial instruments it holds.

Financial risk factors

The Company's financial assets include cash and bank balances, accounts receivables, government subsidies receivable and amounts due from related parties. The Company's financial liabilities comprise of amounts due to related parties, accounts payables, loan from a related party and lease liabilities.

The Company is exposed to market risk (currency risk, interest rate risk), credit risk, and liquidity risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Risk management framework

The Board of Directors has an overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies. Management reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Risk management structure

A cohesive organisational structure is established within the Company in order to identify, assess, monitor and control risks.

Board of Directors

The apex of risk governance is the centralised oversight of the Board of Directors providing direction and the necessary approvals of strategies and policies in order to achieve defined corporate goals.

Senior management

Senior management is responsible for the day-to-day operations towards achieving the strategic goals within the Company's pre-defined risk appetite.

Risk mitigation

The risks faced by the Company and the way these risks are mitigated by management are summarised below:

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities where revenue or expense related to export on poultry is denominated in foreign currency. In general, assets are typically funded in the same currency as that of the business being transacted to eliminate exchange exposures.

(ii) Interest rate risk

Interest rate risk is the risk that either fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The following table demonstrates a reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by the amount shown below. The analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

26 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Interest rate risk (continued)

	Profit or loss (31 December 2021)		*Profit or loss (31 December 2020)*	
	100 bp increase	**100 bp decrease**	100 bp increase	100 bp decrease
	SR	***SR***	*SR*	*SR*
Variable-rate instruments	**(3,200,465)**	**3,200,465**	-	-

(iii) Credit risks

Credit risk refers to the risk that a party to a financial instrument will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties, for whom the credit risk is assessed to be low. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific non-related counterparties, and continually assessing the creditworthiness of such non-related counterparties. The Company maintains bank accounts with high credit rated financial institutions.

The table below shows the Company's maximum exposure to credit risk for components of the statement of financial position.

Financial Assets	***31 December 2021 SR***	*31 December 2020 SR*
Accounts receivable	**100,212,132**	-
Cash and bank balances	**6,937,436**	
Government subsidies receivables	**3,098,866**	-
Amounts due from related parties	**168,906**	-
	110,417,340	-

Accounts receivable

For account receivables, the Company applies the simplified approach to providing for ECL prescribed by IFRS 9, which requires the use of the lifetime expected loss provision for such financial assets.

Government subsidies receivables, carried at amortised cost, is considered to be low risk, and thus the impairment provision is determined as 12 months ECL.

Credit concentration

Concentration of credit risk arises when a number of counter-parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic political or other conditions.

No significant concentrations of credit risk were identified by the management as at the reporting date.

The management has conducted an assessment as required under IFRS 9 and based on such assessment, the management believes that there is no need for any significant impairment loss against the carrying value of cash and cash equivalents, due from related parties and other financial assets.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by ensuring that sufficient funds are available from Shareholders and related parties at all times to meet any future commitments, and financing facilities are available.

26 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iv) Liquidity risk (continued)

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments:

31 December 2021	***On Demand***	***Within 3 months***	***3 months to 1 year***	***Above 1 year***	***Total***
	SR	***SR***	***SR***	***SR***	***SR***
Accounts payable	**-**	**29,985,805**	**-**	**-**	**29,985,805**
Amounts due to related parties	**156,533,207**	**-**	**-**	**-**	**156,533,207**
Loan from a related party	**-**	**-**	**68,795,383**	**265,536,166**	**334,331,549**
Lease liabilities	**-**	**-**	**9,403,812**	**13,419,230**	**22,823,042**
Total financial liabilities	**156,533,207**	**29,985,805**	**78,199,195**	**278,955,396**	**543,673,603**

31 December 2020	*On Demand*	*Within 3 months*	*3 months to 1 year*	*Above 1 year*	*Total*
	SR	*SR*	*SR*	*SR*	*SR*
Amounts due to related parties	9,339,362	-	-	-	**9,339,362**
Total financial liabilities	9,339,362	-	-	-	**9,339,362**

27 FAIR VALUES OF FINANCIAL INSTRUMENTS

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

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

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

27 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

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

The Company's financial assets include cash and bank balances, accounts receivables, government subsidies receivable and amounts due from related parties. The Company's financial liabilities comprise of amounts due to related parties, accounts payables, loan from related party and lease liabilities. The fair values of financial instruments are not significantly different from the carrying values included in the financial statements due to the short duration of such financial instruments.

28 CONTINGENT LIABILITIES AND COMMITMENTS

Contingent liabilities as at 31 December 2021 include letters of guarantee amounting to SR 43 million and letters of credit amounting to SR 130 million for the benefit of the Company's external suppliers for raw materials purchases.

29 CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and benefit other stakeholders. Management's policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development of the business. The Company manages its capital structure and makes adjustments in light of changes in economic conditions.

No changes were made in the objectives, policies or processes for managing capital during the current and prior year. For the purpose of the Company's capital management, capital includes share capital and all other equity reserves.

30 TRANSFER OF DIVISION

On 1 January 2021, Company has entered into agreement with Arabian Agricultural Services Company (ARASCO) for the purchase of assets and liabilities of food division of ARASCO. The assets and liabilities were transferred at net book values.

The assets and liabilities transferred are as follows:

ASSETS	**SR**
NON-CURRENT ASSETS	
Property and equipment (note 6)	485,048,386
Right of use (note 7)	26,646,412
TOTAL NON-CURRENT ASSETS	511,694,798
CURRENT ASSETS	
Inventories	60,063,247
Biological assets (note 10)	29,018,213
Account receivables	60,890,294
Prepaid expenses and other receivables	10,614,955
Accrued government subsidies (note 11)	5,068,246
Due from related parties	233,200
Cash and bank balances	917,937
TOTAL CURRENT ASSETS	166,806,092
TOTAL ASSETS	**678,500,890**

30 TRANSFER OF DIVISION (continued)

NON-CURRENT LIABILITIES	
Employee benefits (note 18)	16,239,235
Loan from a related party, non current (note 12)	324,127,606
Lease Liability non-current (note 19)	18,380,833
Accruals and other liabilities N.C	1,768,300
TOTAL NON-CURRENT LIABILITIES	360,515,974
CURRENT LIABILITIES	
Loan from a related party, current (note 12)	95,065,881
Lease Liability current (note 19)	8,387,630
Accounts payable	27,301,665
Accrued and other liabilities	66,960,045
Due to related parties	51,221
TOTAL CURRENT LIABILITIES	197,766,442
TOTAL LIABILITIES	**558,282,416**
Net Assets	**120,218,474**

31 SUBSEQUENT EVENT

In the opinion of management, there have been no significant subsequent events since 31 December 2021 that would have a material impact on the financial position or financial performance of the Company as reflected in these financial statements.

32 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements of the Company for the year ended 31 December 2021 were authorised for issuance by the management on 8 Sha’ban 1444H (corresponding to 28 February 2023).

ARABIAN COMPANY FOR AGRICULTURE AND INDUSTRIAL INVESTMENTS - A ONE PERSON COMPANY

(A LIMITED LIABILITY COMPANY)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

31 DECEMBER 2022

Arabian Company for Agriculture and Industrial Investments – A One Person Company
(A Limited Liability Company)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
For the year ended 31 December 2022

Ernst & Young Professional Services (Professional LLC)
Paid-Up Capital (SR 5,500,000 - Five Million Five Hundred Thousand Saudi Riyal)
Head Office
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INDEPENDENT AUDITOR'S REPORT
TO THE OWNER OF ARABIAN COMPANY FOR AGRICULTURE AND INDUSTRIAL INVESTMENTS – A ONE PERSON COMPANY (A LIMITED LIABILITY COMPANY)

Opinion

We have audited the financial statements of Arabian Company for Agriculture and Industrial Investments – One Person Company – A Limited Liability Company (the "Company"), which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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 ("IFRSs") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed 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 International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia that is relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with this Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants and the provisions of Companies' Law, and the Company's Articles of Association, 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.

The Management is responsible for overseeing the Company's financial reporting process.

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INDEPENDENT AUDITOR'S REPORT
TO THE OWNER OF ARABIAN COMPANY FOR AGRICULTURE AND INDUSTRIAL INVESTMENTS - ONE PERSON COMPANY (A LIMITED LIABILITY COMPANY) (continued)

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the 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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, 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.

INDEPENDENT AUDITOR'S REPORT
TO THE OWNER OF ARABIAN COMPANY FOR AGRICULTURE AND INDUSTRIAL INVESTMENTS - ONE PERSON COMPANY (A LIMITED LIABILITY COMPANY) (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We communicate with management 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.

for Ernst & Young Professional Services

Waleed G. Tawfiq
Certified Public Accountant
License No. (437)

Riyadh: 12 Jumada Al-Ula 1445H
(26 November 2023)

Arabian Company for Agriculture and Industrial Investments – A One Person Company
(A Limited Liability Company)

STATEMENT OF FINANCIAL POSITION
As at 31 December 2022

	Notes	2022 SR	2021 SR
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	5	**696,957,595**	507,509,584
Right-of-use assets	6	**9,862,678**	18,173,105
Investment in an associate	7	**-**	1,226,608
TOTAL NON-CURRENT ASSETS		**706,820,273**	526,909,297
CURRENT ASSETS			
Inventories	8	**68,703,889**	84,249,901
Biological assets	9	**41,223,773**	38,321,521
Government subsidies receivable	10	**3,165,612**	3,098,866
Amounts due from related parties	11	**110,342**	168,906
Accounts receivable	12	**109,440,527**	100,212,132
Prepayments and other current assets	13	**23,465,367**	18,287,087
Cash and bank balances	14	**1,953,161**	6,937,436
TOTAL CURRENT ASSETS		**248,062,671**	251,275,849
TOTAL ASSETS		**954,882,944**	778,185,146
EQUITY AND LIABILITIES			
EQUITY			
Capital	15	**50,000,000**	50,000,000
Statutory reserve	16	**7,504,503**	28,303
Retained earnings / (accumulated losses)		**68,086,797**	(4,778,476)
TOTAL EQUITY		**125,591,300**	45,249,827
NON-CURRENT LIABILITIES			
Employees' defined benefit liabilities	17	**18,820,580**	16,920,084
Loan from a related party	11	**398,302,443**	265,536,166
Amounts due to related parties, non-current	11	**120,218,474**	120,218,474
Non-current portion of lease liabilities	6	**8,582,881**	9,909,108
Accruals and other non-current liabilities		**1,311,536**	1,510,979
TOTAL NON-CURRENT LIABILITIES		**547,235,914**	414,094,811
CURRENT LIABILITIES			
Accounts payable		**23,441,981**	29,985,805
Accruals and other current liabilities	18	**76,804,332**	54,936,357
Amounts due to related parties	11	**137,523,941**	156,533,207
Current portion of loan from a related party	11	**42,987,211**	68,795,383
Current portion of lease liabilities	6	**1,298,265**	8,589,756
TOTAL CURRENT LIABILITIES		**282,055,730**	318,840,508
TOTAL LIABILITIES		**829,291,644**	732,935,319
TOTAL EQUITY AND LIABILITIES		**954,882,944**	778,185,146

The attached notes 1 to 30 form part of these financial statements.

Arabian Company for Agriculture and Industrial Investments – A One Person Company
(A Limited Liability Company)

STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2022

	Notes	***2022*** ***SR***	*2021* *SR*
Revenue	20	**1,030,900,250**	729,082,436
Government subsidies earned	10	**29,379,347**	18,008,646
Cost of revenue	21	**(830,401,880)**	(620,771,738)
GROSS PROFIT		**229,877,717**	126,319,344
EXPENSES			
Selling and distribution	22	**(100,205,486)**	(76,943,811)
General and administration	23	**(38,374,556)**	(35,125,707)
PROFIT FROM OPERATIONS		**91,297,675**	14,249,826
Share of loss from an associate	7	**-**	(6,901)
Gain on fair value adjustment on biological assets	9	**2,701,389**	4,645,592
Finance costs	24	**(14,296,571)**	(15,266,870)
Other (expenses) income, net		**(162,020)**	61,240
PROFIT BEFORE ZAKAT		**79,540,473**	3,682,887
Zakat	19	**-**	-
PROFIT FOR THE YEAR		**79,540,473**	3,682,887

The attached notes 1 to 30 form part of these financial statements.

Arabian Company for Agriculture and Industrial Investments – A One Person Company
(A Limited Liability Company)

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2022

	Notes	***2022 SR***	*2021 SR*
PROFIT FOR THE YEAR		**79,540,473**	3,682,887
OTHER COMPREHENSIVE INCOME (LOSS)			
Other comprehensive income (loss) that will not be reclassified to profit or loss in subsequent periods			
Remeasurement gain (loss) on employees' defined benefit liabilities	17	**801,000**	(271,000)
Share of other comprehensive income of an associate	7	**-**	1,540
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		**801,000**	(269,460)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**80,341,473**	3,413,427

The attached notes 1 to 30 form part of these financial statements.

Arabian Company for Agriculture and Industrial Investments – A One Person Company
(A Limited Liability Company)

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2022

	Capital SR	*Statutory reserve SR*	*Retained earnings/ (Accumulated Losses) SR*	*Total SR*
As at 1 January 2021	50,000,000	28,303	(8,191,903)	41,836,400
Profit for the year	-	-	3,682,887	3,682,887
Other comprehensive loss	-	-	(269,460)	(269,460)
Total comprehensive income	-	-	3,413,427	3,413,427
As at 31 December 2021	50,000,000	28,303	(4,778,476)	45,249,827
As at 1 January 2022	50,000,000	28,303	(4,778,476)	45,249,827
Profit for the year	-	-	79,540,473	79,540,473
Other comprehensive income	-	-	801,000	801,000
Total comprehensive income	-	-	80,341,473	80,341,473
Transferred to statutory reserve	-	7,476,200	(7,476,200)	-
As at 31 December 2022	**50,000,000**	**7,504,503**	**68,086,797**	**125,591,300**

The attached notes 1 to 30 form part of these financial statements.

Arabian Company for Agriculture and Industrial Investments – A One Person Company
(A Limited Liability Company)

STATEMENT OF CASH FLOWS
For the year ended 31 December 2022

	Notes	***2022*** ***SR***	*2021* *SR*
OPERATING ACTIVITIES			
Profit before zakat		**79,540,473**	3,682,887
Adjustments to reconcile profit before zakat to net cash flows:			
Depreciation of property and equipment	5	**31,771,710**	33,076,761
Depreciation of right-of-use assets	6	**8,252,037**	8,475,114
Provision for employees' defined benefit liabilities	17	**3,288,739**	2,193,821
Provision for slow moving inventory items	8	**2,652,092**	4,065,434
Provisions for prepayments and other current assets	13	**535**	232,393
Expected credit loss on accounts receivable	12	**18,411,427**	1,633,226
Finance costs	24	**14,296,571**	15,266,870
Gain on fair value adjustment on biological assets	9	**(2,701,389)**	(4,645,592)
Gain on disposal of property and equipment		**(196,000)**	-
(Gain) loss on disposal of right-of-use assets		**(18,082)**	111,350
Share of loss from investment in an associate	7	**-**	6,901
		155,298,113	64,099,165
Changes in operating assets and liabilities:			
Inventories		**12,893,920**	(28,252,088)
Biological assets		**(200,863)**	(4,657,716)
Government subsidies receivable		**(66,746)**	1,969,380
Accounts receivable		**(27,639,822)**	(40,955,064)
Prepayments and other current assets		**(5,178,815)**	(7,904,525)
Accounts payable		**(6,543,824)**	2,684,140
Accruals and other current liabilities		**21,668,532**	(27,397,880)
Amounts due from / to related parties		**(15,296,642)**	162,707,726
Cash from operating activities		**134,933,853**	122,293,138
Employees' defined benefit liabilities paid	17	**(3,300,225)**	(1,633,131)
Finance costs paid		**(14,008,571)**	(14,595,160)
Net cash from operating activities		**117,625,057**	106,064,847
INVESTING ACTIVITY			
Purchase of property and equipment	5	**(221,282,418)**	(55,537,948)
Proceeds from disposal of property and equipment		**258,697**	-
Net cash used in investing activities		**(221,023,721)**	(55,537,948)
FINANCING ACTIVITIES			
Proceeds from loan from a related party		**257,807,267**	10,413,153
Repayment of loan from a related party		**(150,849,162)**	(95,623,644)
Payment of principal portion of lease liabilities	6	**(8,543,716)**	(8,382,756)
Net cash from (used in) financing activities		**98,414,389**	(93,593,247)
NET DECREASE IN CASH AND BANK BALANCES		**(4,984,275)**	(43,066,348)
Cash and bank balances at the beginning of the year		**6,937,436**	50,003,784
CASH AND BANK BALANCES AT THE END OF THE YEAR	14	**1,953,161**	6,937,436
Significant non-cash transactions:			
Transfer of net assets	30	**-**	120,218,474
Transfer of investment in an associate	7	**(1,226,608)**	-
Amortisation of finance costs prepaid upfront		**824,887**	348,553
Derecognition of right-of-use assets		**2,470**	-

The attached notes 1 to 30 form part of these financial statements.

1 CORPORATE INFORMATION

Arabian Company for Agriculture and Industrial Investments ("ACAII", "the Company") is a One Person Limited Liability Company incorporated in the Kingdom of Saudi Arabia under commercial registration numbered 1010318944 dated 24 Shaaban 1432H (corresponding to 22 October 2011).

The Company's licensed activities include egg production, broiler chicken production, support activities for animal production, production of chilled and frozen meat, preservation, and preparation of meat and meat products in various ways, such as drying, canning, and the production of egg products and eggshells, in addition to the preparation and processing of egg products, wholesale of dairy products, egg products, frozen meat and poultry. The Company is fully owned by Arabian Agricultural Services Company ("ARASCO") or the ("Holding Company"), which is a company incorporated and operating in the Kingdom of Saudi Arabia.

The Company's registered office is located at P.O. Box 53845 – Riyadh 11231, Kingdom of Saudi Arabia.

2 BASIS OF PREPARATION

Statement of compliance
These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by Saudi Organization for Chartered and Professional Accountants ("SOCPA") (collectively referred to as "IFRS as endorsed in KSA").

Basis of measurement
These financial statements have been prepared under the historical cost convention, except for the following material items in the statement of financial position:

- Employees' defined benefit liabilities are recognised at the present value of future obligations using the projected unit credit method.
- Biological assets are measured at fair value.

These financial statements are presented in Saudi Riyals ("SR") which is the functional and presentation currency of the Company and rounded to the nearest Saudi Riyals (except when otherwise indicated).

The Company has prepared its financial statements on the basis that it will continue as a going concern.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Current versus non-current classification
The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be 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; Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

The Company classifies all other assets as non-current.

A liability is current when:
- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period; Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement

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

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

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

When inputs used to measure the fair value of an asset or liability are classified at different levels in the fair value hierarchy, the fair value measurement is classified as a whole at the same level in the fair value hierarchy of the lowest input level that is significant for the overall measurement.

For assets and liabilities that are frequently recognised in the statement of financial position, the company determines whether the transfer has been made between the hierarchy of fair value levels by re-assessing the classification (based on significant lower-level inputs to measure the fair value as a whole) at the end of each financial period.

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

Investments in associates

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Company's investment in its associate is accounted for using the equity method.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in associates (continued)
Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Company's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Company's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Company's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Company recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Company and the associate is eliminated to the extent of the interest in the associate.

The aggregate of the Company's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate. The financial statements of the associate is prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

After application of the equity method, the Company determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Company determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss within "share of profit from an associate" in the statement of profit or loss.

Upon loss of significant influence over the associate, the Company measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in the statement of profit or loss.

Leases
The Company assess whether a contract contains a lease, at inception of the contract i.e. if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. For all such lease arrangements, the Company recognises right of use assets and lease liabilities except for the short-term leases and leases of low value assets.

Company as lessee
The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets
The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment. Right-of-use assets are depreciated over the useful life or lease period whichever is lower, as below:

Poultry farms	13 years
Buildings and warehouse	4 to 10 years
Motor vehicles	4 years

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

Lease liabilities
At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Company applies the short-term lease recognition exemption to its short-term leases of commercial buildings, accommodations and offices (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low value assets recognition exemption where leases are less than SR 3,000 in addition to the short-term leases of commercial building and offices that are leased for less than 12 months. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Property and equipment
Construction in process is stated at cost, net of accumulated impairment losses, if any. Property and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Category of asset	*Years*
Buildings	20 to 35 years
Machinery and equipment	2 to 20 years
Motor vehicles	5 to 15 years
Office furniture and equipment	2 to 15 years
Capital spare parts	10 to 15 years

An item of property and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised. The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories
Cost is determined for the following categories:

Spare parts, packing material and other inventories - weighted average cost
Costs are assigned to individual items of inventory on the basis of weighted average method. At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced by its cost; the impairment loss is recognised immediately in statement of profit or loss.

Finished goods – Cost or NRV
Net realisable value comprises estimated selling price in the ordinary course of business, less estimated costs to completion and appropriate selling and distribution costs. Provision is made, where necessary, for expired, obsolete, slow moving and defective stocks.

Raw material - weighted average cost
Raw materials and finished goods including work in progress: cost of direct materials and labor and a proportion of production overheads based on the normal operating capacity

Goods in-transit
Inventories are stated at cost plus freight and other related expense.

Biological assets
Biological assets are stated at fair value less cost to sell. The fair value measurements for biological assets have been recognised as Level 3. Fair value inputs based on the inputs to the valuation techniques used. Cost to sell includes all cost that would be necessary to sell the biological assets. Changes in fair value of poultry are recognised in statement of profit or loss as part of cost of sales. Costs related to growing the poultry are expensed as incurred. Lambs are purchased for the purpose of meat sale.

Impairment of non-financial assets
The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators. The Company bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year. Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset. For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments – initial recognition and subsequent measurement
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price as disclosed in revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in below mentioned categories:
- Financial assets at amortised cost (debt instruments).
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments).
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss.

Out of above, only below is applicable to the Company:

Financial assets at amortised cost (debt instruments) are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Company's financial assets at amortised cost includes trade receivables, amounts due from related parties and government subsidy receivable.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments – initial recognition and subsequent measurement (continued)

Financial assets (continued)

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) 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.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets
The Company recognises an provision for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss provision is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For accounts receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss provision based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments – initial recognition and subsequent measurement (continued)

Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include loan from a related party, lease liabilities, amounts due to related parties, accounts payable and other payables.

Subsequent measurement
For purposes of subsequent measurement, financial liabilities are classified in two categories:
- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at amortised cost (loans and borrowings) is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised 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 realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents
Cash and cash equivalents in the statement of financial position comprise of cash at banks, Cash on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

Government subsidies receivables
Government subsidies receivables are recognised where there is reasonable assurance that the subsidy will be received and all relevant conditions will be complied with. When the subsidy relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the subsidy relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. 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. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to liability. The increase in the provision due to the passage of time is recognised as interest expense.

Statutory reserve

In accordance with the Regulations for Companies and the Company's articles of association, 10% of profit for the year is transferred to statutory reserve. The Company's General Assembly may discontinue such transfer when the reserve equals 30% of the capital. This reserve is not available for distribution.

Employee benefits

(i) Short-term obligations

Short-term benefits are those amounts expected to be settled wholly within 12 months of the end of the period in which the employees render the service that gives rise to the benefits.

Liabilities for wages and salaries, including non-monetary benefits and accumulated leaves and benefits-in-kind that are expected to be settled wholly within twelve months after the end of the year in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations under "other payables" in the statement of financial position.

(ii) Post-employment obligation

The Company operates a non-funded employee end-of-service benefit plan, which is classified as defined benefit obligation under IAS 19 'Employee Benefits'. A defined benefit plan is a plan which is not a defined contribution plan. The liability recognised in the statement of financial position for a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets at that date. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting estimated future cash outflows using market yields at the end of the reporting period of high quality corporate bonds that have terms to maturity approximating to the estimated term of the post-employment benefit obligations.

Remeasurements, 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. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that 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 net defined benefit obligation under 'cost of revenue, 'general and administration expenses' and 'selling and distribution expenses' in the statement of profit or loss (by function):

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Zakat and Value Added Tax ("VAT")
The Company is a wholly owned subsidiary of Arabian Agricultural Services Company ("ARASCO", "holding company"). Consolidated zakat return for the Group is submitted in accordance with the consolidated special-purpose financial statements (consolidated zakat base). The Company's share of this provision is charged to the statement of profit or loss in accordance with accrued zakat based on fair charging rates from the Holding Company in addition to Zakat calculation on the basis of the consolidated financial statements of the Holding company and its subsidiaries. The resulting provision is presented in the statement of profit or loss for the year within financial statements of the Holding Company. No amount is allocated to the Company by the ARASCO at 31 December 2022. (31 December 2021: nil).

Expenses, and assets are recognised net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and/or
- When receivables and payables are stated with the amount of VAT included.

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

Withholding tax
The Company withhold taxes on transactions with non-resident parties in accordance with Zakat, Tax and Customs Authority ("ZATCA") regulations, which is not recognised as an expense being the obligation of the counter party on whose behalf the amounts are withheld.

Revenue recognition
The Company recognises revenue from the following streams:
- Poultry sales
- Table eggs sales
- Red Meat
- Cold Store

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer. The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price, the Company considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the customer (if any).

Sale of poultry, eggs, red meat
The Company's contracts with customers for the sale of goods generally include one performance obligation. The Company has concluded that revenue from sale of goods should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

Variable consideration
If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts provide customers with a right to return the goods within a specified period. The Company also provides retrospective volume rebates to certain customers once the quantity of goods purchased during the period exceeds the threshold specified in the contract. The rights of return and volume rebates give rise to variable consideration.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Right of return
Some contracts with customers provide a right of return, trade discounts or volume rebates. The Company uses the expected value method to estimate the variable consideration given the large number of contracts that have similar characteristics. The Company then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price and recognised as revenue. A refund liability is recognised for the goods that are expected to be returned (i.e., the amount not included in the transaction price). A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover the goods from the customer.

Volume rebates
The Company applies either the most likely amount method or the expected value method to estimate the variable consideration in the contract. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The most likely amount is used for those contracts with a single volume threshold, while the expected value method is used for those with more than one volume threshold. The Company then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price and recognised as revenue. A refund liability is recognised for the expected future rebates (i.e., the amount not included in the transaction price).

Contract balances

Accounts receivable
A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Foreign currencies
Transactions in foreign currencies are initially recorded at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the financial statements reporting date for the Company. All differences arising on settlement or translation of monetary items are taken to the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of a gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in statement of profit or loss or statement of other comprehensive income, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Company initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Company determines the transaction date for each payment or receipt of advance consideration.

Contingencies
Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Liabilities which are probable, they are recorded in the statement of financial position under accounts payable and accruals. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New and amended standards and interpretations
The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 Leases
The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

In accordance with the transitional provisions, the Company applies the amendments retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment (the date of initial application). These amendments had no impact on the financial statements of the Company as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
An onerous contract is a contract under which the unavoidable of meeting the obligations under the contract costs (i.e., the costs that the Company cannot avoid because it has the contract) exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labor and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract and costs of contract management and supervision). General and administration costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Company applied these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. There has been no impact on the Company's financial statements.

Reference to the Conceptual Framework – Amendments to IFRS 3
The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements. The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. In accordance with the transitional provisions, the Company applies the amendments prospectively, i.e., to business combinations occurring after the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). There has been no impact on the Company's financial statements as there were no contingent assets, liabilities or contingent liabilities within the scope of these amendments that arose during the year.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New and amended standards and interpretations (continued)

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time Adopter
The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

These amendments had no impact on the financial statements of the Company.

IAS 41 Agriculture – Taxation in fair value measurements
The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41. The Company is in compliance with the amendments as at the reporting date.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities
The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.

In accordance with the transitional provisions, the Company applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application). The Company is in compliance with the amendments as at the reporting date.

New and amended IFRSs as endorsed in KSA in issue but not yet effective and not early adopted
The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary. The Company is currently assessing the impact of the amendments to determine the impact they will have on the Company's accounting policy disclosures.

Definition of Accounting Estimates - Amendments to IAS 8
In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Company.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New and amended IFRSs as endorsed in KSA in issue but not yet effective and not early adopted (continued)

Amendments to IAS 1: Classification of Liabilities as Current or Non-current
In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12
In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations. The Company is currently assessing the impact of the amendments.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company’s financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the 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.

Estimates and assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Determining lease term for leases with termination option — Company as lessee
The Company has entered into lease agreements for poultry farms. The Company has evaluated based on the terms and conditions of the arrangements that the significant risks and rewards of ownership of these assets are retained by the lessor hence have been accounted for as operating leases. In making such assessment, management considered that the following key factors are applicable to its lease’s arrangements:

- Lease agreements do not transfer the assets' ownership to the lessor at the end of the lease.
- The Company has no option to purchase the asset.
- The lease term is not for the major part of the economic life of the asset.

At the inception of the lease, the present value of the minimum lease payments is not amounting to substantially all the fair value of the leased asset.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Impairment of non-financial assets
Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Employees' defined benefit plans
The cost of employees' defined benefit obligation and other post-employment benefits are determined using actuarial valuations. An actuarial valuation involves making various assumptions, which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Useful lives of property and equipment
The Company's management determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the useful lives and residual value of the assets at least once per year and always at the end of each financial year and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Leases - Estimating the incremental borrowing rate
The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Impairment of account receivable
The Company uses a provision matrix to calculate ECLs for trade accounts receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Provisions
Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account 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.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Fair value of biological assets
The Company carries its biological assets (poultry) until the time of slaughtering (recorded in inventories immediately after slaughtering) at fair value less costs to sell. At the end of the reporting period, the fair value of poultry is estimated at transaction prices for poultry for that local area, adjusted for expected costs to reach maturity over the life cycle. Significant estimates include the expected yields and quality, costs to incur until slaughtering and the expected market price for the slaughtered poultry. Significant estimates include the expected yields and quality, costs to incur until slaughtering and the expected market price for the slaugtered poultry.

Any gains or losses on remeasuring fair value are presented in the statement of profit or loss as gain on fair value adjustment on biological assets.

Inventories
Inventories are held at the lower of cost or net realisable value. When spare parts inventories become old or obsolete, an estimate is made for their market value. For individually significant amounts this estimation is performed 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 ageing or obsolescence, based on anticipated selling prices. A provision is made for expired products.

Going concern
The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, these financial statements continue to be prepared on the going concern basis.

NOTES TO THE FINANCIAL STATEMENTS (continued)
At 31 December 2022

5 PROPERTY AND EQUIPMENT

	Land (*) *SR*	*Buildings* *SR*	*Machinery and equipment* *SR*	*Motor vehicles* *SR*	*Office furniture and equipment* *SR*	*Capital spare parts* *SR*	*Projects in progress (**)* *SR*	***Total*** ***SR***
Cost:								
At 1 January 2022	62,172,890	225,455,545	372,144,751	54,393,490	15,394,637	1,662,874	106,891,638	**838,115,825**
Transfers during the year	-	1,069,470	8,762,617	-	921,916	-	(10,754,003)	-
Additions during the year	-	-	-	-	-	-	221,282,418	**221,282,418**
Disposals during the year	-	-	(1,263,499)	(339,790)	(227,178)	-	-	**(1,830,467)**
At 31 December 2022	62,172,890	226,525,015	379,643,869	54,053,700	16,089,375	1,662,874	317,420,053	**1,057,567,776**
Accumulated depreciation:								
At 1 January 2022	-	70,517,549	205,439,230	39,509,810	14,224,257	915,395	-	**330,606,241**
Charge for the year	-	6,075,823	22,443,559	2,645,234	495,424	111,670	-	**31,771,710**
Disposals	-	-	(1,258,965)	(282,349)	(226,456)	-	-	**(1,767,770)**
At 31 December 2022	-	76,593,372	226,623,824	41,872,695	14,493,225	1,027,065	-	**360,610,181**
Net book value:								
At 31 December 2022	**62,172,890**	**149,931,643**	**153,020,045**	**12,181,005**	**1,596,150**	**635,809**	**317,420,053**	**696,957,595**

(*) The legal formalities for the transfer of land under the Company's name are still in progress. Some of these plots of land which have a carrying amount of SR 37.47 million (2021: SR 37,47 million) are mortgaged against loans obtained under the name of the holding company ("ARASCO").

(**) Projects in progress mainly represents extension projects on the existing land farms of the Company, which are expected to be completed by 2024. Borrowing cost of SR 2,605,074 (2021: nil) has been capitalised during the year, at a weighted average rate of 5.95%.

Currently, there is no temporary idle asset (2021: none). Assets with cost amounting SR 74.5 million have been fully depreciated as of the year-end (2021: SR 64.61 million).

NOTES TO THE FINANCIAL STATEMENTS (continued)
At 31 December 2022

5 PROPERTY AND EQUIPMENT (continued)

	Land (*) *SR*	*Buildings* *SR*	*Machinery and equipment* *SR*	*Motor vehicles* *SR*	*Office furniture and equipment* *SR*	*Capital spare parts* *SR*	*Projects in progress* *SR*	*Total* *SR*
Cost:								
At 1 January 2021	-	-	18,819	-	58,435	-	-	77,254
Transferred from Holding Company (note 28)	62,172,890	225,027,097	369,532,234	54,393,490	15,191,098	1,662,874	54,520,940	782,500,623
Additions during the year	-	-	-	-	-	-	55,537,948	55,537,948
Transferred from projects in progress	-	428,448	2,593,698	-	145,104	-	(3,167,250)	-
At 31 December 2021	62,172,890	225,455,545	372,144,751	54,393,490	15,394,637	1,662,874	106,891,638	838,115,825
Accumulated depreciation:								
At 1 January 2021	-	-	18,814	-	58,431	-	-	77,245
Transferred from Holding Company (note 28)	-	64,467,244	181,734,543	36,763,262	13,683,461	803,725	-	297,452,235
Charge for the year	-	6,050,305	23,685,873	2,746,548	482,365	111,670	-	33,076,761
At 31 December 2021	-	70,517,549	205,439,230	39,509,810	14,224,257	915,395	-	330,606,241
Net book value:								
At 31 December 2021	62,172,890	154,937,996	166,705,521	14,883,680	1,170,380	747,479	106,891,638	507,509,584

Depreciation charge for the year has been allocated as:

	Notes	***2022*** ***SR***	*2021* *SR*
Cost of revenue	21	**28,556,660**	28,484,740
Selling and distribution expenses	22	**2,958,497**	4,312,583
General and administration expenses	23	**256,553**	279,438
		31,771,710	33,076,761

6 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Movements in right-of-use assets were presented below:

	Land SR	*Buildings SR*	*Warehouses SR*	*Motor vehicles SR*	***Total SR***
Cost:					
At 1 January 2022	10,832,334	25,920,848	-	4,163,491	**40,916,673**
Transferred from related parties	-	-	-	88,479	**88,479**
Disposals during the year	-	(13,257,824)	-	(779,495)	**(14,037,319)**
At 31 December 2022	10,832,334	12,663,024	-	3,472,475	**26,967,833**
Accumulated depreciation:					
At 1 January 2022	849,595	18,871,590	-	3,022,383	**22,743,568**
Charge for the year	849,595	6,423,449	-	978,993	**8,252,037**
Transferred from related parties	-	-	-	73,733	**73,733**
Disposal during the year	-	(13,257,824)	-	(706,359)	**(13,964,183)**
At 31 December 2022	1,699,190	12,037,215	-	3,368,750	**17,105,155**
Net book value:					
At 31 December 2022	**9,133,144**	**625,809**	-	**103,725**	**9,862,678**

	Land SR	*Buildings SR*	*Warehouses SR*	*Motor vehicles SR*	*Total SR*
Cost:					
Transferred from Holding Company (note 28)	12,486,149	27,897,168	1,064,545	4,879,062	46,326,924
Additions during the year	10,832,334	-	-	-	10,832,334
Disposals during the year	(12,486,149)	(1,976,320)	(1,064,545)	(715,571)	(16,242,585)
At 31 December 2021	10,832,334	25,920,848	-	4,163,491	40,916,673
Accumulated depreciation:					
Transferred from Holding Company (note 28)	1,655,622	14,362,961	1,016,158	2,645,771	19,680,512
Charge for the year	849,595	6,484,949	48,387	1,092,183	8,475,114
Disposal during the year	(1,655,622)	(1,976,320)	(1,064,545)	(715,571)	(5,412,058)
At 31 December 2021	849,595	18,871,590	-	3,022,383	22,743,568
Net book value:					
At 31 December 2021	9,982,739	7,049,258	-	1,141,108	18,173,105

Depreciation for the year has been allocated as below:

	Notes	***2022 SR***	*2021 SR*
Cost of revenue	21	**7,627,056**	7,713,972
Selling and distribution expenses	22	**581,687**	696,477
General and administration expenses	23	**43,294**	64,665
		8,252,037	8,475,114

6 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

Movements in lease liabilities were presented below:

	2022 ***SR***	*2021* *SR*
At the beginning of the year	**18,498,864**	-
Transferred from Holding Company (note 28)	-	26,768,463
Internal transfer	**17,216**	-
Additions during the year	-	10,832,334
Accretion of interest	**813,216**	1,244,420
Payments	**(9,356,932)**	(9,627,176)
Disposal during the year	**(91,218)**	(10,719,177)
At the end of the year	**9,881,146**	18,498,864

Following is the aggregate maturities of lease liabilities:

	2022 ***SR***	*2021* *SR*
Within one year	**1,353,286**	9,403,812
One to five years	**6,018,900**	6,196,550
More than five years	**6,018,900**	7,222,680
	13,391,086	22,823,042

	2022 ***SR***	*2021* *SR*
Future minimum lease payment	**13,391,086**	22,823,042
Less: un-amortised finance charges	**(3,509,940)**	(4,324,178)
Present value of minimum lease payment	**9,881,146**	18,498,864
Less: current portion of lease payment	**(1,298,265)**	(8,589,756)
Non-current portion of lease payment	**8,582,881**	9,909,108

Short-term lease expense recognised in statement of profit or loss amounting to SR 7,903,761 (2021: SR 6,719,703). There is no variable lease payment (2021: none).

The Company is utilising the leased farms and other leased assets for the purpose of its farming activities. Duration of the leased farms is for 13 years, starting from 2021. All of the lease contracts are signed with third parties. The Company is obliged for the regular maintenance of the leased assets. There are no guarantees given in lieu of the leased assets. There is no arrangement for transfer of ownership of the leased asset at any stage of the contract. The insurance of the leased assets is done by the lessor itself.

7 INVESTMENT IN AN ASSOCIATE

The Company has 14% ownership of Ocean Line Marine Services Company incorporated in Kingdom of Saudi Arabia. The investment in an associate is accounted for under the equity method of accounting. On 30 November 2021, Arabian Agricultural Services Company (the "Holding Company") and the Company agreed to transfer its shareholding in the associate to the Holding Company, at a consideration equivalent to book value of the associate and hence no gain or loss is recorded. Legal formalities in this regard have been completed on 22 May 2022.

Movements of investment in an associate were as follows:

	31 December 2022 SR	*31 December 2021 SR*
At the beginning of the year	**1,226,608**	1,231,969
Share of loss for the year	**-**	(6,901)
Share of other comprehensive income from investment in an associate	**-**	1,540
Transferred to Holding Company (note 28)	**(1,226,608)**	-
At the end of the year	**-**	1,226,608

8 INVENTORIES

	2022 SR	*2021 SR*
Spare parts	**20,903,166**	19,380,884
Finished goods	**16,441,144**	40,421,145
Raw materials	**15,499,530**	9,229,786
Packing materials	**10,305,517**	8,524,992
Goods in transit	**1,747,191**	4,197,873
Work in progress	**1,609,963**	-
Goods for trading	**805,379**	4,655,959
Other materials	**14,067,302**	7,495,239
	81,379,192	93,905,878
Less: Provision for slow moving inventories	**(12,308,069)**	(9,655,977)
Less: Provision for net realisable value adjustment	**(367,234)**	-
	68,703,889	84,249,901

Inventories charged under the cost of revenue is disclosed in note 21.

8 INVENTORIES (continued)

The movement for slow moving inventory were as follows:

	31 December 2022 SR	*31 December 2021 SR*
At the beginning of the year	**9,655,977**	-
Transferred from Holding Company (note 28)	**-**	5,590,543
Charge during the year	**2,652,092**	4,065,434
At the end of the year	**12,308,069**	9,655,977

9 BIOLOGICAL ASSETS

Biological assets consist of poultry, which is raised in farms located in Kingdom of Saudi Arabia until the date of slaughtering.

As at 31 December 2022, the Company had a volume of 6.9 million live broiler birds (2021: 6.8 million live broiler birds). Further, during the year ended 31 December 2022, the Company produced 86.3 million birds (2021: 77.2 million birds).

	31 December 2022 SR	*31 December 2021 SR*
At the beginning of the year	**38,321,521**	-
Transferred from Holding Company (note 28)	**-**	29,018,213
Net movement	**200,863**	4,657,716
Change in fair value	**2,701,389**	4,645,592
At the end of the year	**41,223,773**	38,321,521

Valuation of biological assets and sensitivity to the valuation inputs

Fair value measurements for broiler chickens are classified as Level 3, fair values based on the inputs used in the valuation techniques. Valuation techniques and significant unobservable inputs used to value biological assets are as follows:

Biological assets	**Valuation technique**	**Significant unobservable inputs**	**Relationship between the key unobservable principal inputs and fair value measurement**
Broiler	The valuation model considers the average weight of the birds, the mortality rate, and the estimated selling price less the cost to sell [including the additional cost required to bring the birds ready for sale (i.e. the cost of feed, medicines and overhead expenses).	- Mortality - Average live weight - Fully-grown broiler selling price less cost to sell.	the estimated fair value would increase / (decrease) if: - Mortality decreased / (increased) - Average live birds weight increased / (decreased) - Fully-grown broiler selling price less cost to sell increased / (decreased)

9 BIOLOGICAL ASSETS (continued)

The Company's Finance Department consists of a team that makes presentations of the Company's biologically owned assets for financial reporting purposes internally, including fair values at the "level 3". This team reports directly to the Chief Financial Officer (CFO). Discussions of the valuation processes and results are held between the Chief Financial Officer (CFO) and the valuation team at least once every three months.

Key inputs used in the valuation of biological assets are as follows:

- The mortality rate of broiler chickens was determined based on the historical rate and environmental elements.
- Broiler chickens grow at different rates. There may be a large margin of quality and weight of the chicken that affects the price achieved. An assumption is made for the average weight of broiler chickens that can be slaughtered and whose weight has not yet reached marketability.

Other disclosures
Poultry were not pledged as security for any of the Company's loans or borrowings in 2022 (2021: none). At 31 December 2022, the Company had no commitments in relation to its poultry (2021: nil). Government subsidies were received in relation to the Company's agricultural activities, which is disclosed in note 10.

10 GOVERNMENT SUBSIDIES RECEIVABLE

The Company receive subsidies from the Ministry of Environment, Water and Agriculture in accordance with the national plan to encourage production of poultry and its income. Movement in the government subsidies receivable during the year were as follows:

	31 December 2022 SR	*31 December 2021 SR*
At the beginning of the year	**3,098,866**	-
Transferred from Holding Company (note 28)	-	5,068,246
Released to the statement of profit or loss for the year	**29,379,347**	18,008,646
Charged during the year	**(29,312,601)**	(19,978,026)
At the end of the year	**3,165,612**	3,098,866

There are no unfulfilled conditions or contingencies attached to these subsidies.

11 RELATED PARTIES TRANSACTIONS AND BALANCES

The Company enters into transactions with the related parties described below in the ordinary course of business which include the directors, management, the Holding Company, entities controlled or influenced by such parties. The transactions with related parties are carried out in the normal course of the business. The significant transactions with the related parties during the year ended are as follows:

			Amount of transactions	
Related Parties	*Relationship*	*Nature of transactions*	***2022 SR***	*2021 SR*
Arabian Agricultural Services Company (ARASCO)	Holding Company	Purchases	**335,376,511**	237,389,941
		Shared services	**21,704,914**	23,086,540
		Transfer of loans	**-**	334,331,549
		Repayment of loans	**150,849,162**	95,623,644
		Financing loans proceeds	**257,807,267**	10,413,153
		Interests paid	**10,742,564**	10,828,909
		Transfer of an associate	**1,226,608**	-
		Sales	**3,671,417**	63,000
		Transfer of net assets	**-**	120,218,474
		Payroll and employee benefits	**61,004,796**	49,178,950
		VAT and government payments	**74,689,701**	72,516,336
		Expenses paid on behalf of the Company	**300,093,704**	290,098,320
IDAC Merieux Nutri Sciences	Affiliate	Purchase	**3,524,777**	1,190,793
AlKhorayef Agriculture Company	Affiliate	Purchase	**367,895**	17,861
Mazaq Altabkha Alzeeza Company	Affiliate	Sales	**608,446**	118,906
Saudi Grandparent Poultry	Affiliate	Purchase	**-**	50,000

Outstanding balances of related parties for the year ended are presented as follows:

Amounts due from related parties	***31 December 2022 SR***	*31 December 2021 SR*
Mazaq Altabkha Allzeeza Company	**110,342**	118,906
Saudi Grandparent Poultry	**-**	50,000
	110,342	168,906

Amounts due to related parties	***31 December 2022 SR***	*31 December 2021 SR*
Current:		
Arabian Agricultural Services Company ("ARASCO")	**132,422,615**	155,324,554
IDAC Merieux Nutri Sciences	**4,715,570**	1,190,793
Alkhorayef Agriculture Company	**385,756**	17,860
	137,523,941	156,533,207
Non-current:		
Due to ARASCO (transfer of net assets)	**120,218,474**	120,218,474

11 RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

Loan from a related party

	31 December 2022 SR	*31 December 2021 SR*
Loan from ARASCO, non-current	**398,302,443**	265,536,166
Loan from ARASCO, current	**42,987,211**	68,795,383
	441,289,654	334,331,549

The Holding Company has obtained various agricultural development and Tawaruq loans from different banks which are allocated to the Company through a shareholder agreement. These loans carry interest rates at prevailing market rate. These loans are payable in instalments which are spread over the period up to 2034.

These loans were obtained from Banks by the Holding Company for its business, of which the Holding Company has given financing to the Company in the form of a shareholder loans. Thus, the Company is not directly obliged to the Bank, but rather to the shareholder through a shareholder loan agreement. The loans were obtained mainly for the purpose of financing the farms development activities. Below is the movement of the loan including prepaid management to arrive at net book value:

	31 December 2022	*31 December 2021*
	SR	SR
At the beginning of the year	**336,531,981**	-
Transferred from Holding Company (note 28)	**-**	421,263,976
Withdrawals	**261,914,717**	10,891,649
Payments	**(151,674,049)**	(95,623,644)
At the end of the year	**446,772,649**	336,531,981
Less: Prepaid Management Fee and Transaction costs		
At the beginning of the year	**2,200,432**	2,070,489
Upfront payments during the year	**4,107,450**	321,735
Amortised during the year	**(824,887)**	(191,792)
At the end of the year	**5,482,995**	2,200,432
Net loans	**441,289,654**	334,331,549

11 RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

Below are the maturities of the loans:

Year	***2022***	*2021*
	SR	*SR*
2022	**-**	68,795,383
2023	**44,007,375**	57,780,737
2024	**64,840,708**	57,780,737
2025	**85,476,703**	57,780,737
2026	**59,476,615**	57,780,737
2027	**50,809,949**	9,072,054
2028	**44,615,504**	9,072,054
2029	**24,907,171**	9,072,054
2030	**17,872,764**	7,197,056
2031	**13,691,463**	-
2032	**13,691,463**	-
2033	**13,691,463**	-
2034	**13,691,463**	-
	446,772,641	334,331,549

Key management compensation
The compensation of the Company's key management personnel includes salaries and other benefits. Amounts disclosed in the table are the amounts recognised as an expense during the reporting year related to key management personnel.

Remuneration of key management personnel

	2022	*2021*
	SR	*SR*
Short-term employee benefits	**5,793,937**	3,364,094
Long-term employee benefits	**246,007**	173,398

Terms and conditions of transactions with related parties
Terms and policies of related parties' transactions are approved by the Company's management. Except for the loan from the Holding Company, which is interest-bearing, other outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.

12 ACCOUNTS RECEIVABLE

	31 December 2022 SR	*31 December 2021 SR*
Accounts receivable	**146,644,771**	118,331,093
Less: Provision for expected credit losses	**(37,204,244)**	(18,118,961)
	109,440,527	100,212,132

Movement for provision for expected credit losses were as follows:

	31 December 2022 SR	*31 December 2021 SR*
At the beginning of the year	**18,118,961**	-
Transferred from the Holding Company (note 28)	**-**	30,269,289
Provided during the year	**18,411,427**	1,633,226
Write off during the year	**-**	(13,783,554)
Reinstated *	**673,856**	-
At the end of the year	**37,204,244**	18,118,961

Accounts receivables comprise of interest free net receivables due from customers with no credit rating. Unimpaired accounts receivables are expected, on the basis of past experience, to be fully recoverable. It is the practice of the Company to obtain collateral over certain customers.

The following table details the risk profile of accounts receivable based on the Company's provision matrix. As the Company's historical credit loss experience does not show significantly different loss pattern for different customer segments, the provision for expected credit losses based on past due status is not further distinguished between the Company's different customer types.

During the year, the Company reinstated the previously written off balance from the customer based on the favorable outcome of the legal case against the customer. This has resulted in recognising the receivable and the provision against the outstanding balance.

31 December 2022	*ECL rate %*	*Gross carrying amount SR*	*Expected credit loss SR*
Current	**1%**	**73,760,423**	**774,707**
1-30 days	**6%**	**19,518,528**	**1,186,497**
31-60 days	**8%**	**6,271,926**	**501,125**
61-90 days	**8%**	**4,780,548**	**365,219**
91-120 days	**10%**	**4,794,843**	**455,770**
121-180 days	**43%**	**2,132,201**	**912,495**
181-365 days	**65%**	**6,746,428**	**4,368,557**
More than 365 days	**100%**	**28,639,874**	**28,639,874**
Total	**25%**	**146,644,771**	**37,204,244**

12 ACCOUNTS RECEIVABLE (continued)

31 December 2021	*ECL rate %*	*Gross carrying amount SR*	*Expected credit loss SR*
Current	0%	70,876,692	184,610
1-30 days	2%	12,316,274	200,677
31-60 days	4%	6,771,956	276,962
61-90 days	7%	2,369,175	174,748
91-120 days	27%	1,856,635	503,145
121-180 days	27%	8,222,252	2,245,198
181-365 days	84%	8,657,528	7,273,040
More than 365 days	100%	7,260,581	7,260,581
Total	15%	118,331,093	18,118,961

13 PREPAYMENTS AND OTHER CURRENT ASSETS

	31 December 2022 SR	*31 December 2021 SR*
Prepaid expenses	**15,107,903**	2,253,634
Advances to suppliers	**8,412,814**	10,417,773
Staff advances and loans	**663,153**	896,847
Refundable deposits	**502,335**	502,335
Other receivables	**2,445,147**	7,881,948
	27,131,352	21,952,537
Less: provision for expected credit losses	**(3,665,985)**	(3,665,450)
	23,465,367	18,287,087

Provision for expected credit losses is mainly related to advances to suppliers. Movement in the provision were as follows:

	31 December 2022 SR	*31 December 2021 SR*
At the beginning of the year	**3,665,450**	-
Transferred from Holding Company (note 28)	**-**	9,170,059
Provided during the year	**535**	232,393
Write off during the year	**-**	(5,737,002)
At the end of the year	**3,665,985**	3,665,450

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NOTES TO THE FINANCIAL STATEMENTS (continued)
At 31 December 2022

14 CASH AND BANK BALANCES

	31 December 2022 SR	*31 December 2021 SR*
Cash at banks	**930,354**	6,572,895
Cash on hand	**1,022,807**	364,541
	1,953,161	6,937,436

15 CAPITAL

The capital of the Company for 2022 and 2021 amounted to SR 50,000,000 divided into 50,000 shares of SR 1,000 each share, fully owned by Arabian Agriculture Services Company ("ARASCO").

16 STATUTORY RESERVE

In accordance with the Company's Article of Association, the Company is required to set aside 10% of its net income each year as statutory reserve until such reserve equals to 30% of the share capital.

17 EMPLOYEES' DEFINED BENEFITS LIABILITIES

The movements in provision for employees' defined benefits liabilities for the year ended were as follows:

	31 December 2022 SR	*31 December 2021 SR*
At the beginning of the year	**16,920,084**	16,239,235
Current service cost	**3,288,739**	2,193,821
Interest expense	**288,000**	210,000
Amount recognised in statement of profit or loss	**3,576,739**	2,403,821
Re-measurements		
Loss from change in financial assumptions	**(1,934,000)**	(435,000)
Actuarial loss	**1,133,000**	706,000
Amount recognised in other comprehensive income	**(801,000)**	271,000
Employees transferred from the Company	**2,424,982**	(360,841)
Benefits paid during the year	**(3,300,225)**	(1,633,131)
At the end of the year	**18,820,580**	16,920,084

Significant actuarial assumptions

The Company carried out employees' benefits actuarial valuation, using the projected unit credit method, of its liability as at 31 December 2022 arising from the end of service benefits to qualifying in-service employees. The following were the principal actuarial assumptions:

Key actuarial assumptions	***31 December 2022***	*31 December 2021*
Financial assumptions		
Discount rate used	**4.55%**	1.75%
Salary growth rate	**4.10%**	3.25%
Demographic assumptions		
Mortality rate	**Table 2016**	Table 2016
Withdrawal rate (resignation / termination)	**8% / 9%**	8% / 9%

17 EMPLOYEES' DEFINED BENEFITS LIABILITIES (continued)

Sensitivity analysis
The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another. The same method has been applied for the sensitivity analysis as when calculating the recognised defined benefit liability.

	31 December 2022		*31 December 2021*	
	Base	***1% increase SR***	*Base*	*1% increase SR*
Salary growth rate	**4.10%**	21,467	3.25%	7,976
Discount rate	**4.55%**	19,667	1.75%	7,177

The balances include amount paid to employee in advance, amounting to SR 1,068,503 (2021: SR 639,917)

18 ACCRUALS AND OTHER CURRENT LIABILITIES

	31 December 2022 SR	*31 December 2021 SR*
Accrual for inventories received	**32,155,973**	21,933,982
Accrued salaries and related benefits	**13,899,508**	4,925,552
Accrued customer rebates and promotion	**8,042,069**	4,842,106
Value added tax ("VAT")	**7,778,526**	2,119,851
Advance payments from customers	**5,510,069**	739,427
Unclaimed deposits	**1,732,742**	1,465,940
Contract liabilities of biological assets	**1,683,929**	5,864,966
Accrued finance cost	**984,712**	83,526
Accrued expenses	**580,100**	1,903,993
Others	**4,436,704**	11,057,014
	76,804,332	54,936,357

19 ZAKAT

The Company is a wholly owned subsidiary of Arabian Agricultural Services Company "ARASCO". Consolidated zakat return for the Group is submitted in accordance with the consolidated special-purpose financial statements (consolidated zakat base) of ARASCO and its subsidiaries. The Company is not charged by ARASCO for estimated share of zakat expense.

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At 31 December 2022

20 REVENUE

	31 December 2022 SR	*31 December 2021 SR*
Local sales:		
Poultry sales	**985,321,566**	691,101,049
Table eggs sales	**34,179,125**	26,918,413
Red meat sales	**4,206,640**	4,241,133
Cold store sales	**506,490**	37,545
	1,024,213,821	722,298,140
Exported poultry sales	**6,686,429**	6,784,296
	1,030,900,250	729,082,436
Timing of revenue recognition		
Recognised at a point in time	**1,030,900,250**	729,082,436
Customer wise revenue recognition		
External customers	**1,027,228,833**	729,019,436
Related party customers	**3,671,417**	63,000
	1,030,900,250	729,082,436
Region wise revenue recognition		
Kingdom of Saudi Arabia	**1,024,213,821**	722,298,140
GCC countries	**6,686,429**	6,784,296
	1,030,900,250	729,082,436

21 COST OF REVENUES

	31 December 2022 SR	*31 December 2021 SR*
Direct materials	**477,058,266**	321,727,200
Overheads**	**158,880,535**	137,549,626
Salaries, wages and related costs	**78,681,082**	55,879,127
Packaging materials	**30,117,879**	20,497,951
Depreciation of property and equipment (note 5)	**28,556,660**	28,484,740
Expired finished goods	**12,373,082**	13,072,368
Repair and maintenance	**12,014,706**	11,565,929
Utilities	**9,449,780**	9,718,866
Depreciation of right-of-use assets (note 6)	**7,627,056**	7,713,972
Rent	**5,897,302**	5,147,291
Shared services expenses	**3,148,011**	1,486,838
Provision for slow moving inventory items and NRV provision (note 8)	**3,038,052**	4,065,434
Machinery and equipment insurance	**1,453,024**	1,279,273
Consultancy fees	**563,995**	154,496
Travel	**435,810**	305,903
Provision for employees' defined benefit liabilities (note 17)	**8,649**	1,003,753
Others	**1,097,991**	1,118,971
	830,401,880	620,771,738

*** Overheads include materials scrapped, fuel and diesel, hygiene material, vaccinations, sundry consumables and other indirect charges.

22 SELLING AND DISTRIBUTION EXPENSES

	31 December 2022 SR	*31 December 2021 SR*
Shipping and freight	**41,407,837**	35,827,766
Expected credit losses over accounts receivables (note 12)	**18,411,427**	1,633,226
Salaries, wages and related costs	**15,004,537**	12,411,918
Marketing expenses	**10,146,621**	7,226,167
Warehousing expenses	**4,565,856**	6,187,030
Depreciation of property and equipment (note 5)	**2,958,497**	4,312,583
Rent	**1,902,264**	1,498,224
Sales commission	**1,669,334**	2,865,259
Repair and maintenance	**606,482**	489,878
Depreciation of right-of-use assets (note 6)	**581,687**	696,477
Utilities	**514,955**	681,645
Professional fees	**409,800**	446,244
Provision for employees' defined benefit liabilities (note 17)	**372,830**	729,896
Shared services expenses	**341,097**	159,345
Insurance	**339,596**	495,448
Travel	**73,222**	117,103
Others	**899,444**	1,165,602
	100,205,486	76,943,811

23 GENERAL AND ADMINISTRATION EXPENSES

	31 December 2022 SR	*31 December 2021 SR*
Shared services expenses	**18,215,806**	21,440,357
Salaries, wages and related costs	**14,308,423**	9,528,711
Provision for employees' defined benefit liabilities (note 17)	**2,907,260**	460,172
Professional fees	**488,888**	246,984
Travel expenses	**279,030**	109,497
Depreciation of property and equipment (note 5)	**256,553**	279,438
Rent	**104,195**	74,188
Utilities	**45,045**	50,474
Depreciation of right-of-use assets (note 6)	**43,294**	64,665
Insurance	**8,703**	15,176
Delay fines	**7,498**	9,905
Provisions for other current assets (note 13)	**535**	232,393
Others	**1,709,326**	2,613,747
	38,374,556	35,125,707

24 FINANCE COSTS

	31 December 2022 SR	*31 December 2021 SR*
Finance costs on loan from related parties	**10,470,025**	12,124,786
Finance costs on lease liabilities	**813,216**	1,244,420
Finance costs on employees' defined benefit liabilities	**288,000**	210,000
Bank charges	**2,725,330**	1,687,664
	14,296,571	15,266,870

25 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES

The Company's objective in managing risk is the creation and protection of shareholder value. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Company's continuing profitability.

Financial risk factors
The Company's financial assets include cash and bank balances, accounts receivables, government subsidies receivable and amounts due from related parties. The Company's financial liabilities comprise of amounts due to related parties, accounts payables, loan from a related party and lease liabilities.

The Company is exposed to market risk (currency risk, interest rate risk), credit risk, and liquidity risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Risk management framework
The Board of Directors has an overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies. Management reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Risk management structure
A cohesive organisational structure is established within the Company in order to identify, assess, monitor and control risks.

Board of Directors
The apex committee of risk governance is the centralised oversight of the Board of Directors providing direction and the necessary approvals of strategies and policies in order to achieve defined corporate goals.

Senior management
Senior management is responsible for the day-to-day operations towards achieving the strategic goals within the Company's pre-defined risk appetite.

25 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk mitigation
The risks faced by the Company and the way these risks are mitigated by management are summarised below:

(i) Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities where revenue or expense related to export on poultry is denominated in foreign currency. 'The Company did not undertake significant transactions in currencies other than Saudi Riyals, US dollars and Euro. As the Saudi Riyal is pegged to the US Dollar, balance in US Dollars are not considered to represent significant currency risk. The Company monitors the fluctuations in currency exchange rates of Euro and manages its effect on the financial statements. The Company's exposure to other foreign exchange movements is not material.

(ii) Interest rate risk
Interest rate risk is the risk that either fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The following table demonstrates a reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by the amount shown below. The analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Profit or loss (31 December 2022)		*Profit or loss (31 December 2021)*	
	100 bp increase SR	***100 bp Decrease SR***	*100 bp increase SR*	*100 bp decrease SR*
Variable-rate instruments	**(2,525,014)**	**2,525,014**	(3,200,465)	3,200,465

(iii) Credit risks
Credit risk refers to the risk that a party to a financial instrument will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties, for whom the credit risk is assessed to be low. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific non-related counterparties, and continually assessing the creditworthiness of such non-related counterparties. The Company maintains bank accounts with high credit rated financial institutions.

The table below shows the Company's maximum exposure to credit risk for components of the statement of financial position.

Financial Assets	***31 December 2022 SR***	*31 December 2021 SR*
Accounts receivable	**109,440,527**	100,212,132
Cash and bank balances	**1,953,161**	6,937,436
Government subsidies receivables	**3,165,612**	3,098,866
Amounts due from related parties	**110,342**	168,906
	114,669,642	110,417,340

Accounts receivable and amounts due from related parties
For account receivables, the Company applies the simplified approach to providing for ECL prescribed by IFRS 9, which requires the use of the lifetime expected loss provision for such financial assets.

25 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk mitigation (continued)

(iii) Credit risks (continued)

Government subsidies
Government subsidies receivables, carried at amortised cost, is considered to be low risk, and thus the impairment provision is determined as 12 months ECL.

Bank balance
Credit risk from balances with banks is managed by the Company's treasury department in accordance with the Company's policy. Management continuously monitors the credit ratings of financial institutions to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

Credit concentration
Concentration of credit risk arises when a number of counter-parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic political or other conditions.

No significant concentrations of credit risk were identified by the management as at the reporting date.

Management has conducted an assessment as required under IFRS 9 and based on such assessment, the management believes that there is no need for any significant impairment loss against the carrying value of cash and cash equivalents, due from related parties and other financial assets.

(iv) Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by ensuring that sufficient funds are available from the Holding Company and related parties at all times to meet any future commitments, and financing facilities are available.

Following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments:

31 December 2022	*On Demand SR*	*Within 3 months SR*	*3 months to 1 year SR*	*Above 1 Year SR*	*Total SR*
Accounts payable	-	23,441,981	-	-	23,441,981
Amounts due to related parties	137,523,941	-	-	120,218,474	257,742,415
Loan from a related party	-	-	60,593,182	463,342,193	523,935,375
Lease liabilities	-	-	1,353,286	12,037,800	13,391,086
Total financial liabilities	137,523,941	23,441,981	61,946,468	595,598,467	818,510,857

25 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk mitigation (continued)

(iv) Liquidity risk (continued)

31 December 2021	*On Demand* *SR*	*Within 3 months* *SR*	*3 months to 1 year* *SR*	*Above 1 Year* *SR*	*Total* *SR*
Accounts payable	-	29,985,805	-	-	29,985,805
Amounts due to related parties	156,533,207	-	-	120,218,474	276,751,681
Loan from a related party	-	-	39,564,066	357,576,112	397,140,178
Lease liabilities	-	-	9,403,812	13,419,230	22,823,042
Total financial liabilities	156,533,207	29,985,805	48,967,878	491,213,816	726,700,706

Capital management
The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and benefit other stakeholders. Management's policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development of the business. The Company manages its capital structure and makes adjustments in light of changes in economic conditions. No changes were made in the objectives, policies or processes for managing capital during the current and prior year. For the purpose of the Company's capital management, capital includes share capital and all other equity reserves.

26 FAIR VALUES OF FINANCIAL INSTRUMENTS

The Company's financial asset consists of bank balance, amounts due from related parties and accounts receivable. Its financial liabilities consist of accounts payable, amounts due to related parties, loan from a related party and lease liabilities.

The fair values of financial instruments are not significantly different from the carrying values included in the financial statements due to the short duration of such financial instruments.

27 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

Contingent liabilities
Contingent liabilities as at 31 December 2022 include letters of guarantee amounting to SR 51.11 million (2021: SR 43 million) and letters of credit amounting to SR 76.68 million (2021: SR 130 million) for the benefit of the Company's external suppliers for raw materials purchases.

Capital commitments
The capital commitments related to ongoing capital work-in-progress projects amounts to Euro 11.85 million, equivalent to SR 47.43 million (2021: nil).

28 TRANSFER OF BUSINESS

On 1 January 2021, the Company has entered into agreement with Arabian Agricultural Services Company ("ARASCO") for the purchase of assets and liabilities of food division of ARASCO. The assets and liabilities were transferred at net book values.

The assets and liabilities transferred at 1 January 2021 are as follows:

ASSETS	**SR**
NON-CURRENT ASSETS	
Property and equipment	485,048,386
Right of use	26,646,412
TOTAL NON-CURRENT ASSETS	511,694,798
CURRENT ASSETS	
Inventories	60,063,247
Biological assets	29,018,213
Account receivables	60,890,294
Prepaid expenses and other receivables	10,614,955
Accrued government subsidies	5,068,246
Due from related parties	233,200
Cash and bank balances	917,937
TOTAL CURRENT ASSETS	166,806,092
TOTAL ASSETS	**678,500,890**
NON-CURRENT LIABILITIES	**SR**
Employee benefits	16,239,235
Loan from a related party, non-current	324,127,606
Lease liability non-current	18,380,833
Accruals and other liabilities	1,768,300
TOTAL NON-CURRENT LIABILITIES	360,515,974
CURRENT LIABILITIES	
Loan from a related party, current	95,065,881
Lease liability current	8,387,630
Accounts payable	27,301,665
Accrued and other liabilities	66,960,045
Due to related parties	51,221
TOTAL CURRENT LIABILITIES	197,766,442
TOTAL LIABILITIES	**558,282,416**
NET ASSETS	**120,218,474**

29 EVENTS AFTER THE REPORTING DATE

Subsequent to the year-end, the Holding Company has ratified its resolution for:

- Converting the legal status of the entity from a limited liability company to a Saudi closed joint stock company; and
- Increasing the Company's capital by SR 250 million through a transfer of the current portion of amounts due to the related party payable in addition to the non-current portion of the related party's loan to the statement of changes in equity as a contribution by the shareholder. The legal formalities for the increase in capital are not yet completed.

Except for the matters disclosed above, in the opinion of the management, there were no material events subsequent to the period of the preparation of these financial statements and before the date of issuing the auditor's report that could have a material impact on the financial statements and related disclosures for the year ended on 31 December 2022.

30 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements of the Company for the year ended 31 December 2022 were authorised for issuance by the management on 12 Jumada Al-Ula 1445H (corresponding to 26 November 2023).

ARABIAN COMPANY FOR AGRICULTURE AND INDUSTRIAL INVESTMENTS

(A LIMITED LIABILITY COMPANY)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

31 DECEMBER 2023

Arabian Company for Agriculture and Industrial Investments
(A Limited Liability Company)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
For the year ended 31 December 2023

Ernst & Young Professional Services (Professional LLC)
Paid-Up Capital (SR 5,500,000 - Five Million Five Hundred Thousand Saudi Riyal)
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INDEPENDENT AUDITOR'S REPORT
TO THE PARTNERS OF ARABIAN COMPANY FOR AGRICULTURE AND INDUSTRIAL INVESTMENTS
(A LIMITED LIABILITY COMPANY)

Opinion

We have audited the financial statements of Arabian Company for Agriculture and Industrial Investments -A Limited Liability Company (the "Company"), which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy 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 International Financial Reporting Standards ("IFRSs") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed 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 International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia that is relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with that Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants and the provisions of Companies' Law, and the Company's articles of association, 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 is responsible for overseeing the Company's financial reporting process.

INDEPENDENT AUDITOR'S REPORT
TO THE PARTNERS OF ARABIAN COMPANY FOR AGRICULTURE AND INDUSTRIAL INVESTMENTS
(A LIMITED LIABILITY COMPANY) (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the 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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, 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.

INDEPENDENT AUDITOR'S REPORT
TO THE PARTNERS OF ARABIAN COMPANY FOR AGRICULTURE AND INDUSTRIAL INVESTMENTS
(A LIMITED LIABILITY COMPANY) (continued)

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.

We also provide management 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.

for Ernst & Young Professional Services

Waleed G. Tawfiq
Certified Public Accountant
License No. (437)

Riyadh: 12 Thul-Qi'dah 1445H
(20 May 2024)

Arabian Company for Agriculture and Industrial Investments
(A Limited Liability Company)

STATEMENT OF FINANCIAL POSITION
As at 31 December 2023

	Notes	***2023 SR***	*2022 SR*
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	5	**854,972,376**	696,957,595
Right-of-use assets	6	**56,511,522**	9,862,678
TOTAL NON-CURRENT ASSETS		**911,483,898**	706,820,273
CURRENT ASSETS			
Inventories	7	**105,848,363**	68,703,889
Biological assets	8	**52,613,412**	41,223,773
Prepayments and other current assets	9	**15,464,322**	23,465,367
Government subsidies receivable	10	**2,612,833**	3,165,612
Amounts due from related parties	11	**157,712**	110,342
Accounts receivable	12	**81,353,722**	109,440,527
Cash and bank balances	13	**23,088,184**	1,953,161
TOTAL CURRENT ASSETS		**281,138,548**	248,062,671
TOTAL ASSETS		**1,192,622,446**	954,882,944
EQUITY AND LIABILITIES			
EQUITY			
Share capital	14	**50,000,000**	50,000,000
Proposed increase in share capital	14	**250,000,000**	-
Statutory reserve	15	**7,504,503**	7,504,503
Retained earnings		**129,075,828**	68,086,797
TOTAL EQUITY		**436,580,331**	125,591,300
NON-CURRENT LIABILITIES			
Employees' defined benefit liabilities	16	**24,607,659**	18,820,580
Loans from a related party, non-current	11	**460,414,847**	398,302,443
Amounts due to related parties, non-current	11	**-**	120,218,474
Lease liabilities, non-current	6	**49,230,118**	8,582,881
Accruals and other non-current liabilities		**1,186,456**	1,311,536
TOTAL NON-CURRENT LIABILITIES		**535,439,080**	547,235,914
CURRENT LIABILITIES			
Accounts payable	17	**43,463,161**	23,441,981
Accruals and other current liabilities	18	**61,623,379**	76,804,332
Amounts due to related parties	11	**50,329,845**	137,523,941
Current portion of loans from a related party	11	**56,787,938**	42,987,211
Current portion of lease liabilities	6	**8,398,712**	1,298,265
TOTAL CURRENT LIABILITIES		**220,603,035**	282,055,730
TOTAL LIABILITIES		**756,042,115**	829,291,644
TOTAL EQUITY AND LIABILITIES		**1,192,622,446**	954,882,944

The attached notes 1 to 32 form part of these financial statements.

Arabian Company for Agriculture and Industrial Investments
(A Limited Liability Company)

STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2023

	Notes	***2023*** ***SR***	*2022* *SR*
Revenue	20	**1,099,348,958**	1,030,900,250
Cost of revenue	21	**(869,047,052)**	(801,022,533)
GROSS PROFIT		**230,301,906**	229,877,717
EXPENSES			
Selling and distribution	22	**(100,088,634)**	(81,794,059)
Provision for expected credit loss for accounts receivables	12	**(7,844,982)**	(18,411,427)
General and administration	23	**(47,278,788)**	(38,374,556)
PROFIT FROM OPERATIONS		**75,089,502**	91,297,675
Gain on fair value adjustment on biological assets	8	**2,686,725**	2,701,389
Finance costs	24	**(16,766,519)**	(14,296,571)
Other income (expenses), net		**3,498,719**	(162,020)
PROFIT BEFORE ZAKAT		**64,508,427**	79,540,473
Zakat	19	**(1,848,396)**	-
PROFIT FOR THE YEAR		**62,660,031**	79,540,473
EARNINGS PER SHARE			
Basic earnings per share	25	**1,253.20**	1,590.81
Diluted earnings per share	25	**2.09**	2.65

The attached notes 1 to 32 form part of these financial statements.

Arabian Company for Agriculture and Industrial Investments
(A Limited Liability Company)

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2023

	Note	***2023 SR***	*2022 SR*
PROFIT FOR THE YEAR		**62,660,031**	79,540,473
OTHER COMPREHENSIVE (LOSS) INCOME			
Other comprehensive (loss) income that will not be reclassified to profit or loss in subsequent periods			
Remeasurement (loss) gain on employees' defined benefit liabilities	16	**(1,671,000)**	801,000
OTHER COMPREHENSIVE (LOSS) INCOME FOR THE YEAR		**(1,671,000)**	801,000
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**60,989,031**	80,341,473

The attached notes 1 to 32 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2023

	Share capital SR	*Proposed increase in share capital SR*	*Statutory reserve SR*	*Retained earnings SR*	*Total SR*
As at 1 January 2022	50,000,000	-	28,303	(4,778,476)	45,249,827
Profit for the year	-	-	-	79,540,473	79,540,473
Other comprehensive income	-	-	-	801,000	801,000
Total comprehensive income	-	-	-	80,341,473	80,341,473
Transferred to statutory reserve	-	-	7,476,200	(7,476,200)	-
As at 31 December 2022	50,000,000	-	7,504,503	68,086,797	125,591,300
As at 1 January 2023	50,000,000	-	7,504,503	68,086,797	125,591,300
Profit for the year	-	-	-	62,660,031	62,660,031
Other comprehensive loss	-	-	-	(1,671,000)	(1,671,000)
Total comprehensive income	-	-	-	60,989,031	60,989,031
Proposed increase in share capital (note 14)	-	250,000,000	-	-	250,000,000
As at 31 December 2023	**50,000,000**	**250,000,000**	**7,504,503**	**129,075,828**	**436,580,331**

The attached notes 1 to 32 form part of these financial statements.

Arabian Company for Agriculture and Industrial Investments
(A Limited Liability Company)

STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Notes	***2023*** ***SR***	*2022* *SR*
OPERATING ACTIVITIES			
Profit before zakat		**64,508,427**	79,540,473
Adjustments to reconcile profit before zakat to net cash flows:			
Depreciation of property and equipment	5	**33,236,737**	31,771,710
Depreciation of right-of-use assets	6	**8,073,372**	8,252,037
Provision for employees' defined benefit liabilities	16	**2,772,427**	3,288,739
Provision for slow moving inventory items	7	**175,637**	2,652,092
Impairment of prepayments and other current assets	9	**1,391,566**	535
Expected credit loss on accounts receivable	12	**7,844,982**	18,411,427
Finance costs	24	**16,766,519**	14,296,571
Amortisation of finance costs paid upfront	11	**1,148,548**	824,887
Gain on fair value adjustment on biological assets	8	**(2,686,725)**	(2,701,389)
Gain on disposal of property and equipment		**(7,320)**	(196,000)
Gain on disposal of right-of-use assets		**(38,944)**	(18,082)
		133,185,226	156,123,000
Changes in operating assets and liabilities:			
Inventories		**(37,320,111)**	12,893,920
Biological assets		**(8,702,914)**	(200,863)
Prepayments and other current assets		**8,959,620**	(5,178,815)
Government subsidies receivable		**552,779**	(66,746)
Accounts receivable		**20,241,823**	(27,639,822)
Accounts payable		**20,021,180**	(6,543,824)
Accruals and other current liabilities		**(15,306,033)**	21,668,532
Amounts due from / to related parties		**40,691,664**	(15,296,642)
Cash from operating activities		**162,323,234**	135,758,740
Employees' defined benefit liabilities paid	16	**(1,897,489)**	(3,300,225)
Net cash from operating activities		**160,425,745**	132,458,515
INVESTING ACTIVITIES			
Purchase of property and equipment	5	**(191,322,808)**	(221,282,418)
Proceeds from disposal of property and equipment		**78,610**	258,697
Net cash used in investing activities		**(191,244,198)**	(221,023,721)
FINANCING ACTIVITIES			
Proceeds from loan from a related party		**207,271,966**	257,807,267
Repayment of loan from a related party	11	**(132,507,383)**	(151,674,049)
Finance costs paid		**(15,875,519)**	(14,008,571)
Payment of principal portion of lease liabilities	6	**(6,935,588)**	(8,543,716)
Net cash from financing activities		**51,953,476**	83,580,931
NET INCREASE (DECREASE) IN CASH AND BANK BALANCES		**21,135,023**	(4,984,275)
Cash and bank balances at the beginning of the year		**1,953,161**	6,937,436
CASH AND BANK BALANCES AT THE END OF THE YEAR	13	**23,088,184**	1,953,161
Significant non-cash transactions:			
Proposed increase in share capital	14	**250,000,000**	-
Transfer of investment in an associate		**-**	(1,226,608)
Right-of-use assets and lease liabilities	6	**54,766,701**	-
Employees' defined benefit liabilities transferred to the Company	16	**2,350,141**	2,424,982
Derecognition of right-of-use assets	6	**-**	2,470

The attached notes 1 to 32 form part of these financial statements.

1 CORPORATE INFORMATION

Arabian Company for Agriculture and Industrial Investments ("ACAII", "the Company") is a Limited Liability Company incorporated in the Kingdom of Saudi Arabia under commercial registration numbered 1010318944 dated 24 Shaaban 1432H (corresponding to 22 October 2011). On 11 Jumada Al-Ula 1445H (corresponding to 25 November 2023), the Company ratified resolution for converting the legal status of the entity from a limited liability company to a Saudi Closed Joint Stock Company. Legal formalities in this regard were completed subsequent to the year-end.

The Company's licensed activities include egg production, broiler chicken production, support activities for animal production, production of chilled and frozen meat, preservation, and preparation of meat and meat products in various ways, such as drying, canning, and the production of egg products and eggshells, in addition to the preparation and processing of egg products, wholesale of dairy products, egg products, frozen meat and poultry.

The Company's national address is Building no. 3927, Al Amir Sultan Ibn Abdul Aziz Road, Al Olaya District, Unit no. 97, Riyadh 12311 – 7380, Kingdom of Saudi Arabia.

2 BASIS OF PREPARATION

Statement of compliance
These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by Saudi Organization for Chartered and Professional Accountants ("SOCPA") (collectively referred to as "IFRS as endorsed in KSA").

Basis of measurement
These financial statements have been prepared under the historical cost convention, except for the following material items in the statement of financial position:

- Employees' defined benefit liabilities are recognised at the present value of future obligations using the projected unit credit method.
- Biological assets are measured at fair value.

These financial statements are presented in Saudi Riyals ("SR") which is the functional and presentation currency of the Company and rounded to the nearest Saudi Riyals (except when otherwise indicated).

The Company has prepared its financial statements on the basis that it will continue as a going concern.

3 MATERIAL ACCOUNTING POLICY INFORMATION

Current versus non-current classification
The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be 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; Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

The Company classifies all other assets as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

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

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

When inputs used to measure the fair value of an asset or liability are classified at different levels in the fair value hierarchy, the fair value measurement is classified as a whole at the same level in the fair value hierarchy of the lowest input level that is significant for the overall measurement.

For assets and liabilities that are frequently recognised in the statement of financial position, the company determines whether the transfer has been made between the hierarchy of fair value levels by re-assessing the classification (based on significant lower-level inputs to measure the fair value as a whole) at the end of each financial period.

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

Leases
The Company assess whether a contract contains a lease, at inception of the contract i.e. if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. For all such lease arrangements, the Company recognises right of use assets and lease liabilities except for the short-term leases and leases of low value assets.

Company as lessee
The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leases (continued)

Right-of-use assets
The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment. Right-of-use assets are depreciated over the useful life or lease period whichever is lower, as below:

Land farms	13 years
Buildings	4 to 10 years
Motor vehicles	4 years

Lease liabilities
At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Company applies the short-term lease recognition exemption to its short-term leases of commercial buildings, accommodations and offices (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low value assets recognition exemption where leases are less than SR 3,000 in addition to the short-term leases of commercial building and offices that are leased for less than 12 months. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Property and equipment
Construction in process is stated at cost, net of accumulated impairment losses, if any. Property and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Property and equipment (continued)
Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Category of asset	*Years*
Buildings	20 to 35 years
Machinery and equipment	2 to 20 years
Motor vehicles	5 to 15 years
Office furniture and equipment	2 to 15 years
Capital spare parts	10 to 15 years

An item of property and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised. The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Inventories
Cost is determined for the following categories:

Spare parts, packing material, medicines and vaccination, fuel and diesel and other inventories - weighted average cost
Costs are assigned to individual items of inventory on the basis of weighted average method. At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced by its cost; the impairment loss is recognised immediately in statement of profit or loss.

Finished goods and Goods for trading – Cost or NRV
Net realisable value comprises estimated selling price in the ordinary course of business, less estimated costs to completion and appropriate selling and distribution costs. Provision is made, where necessary, for expired, obsolete, slow moving and defective stocks.

Raw material - weighted average cost
Raw materials and finished goods including work in progress: cost of direct materials and labor and a proportion of production overheads based on the normal operating capacity

Goods in-transit
Inventories are stated at cost plus freight and other related expense.

Biological assets
Biological assets are stated at fair value less cost to sell. The fair value measurements for biological assets have been recognised as Level 3. Fair value inputs based on the inputs to the valuation techniques used. Cost to sell includes all cost that would be necessary to sell the biological assets. Changes in fair value of poultry are recognised in statement of profit or loss as part of cost of sales. Costs related to growing the poultry are expensed as incurred. Lambs are purchased for the purpose of meat sale.

Impairment of non-financial assets
The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Impairment of non-financial assets (continued)
In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators. The Company bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year. Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset. For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

Financial instruments – initial recognition and subsequent measurement
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price as disclosed in revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments – initial recognition and subsequent measurement (continued)

Financial assets (continued)

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in below mentioned categories:

- Financial assets at amortised cost (debt instruments).
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments).
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss.

Out of above, only below is applicable to the Company:

Financial assets at amortised cost (debt instruments) are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Company's financial assets at amortised cost includes trade receivables, amounts due from related parties and government subsidy receivable.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) 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.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.
Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets
The Company recognises a provision for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss provision is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). For accounts receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss provision based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments – initial recognition and subsequent measurement (continued)

Financial assets (continued)

Impairment of financial assets (continued)
The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include loan from a related party, lease liabilities, amounts due to related parties, accounts payable and other payables.

Subsequent measurement
For purposes of subsequent measurement, financial liabilities are classified in two categories:
- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at amortised cost (loans and borrowings) is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised 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 realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents
Cash and cash equivalents in the statement of financial position comprise of cash at banks, Cash on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Government subsidies receivables
Government subsidies receivables are recognised where there is reasonable assurance that the subsidy will be received and all relevant conditions will be complied with. When the subsidy relates to an expense item, it is recognised as reduction from related cost on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the subsidy relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Provisions
Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. 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. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to liability. The increase in the provision due to the passage of time is recognised as interest expense.

Employee benefits

(i) Short-term obligations

Short-term benefits are those amounts expected to be settled wholly within 12 months of the end of the period in which the employees render the service that gives rise to the benefits.

Liabilities for wages and salaries, including non-monetary benefits and accumulated leaves and benefits-in-kind that are expected to be settled wholly within twelve months after the end of the year in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations under "other payables" in the statement of financial position.

(ii) Post-employment obligation

The Company operates a non-funded employee end-of-service benefit plan, which is classified as defined benefit obligation under IAS 19 'Employee Benefits'. A defined benefit plan is a plan which is not a defined contribution plan. The liability recognised in the statement of financial position for a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets at that date. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting estimated future cash outflows using market yields at the end of the reporting period of high quality corporate bonds that have terms to maturity approximating to the estimated term of the post-employment benefit obligations.

Remeasurements, 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. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that 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 net defined benefit obligation under 'cost of revenue, 'general and administration expenses' and 'selling and distribution expenses' in the statement of profit or loss (by function):

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Zakat and Value Added Tax ("VAT")
The Company is a wholly owned subsidiary of Arabian Agricultural Services Company ("ARASCO", "majority partner"). Consolidated zakat return for the ARASCO and its subsidiaries (referred to as "ARASCO Group") is submitted in accordance with the consolidated special-purpose financial statements (consolidated zakat base). The Company's share of this provision is charged to the statement of profit or loss in accordance with accrued zakat based on fair charging rates from the majority partner in addition to Zakat calculation on the basis of the consolidated financial statements of the majority partner and its subsidiaries. The resulting provision is presented in the statement of profit or loss for the year within financial statements of the majority partner.

Expenses, and assets are recognised net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and/or
- When receivables and payables are stated with the amount of VAT included.

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

Withholding tax
The Company withhold taxes on transactions with non-resident parties in accordance with Zakat, Tax and Customs Authority ("ZATCA") regulations, which is not recognised as an expense being the obligation of the counter party on whose behalf the amounts are withheld.

Revenue recognition
The Company recognises revenue from the following streams:
- Poultry sales
- Table eggs sales
- Red Meat
- Cold Store

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer. The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price, the Company considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the customer (if any).

Sale of poultry, eggs, red meat
The Company's contracts with customers for the sale of goods generally include one performance obligation. The Company has concluded that revenue from sale of goods should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

Variable consideration
If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts provide customers with a right to return the goods within a specified period. The Company also provides retrospective volume rebates to certain customers once the quantity of goods purchased during the period exceeds the threshold specified in the contract. The rights of return and volume rebates give rise to variable consideration.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Revenue recognition (continued)

Right of return
Some contracts with customers provide a right of return, trade discounts or volume rebates. The Company uses the expected value method to estimate the variable consideration given the large number of contracts that have similar characteristics. The Company then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price and recognised as revenue. A refund liability is recognised for the goods that are expected to be returned (i.e., the amount not included in the transaction price). A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover the goods from the customer.

Volume rebates
The Company applies either the most likely amount method or the expected value method to estimate the variable consideration in the contract. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The most likely amount is used for those contracts with a single volume threshold, while the expected value method is used for those with more than one volume threshold. The Company then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price and recognised as revenue. A refund liability is recognised for the expected future rebates (i.e., the amount not included in the transaction price).

Contract balances

Accounts receivable
A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Foreign currencies
Transactions in foreign currencies are initially recorded at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the financial statements reporting date for the Company. All differences arising on settlement or translation of monetary items are taken to the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of a gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in statement of profit or loss or statement of other comprehensive income, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Company initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Company determines the transaction date for each payment or receipt of advance consideration.

Contingencies
Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Liabilities which are probable, they are recorded in the statement of financial position under accounts payable and accruals. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

New and amended standards and interpretations
The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2023 (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's financial statements.

IFRS 17 Insurance Contracts
IFRS 17 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The new standard had no impact on the Company's financial statements.

Definition of Accounting Estimates - Amendments to IAS 8
The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments had no impact on the Company's financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. The amendments had no impact on the Company's financial statements.

International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12
The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023. The amendments had no impact on the Company's financial statements as the Company is not in scope of the Pillar Two model rules.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

New and amended IFRSs as endorsed in KSA in issue but not yet effective and not early adopted
The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed. The amendments are not expected to have a material impact on the Company’s financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current
In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity’s right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7
In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity’s liabilities, cash flows and exposure to liquidity risk. The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but it is required to be disclosed. The amendments are not expected to have a material impact on the Company’s financial statements.

Climate-related matters
The Company considers climate-related matters in estimates and assumptions, where appropriate. This assessment includes a wide range of possible impacts on the Company due to both physical and transition risks. Even though the Company believes its business model and products will still be viable, climate-related matters increase the uncertainty in estimates and assumptions underpinning certain items in the financial statements. Even though climate-related risks might not currently have a significant impact on measurement, the Company is closely monitoring relevant changes and developments.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the 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.

Judgements
In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Determining the lease term of contracts with renewal and termination options – Company as lessee
The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Company did not include the renewal period as part of the lease term for leases of land farms and buildings as these are not reasonably certain to be exercised. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Estimates and assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Determining lease term for leases with termination option — Company as lessee
The Company has entered into lease agreements for poultry farms. The Company has evaluated based on the terms and conditions of the arrangements that the significant risks and rewards of ownership of these assets are retained by the lessor hence have been accounted for as operating leases. In making such assessment, management considered that the following key factors are applicable to its lease's arrangements:

- Lease agreements do not transfer the assets' ownership to the lessor at the end of the lease.
- The Company has no option to purchase the asset.
- The lease term is not for the major part of the economic life of the asset.

At the inception of the lease, the present value of the minimum lease payments is not amounting to substantially all the fair value of the leased asset.

Impairment of non-financial assets
Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Employees' defined benefit plans
The cost of employees' defined benefit obligation and other post-employment benefits are determined using actuarial valuations. An actuarial valuation involves making various assumptions, which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Useful lives of property and equipment
The Company's management determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the useful lives and residual value of the assets at least once per year and always at the end of each financial year and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Leases - Estimating the incremental borrowing rate
The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Impairment of account receivable
The Company uses a provision matrix to calculate ECLs for trade accounts receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Provisions
Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account 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.

Fair value of biological assets
The Company carries its biological assets (poultry) until the time of slaughtering (recorded in inventories immediately after slaughtering) at fair value less costs to sell. At the end of the reporting period, the fair value of poultry is estimated at transaction prices for poultry for that local area, adjusted for expected costs to reach maturity over the life cycle. Significant estimates include the expected yields and quality, costs to incur until slaughtering and the expected market price for the slaughtered poultry. Significant estimates include the expected yields and quality, costs to incur until slaughtering and the expected market price for the slaugtered poultry.

Any gains or losses on remeasuring fair value are presented in the statement of profit or loss as gain on fair value adjustment on biological assets.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Inventories
Inventories are held at the lower of cost or net realisable value. When spare parts inventories become old or obsolete, an estimate is made for their market value. For individually significant amounts this estimation is performed 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 ageing or obsolescence, based on anticipated selling prices. A provision is made for expired products.

Going concern
The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, these financial statements continue to be prepared on the going concern basis.

5 PROPERTY AND EQUIPMENT

	Land (*) *SR*	*Buildings* *SR*	*Machinery and equipment* *SR*	*Motor vehicles* *SR*	*Office furniture and equipment* *SR*	*Capital spare parts* *SR*	*Projects in progress (**)* *SR*	***Total*** ***SR***
Cost:								
At 1 January 2023	62,172,890	226,525,015	379,643,869	54,053,700	16,089,375	1,662,874	317,420,053	**1,057,567,776**
Transfers during the year	-	140,162,909	92,058,918	2,576,515	2,424,893	-	(237,223,235)	-
Additions during the year	-	-	5,675	-	-	-	191,317,133	**191,322,808**
Disposals during the year	-	-	(26,500)	(623,244)	(550,678)	-	-	**(1,200,422)**
At 31 December 2023	**62,172,890**	**366,687,924**	**471,681,962**	**56,006,971**	**17,963,590**	**1,662,874**	**271,513,951**	**1,247,690,162**
Accumulated depreciation:								
At 1 January 2023	-	76,593,372	226,623,824	41,872,695	14,493,225	1,027,065	-	**360,610,181**
Charge for the year	-	6,729,195	23,204,938	2,619,723	571,211	111,670	-	**33,236,737**
Disposals	-	-	(20,445)	(558,301)	(550,386)	-	-	**(1,129,132)**
At 31 December 2023	-	**83,322,567**	**249,808,317**	**43,934,117**	**14,514,050**	**1,138,735**	-	**392,717,786**
Net book value:								
At 31 December 2023	**62,172,890**	**283,365,357**	**221,873,645**	**12,072,854**	**3,449,540**	**524,139**	**271,513,951**	**854,972,376**

5 PROPERTY AND EQUIPMENT (continued)

	Land (*) *SR*	*Buildings* *SR*	*Machinery and equipment* *SR*	*Motor vehicles* *SR*	*Office furniture and equipment* *SR*	*Capital spare parts* *SR*	*Projects in progress (**)* *SR*	*Total* *SR*
Cost:								
At 1 January 2022	62,172,890	225,455,545	372,144,751	54,393,490	15,394,637	1,662,874	106,891,638	838,115,825
Transfers during the year	-	1,069,470	8,762,617	-	921,916	-	(10,754,003)	-
Additions during the year	-	-	-	-	-	-	221,282,418	221,282,418
Disposals during the year	-	-	(1,263,499)	(339,790)	(227,178)	-	-	(1,830,467)
At 31 December 2022	62,172,890	226,525,015	379,643,869	54,053,700	16,089,375	1,662,874	317,420,053	1,057,567,776
Accumulated depreciation:								
At 1 January 2022	-	70,517,549	205,439,230	39,509,810	14,224,257	915,395	-	330,606,241
Charge for the year	-	6,075,823	22,443,559	2,645,234	495,424	111,670	-	31,771,710
Disposals	-	-	(1,258,965)	(282,349)	(226,456)	-	-	(1,767,770)
At 31 December 2022	-	76,593,372	226,623,824	41,872,695	14,493,225	1,027,065	-	360,610,181
Net book value:								
At 31 December 2022	62,172,890	149,931,643	153,020,045	12,181,005	1,596,150	635,809	317,420,053	696,957,595

Disposals of property, plant and equipment

During the year, the Company has disposed-off machinery and equipment, motor vehicles and office furniture with a total net carrying amount of SR 71,290 (2022: SR 62,697) and received a consideration of SR 78,610 (2022: SR 258,697). The net gains on these disposals were recognised as part of other income in the statement of profit or loss.

Currently, there is no temporary idle asset (2022: none). Assets with cost amounting SR 135.94 million have been fully depreciated as of the year-end (2022: SR 74.5 million).

5 PROPERTY AND EQUIPMENT (continued)

(*) There are 39 plots of land amounting to SR 62.17 million in total. At 31 December 2023, 19 plots of land amounting to SR 25.51 million have been transferred in name of the Company from ARASCO. The legal formalities to transfer the ownership of 15 plots of land amounting to SR 27.83 million from ARASCO to the Company is in process and is expected to happen soon. The legal formalities to transfer the ownership of the remaining 5 plots of land amounting to SR 8.83 million from ARASCO to the Company will be initiated once transfer of 15 plots of land is completed. No plot of land was transferred in the name of the Company from ARASCO at 31 December 2022.

Out of the total 39 plots of land, 24 plots of land (9 plots of land in name of the Company and 15 plots of land in name of ARASCO) having a carrying amount of SR 39.27 million are mortgaged against loans obtained by ARASCO on behalf of the Company and lender's approval has been obtained to transfer the ownership of 15 plots of land from ARASCO to the Company. Subsequent to year-end, these loans haven been transferred in the name of the Company.

(**) Projects in progress mainly represents extension projects on the existing land farms of the Company, which are expected to be completed by end of 2024. Borrowing cost of SR 18,043,509 million (2022: SR 2,605,074) has been capitalised during the year, at a weighted average rate of 7.46% (2022: 5.95%).

Depreciation charge for the year has been allocated as:

	Notes	***2023*** ***SR***	*2022* *SR*
Cost of revenue	21	**30,256,980**	28,556,660
Selling and distribution expenses	22	**2,727,669**	2,958,497
General and administration expenses	23	**252,088**	256,553
		33,236,737	31,771,710

6 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Company is utilising the leased land farms and other leased assets for the purpose of its farming activities. Duration of the leased land farms is for 13 years, starting from 2021. All of the lease contracts are signed with third parties. The Company is obliged for the regular maintenance of the leased assets. There are no guarantees given in lieu of the leased assets. There is no arrangement for transfer of ownership of the leased asset at any stage of the contract. The insurance of the leased assets is done by the lessor itself.

Movements in right-of-use assets were presented below:

	Land farms *SR*	*Buildings* *SR*	*Motor vehicles* *SR*	***Total*** ***SR***
Cost:				
At 1 January 2023	10,832,334	12,663,024	3,472,475	**26,967,833**
Additions during the year	-	54,766,701	-	**54,766,701**
Written-off during the year	-	(12,663,024)	(3,472,475)	**(16,135,499)**
At 31 December 2023	**10,832,334**	**54,766,701**	**-**	**65,599,035**
Accumulated depreciation:				
At 1 January 2023	1,699,190	12,037,215	3,368,750	**17,105,155**
Charge for the year	849,595	7,164,537	59,240	**8,073,372**
Written-off during the year	-	(12,663,024)	(3,427,990)	**(16,091,014)**
At 31 December 2023	**2,548,785**	**6,538,728**	**-**	**9,087,513**
Net book value:				
At 31 December 2023	**8,283,549**	**48,227,973**	**-**	**56,511,522**

Arabian Company for Agriculture and Industrial Investments
(A Limited Liability Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)
At 31 December 2023

6 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

	Land farms SR	*Buildings SR*	*Motor vehicles SR*	***Total SR***
Cost:				
At 1 January 2022	10,832,334	25,920,848	4,163,491	40,916,673
Transferred from related parties	-	-	88,479	88,479
Written-off during the year	-	(13,257,824)	(779,495)	(14,037,319)
At 31 December 2022	10,832,334	12,663,024	3,472,475	26,967,833
Accumulated depreciation:				
At 1 January 2022	849,595	18,871,590	3,022,383	22,743,568
Charge for the year	849,595	6,423,449	978,993	8,252,037
Transferred from related parties	-	-	73,733	73,733
Written-off during the year	-	(13,257,824)	(706,359)	(13,964,183)
At 31 December 2022	1,699,190	12,037,215	3,368,750	17,105,155
Net book value:				
At 31 December 2022	9,133,144	625,809	103,725	9,862,678

Depreciation for the year has been allocated as below:

	Notes	***2023 SR***	*2022 SR*
Cost of revenue	21	**8,022,419**	7,627,056
Selling and distribution expenses	22	**47,345**	581,687
General and administration expenses	23	**3,608**	43,294
		8,073,372	8,252,037

Movements in lease liabilities were presented below:

	2023 SR	*2022 SR*
At the beginning of the year	**9,881,146**	18,498,864
Internal transfer	**-**	17,216
Additions during the year	**54,766,701**	-
Accretion of interest	**3,268,845**	813,216
Payments	**(10,204,433)**	(9,356,932)
Written-off during the year	**(83,429)**	(91,218)
At the end of the year	**57,628,830**	9,881,146

Following is the aggregate maturities of lease liabilities:

	2023 SR	*2022 SR*
Within one year	**11,642,560**	1,353,286
One to five years	**34,675,120**	6,018,900
More than five years	**26,235,120**	6,018,900
	72,552,800	13,391,086

6 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

Following is the reconciliation of minimum lease payments to present value of minimum lease payments:

	2023 SR	*2022 SR*
Future minimum lease payment	**72,552,800**	13,391,086
Less: un-amortised finance charges	**(14,923,970)**	(3,509,940)
Present value of minimum lease payment	**57,628,830**	9,881,146
Less: current portion of lease payment	**(8,398,712)**	(1,298,265)
Non-current portion of lease payment	**49,230,118**	8,582,881

Following are the amounts recognised in statement of profit or loss:

	2023 SR	*2022 SR*
Depreciation expense of right-of-use assets	**8,073,372**	8,252,037
Interest expense on lease liabilities	**3,268,845**	813,216
Expense relating to short-term leases	**12,201,152**	7,903,761
	23,543,369	16,969,014

7 INVENTORIES

	2023 SR	*2022 SR*
Finished goods	**42,058,193**	16,441,144
Spare parts	**25,783,751**	20,903,166
Raw materials	**24,706,441**	15,499,530
Packing materials	**10,931,315**	10,305,517
Medicines and vaccination	**6,790,360**	5,497,785
Goods in transit	**1,726,583**	1,747,191
Fuel and diesel	**1,518,384**	1,926,597
Work in progress	**1,186,064**	1,609,963
Goods for trading	**29,565**	805,379
Other inventories	**8,251,452**	6,642,920
	122,982,108	81,379,192
Less: Provision for slow moving inventories	**(12,483,706)**	(12,308,069)
Less: Provision for net realisable value adjustment	**(4,650,039)**	(367,234)
	105,848,363	68,703,889

Inventories charged under the cost of revenue is disclosed in note 21.

7 INVENTORIES (continued)

Movement in provision for slow moving inventories were as follows:

	Provision for net realizable value		*Provision for slow-moving inventories*	
	2023	*2022*	***2023***	*2022*
	SR	*SR*	***SR***	*SR*
At the beginning of the year	**367,234**	-	**12,308,069**	9,655,977
Provided during the year	**4,282,805**	367,234	**175,637**	2,652,092
At the end of the year	**4,650,039**	367,234	**12,483,706**	12,308,069

8 BIOLOGICAL ASSETS

Biological assets consist of poultry, which is raised in farms located in Kingdom of Saudi Arabia until the date of slaughtering.

As at 31 December 2023, the Company had a volume of 9.8 million live broiler birds (2022: 6.9 million live broiler birds). Further, during the year ended 31 December 2023, the Company produced 93.9 million birds (2022: 86.3 million birds).

	2023	*2022*
	SR	*SR*
At the beginning of the year	**41,223,773**	38,321,521
Additions during the year	**438,833,093**	328,770,515
Transferred to inventories	**(430,130,179)**	(328,569,652)
Change in fair value	**2,686,725**	2,701,389
At the end of the year	**52,613,412**	41,223,773

Valuation of biological assets and sensitivity to the valuation inputs

Fair value measurements for broiler chickens are classified as Level 3, fair values based on the inputs used in the valuation techniques. Valuation techniques and significant unobservable inputs used to value biological assets are as follows:

Biological assets	**Valuation technique**	**Significant unobservable inputs**	**Relationship between the key unobservable principal inputs and fair value measurement**
Broiler	The valuation model considers the average weight of the birds, the mortality rate, and the estimated selling price less the cost to sell [including the additional cost required to bring the birds ready for sale (i.e. the cost of feed, medicines and overhead expenses).	- Mortality - Average live weight - Fully-grown broiler selling price less cost to sell.	the estimated fair value would increase / (decrease) if: - Mortality decreased / (increased) - Average live birds weight increased / (decreased) - Fully-grown broiler selling price less cost to sell increased / (decreased)

8 BIOLOGICAL ASSETS (continued)

The Company's Finance Department consists of a team that makes presentations of the Company's biologically owned assets for financial reporting purposes internally, including fair values at the "Level 3". This team reports directly to Vice President Finance ("VP-Finance"). Discussions of the valuation processes and results are held between VP-Finance and the valuation team at least once every three months.

Key inputs used in the valuation of biological assets are as follows:

- The mortality rate of broiler chickens was determined based on the historical rate and environmental elements.
- Broiler chickens grow at different rates. There may be a large margin of quality and weight of the chicken that affects the price achieved. An assumption is made for the average weight of broiler chickens that can be slaughtered and whose weight has not yet reached marketability.

Other disclosures
Poultry were not pledged as security for any of the Company's loans or borrowings in 2023 (2022: none). At 31 December 2023, the Company had no commitments in relation to its poultry (2022: nil). Government subsidies were received in relation to the Company's agricultural activities, which is disclosed in note 10.

9 PREPAYMENTS AND OTHER CURRENT ASSETS

	2023	*2022*
	SR	*SR*
Prepaid expenses	**10,833,667**	15,107,903
Advances to suppliers	**5,898,744**	8,412,814
Staff advances and loans	**716,449**	663,153
Refundable deposits	**502,335**	502,335
Other receivables	**2,570,678**	2,445,147
	20,521,873	27,131,352
Less: provision for impairment	**(5,057,551)**	(3,665,985)
	15,464,322	23,465,367

Provision for impairment is mainly related to advances to suppliers. Movement in the provision were as follows:

	2023	*2022*
	SR	*SR*
At the beginning of the year	**3,665,985**	3,665,450
Provided during the year	**1,391,566**	535
At the end of the year	**5,057,551**	3,665,985

10 GOVERNMENT SUBSIDIES RECEIVABLE

The Company receive subsidies from the Ministry of Environment, Water and Agriculture, Kingdom of Saudi Arabia, in accordance with the national plan to encourage production of poultry and its income. Movement in the government subsidies receivable during the year were as follows:

	31 December 2023 SR	*31 December 2022 SR*
At the beginning of the year	**3,165,612**	3,098,866
Government subsidies earned during the year (under cost of revenue)	**14,333,837**	29,379,347
Government subsidies collected during the year	**(14,886,616)**	(29,312,601)
At the end of the year	**2,612,833**	3,165,612

There are no unfulfilled conditions or contingencies attached to these subsidies.

11 RELATED PARTIES TRANSACTIONS AND BALANCES

The Company enters into transactions with the related parties described below in the ordinary course of business which include the directors, management, partners, entities controlled or influenced by such parties. The transactions with related parties are carried out in the normal course of the business. The significant transactions with the related parties during the year ended are as follows:

			Amount of transactions	
Related Parties	*Relationship*	*Nature of transactions*	***2023 SR***	*2022 SR*
Arabian Agricultural Services Company (ARASCO)	Partner	Purchases	**387,414,622**	335,376,511
		Shared services	**21,327,325**	21,704,914
		Repayment of loans	**217,473,092**	150,849,162
		Financing loans proceeds	**293,270,574**	257,807,267
		Interests paid	**16,815,165**	10,742,564
		Transfer of an associate	**-**	1,226,608
		Sales	**264,974**	3,671,417
		Payroll and employee benefits	**71,407,819**	61,004,796
		VAT and government payments	**89,298,183**	74,689,701
		Collection of accounts receivables	**285,999,680**	25,187,506
		Collection of government subsidies	**14,886,616**	29,312,601
		Bank transfers	**265,223,188**	665,248,607
		Supplier payments on behalf of the Company	**97,139,655**	304,772,982
		Zakat expense	**1,848,396**	-
IDAC Merieux Nutri Sciences	Affiliate	Purchase	**4,670,238**	3,524,777
AlKhorayef Agriculture Company	Affiliate	Purchase	**3,104,101**	367,895
Mazaq Altabkha Alzeeza Company	Affiliate	Sales	**650,417**	608,446

In addition to above, on 11 Jumada Al-Ula 1445H (corresponding to 25 November 2023), the Company ratified resolution for increasing the Company's capital by SR 250 million through a transfer of the current portion of amounts due to the related party payable in addition to the non-current portion of the related party's loan to the statement of changes in equity as a contribution by the partner. Legal formalities to increase the share capital have been completed by the Company subsequent to the year-end.

11 RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

Outstanding balances of related parties for the year ended are presented as follows:

Amounts due from related parties	***31 December 2023 SR***	*31 December 2022 SR*
Mazaq Altabkha Allzeeza Company	**138,634**	110,342
Others	**19,078**	-
	157,712	110,342

Amounts due to related parties	***31 December 2023 SR***	*31 December 2022 SR*
Current:		
Arabian Agricultural Services Company ("ARASCO")	**40,389,296**	132,422,615
IDAC Merieux Nutri Sciences	**9,385,808**	4,715,570
Alkhorayef Agriculture Company	**554,741**	385,756
	50,329,845	137,523,941

Non-current:	***31 December 2023 SR***	*31 December 2022 SR*
Due to ARASCO	**-**	120,218,474

Loan from a related party

	31 December 2023 SR	*31 December 2022 SR*
Loan from ARASCO, non-current	**460,414,847**	398,302,443
Loan from ARASCO, current	**56,787,938**	42,987,211
	517,202,785	441,289,654

The majority partner has obtained various agricultural development and Tawaruq loans from different local banks which are allocated to the Company through partners' agreement. These loans carry interest rates at prevailing market rate. These loans are payable in instalments which are spread over the period up to 2034.

These loans were obtained from banks by the majority partner for its business, of which the majority partner has given financing to the Company in the form of a partner's loans. Thus, the Company is not directly obliged to the bank, but rather to the partner through a partner loan agreement. The loans were obtained mainly for the purpose of financing the farms development activities.

Subsequent to the year-end, all of the above loans have been transferred in the name of the Company from ARASCO.

11 RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

Below is the movement of the loan including prepaid management fee and transaction costs to arrive at net book value:

	31 December 2023 SR	*31 December 2022 SR*
At the beginning of the year	**446,772,649**	336,531,981
Withdrawals	**208,304,865**	261,914,717
Payments	**(132,507,383)**	(151,674,049)
At the end of the year	**522,570,131**	446,772,649
Less: Prepaid Management Fee and Transaction costs		
At the beginning of the year	**5,482,995**	2,200,432
Upfront payments during the year	**1,032,899**	4,107,450
Amortised during the year	**(1,148,548)**	(824,887)
At the end of the year	**5,367,346**	5,482,995
Net loans	**517,202,785**	441,289,654

Below are the maturities of the loans on discounted basis:

Year	***2023 SR***	*2022 SR*
2023	**-**	44,007,375
2024	**57,840,709**	64,840,708
2025	**91,641,961**	85,476,703
2026	**91,641,820**	59,476,615
2027	**91,641,820**	50,809,949
2028	**74,975,153**	44,615,504
2029	**24,975,153**	24,907,171
2030	**21,315,739**	17,872,772
2031	**17,134,444**	13,691,463
2032	**17,134,444**	13,691,463
2033	**17,134,444**	13,691,463
2034	**17,134,444**	13,691,463
	522,570,131	446,772,649

Key management compensation

The compensation of the Company's key management personnel includes salaries and other benefits. Amounts disclosed in the table are the amounts recognised as an expense during the reporting year related to key management personnel.

	2023 SR	*2022 SR*
Short-term employee benefits	**5,629,716**	5,793,937
Long-term employee benefits	**312,657**	246,007

Terms and conditions of transactions with related parties

Terms and policies of related parties' transactions are approved by the Company's management. Except for the loan from the majority partner, which is interest-bearing, other outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.

12 ACCOUNTS RECEIVABLE

	31 December 2023 SR	*31 December 2022 SR*
Accounts receivable	**126,402,948**	146,644,771
Less: Provision for expected credit losses	**(45,049,226)**	(37,204,244)
	81,353,722	109,440,527

Movement for provision for expected credit losses were as follows:

	31 December 2023 SR	*31 December 2022 SR*
At the beginning of the year	**37,204,244**	18,118,961
Provided during the year	**7,844,982**	18,411,427
Reinstated during the year**	**-**	673,856
At the end of the year	**45,049,226**	37,204,244

Accounts receivables comprise of interest free net receivables due from customers with no credit rating. Unimpaired accounts receivables are expected, on the basis of past experience, to be fully recoverable. It is the practice of the Company to obtain collateral over certain customers.

Following table details the risk profile of accounts receivable based on the Company's provision matrix. As the Company's historical credit loss experience does not show significantly different loss pattern for different customer segments, the provision for expected credit losses based on past due status is not further distinguished between the Company's different customer types.

** In 2022, the Company reinstated the previously written off balance from the customer based on the favorable outcome of the legal case against the customer. This has resulted in recognising the receivable and the provision against the outstanding balance.

31 December 2023	*ECL rate %*	*Gross carrying amount SR*	*Expected credit loss SR*
Current	**1%**	**61,574,202**	**498,861**
1-30 days	**3%**	**7,067,479**	**184,698**
31-60 days	**8%**	**6,371,765**	**488,132**
61-90 days	**8%**	**1,922,141**	**156,827**
91-120 days	**9%**	**849,384**	**76,222**
121-180 days	**25%**	**1,064,724**	**261,526**
181-365 days	**65%**	**11,843,797**	**7,673,504**
More than 365 days	**100%**	**35,709,456**	**35,709,456**
Total	**36%**	**126,402,948**	**45,049,226**

12 ACCOUNTS RECEIVABLE (continued)

31 December 2022	*ECL rate* %	*Gross carrying amount* SR	*Expected credit loss* SR
Current	1%	73,760,423	774,707
1-30 days	6%	19,518,528	1,186,497
31-60 days	8%	6,271,926	501,125
61-90 days	8%	4,780,548	365,219
91-120 days	10%	4,794,843	455,770
121-180 days	43%	2,132,201	912,495
181-365 days	65%	6,746,428	4,368,557
More than 365 days	100%	28,639,874	28,639,874
Total	25%	146,644,771	37,204,244

13 CASH AND BANK BALANCES

	31 December 2023 SR	*31 December 2022 SR*
Cash at banks	**19,718,460**	930,354
Cash on hand	**3,369,724**	1,022,807
	23,088,184	1,953,161

14 SHARE CAPITAL

The Company's authorised, issued and paid-up share capital is divided into 50,000 shares (2022: 50,000 shares) of SR 1,000 each, which are owned 100% by Arabian Agricultural Services Company ("ARASCO").

On 11 Jumada Al-Ula 1445H (corresponding to 25 November 2023), the Company ratified resolution for converting the legal status of the entity from a limited liability company to a Saudi closed joint stock company and increasing the Company's share capital by SR 250 million through a transfer of the current portion of amounts due to the related party payable in addition to the non-current portion of the related party's loan to the statement of changes in equity as a contribution by the majority partner. Legal formalities to increase the share capital and conversion of legal status of the Company were completed subsequent to the year-end.

14 SHARE CAPITAL (continued)

The shareholding of the majority partner of the Company as at 31 December 2023 and 31 December 2022 was as follows:

Shareholders	***Ownership***	
	2023	*2022*
Mr. Motlaq Salih Al Hanaki	**35.47%**	35.47%
Abdullah Ibrahim Al Khoraief Sons Co.	**19.93%**	19.93%
Mafaz Company for International Development	**12.39%**	12.39%
Mr. Abdullah bin Sulaiman Al Ruabaian	**8.13%**	8.11%
Mr. Abdullatif bin Salih AL Al Shaikh	**6.84%**	6.81%
Sultan Holding Company	**6.47%**	6.47%
Multaqa Holding Company	**5.64%**	5.64%
Mr. Abdulrahman bin Abdulaziz Al Mohana	**3.37%**	3.36%
Mr. Abdulmalik Abdullah Al Hussaini	**1.00%**	0.76%
Mr. Sulaiman bin Mohammed Alquhidan	**0.30%**	0.30%
Treasury shares	**0.46%**	0.76%
	100%	100%

15 STATUTORY RESERVE

On 11 Jumada Al-Ula 1445H (corresponding to 25 November 2023), the Company's General Assembly approved amending the Company's bylaws to comply with the new Companies' Law, issued on 1 Duh Al-Hijjah 1443H (corresponding to 30 June 2022) ("the law"), to remove the article of the bylaws related to Company's statutory reserve. Based on this amendment, the Company is currently studying and reviewing the balance of statutory reserve, and it will be raised to the Company's General Assembly with the recommendations.

16 EMPLOYEES' DEFINED BENEFITS LIABILITIES

The Company has defined benefit plan (unfunded) ("EOSB liabilities"), which is a final salary plan in Kingdom of Saudi Arabia and is required to recognise the provision for employees' end-of-service benefits for the amounts payable at the reporting date in accordance with the employees' contracts of employment applicable to employees' accumulated periods of service. In accordance with the provisions of IAS 19, management has carried out an exercise to assess the present value of its defined benefit liabilities in respect of employees' end-of-service benefits payable under relevant local regulations and contractual arrangements in the current year. The movements in provision for employees' defined benefits liabilities for the year ended were as follows:

	31 December 2023 SR	*31 December 2022 SR*
At the beginning of the year	**18,820,580**	16,920,084
Current service cost	**2,772,427**	3,288,739
Interest expense	**891,000**	288,000
Amount recognised in statement of profit or loss	**3,663,427**	3,576,739
Re-measurements		
Loss (gain) from change in financial assumptions	**5,000**	(1,934,000)
Actuarial loss	**1,666,000**	1,133,000
Amount recognised in other comprehensive income	**1,671,000**	(801,000)
Transferred to the Company	**2,350,141**	2,424,982
Benefits paid during the year	**(1,897,489)**	(3,300,225)
At the end of the year	**24,607,659**	18,820,580

The balances include amount paid to employee in advance, amounting to SR 1,516,342 (2022: SR 1,068,503)

16 EMPLOYEES' DEFINED BENEFITS LIABILITIES (continued)

Significant actuarial assumptions

The Company carried out employees' benefits actuarial valuation, using the projected unit credit method, of its liability as at 31 December 2023 arising from the end of service benefits to qualifying in-service employees. The following were the principal actuarial assumptions:

	Impact on EOSB liabilities	
	31 December	*31 December*
Key actuarial assumptions	***2023***	*2022*
Financial assumptions		
Discount rate used	**4.33%**	4.55%
Salary growth rate	**4.10%**	4.10%
Demographic assumptions		
Mortality rate	**Table 2016**	Table 2016
Withdrawal rate (resignation / termination)	**8% / 9%**	8% / 9%

Sensitivity analysis
The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another. The same method has been applied for the sensitivity analysis as when calculating the recognised defined benefit liability.

	31 December 2023 SR	*31 December 2022 SR*
Salary growth rate		
1% increase	**1,199,341**	937,420
1% decrease	**(1,118,659)**	(873,580)
Discount rate		
1% increase	**(1,105,659)**	(862,580)
1% decrease	**1,209,341**	942,420

17 ACCOUNTS PAYABLES

Trade accounts payables are non-interest bearing and are normally settled on 60-day terms.

Arabian Company for Agriculture and Industrial Investments
(A Limited Liability Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)
At 31 December 2023

18 ACCRUALS AND OTHER CURRENT LIABILITIES

	31 December 2023 SR	*31 December 2022 SR*
Accrual for inventories received	**20,567,153**	32,155,973
Value added tax ("VAT")	**10,829,930**	7,778,526
Accrued salaries and related benefits	**10,548,970**	13,899,508
Advance payments from customers	**5,278,837**	5,510,069
Contract liabilities of biological assets	**3,668,059**	1,683,929
Accrued customer rebates and promotion	**3,201,587**	8,042,069
Accrued finance cost	**2,843,758**	984,712
Unclaimed deposits	**1,050,000**	1,732,742
Accruals for purchases	**621,843**	580,100
Others	**3,013,242**	4,436,704
	61,623,379	76,804,332

19 ZAKAT

The Company is subject to zakat on its zakat base calculated in accordance with zakat regulations enforced in the Kingdom of Saudi Arabia.

The majority partner of the Company, Arabian Agricultural Services Company "ARASCO", is filing consolidated zakat return for the Company and its affiliates. Zakat amount is recognised based on allocation done by the majority partner, which is dependent on the individual zakat base of the entity.

Charge for the year allocated to the Company for the year ended 31 December 2023 is SR 1,848,396 (2022: none).

Principal elements of the allocated zakat base are as follows:

	31 December 2023 SR
Additions to zakat base	**1,783,473,893**
Deductions from zakat base	**(1,807,003,063)**
	(23,529,170)
Zakatable profit for the year	**73,935,844**
Zakat charge @ 2.5%	**1,848,396**

Differences between the financial and the zakatable results are mainly due to provisions which are not allowed in the calculation of zakatable income.

Movements in the provision during the year were as follows:

	31 December 2023 SR	*31 December 2022 SR*
At the beginning of the year	**-**	-
Charge for the year	**1,848,396**	-
Transferred to a related party	**(1,848,396)**	
At the end of the year	**-**	-

Arabian Company for Agriculture and Industrial Investments
(A Limited Liability Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)
At 31 December 2023

20 REVENUE

	31 December 2023 SR	*31 December 2022 SR*
Local sales:		
Poultry sales	**1,062,332,098**	985,321,566
Table eggs sales	**23,928,950**	34,179,125
Red meat sales	**2,801,201**	4,206,640
Cold store sales	**719,870**	506,490
	1,089,782,119	1,024,213,821
Export poultry sales	**9,566,839**	6,686,429
	1,099,348,958	1,030,900,250
Timing of revenue recognition		
Recognised at a point in time	**1,099,348,958**	1,030,900,250
Customer wise revenue recognition		
External customers	**1,099,083,984**	1,027,228,833
Related party customers	**264,974**	3,671,417
	1,099,348,958	1,030,900,250
Region wise revenue recognition		
Kingdom of Saudi Arabia	**1,089,782,119**	1,024,213,821
GCC countries	**9,566,839**	6,686,429
	1,099,348,958	1,030,900,250

21 COST OF REVENUES

	31 December 2023 SR	*31 December 2022 SR*
Direct materials	**484,412,768**	477,058,266
Overheads*	**175,259,256**	145,889,736
Salaries, wages and related costs	**84,276,987**	78,681,082
Depreciation of property and equipment (note 5)	**30,256,980**	28,556,660
Packaging materials	**29,717,659**	30,117,879
Shipping and freight	**17,967,659**	12,990,799
Repair and maintenance	**15,316,639**	12,014,706
Utilities	**12,011,015**	9,449,780
Rent	**8,665,126**	5,897,302
Depreciation of right-of-use assets (note 6)	**8,022,419**	7,627,056
Provision for slow moving inventory items and provision for NRV **	**4,458,442**	3,038,052
Expired finished goods	**3,780,854**	12,373,082
Shared services expenses	**2,686,797**	3,148,011
Machinery and equipment insurance	**2,408,431**	1,453,024
Provision for employees' defined benefit liabilities (note 16)	**1,274,666**	8,649
Travel	**481,606**	435,810
Government subsidies earned***	**(14,333,837)**	(29,379,347)
Others	**2,383,585**	1,661,986
	869,047,052	801,022,533

21 COST OF REVENUES (continued)

* Overheads include materials scrapped, fuel and diesel, hygiene material, vaccinations, sundry consumables and other indirect charges.

** Provision for slow moving inventory items amounts to SR 175,637 (2022: SR 2,652,092) and provision for NRV amounts to SR 4,282,805 (2022: SR 367,234).

*** Government subsidies earned was previously disclosed as a separate line item in statement of profit or loss.

22 SELLING AND DISTRIBUTION EXPENSES

	31 December 2023 SR	*31 December 2022 SR*
Shipping and freight	**49,098,974**	41,407,837
Marketing expenses	**16,904,124**	10,146,621
Salaries, wages and related costs	**16,357,766**	15,004,537
Warehousing expenses	**6,806,975**	4,565,856
Rent	**3,383,639**	1,902,264
Depreciation of property and equipment (note 5)	**2,727,669**	2,958,497
Insurance	**655,562**	339,596
Professional fees	**541,057**	409,800
Utilities	**523,359**	514,955
Repair and maintenance	**456,264**	606,482
Sales commission	**332,600**	1,669,334
Shared services expenses	**291,467**	341,097
Provision for employees' defined benefit liabilities (note 16)	**241,011**	372,830
Travel	**216,592**	73,222
Depreciation of right-of-use assets (note 6)	**47,345**	581,687
Others	**1,504,230**	899,444
	100,088,634	81,794,059

23 GENERAL AND ADMINISTRATION EXPENSES

	31 December 2023 SR	*31 December 2022 SR*
Salaries, wages and related costs	**21,200,479**	14,308,423
Shared services expenses	**18,349,060**	18,215,806
Impairment of advances to suppliers (note 9)	**1,391,566**	535
Provision for employees' defined benefit liabilities (note 16)	**1,256,750**	2,907,260
Professional fees	**1,131,053**	488,888
Travel expenses	**262,698**	279,030
Depreciation of property and equipment (note 5)	**252,088**	256,553
Rent	**152,387**	104,195
Delay fines	**136,790**	7,498
Utilities	**125,450**	45,045
Insurance	**9,087**	8,703
Depreciation of right-of-use assets (note 6)	**3,608**	43,294
Others	**3,007,772**	1,709,326
	47,278,788	38,374,556

24 FINANCE COSTS

	31 December 2023 SR	*31 December 2022 SR*
Finance costs on loan from related parties	**10,592,438**	10,470,025
Finance costs on lease liabilities	**3,268,845**	813,216
Finance costs on employees' defined benefit liabilities	**891,000**	288,000
Bank charges	**2,014,236**	2,725,330
	16,766,519	14,296,571

25 EARNINGS PER SHARE

Basic earnings per share ("EPS") is calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the year. Following table reflects the profit and share data used in the basic and diluted EPS computations:

	31 December 2023 SR	*31 December 2022 SR*
Profit for the year	**62,660,031**	79,540,473
Weighted average number of ordinary shares for basic EPS	**50,000**	50,000
Weighted average number of ordinary shares for diluted EPS	**30,000,000**	30,000,000
Earnings per share - basic	**1,253.20**	1,590.81
Earnings per share - diluted	**2.09**	2.65

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of the financial statements, except for those disclosed in note 13.

26 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES

The Company's objective in managing risk is the creation and protection of shareholder value. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Company's continuing profitability.

Financial risk factors

The Company's financial assets include cash and bank balances, accounts receivables, government subsidies receivable and amounts due from related parties. The Company's financial liabilities comprise of amounts due to related parties, accounts payables, loan from a related party and lease liabilities.

The Company is exposed to market risk (currency risk, interest rate risk), credit risk, and liquidity risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

26 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk management framework
The Board of Directors has an overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies. Management reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Risk management structure
A cohesive organisational structure is established within the Company in order to identify, assess, monitor and control risks.

Board of Directors
Management committee of risk governance is the centralised oversight committee of the Board of Directors, which provides direction and the necessary approvals of strategies and policies in order to achieve defined corporate goals.

Senior management
Senior management is responsible for the day-to-day operations towards achieving the strategic goals within the Company's pre-defined risk appetite.

Risk mitigation
The risks faced by the Company and the way these risks are mitigated by management are summarised below:

(i) Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities where revenue or expense related to export on poultry is denominated in foreign currency. 'The Company did not undertake significant transactions in currencies other than Saudi Riyals, US dollars and Euro. As the Saudi Riyal is pegged to the US Dollar, balance in US Dollars are not considered to represent significant currency risk. The Company monitors the fluctuations in currency exchange rates of Euro and manages its effect on the financial statements. The Company's exposure to other foreign exchange movements is not material.

(ii) Interest rate risk
Interest rate risk is the risk that either fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The following table demonstrates a reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by the amount shown below. The analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Profit or loss (31 December 2023)		*Profit or loss (31 December 2022)*	
	100 bp increase SR	***100 bp Decrease SR***	*100 bp increase SR*	*100 bp decrease SR*
Variable-rate instruments	**(2,181,106)**	**2,181,106**	(2,525,014)	2,525,014

26 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk mitigation (continued)

(iii) Credit risks
Credit risk refers to the risk that a party to a financial instrument will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties, for whom the credit risk is assessed to be low. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific non-related counterparties, and continually assessing the creditworthiness of such non-related counterparties. The Company maintains bank accounts with high credit rated financial institutions.

The table below shows the Company's maximum exposure to credit risk for components of the statement of financial position.

Financial assets	***31 December 2023 SR***	*31 December 2022 SR*
Accounts receivable	**81,353,722**	109,440,527
Cash and bank balances	**23,088,184**	1,953,161
Amounts due from related parties	**157,712**	110,342
	104,599,618	111,504,030

Accounts receivable and amounts due from related parties
For account receivables, the Company applies the simplified approach to providing for ECL prescribed by IFRS 9, which requires the use of the lifetime expected loss provision for such financial assets.

Bank balance
Credit risk from balances with banks is managed by the Company's treasury department in accordance with the Company's policy. Management continuously monitors the credit ratings of financial institutions to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

Credit concentration
Concentration of credit risk arises when a number of counter-parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic political or other conditions.

No significant concentrations of credit risk were identified by the management as at the reporting date.

Management has conducted an assessment as required under IFRS 9 and based on such assessment, the management believes that there is no need for any significant impairment loss against the carrying value of cash and cash equivalents, amounts due from related parties and other financial assets.

(iv) Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by ensuring that sufficient funds are available from the majority partner and related parties at all times to meet any future commitments, and financing facilities are available.

26 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iv) Liquidity risk (continued)

Following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments:

31 December 2023	***On Demand SR***	***Within 3 months SR***	***3 months to 1 year SR***	***Above 1 Year SR***	***Total SR***
Accounts payable	-	**43,463,161**	-	-	**43,463,161**
Amounts due to related parties	**50,329,845**	-	-	-	**50,329,845**
Loan from a related party	-	-	**80,473,596**	**534,870,248**	**615,343,844**
Lease liabilities	-	-	**11,642,560**	**60,910,240**	**72,552,800**
Total financial liabilities	**50,329,845**	**43,463,161**	**92,116,156**	**595,780,488**	**781,689,650**

31 December 2022	*On Demand SR*	*Within 3 months SR*	*3 months to 1 year SR*	*Above 1 Year SR*	*Total SR*
Accounts payable	-	23,441,981	-	-	23,441,981
Amounts due to related parties	137,523,941	-	-	120,218,474	257,742,415
Loan from a related party	-	-	60,593,182	463,342,193	523,935,375
Lease liabilities	-	-	1,353,286	12,037,800	13,391,086
Total financial liabilities	137,523,941	23,441,981	61,946,468	595,598,467	818,510,857

Capital management

For the purpose of the Company's capital management, capital includes issued share capital and all other equity reserves. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and adjusts considering changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to partners, return capital to partners or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt accounts payables, accruals and other current liabilities, amounts due to related parties and lease liabilities (both current and non-current), less cash at banks.

There were no changes in the objectives, policies, and procedures for capital management during the years ended December 31, 2023 and December 31, 2022.

26 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management (continued)

	2023	*2022*
	SR	*SR*
Loans from a related party	**517,202,785**	441,289,654
Lease liabilities	**57,628,830**	9,881,146
Accounts payables	**43,463,161**	23,441,981
Accruals and other current liabilities	**61,623,379**	76,804,332
Less: cash and cash equivalents	**(23,088,184)**	(1,953,161)
Net Debt	**656,829,971**	549,463,952
Share capital	**300,000,000**	50,000,000
Retained earnings and other reserves	**136,580,331**	75,591,300
Total Capital	**436,580,331**	125,591,300
Capital and net debt	**1,093,410,302**	675,055,252
Gearing ratio	**60%**	81%

There are no financial covenants applicable on the Company as the loans are obtained by the majority partner.

27 SEGMENT INFORMATION

The Company operates principally in a single business segment of Agriculture and Food business which includes manufacturing and distribution of fresh and processed poultry and poultry related products. This is in line with the operating segment that is regularly reported to Chairman of Board of Directors, who is the Chief Operating Decision Maker ("CODM"). This is also the measure reported to the Company's Board of Directors for the purpose of making decisions about resource allocation and performance assessment.

Segment performance is evaluated based on profit or loss and is measured consistently in the financial statements. The operations of the Company are mainly in the Kingdom of Saudi Arabia with some export sales in other GCC countries. For management reporting purpose, the Company is organised into a single business unit of poultry and related products which is identified as a reportable segment. All assets and liabilities are tagged to the same reportable segment.

Revenue for the year ended 31 December 2023 from top five customers in the poultry stream represents 17.1% of Company's total revenue (2022: 16.3%).

28 FAIR VALUES OF FINANCIAL INSTRUMENTS

The Company's financial asset consists of bank balance, amounts due from related parties and accounts receivable. Its financial liabilities consist of accounts payable, amounts due to related parties, loan from a related party and lease liabilities.

The fair values of financial instruments are not significantly different from the carrying values included in the financial statements due to the short duration of such financial instruments.

29 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

Contingent liabilities
Contingent liabilities, obtained by ARASCO on behalf of the Company, as at 31 December 2023 include letters of guarantee amounting to SR 51.41 million (2022: SR 51.11 million) and letters of credit amounting to SR 38.56 million (2022: SR 76.68 million) for the benefit of the Company's external suppliers for raw materials purchases.

Capital commitments
The capital commitments related to ongoing capital work-in-progress projects amounts to Euro 9.42 million, equivalent to SR 38.28 million (2022: Euro 11.85 million, equivalent to SR 47.43 million).

30 EVENTS AFTER THE REPORTING DATE

On 11 Jumada Al-Ula 1445H (corresponding to 25 November 2023), the Company ratified resolution for converting the legal status of the entity from a limited liability company to a Saudi closed joint stock company and increasing the Company's share capital by SR 250 million through a transfer of the current portion of amounts due to the related party payable in addition to the non-current portion of the related party’s loan to the statement of changes in equity as a contribution by the majority partner. Legal formalities to increase the share capital and conversion of legal status of the Company were completed subsequent to the year-end.

Further, subsequent to the year-end, agricultural development and Tawaruq loans obtained from different local banks by ARASCO and allocated to the Company through partners’ agreement, have been transferred in name of the Company.

Apart from the above, in the opinion of the management, there were no material events subsequent to the period of the preparation of these financial statements and before the date of issuing the auditor's report that could have a material impact on the financial statements and related disclosures for the year ended on 31 December 2023.

31 COMPARATIVE FIGURES

In 2022, government subsidies earned during the year amounting SR 29,379,347 was presented as a separate line item in statement of profit or loss under revenue. For the current year, management has presented this as a reduction from cost of revenues. Additionally, in 2022, provision for expected credit losses over accounts receivables amounting SR 18,411,427 was presented under selling and distribution expenses. For the current year, management has presented it as a separate line item in statement of profit or loss. The comparative numbers have been reclassed to conform with current year presentation.

32 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements of the Company for the year ended 31 December 2023 were authorised for issuance on 8 Thul-Qi’dah 1445H (corresponding to 16 May 2024).

Arabian Company for Agriculture and Industrial Investments
(A Saudi Closed Joint Stock Company)

INTERIM CONDENSED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REVIEW REPORT

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

Arabian Company for Agriculture and Industrial Investments
(A Saudi Closed Joint Stock Company)

INTERIM CONDENSED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REVIEW REPORT
For the three-month period ended 31 March 2024

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Building a better working world

Ernst & Young Professional Services (Professional LLC)
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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF THE ARABIAN COMPANY FOR AGRICULTURE AND INDUSTRIAL INVESTMENTS (A SAUDI CLOSED JOINT STOCK COMPANY)

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Arabian Company for Agriculture and Industrial Investments (the "Company") as at 31 March 2024, and the related interim condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended, and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as endorsed in the Kingdom of Saudi Arabia. A review of interim financial statement consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance IAS 34 as endorsed in the Kingdom of Saudi Arabia.

for Ernst & Young Professional Services

Waleed G. Tawfiq
Certified Public Accountant
License No. (437)

EY
CR. 1010383821
Ernst & Young Professional Services (Professional LLC)

Riyadh: 8 Muharram 1446H
(14 July 2024)

Arabian Company for Agriculture and Industrial Investments
(A Saudi Closed Joint Stock Company)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
At 31 March 2024

	Notes	31 March 2024 (Unaudited) SR	31 December 2023 (Audited) SR
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	4	**869,978,597**	854,972,376
Right-of-use assets	5	**54,412,844**	56,511,522
TOTAL NON – CURRENT ASSETS		**924,391,441**	911,483,898
CURRENT ASSETS			
Inventories	6	**103,950,457**	105,848,363
Biological assets	7	**53,192,803**	52,613,412
Prepayments and other current assets	8	**24,513,152**	15,464,322
Government subsidies receivable	9	**2,662,656**	2,612,833
Amounts due from related parties	14	**104,694**	157,712
Accounts receivable	10	**93,719,083**	81,353,722
Cash and cash equivalents	11	**121,095,365**	23,088,184
TOTAL CURRENT ASSETS		**399,238,210**	281,138,548
TOTAL ASSETS		**1,323,629,651**	1,192,622,446
EQUITY AND LIABILITIES			
EQUITY			
Share capital	12	**300,000,000**	50,000,000
Proposed increase in share capital	12	-	250,000,000
Statutory reserve		**7,504,503**	7,504,503
Retained earnings		**151,155,518**	129,075,828
TOTAL EQUITY		**458,660,021**	436,580,331
LIABILITIES			
NON-CURRENT LIABILITIES			
Employees' defined benefit liabilities		**26,375,555**	24,607,659
Loans from a related party, non-current	14	**443,999,789**	460,414,847
Lease liabilities, non-current	5	**45,421,470**	49,230,118
Accruals and other non-current liabilities		**1,315,930**	1,186,456
TOTAL NON-CURRENT LIABILITIES		**517,112,744**	535,439,080
CURRENT LIABILITIES			
Accounts payables		**50,813,798**	43,463,161
Accruals and other current liabilities	13	**85,602,785**	61,623,379
Amounts due to related parties	14	**70,157,248**	50,329,845
Current portion of loans from a related party	14	**133,469,569**	56,787,938
Current portion of lease liabilities	5	**7,813,486**	8,398,712
TOTAL CURRENT LIABILITIES		**347,856,886**	220,603,035
TOTAL LIABILITIES		**864,969,630**	756,042,115
TOTAL EQUITY AND LIABILITIES		**1,323,629,651**	1,192,622,446

The attached notes 1 to 26 form an integral part of these interim condensed financial statements.

Arabian Company for Agriculture and Industrial Investments
(A Saudi Closed Joint Stock Company)

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS

For the three-month period ended 31 March 2024

	Notes	For the three-month period ended 31 March 2024 (Unaudited) SR	31 March 2023 (Unaudited) SR
Revenue	15	**339,618,149**	280,690,425
Cost of revenue	16	**(264,466,826)**	(222,759,432)
GROSS PROFIT		**75,151,323**	57,930,993
EXPENSES			
Selling and distribution	17	**(22,899,102)**	(21,460,280)
Provision for expected credit loss for accounts receivables		**(9,160,286)**	(3,305,849)
General and administration	18	**(13,671,789)**	(10,846,697)
TOTAL EXPENSES		**(45,731,177)**	(35,612,826)
PROFIT FROM OPERATIONS		**29,420,146**	22,318,167
Finance costs	19	**(5,376,915)**	(4,047,404)
Loss on fair value adjustments on biological assets		**(5,517,267)**	(2,372,071)
Other income		**3,444,255**	641,302
PROFIT BEFORE ZAKAT		**21,970,219**	16,539,994
Zakat	20	**-**	(450,000)
PROFIT FOR THE PERIOD		**21,970,219**	16,089,994
EARNINGS PER SHARE			
Basic and diluted earnings per share	21	**0.73**	321.80

The attached notes 1 to 26 form an integral part of these interim condensed financial statements.

3

Arabian Company for Agriculture and Industrial Investments
(A Saudi Closed Joint Stock Company)

INTERIM CONDENSED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the three-month period ended 31 March 2024

	For the three-month period ended	
	31 March 2024 (Unaudited) SR	*31 March 2023 (Unaudited) SR*
PROFIT FOR THE PERIOD	**21,970,219**	16,089,994
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods		
Remeasurement gain on employees' defined benefit liabilities	**109,471**	110,000
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	**109,471**	110,000
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**22,079,690**	16,199,994

The attached notes 1 to 26 form an integral part of these interim condensed financial statements.

Arabian Company for Agriculture and Industrial Investments
(A Saudi Closed Joint Stock Company)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
For the three-month period ended 31 March 2024

	Share Capital	*Statutory reserve*	*Proposed increase in share capital*	*Retained earnings*	*Total*
	SR	*SR*	*SR*	*SR*	*SR*
Balance at 31 December 2023 (audited)	50,000,000	7,504,503	250,000,000	129,075,828	**436,580,331**
Profit for the period	-	-	-	21,970,219	**21,970,219**
Other comprehensive income	-	-	-	109,471	**109,471**
Total comprehensive income for the period	-	-	-	22,079,690	**22,079,690**
Increase in share capital (note 12)	250,000,000	-	(250,000,000)	-	-
Balance at 31 March 2024 (unaudited)	**300,000,000**	**7,504,503**	**-**	**151,155,518**	**458,660,021**
Balance at 31 December 2022 (audited)	50,000,000	7,504,503	-	68,086,797	125,591,300
Profit for the period	-	-	-	16,089,994	16,089,994
Other comprehensive income	-	-	-	110,000	110,000
Total comprehensive income for the period	-	-	-	16,199,994	16,199,994
Balance at 31 March 2023 (unaudited)	50,000,000	7,504,503	-	84,286,791	141,791,294

The attached notes 1 to 26 form an integral part of these interim condensed financial statements.

Arabian Company for Agriculture and Industrial Investments
(A Saudi Closed Joint Stock Company)

INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the three-month period ended 31 March 2024

	Notes	*For the three-months period ended* 31 March 2024 (Unaudited) SR	31 March 2023 (Unaudited) SR
OPERATING ACTIVITIES			
Profit before zakat		**21,970,219**	16,539,994
Adjustments to reconcile profit before zakat to net cashflows:			
Depreciation of property and equipment		**12,222,346**	8,017,023
Depreciation of right-of-use assets		**2,098,678**	1,972,334
Provision for employees' defined benefit liabilities		**937,986**	693,614
Provision for slow moving inventory items		**733,902**	-
Expected credit loss on accounts receivable		**9,160,286**	3,305,848
Finance costs	19	**5,376,915**	4,047,404
Amortisation of finance costs paid upfront		**782,025**	259,619
Loss on fair value adjustment on biological assets		**5,517,267**	2,372,071
Gain on disposal of right-of-use assets and lease liabilities		**-**	(33,118)
		58,799,624	37,174,789
Changes in operating assets and liabilities:			
Inventories		**1,164,004**	(16,021,218)
Biological assets		**(6,096,658)**	304,504
Prepayments and other current assets		**(9,048,830)**	(6,253,771)
Government subsidies receivable		**(49,823)**	(135,390)
Accounts receivable		**(21,525,647)**	(3,633,752)
Accounts payable		**7,350,637**	13,507,171
Accruals and other current liabilities		**25,453,921**	(252,530)
Amounts due from / to related parties		**19,880,421**	(76,526,936)
Net cash from (used in) operations		**75,927,649**	(51,837,133)
Employees' defined benefit liabilities paid		**(680,781)**	(186,952)
Net cash flows from (used in) operating activities		**75,246,868**	(52,024,085)
INVESTING ACTIVITY			
Purchase of property and equipment		**(27,228,567)**	(56,603,857)
Net cash flows used in investing activity		**(27,228,567)**	(56,603,857)
FINANCING ACTIVITIES			
Proceeds from loan from a related party		**59,484,548**	128,747,973
Repayment of loan from a related party		**-**	(9,041,667)
Finance costs paid		**(5,101,794)**	(3,819,404)
Payment of principal portion of lease liabilities		**(4,393,874)**	(6,963,816)
Net cash flows from financing activities		**49,988,880**	108,923,086
NET INCREASE IN CASH AND CASH EQUIVALENTS		**98,007,181**	295,144
Cash and cash equivalents at the beginning of the period		**23,088,184**	1,953,161
Cash and cash equivalents at the end of the period		**121,095,365**	2,248,305
Significant non-cash items			
Employees' defined benefit liabilities transferred to the Company		**1,345,041**	(12,662)
Addition of right-of-use assets and lease liabilities		**-**	47,862,020
Adjustment for net realisable value of inventories		**2,655,802**	362,964

The attached notes 1 to 26 form an integral part of these interim condensed financial statements.

Arabian Company for Agriculture and Industrial Investments
(A Saudi Closed Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
At 31 March 2024

1. CORPORATE INFORMATION

Arabian Company for Agriculture and Industrial Investments ("ACAII", the "Company") is a Saudi Closed Joint Stock Company incorporated in the Kingdom of Saudi Arabia under commercial registration numbered 1010318944 dated 24 Shaaban 1432H (corresponding to 22 October 2011). On 11 Jumada Al-Ula 1445H (corresponding to 25 November 2023), the Company ratified resolution for converting the legal status of the entity from a limited liability company to a Saudi Closed Joint Stock Company. Legal formalities in this regard were completed on 1 January 2024. Parent Company of the Company is Arabian Agricultural Services Company ("ARASCO").

The Company's licensed activities include egg production, broiler chicken production, support activities for animal production, production of chilled and frozen meat, preservation, and preparation of meat and meat products in various ways, such as drying, canning, and the production of egg products and eggshells, in addition to the preparation and processing of egg products, wholesale of dairy products, egg products, frozen meat and poultry.

The Company's national address is Building no. 3927, Al Amir Sultan Ibn Abdul Aziz Road, Al Olaya District, Unit no. 97, Riyadh 12311 – 7380, Kingdom of Saudi Arabia.

The Company operates through its Head Office in Riyadh and two branches in Kingdom of Saudi Arabia listed as follows:

City	*Date*	*Commercial Registration Number*
Riyadh	20 Jumada Al-Akhirah 1415H (corresponding to 24 November 1994)	1010130873
Riyadh	10 Rajab 1424H (corresponding to 7 September 2003)	1010189677

2 BASIS OF PREPARATION AND CHANGES TO ACCOUNTING POLICIES

2.1 Basis of preparation

These interim condensed financial statements for the three-month period ended 31 March 2024 of the Company have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. The Company has prepared the interim condensed financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

These interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements as of 31 December 2023. These interim condensed financial statements for the three-month period ended 31 March 2024 are not affected significantly by seasonality of results. The results shown in these interim condensed financial statements may not be indicative of the annual results of the Company's operations.

These interim condensed financial statements are prepared under the historical cost convention. These interim condensed financial statements are presented in Saudi Riyals ("SR") which is the functional and presentation currency of the Company. All values are rounded to the nearest Saudi Riyal, except when otherwise indicated.

2.2 Material accounting policies information and new standards, interpretations and amendments adopted

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2024, but do not have an impact on the interim condensed financial statements of the Company.

2 BASIS OF PREPARATION AND CHANGES TO ACCOUNTING POLICIES

2.2 Material accounting policies information and new standards, interpretations and amendments adopted (continued)

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The transition rules clarify that an entity is not required to provide the disclosures in any interim periods in the year of initial application of the amendments. Thus, the amendments had no impact on the Company's interim condensed financial statements.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments had no impact on the Company's interim condensed financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced whereby an entity must disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. The amendments had no impact on the Company's interim condensed financial statements.

2.3 Significant accounting estimates

The preparation of the interim condensed financial statements in conformity with IAS 34 as endorsed in KSA requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the interim condensed financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates and judgments used in the preparation of these interim condensed financial statements are consistent with those used in preparation of the Company's annual financial statements for the year ended 31 December 2023.

3 SEGMENT INFORMATION

The Company operates principally in a single business segment of Agriculture and Food business which includes manufacturing and distribution of fresh and processed poultry and poultry related products. This is in line with the operating segment that is regularly reported to Chairman of Board of Directors, who is the Chief Operating Decision Maker ("CODM"). This is also the measure reported to the Company's Board of Directors for the purpose of making decisions about resource allocation and performance assessment.

Segment performance is evaluated based on profit or loss and is measured consistently in the financial statements. The operations of the Company are mainly in the Kingdom of Saudi Arabia with some export sales in other GCC countries. For management reporting purpose, the Company is organised into a single business unit of poultry and related products which is identified as a reportable segment. All assets and liabilities are tagged to the same reportable segment.

Arabian Company for Agriculture and Industrial Investments
(A Saudi Closed Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 31 March 2024

4 PROPERTY AND EQUIPMENT

	31 March 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
At the beginning of the period / year	**854,972,376**	696,957,595
Additions for the period / year	**27,228,567**	191,322,808
Disposal	**-**	(71,290)
Depreciation charge for the period / year	**(12,222,346)**	(33,236,737)
At the end of the period / year	**869,978,597**	854,972,376

Included in property and equipment are projects in progress amounting SR 277.51 million (31 December 2023: SR 271.52 million), which represents extension projects on the existing land farms of the Company, which are expected to be completed by end of 2024.

Further, included in property and equipment are 39 plots of land amounting to SR 62.17 million in total.

At 31 March 2024, 19 plots of land amounting to SR 25.51 million have been transferred in name of the Company from ARASCO (31 December 2023: same). The legal formalities to transfer the ownership of 15 plots of land amounting to SR 27.83 million from ARASCO to the Company is in process as of reporting date (31 December 2023: same). The legal formalities to transfer the ownership of the remaining 5 plots of land amounting to SR 8.83 million from ARASCO to the Company will be initiated once transfer of 15 plots of land is completed (31 December 2023: same).

At 31 March 2024, out of the total 39 plots of land, 24 plots of land (9 plots of land in name of the Company and 15 plots of land in name of ARASCO) having a carrying amount of SR 39.27 million are mortgaged against loans obtained by ARASCO on behalf of the Company and lender's approval has been obtained to transfer the ownership of 15 plots of land from ARASCO to the Company (31 December 2023: same). Subsequent to period-end, these loans have been transferred in the name of the Company.

Depreciation expense has been allocated as follows:

	31 March 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
Cost of revenue for the period / year	**10,311,866**	30,256,980
Selling and distribution for the period / year	**1,852,202**	2,727,669
General and administration for the period / year	**58,278**	252,088
Total charge for the period / year	**12,222,346**	33,236,737

5 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Company is utilising the leased land farms and other leased assets for the purpose of its farming activities. Duration of the leased land farms is for 13 years, starting from 2021. All of the lease contracts are signed with third parties. The Company is obliged for the regular maintenance of the leased assets. There are no guarantees given in lieu of the leased assets. There is no arrangement for transfer of ownership of the leased asset at any stage of the contract. The insurance of the leased assets is done by the lessor itself. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets.

5 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

Movement in right-of-use assets is presented below:

	31 March 2024 (Unaudited) SR	31 December 2023 (Audited) SR
At the beginning of the period / year	**56,511,522**	9,862,678
Addition during the period / year	**-**	54,766,701
Disposal during the period / year	**-**	(44,485)
Depreciation charge for the period / year	**(2,098,678)**	(8,073,372)
At the end of the period / year	**54,412,844**	56,511,522

Movement in lease liabilities is presented below:

	31 March 2024 (Unaudited) SR	31 December 2023 (Audited) SR
At the beginning of the period / year	**57,628,830**	9,881,146
Addition during the period / year	**-**	54,766,701
Accretion of interest for the period / year	**847,407**	3,268,845
Disposal during the period / year	**-**	(83,429)
Payments during the period / year	**(5,241,281)**	(10,204,433)
At the end of the period / year	**53,234,956**	57,628,830
Bifurcated into:		
Current portion	**7,813,486**	8,398,712
Non-current portion	**45,421,470**	49,230,118

Depreciation has been allocated as follows:

	31 March 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Cost of revenue for the period / year	**2,098,678**	8,022,419
Selling and distribution for the period / year	**-**	47,345
General and administration for the period / year	**-**	3,608
Total charge for the period / year	**2,098,678**	8,073,372

6 INVENTORIES

	31 March 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
Finished goods***	**23,081,015**	37,408,154
Spare parts	**27,718,158**	25,783,751
Raw materials	**21,997,061**	24,706,441
Packing materials	**12,924,698**	10,931,315
Chemical and consumables	**8,573,821**	7,614,368
Medicines and vaccination	**7,529,982**	6,790,360
Goods in transit	**7,241,496**	1,726,583
Fuel and diesel	**2,950,120**	1,518,384
Work in progress	**2,615,361**	1,186,064
Goods for trading	**1,927,424**	29,565
Tools and Biosecurity items	**608,929**	637,084
Less: Provision for slow moving inventories	**(13,217,608)**	(12,483,706)
	103,950,457	105,848,363

*** Finished goods are presented net-off with the adjustment for net realisable value amounting to SR 7,305,841 (31 December 2023: SR 4,650,039).

7 BIOLOGICAL ASSETS

Biological assets consist of poultry, which is raised in farms located in Kingdom of Saudi Arabia until the date of slaughtering. As at 31 March 2024, the Company had a volume of 9.5 million live broiler birds (31 December 2023: 9.8 million live broiler birds). Further, during the period ended 31 March 2024, the Company produced 27.5 million birds (31 March 2023: 23.3 million birds).

	31 March 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
At the beginning of the period / year	**52,613,412**	41,223,773
Additions during the period / year	**142,557,535**	438,833,093
Transferred to inventories during the period / year	**(136,460,877)**	(430,130,179)
Change in fair value during the period / year	**(5,517,267)**	2,686,725
At the end of the period / year	**53,192,803**	52,613,412

8 PREPAYMENTS AND OTHER CURRENT ASSETS

	31 March 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
Prepaid expenses	**19,776,491**	10,833,667
Advanced to suppliers	**6,155,089**	5,898,744
Staff advances and loans	**567,510**	716,449
Accrued insurance claims	**502,335**	502,335
Other receivables	**2,569,278**	2,570,678
	29,570,703	20,521,873
Less: provision for impairment	**(5,057,551)**	(5,057,551)
	24,513,152	15,464,322

Arabian Company for Agriculture and Industrial Investments
(A Saudi Closed Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 31 March 2024

9 GOVERNMENT SUBSIDIES RECEIVABLE

The Company receives subsidies from the Ministry of Environment, Water and Agriculture ("MEWA"), Kingdom of Saudi Arabia, in accordance with the national plan to encourage production of poultry and its income. There are no unfulfilled conditions or contingencies attached to these subsidies. Movement in the government subsidies receivable during the period / year were as follows:

	31 March 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
At the beginning of the period / year	**2,612,833**	3,165,612
Government subsidies earned during the period / year	**3,297,288**	14,333,837
Government subsidies collected during the period / year	**(3,247,465)**	(14,886,616)
At the end of the period / year	**2,662,656**	2,612,833

10 ACCOUNTS RECEIVABLES

	31 March 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
Accounts receivable	**147,928,595**	126,402,948
Less: Provision for expected credit losses	**(54,209,512)**	(45,049,226)
	93,719,083	81,353,722

Movement in provision for expected credit losses were as follows:

	31 March 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
At the beginning of the period / year	**45,049,226**	37,204,244
Charge for the period / year	**9,160,286**	7,844,982
At the end of the period / year	**54,209,512**	45,049,226

11 CASH AND CASH EQUIVALENTS

	31 March 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
Time deposits	**102,000,000**	-
Cash at banks	**16,895,510**	19,718,460
Cash on hand	**2,199,855**	3,369,724
	121,095,365	23,088,184

Time deposits are deposited with banks for varying periods of between one day and three months, depending on the immediate cash requirements of the Company and earns interest at floating rate based on daily bank deposit rate. Effective interest rate is 6.29%.

Arabian Company for Agriculture and Industrial Investments
(A Saudi Closed Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 31 March 2024

12 SHARE CAPITAL

The Company's authorised, issued and paid-up share capital is divided into 30,000,000 shares (31 December 2023: 50,000 shares) of SR 10 each (31 December 2023: SR 1,000 each), which are owned 95.1% (31 December 2023: 100%) by Arabian Agricultural Services Company ("ARASCO") and 4.9% by Ocean line Limited (31 December 2023: none).

The shareholding of the Parent Company, Arabian Agricultural Services Company ("ARASCO"), as at 31 March 2024 and 31 December 2023 was as follows:

Shareholders	***31 March 2024***	*31 December 2023*
Mr. Motlaq Salih Al Hanaki	**35.47%**	35.47%
Abdullah Ibrahim Al Khoraief Sons Co.	**19.93%**	19.93%
Mafaz Company for International	**12.39%**	12.39%
Mr. Abdullah bin Sulaiman Al Ruabaian	**8.13%**	8.13%
El Amar Agriculture Company	**6.84%**	-
Sultan Holding Company	**6.47%**	6.47%
Multaqa Holding Company	**5.64%**	5.64%
Mr. Abdulrahman bin Abdulaziz Al Mohana	**3.37%**	3.37%
Mr. Abdulmalik Abdullah Al Hussaini	**1.00%**	1.00%
Mr. Sulaiman bin Mohammed Alquhidan	**0.30%**	0.30%
Treasury shares	**0.46%**	0.46%
Mr. Abdullatif bin Salih Al Shaikh	-	6.84%
	100%	100%

Proposed increase in share capital
On 11 Jumada Al-Ula 1445H (corresponding to 25 November 2023), the Company ratified resolution for converting the legal status of the entity from a limited liability company to a Saudi closed joint stock company and increasing the Company's share capital by SR 250 million through a transfer of the current portion of amounts due to the related party payable in addition to the non-current portion of amounts due to a related party to the statement of changes in equity as a contribution by the Parent Company. Legal formalities to increase the share capital and conversion of legal status of the Company were completed on 1 January 2024.

13 ACCRUALS AND OTHER CURRENT LIABILITIES

	31 March 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
Accrual for inventories received	**27,983,124**	20,567,153
Value added tax ("VAT")	**11,978,323**	10,829,930
Accrued salaries and related benefits	**14,442,642**	10,548,970
Accrued logistics and supply chain costs	**6,484,208**	-
Accrued customer rebates and promotion	**6,441,467**	3,201,587
Advance payments from customers	**4,403,541**	5,278,837
Contract liabilities of biological assets	**3,875,080**	3,668,059
Accrued finance cost	**3,357,844**	2,843,758
Unclaimed deposits	**973,500**	1,050,000
Accruals for purchases	**621,843**	621,843
Accrued BOD remuneration	**322,000**	-
Accrued marketing costs	**250,000**	-
Others	**4,469,213**	3,013,242
	85,602,785	61,623,379

14 RELATED PARTY TRANSACTIONS AND BALANCES

The Company enters into transactions with the related parties described below in the ordinary course of business which include the directors, management, shareholders, entities controlled or influenced by such parties. The transactions with related parties are carried out in the normal course of the business. The significant transactions with the related parties during the three-month period are as follows:

Related Parties	*Relationship*	*Nature of transactions*	***Amount of transactions*** 31 March 2024 (Unaudited)	*31 March 2023 (Unaudited)*
Arabian Agricultural Services Company (ARASCO)	Parent Company	Purchases	**72,810,389**	105,115,247
		Shared services	**4,450,300**	5,426,228
		Financing loans proceeds	**59,484,548**	128,747,254
		Interests paid	**5,101,794**	3,819,404
		Payroll and employee benefits	**-**	17,768,335
		Logistics services	**1,919,477**	16,978,388
		Veterinary services	**2,141,899**	708,632
		VAT and government payments	**27,537,408**	24,296,701
		Supplier payments on behalf of the Company	**13,236,569**	75,737,508
IDAC Merieux Nutri Sciences	Affiliate	Purchase	**1,340,236**	1,217,033
AlKhorayef Agriculture Company	Affiliate	Purchase	**115,572**	494,573
Mazaq Altabkha Al Laziza Company	Affiliate	Sales	**176,492**	321,417
Abdullah Al-Othaim Markets Company	Related to Board of Director member	Sales	**7,421,627**	-

Balances outstanding with the related parties is presented below:

	31 March 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
Amounts due from related parties		
Mazaq Altabkha Al Laziza Company	**104,694**	138,634
Others	**-**	19,078
	104,694	157,712

	31 March 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
Amounts due to related parties		
Arabian Agricultural Services Company ("ARASCO")	**69,818,896**	40,389,296
IDAC Merieux Nutri Sciences	**279,540**	9,385,808
AlKhorayef Agriculture Company	**58,812**	554,741
	70,157,248	50,329,845

14 RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

	31 March 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Loan from a related party		
Loan from ARASCO, non-current	**443,999,789**	460,414,847
Loan from ARASCO, current	**133,469,569**	56,787,938
	577,469,358	517,202,785

The Parent Company has obtained various agricultural development and Tawaruq loans from different local banks which are allocated to the Company through Parent Company's agreement. These loans carry interest rates at prevailing market rate. These loans are payable in instalments which are spread over the period up to 2034.

These loans were obtained from banks by the Parent Company for its business, of which the Parent Company has given financing to the Company in the form of Parent Company's loans. Thus, the Company is not directly obliged to the bank, but rather to the Parent Company through a Parent Company's loan agreement. The loans were obtained mainly for the purpose of financing the farms development activities. All of the above loans have been transferred in the name of the Company from ARASCO subsequent to period-end.

Below is the movement of the loan including prepaid management fee and transaction costs to arrive at net book value:

	31 March 2024 (Unaudited) SR	31 December 2023 (Audited) SR
At the beginning of the period / year	**522,570,131**	446,772,649
Withdrawals during the period / year	**60,000,000**	208,304,865
Payments during the period / year	**-**	(132,507,383)
At the end of the period / year	**582,570,131**	522,570,131
Less: Prepaid Management Fee and Transaction costs		
At the beginning of the period / year	**5,367,346**	5,482,995
Upfront payments during the period / year	**515,452**	1,032,899
Amortised during the period / year	**(782,025)**	(1,148,548)
At the end of the period / year	**5,100,773**	5,367,346
NET LOANS	**577,469,358**	517,202,785

Key management compensation

The compensation of the Company's key management personnel includes salaries and other benefits. Amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

	31 March 2024 (Unaudited) SR	31 March 2023 (Unaudited) SR
Short-term employee benefits	**935,256**	987,657
Long-term employee benefits	**40,715**	61,627
Board of directors' renumeration	**322,000**	-

Terms and conditions of transactions with related parties

Terms and policies of related parties' transactions are approved by the Company's management. Except for the loan from the Parent Company, which is interest-bearing, other outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.

15 REVENUE

	For the three-month period ended	
	31 March 2024 (Unaudited) SR	*31 March 2023 (Unaudited) SR*
Poultry sales	**335,537,937**	263,699,057
Table eggs sales	**2,294,899**	13,088,481
Red meat sales	**417,770**	1,106,416
Cold store sales	**-**	521,670
	338,250,606	278,415,624
Export poultry sales	**1,367,543**	2,274,801
	339,618,149	280,690,425
Customer wise revenue recognition		
External customers	**332,020,030**	280,369,008
Related party customers	**7,598,119**	321,417
	339,618,149	280,690,425
Timing of contracts		
Recognised at a point in time	**339,618,149**	280,690,425

16 COST OF REVENUE

	For the three-month period ended	
	31 March 2024 (Unaudited) SR	*31 March 2023 (Unaudited) SR*
Direct materials	**142,072,372**	126,251,842
Overheads	**55,813,448**	45,656,720
Salaries, wages and related costs	**25,154,380**	19,980,633
Depreciation of property and equipment	**10,311,866**	7,263,971
Shipping and freight	**8,136,267**	5,836,420
Packaging materials	**7,591,963**	10,122,145
Repair and maintenance	**6,026,073**	3,270,268
Utilities	**3,910,852**	2,789,774
Provision for slow moving inventory items and provision for NRV	**3,389,704**	362,964
Depreciation of right-of-use assets	**2,098,678**	1,916,630
Rent	**787,362**	367,462
Machinery and equipment insurance	**769,011**	492,084
Provision for employees' defined benefit liabilities	**429,715**	386,104
Expired finished goods	**123,140**	868,386
Shared services expenses	**-**	786,034
Government subsidies earned	**(3,297,288)**	(4,085,787)
Others	**1,149,283**	493,782
	264,466,826	222,759,432

17 SELLING AND DISTRIBUTION EXPENSES

	For the three-month period ended	
	31 March 2024 (Unaudited) SR	*31 March 2023 (Unaudited) SR*
Salaries, wages and related costs	**6,757,537**	3,528,925
Shipping and freight	**6,699,089**	12,501,459
Marketing expenses	**3,188,096**	2,226,999
Warehousing expenses	**1,974,500**	1,265,100
Depreciation of property and equipment	**1,852,202**	690,998
Professional fees	**510,964**	59,850
Rent	**416,542**	356,764
Provision for employees' defined benefit liabilities	**157,106**	106,132
Repair and maintenance	**124,292**	102,989
Shared services expenses	**-**	85,270
Depreciation of right-of-use assets	**-**	52,096
Others	**1,218,774**	483,698
	22,899,102	21,460,280

18 GENERAL AND ADMINISTRATION EXPENSES

	For the three-month period ended	
	31 March 2024 (Unaudited) SR	*31 March 2023 (Unaudited) SR*
Salaries, wages and related costs	**7,873,400**	5,207,512
Shared services expenses	**4,450,300**	4,554,925
Provision for employees' defined benefit liabilities	**351,165**	201,378
Board of directors' renumeration	**322,000**	-
Professional fees	**93,043**	77,270
Depreciation of property and equipment	**58,278**	62,054
Rent	**24,231**	14,539
Others	**499,372**	729,019
	13,671,789	10,846,697

19 FINANCE COSTS

	For the three-month period ended	
	31 March 2024 (Unaudited) SR	*31 March 2023 (Unaudited) SR*
Finance costs on loan from related parties	**3,753,384**	2,607,270
Finance costs on lease liabilities	**847,407**	696,675
Bank charges	**501,002**	515,459
Finance costs on employees' defined benefit liabilities	**275,122**	228,000
	5,376,915	4,047,404

20 ZAKAT

The Company is subject to zakat on its zakat base calculated in accordance with zakat regulations enforced in the Kingdom of Saudi Arabia.

The Parent Company, Arabian Agricultural Services Company ("ARASCO"), is filing consolidated zakat return for the Company and its affiliates. Zakat amount is recognised based on allocation done by the Parent Company, which is dependent on the individual zakat base of the entity.

No zakat has been recorded for the period ended 31 March 2024 since zakat base is negative at ARASCO level (31 March 2023: SR 450,000).

21 EARNINGS PER SHARE

Basic earnings per share ("EPS") is calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is a measure of a company's earnings per share that takes into account the quality and quantity of all convertible securities that could be exercised or converted into common shares. Following table reflects the income and shares data used in the basic and diluted EPS computations:

	31 March 2024 (Unaudited) SR	*31 March 2023 (unaudited) SR*
Profit for the period	**21,970,219**	16,089,994
Weighted average number of ordinary shares for basic and diluted EPS	**30,000,000**	50,000
Earnings per share – basic and diluted	**0.73**	321.80

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of the interim condensed financial statements. For 31 March 2023, there has been increase in number of shares subsequent to period-end. Had this impact been considered, diluted earnings per share would be SR 0.54 per share.

Arabian Company for Agriculture and Industrial Investments
(A Saudi Closed Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 31 March 2024

22 CONTINGENT LIABLILTIES AND CAPITAL COMMITMENTS

Contingent liabilities
Contingent liabilities, obtained by ARASCO on behalf of the Company, as at 31 December 2023 include letters of guarantee amounting to SR 51.41 million (31 December 2023: SR 51.41 million) and letters of credit amounting to SR 38.56 million (31 December 2023: SR 38.56 million) for the benefit of the Company's external suppliers for raw materials purchases.

Capital commitments
The capital commitments related to ongoing capital work-in-progress projects amounts to Euro 8.02 million, equivalent to SR 32.88 million (31 December 2023: Euro 9.42 million, equivalent to SR 38.28 million).

23 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's capital and financial risk management strategies have not changed significantly since the last year end. All financial assets and financial liabilities of the Company are classified and measured at amortised cost.

24 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's financial asset consists of cash and cash equivalents, amounts due from related parties, accounts receivables and other receivables. Its financial liabilities consist of accounts payables, lease liabilities, amounts due to related parties, long-term loans and other current liabilities.

Management believes that the fair value of the financial instruments of the Company at the reporting date approximate their carrying value.

25 EVENTS AFTER THE REPORTING DATE

There have been no significant subsequent events since the three-month period ended 31 March 2024 that would have a material impact on the financial position of the Company as reflected in these interim condensed financial statements.

26 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements were authorised for issuance by the Company's Board of Directors on 5 Muharram 1446H (corresponding to 11 July 2024).

Arabian Company for Agricultural and Industrial Investment
(A Saudi Closed Joint Stock Company)

INTERIM CONDENSED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR’S REVIEW REPORT

FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2024

Arabian Company for Agricultual and Industrial Investment
(A Saudi Closed Joint Stock Company)

INTERIM CONDENSED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REVIEW REPORT
For the three-month and nine-month periods ended 30 September 2024

Ernst & Young Professional Services (Professional LLC)
Paid-up capital (SR 5,500,000 – Five million five hundred thousand Saudi Riyal)
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Building a better working world

INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF THE ARABIAN COMPANY FOR AGRICULTURAL AND INDUSTRIAL INVESTMENT (A SAUDI CLOSED JOINT STOCK COMPANY)

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Arabian Company for Agricultural and Industrial Investment (the "Company") as at 30 September 2024, and the related interim condensed statements of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2024 and the related interim condensed statements of changes in equity and cash flows for the nine-month period then ended, and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as endorsed in the Kingdom of Saudi Arabia. A review of interim financial statement consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance IAS 34 as endorsed in the Kingdom of Saudi Arabia.

for Ernst & Young Professional Services

Waleed G. Tawfiq
Certified Public Accountant
License No. (437)

EY
سجل تجاري ١٠١٠٣٨٣٨٢١
CR. 1010383821
Ernst & Young Professional Services (Professional LLC)

Riyadh: 25 Jumada Al-Akhirah1446H
(26 December 2024)

Arabian Company for Agricultural and Industrial Investment
(A Saudi Closed Joint Stock Company)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

At 30 September 2024

	Notes	30 September 2024 (Unaudited) SR	31 December 2023 (Audited) SR
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	4	**883,558,984**	854,972,376
Right-of-use assets	5	**70,790,822**	56,511,522
TOTAL NON – CURRENT ASSETS		**954,349,806**	911,483,898
CURRENT ASSETS			
Inventories	6	**173,280,922**	105,848,363
Biological assets	7	**60,168,223**	52,613,412
Prepayments and other current assets	8	**22,347,800**	15,464,322
Government subsidies receivable	9	**2,185,630**	2,612,833
Amounts due from related parties	14	**11,200,185**	157,712
Accounts receivable	10	**106,528,872**	81,353,722
Cash and cash equivalents	11	**33,481,299**	23,088,184
TOTAL CURRENT ASSETS		**409,192,931**	281,138,548
TOTAL ASSETS		**1,363,542,737**	1,192,622,446
EQUITY AND LIABILITIES			
EQUITY			
Share capital	12	**300,000,000**	50,000,000
Proposed increase in share capital	12	**-**	250,000,000
Statutory reserve		**7,504,503**	7,504,503
Retained earnings		**160,611,073**	129,075,828
TOTAL EQUITY		**468,115,576**	436,580,331
LIABILITIES			
NON-CURRENT LIABILITIES			
Employees' defined benefit liabilities		**28,585,766**	24,607,659
Loans from a related party, non-current	14	**151,209,995**	460,414,847
Long-term loans, non-current	15	**279,184,065**	-
Lease liabilities, non-current	5	**55,256,943**	49,230,118
Accruals and other non-current liabilities		**1,278,302**	1,186,456
TOTAL NON-CURRENT LIABILITIES		**515,515,071**	535,439,080
CURRENT LIABILITIES			
Accounts payables		**74,432,049**	43,463,161
Accruals and other current liabilities	13	**99,800,547**	61,623,379
Amounts due to related parties	14	**86,901,708**	50,329,845
Current portion of loans from a related party	14	**16,436,844**	56,787,938
Current portion of long-term loans	15	**87,592,635**	-
Current portion of lease liabilities	5	**14,748,307**	8,398,712
TOTAL CURRENT LIABILITIES		**379,912,090**	220,603,035
TOTAL LIABILITIES		**895,427,161**	756,042,115
TOTAL EQUITY AND LIABILITIES		**1,363,542,737**	1,192,622,446

The attached notes 1 to 27 form an integral part of these interim condensed financial statements.

Arabian Company for Agricultural and Industrial Investment
(A Saudi Closed Joint Stock Company)

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS

For the three-month and nine-month periods ended 30 September 2024

	Notes	For the three-month period ended		For the nine-month period ended	
		30 September 2024 (Unaudited) SR	30 September 2023 (Unaudited) SR	30 September 2024 (Unaudited) SR	30 September 2023 (Unaudited) SR
Revenue	16	**298,142,900**	269,407,428	**928,533,325**	791,482,992
Cost of revenue	17	**(263,887,226)**	(220,446,244)	**(759,201,424)**	(647,619,320)
GROSS PROFIT		**34,255,674**	48,961,184	**169,331,901**	143,863,672
EXPENSES					
Selling and distribution	18	**(16,818,595)**	(24,623,180)	**(65,266,940)**	(75,611,804)
Provision (reversal of provision) for expected credit loss for accounts receivables		**4,449,727**	(4,178,177)	**(11,555,272)**	(3,455,522)
General and administration	19	**(10,909,984)**	(11,996,240)	**(38,957,024)**	(33,620,729)
TOTAL EXPENSES		**(23,278,852)**	(40,797,597)	**(115,779,236)**	(112,688,055)
PROFIT FROM OPERATIONS		**10,976,822**	8,163,587	**53,552,665**	31,175,617
Finance costs	20	**(8,206,577)**	(4,602,831)	**(22,518,183)**	(12,707,478)
Gain (loss) on fair value remeasurement of biological assets		**575,980**	2,930,219	**(6,049,486)**	1,653,592
Finance income	11	**639,333**	-	**1,841,583**	-
Other income		**942,956**	1,069,262	**7,092,390**	1,756,596
PROFIT BEFORE ZAKAT		**4,928,514**	7,560,237	**33,918,969**	21,878,327
Zakat	21	**(540,493)**	-	**(540,493)**	(450,000)
PROFIT FOR THE PERIOD		**4,388,021**	7,560,237	**33,378,476**	21,428,327
Earnings per share (EPS)					
Basic and diluted earnings per share for the period	22	**0.15**	0.25	**1.11**	0.71

The attached notes 1 to 27 form an integral part of these interim condensed financial statements.

Arabian Company for Agricultural and Industrial Investment
(A Saudi Closed Joint Stock Company)

INTERIM CONDENSED STATEMENT OF OTHER COMPREHENSIVE INCOME
For the three-month and nine-month periods ended 30 September 2024

	For the three-month period ended		For the nine-month period ended	
	30 September 2024 (Unaudited) SR	30 September 2023 (Unaudited) SR	30 September 2024 (Unaudited) SR	30 September 2023 (Unaudited) SR
PROFIT FOR THE PERIOD	**4,388,021**	7,560,237	**33,378,476**	21,428,327
OTHER COMPREHENSIVE LOSS				
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods				
Remeasurement losses on employees' defined benefit liabilities	**(2,687,628)**	(1,203,000)	**(1,843,231)**	(1,147,000)
OTHER COMPREHENSIVE LOSS	**(2,687,628)**	(1,203,000)	**(1,843,231)**	(1,147,000)
TOTAL COMPREHENSIVE INCOME	**1,700,393**	6,357,237	**31,535,245**	20,731,327

The attached notes 1 to 27 form an integral part of these interim condensed financial statements.

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
For the nine-month period ended 30 September 2024

	Share Capital	Statutory reserve	Proposed increase in share capital	Retained earnings	Total
	SR	SR	SR	SR	SR
Balance at 31 December 2023 (audited)	50,000,000	7,504,503	250,000,000	129,075,828	**436,580,331**
Profit for the period	-	-	-	33,378,476	**33,378,476**
Other comprehensive loss	-	-	-	(1,843,231)	**(1,843,231)**
Total comprehensive income for the period	-	-	-	31,535,245	**31,535,245**
Increase in share capital (note 12)	250,000,000	-	(250,000,000)	-	-
Balance at 30 September 2024 (unaudited)	**300,000,000**	**7,504,503**	**-**	**160,611,073**	**468,115,576**
Balance at 31 December 2022 (audited)	50,000,000	7,504,503	-	68,086,797	125,591,300
Profit for the period	-	-	-	21,428,327	21,428,327
Other comprehensive loss	-	-	-	(1,147,000)	(1,147,000)
Total comprehensive income for the period	-	-	-	20,281,327	20,281,327
Balance at 30 September 2023 (unaudited)	50,000,000	7,504,503	-	88,368,124	145,872,627

The attached notes 1 to 27 form an integral part of these interim condensed financial statements.

Arabian Company for Agricultural and Industrial Investment
(A Saudi Closed Joint Stock Company)

INTERIM CONDENSED STATEMENT OF CASH FLOWS
For the nine-month period ended 30 September 2024

	Notes	For the nine-month period ended 30 September 2024 (Unaudited) SR	30 September 2023 (Unaudited) SR
OPERATING ACTIVITIES			
Profit before zakat		**33,918,969**	21,878,327
Adjustments to reconcile profit before zakat to net cashflows:			
Depreciation of property and equipment		**39,715,033**	24,103,511
Depreciation of right-of-use assets		**9,926,976**	6,040,683
Provision for employees' defined benefit liabilities		**2,813,963**	2,079,243
(Reversal of provision) provision for slow moving inventories		**(1,278,615)**	65,444
Provision for net realisable value for inventories		**4,424,876**	3,828,191
Expired finished goods		**945,568**	4,020,261
Impairment of prepayments and other current assets		**383,578**	210,733
Expected credit losses on accounts receivable		**11,555,272**	3,455,522
Expected credit loss on amounts due from related parties		**340,462**	-
Finance costs	20	**22,518,183**	12,707,478
Amortisation of finance costs paid upfront		**880,161**	780,392
Finance income		**(1,841,583)**	-
Loss (gain) on fair value remeasurement of biological assets		**6,049,486**	(1,653,592)
Gain on disposal of property and equipment		**(53,470)**	(10,364)
Gain on disposal of right-of-use assets and lease liabilities		**(556)**	(38,944)
		130,298,303	77,466,885
Changes in operating assets and liabilities:			
Inventories		**(71,524,388)**	(46,028,171)
Biological assets		**(13,604,297)**	2,146,083
Prepayments and other current assets		**(7,267,056)**	2,638,228
Government subsidies receivable		**427,203**	231,655
Accounts receivable		**(36,730,422)**	1,612,234
Accounts payable		**30,968,888**	22,144,388
Accruals and other current liabilities		**38,269,014**	3,548,762
Amounts due from / to related parties		**24,385,364**	10,789,672
Net cash from operations		**95,222,609**	74,549,736
Employees' defined benefit liabilities paid		**(1,240,000)**	(1,112,949)
Net cash flows from operating activities		**93,982,609**	73,436,787
INVESTING ACTIVITIES			
Purchase of property and equipment		**(68,377,304)**	(170,261,688)
Proceeds from disposal of property and equipment		**129,133**	78,610
Finance income received		**1,841,583**	-
Net cash flows used in investing activities		**(66,406,588)**	(170,183,078)

The attached notes 1 to 27 form an integral part of these interim condensed financial statements.

Arabian Company for Agricultural and Industrial Investment
(A Saudi Closed Joint Stock Company)

INTERIM CONDENSED STATEMENT OF CASH FLOWS (continued)
For the nine-month period ended 30 September 2024

	Notes	For the nine-month period ended 30 September 2024 (Unaudited) SR	30 September 2023 (Unaudited) SR
FINANCING ACTIVITIES			
Proceeds from long-term loans from a related party		**60,000,000**	178,372,973
Repayment of long-term loans from a related party		**-**	(30,409,407)
Repayment of long-term loans		**(43,659,407)**	-
Finance costs paid		**(21,694,199)**	(12,031,478)
Payment of principal portion of lease liabilities		**(11,829,300)**	(7,059,081)
Net cash flows (used in) from financing activities		**(17,182,906)**	128,873,007
NET INCREASE IN CASH AND CASH EQUIVALENTS		**10,393,115**	32,126,716
Cash and cash equivalents at the beginning of the period		**23,088,184**	1,953,161
Cash and cash equivalents at the end of the period		**33,481,299**	34,079,877
Significant non-cash items			
Employees' defined benefit liabilities transferred to the Company		**263,072**	294,000
Recognition of right-of-use assets and lease liabilities		**24,226,783**	52,127,136
Transfer between long-term loans from related parties to long-term loans, net of prepaid management fee and transaction costs		**410,294,916**	-

The attached notes 1 to 27 form an integral part of these interim condensed financial statements.

1. CORPORATE INFORMATION

Arabian Company for Agricultural and Industrial Investment ("ACAII", the "Company") is a Saudi Closed Joint Stock Company incorporated in the Kingdom of Saudi Arabia under commercial registration numbered 1010318944 dated 24 Shaaban 1432H (corresponding to 22 October 2011). On 11 Jumada Al-Ula 1445H (corresponding to 25 November 2023), the Company ratified resolution for converting the legal status of the entity from a limited liability company to a Saudi Closed Joint Stock Company. Legal formalities in this regard were completed on 19 Jumada Al-Akhirah 1445H (corresponding to 1 January 2024).

The Company is a subsidiary of Arabian Agricultural Services Company ("ARASCO") or (the "Parent Company"). During the period, the Parent Company transferred 4.9% of its ownership in the Company to one to its fully-owned subsidiary, Ocean Lines Marine Services Limited.

On 11 Thul Qi'dah 1445H (corresponding to 19 May 2024), the General Assembly of Partners decided to go for an Initial Public Offering ("IPO) and listing of 30% of its ordinary shares on Saudi Stock Exchange ("Tadawul"), which was approved by Capital Market Authority ("CMA") on 27 Rabi Al-Awwal 1446H (corresponding to 30 September 2024). CMA's approval is valid for a period of six months and will be deemed void if the Company's plan and scope are not completed within this six-month period.

The Company's licensed activities include egg production, broiler chicken production, support activities for animal production, production of chilled and frozen meat, preservation, and preparation of meat and meat products in various ways, such as drying, canning, and the production of egg products and eggshells, in addition to the preparation and processing of egg products, wholesale of dairy products, egg products, frozen meat and poultry.

The Company's national address is Building no. 3927, Al Amir Sultan Ibn Abdul Aziz Road, Al Olaya District, Unit no. 97, Riyadh 12311 – 7380, Kingdom of Saudi Arabia.

The Company operates through its Head Office in Riyadh and two branches in Kingdom of Saudi Arabia as below:

City	***Date***	***Commercial Registration Number***
Riyadh	20 Jumada Al-Akhirah 1415H (corresponding to 24 November 1994)	1010130873
Riyadh	10 Rajab 1424H (corresponding to 7 September 2003)	1010189677

2 BASIS OF PREPARATION AND CHANGES TO ACCOUNTING POLICIES

2.1 Basis of preparation

These interim condensed financial statements of the Company for the three-month and nine-month periods ended 30 September 2024 have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"). The Company has prepared the interim condensed financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

These interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2023. These interim condensed financial statements for the three-month and nine-month periods ended 30 September 2024 are not affected significantly by seasonality of results. The results shown in these interim condensed financial statements may not be indicative of the annual results of the Company's operations.

2 BASIS OF PREPARATION AND CHANGES TO ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

These interim condensed financial statements are prepared under the historical cost convention, using the accrual basis of accounting except for employees' defined benefit liabilities which is recognised at the present value of future obligations using the projected unit credit method and biological assets, which are measured at fair value. These interim condensed financial statements are presented in Saudi Riyals ("SR") which is the functional and presentation currency of the Company. All values are rounded to the nearest Saudi Riyal, except when otherwise indicated.

2.2 Material Accounting Policies Information and new standards, interpretations and amendments adopted

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2024, but do not have an impact on the interim condensed financial statements of the Company.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7
In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The transition rules clarify that an entity is not required to provide the disclosures in any interim periods in the year of initial application of the amendments. Thus, the amendments had no impact on the Company's interim condensed financial statements.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments had no impact on the Company's interim condensed financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current
In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced whereby an entity must disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. The amendments had no impact on the Company's interim condensed financial statements.

2.3 Significant accounting estimates

The preparation of the interim condensed financial statements in conformity with IAS 34 as endorsed in KSA requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the interim condensed financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates and judgments used in the preparation of these interim condensed financial statements are consistent with those used in preparation of the Company's annual financial statements for the year ended 31 December 2023.

3 SEGMENT INFORMATION

The Company operates principally in a single business segment of Agriculture and Food business which includes manufacturing and distribution of fresh and processed poultry and poultry related products. This is in line with the operating segment that is regularly reported to Chairman of Board of Directors, who is the Chief Operating Decision Maker ("CODM"). This is also the measure reported to the Company's Board of Directors for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently in the interim condensed financial statements. The operations of the Company are mainly in the Kingdom of Saudi Arabia with some export sales in other GCC countries. For management reporting purpose, the Company is organised into a single business unit of poultry and related products which is identified as a reportable segment. All assets and liabilities are tagged to the same reportable segment.

4 PROPERTY AND EQUIPMENT

	30 September 2024 (Unaudited) SR	31 December 2023 (Audited) SR
At the beginning of the period / year	**854,972,376**	696,957,595
Additions for the period / year	**68,377,304**	191,322,808
Disposal	**(75,663)**	(71,290)
Depreciation charge for the period / year	**(39,715,033)**	(33,236,737)
At the end of the period / year	**883,558,984**	854,972,376

Included in property and equipment are projects in progress amounting SR 131.04 million (31 December 2023: SR 271.52 million), which represent extension projects on the existing land farms of the Company, which are expected to be completed in coming period. Further, included in property and equipment are 39 plots of land amounting to SR 62.17 million in total.

At 30 September 2024, 22 plots of land amounting to SR 31.99 million (31 December 2023: 19 plots of land amounting SR 25.51 million) have been transferred in name of the Company from ARASCO. The legal formalities to transfer the ownership of 12 plots of land amounting to SR 21.35 million (31 December 2023: 15 plots of land amounting SR 27.83 million) from ARASCO to the Company are in process of transfer as of reporting date. The legal formalities to transfer the ownership of the remaining 5 plots of land amounting to SR 8.83 million (31 December 2023: same) from ARASCO to the Company will be initiated once transfer of 12 plots of land (31 December 2023: 15 plots of land) is completed.

At 30 September 2024, out of the total 39 plots of land, 24 plots of land (9 plots of land in name of the Company and 15 plots of land in name of ARASCO) having a carrying amount of SR 39.27 million are mortgaged against loans obtained by ARASCO on behalf of the Company and lender's approval has been obtained to transfer the ownership of remaining plots of land from ARASCO to the Company (31 December 2023: same). During the period, 2 out of 3 ADF loans have been transferred in the name of the Company and the remaining loan has been transferred in the name of the Company subsequent to period-end.

Depreciation expense has been allocated as follows:

	30 September 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Cost of revenue for the period / year	**34,467,524**	30,256,980
Selling and distribution for the period / year	**5,051,561**	2,727,669
General and administration for the period / year	**195,948**	252,088
Total charge for the period / year	**39,715,033**	33,236,737

5 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Company is utilising the leased land farms and other leased assets for the purpose of its farming activities. Duration of the leased land farms range from 4 to 13 years. Out of 8 contracts, only 1 contract is signed with the Parent Company while all of the other lease contracts are signed with third parties. The Company is obliged for the regular maintenance of the leased assets. There are no guarantees given in lieu of the leased assets. There is no arrangement for transfer of ownership of the leased asset at any stage of the contract. The insurance of the leased assets is done by the lessor itself. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets.

Movement in right-of-use assets is presented below:

	30 September 2024 (Unaudited) SR	31 December 2023 (Audited) SR
At the beginning of the period / year	**56,511,522**	9,862,678
Addition during the period / year	**24,226,783**	54,766,701
Disposal during the period / year	**(20,507)**	(44,485)
Depreciation charge for the period / year	**(9,926,976)**	(8,073,372)
At the end of the period / year	**70,790,822**	56,511,522

Movement in lease liabilities is presented below:

	30 September 2024 (Unaudited) SR	31 December 2023 (Audited) SR
At the beginning of the period / year	**57,628,830**	9,881,146
Addition during the period / year	**24,226,783**	54,766,701
Accretion of interest for the period / year	**3,319,480**	3,268,845
Disposal during the period / year	**(21,063)**	(83,429)
Payments during the period / year	**(15,148,780)**	(10,204,433)
At the end of the period / year	**70,005,250**	57,628,830
Bifurcated into:		
Current portion	**14,748,307**	8,398,712
Non-current portion	**55,256,943**	49,230,118

Depreciation has been allocated as follows:

	30 September 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Cost of revenue for the period / year	**6,938,052**	8,022,419
Selling and distribution for the period / year	**-**	47,345
General and administration for the period / year	**2,988,924**	3,608
Total charge for the period / year	**9,926,976**	8,073,372

6 INVENTORIES

	30 September 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Finished goods*	**80,740,466**	37,408,154
Spare parts	**30,336,762**	25,783,751
Raw materials	**22,298,153**	24,706,441
Packing materials	**15,391,751**	10,931,315
Goods in transit	**10,925,289**	1,726,583
Work in progress	**4,390,221**	1,186,064
Medicines and vaccination	**4,061,148**	6,790,360
Fuel and diesel	**2,485,913**	1,518,384
Goods for trading	**389,018**	29,565
Others	**13,467,292**	8,251,452
Less: Provision for slow moving inventories	**(11,205,091)**	(12,483,706)
	173,280,922	105,848,363

* Finished goods are presented net of the adjustment for net realisable value amounting to SR 9,074,915 (31 December 2023: SR 4,650,039). Further, during the period, expired finished goods amounting SR 945,568 (30 September 2023: SR 4,020,261) have been written-off.

Movement in provision for slow moving inventories were as below:

	30 September 2024 (Unaudited) SR	31 December 2023 (Audited) SR
At the beginning of the period / year	**12,483,706**	12,308,069
(Reversal) charge for the period / year	**(1,278,615)**	175,637
At the end of the period / year	**11,205,091**	12,483,706

7 BIOLOGICAL ASSETS

Biological assets consist of poultry, which is raised in farms located in Kingdom of Saudi Arabia until the date of slaughtering. As at 30 September 2024, the Company had a volume of 9.6 million live broiler birds (31 December 2023: 7.3 million live broiler birds). Further, during the period ended 30 September 2024, the Company produced 85.3 million birds (30 September 2023: 69.0 million birds). Further, the Company had a volume of 99,600 live breeder birds which are in process to reach the level of breeding eggs as of reporting date.

	30 September 2024 (Unaudited) SR	31 December 2023 (Audited) SR
At the beginning of the period / year	**52,613,412**	41,223,773
Additions of broiler birds during the period / year	**462,134,145**	438,833,093
Additions of breeder birds during the period / year	**5,705,269**	-
Transfer of broiler birds to inventories during the period / year	**(454,235,117)**	(430,130,179)
Change in fair value during the period / year	**(6,049,486)**	2,686,725
At the end of the period / year	**60,168,223**	52,613,412

8 PREPAYMENTS AND OTHER CURRENT ASSETS

	30 September 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Prepaid expenses	**12,550,097**	10,833,667
Advanced to suppliers	**9,616,612**	5,898,744
Staff advances and loans	**2,495,608**	716,449
Accrued insurance claims	**502,335**	502,335
Other receivables	**2,624,277**	2,570,678
	27,788,929	20,521,873
Less: provision for impairment	**(5,441,129)**	(5,057,551)
	22,347,800	15,464,322

Movement in provision for impairment during the period pertains to additional charge of SR 383,578 (year ended 31 December 2023: SR 1,391,566) in relation to long outstanding advances.

9 GOVERNMENT SUBSIDIES RECEIVABLE

The Company receives subsidies from the Ministry of Environment, Water and Agriculture ("MEWA"), Kingdom of Saudi Arabia, in accordance with the national plan to encourage production of poultry and its income. There are no unfulfilled conditions or contingencies attached to these subsidies. Movement in the government subsidies receivable during the period / year were as follows:

	30 September 2024 (Unaudited) SR	31 December 2023 (Audited) SR
At the beginning of the period / year	**2,612,833**	3,165,612
Government subsidies earned during the period / year	**8,965,380**	14,333,837
Government subsidies collected during the period / year	**(9,392,583)**	(14,886,616)
At the end of the period / year	**2,185,630**	2,612,833

10 ACCOUNTS RECEIVABLES

	30 September 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Accounts receivable	**163,133,370**	126,402,948
Less: Provision for expected credit losses	**(56,604,498)**	(45,049,226)
	106,528,872	81,353,722

Movement in provision for expected credit losses were as follows:

	30 September 2024 (Unaudited) SR	31 December 2023 (Audited) SR
At the beginning of the period / year	**45,049,226**	37,204,244
Charge for the period / year	**11,555,272**	7,844,982
At the end of the period / year	**56,604,498**	45,049,226

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11 CASH AND CASH EQUIVALENTS

	30 September 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Cash at banks	**32,282,193**	19,718,460
Cash on hand	**1,199,106**	3,369,724
	33,481,299	23,088,184

During the period, the Company invested in time deposits with banks for varying periods of between one day and three months, depending on the immediate cash requirements of the Company and earns interest at floating rate based on daily bank deposit rate. Effective interest rate ranges from 5.5% to 6.5%. All such time deposits were matured before 30 September 2024 and were not renewed.

12 SHARE CAPITAL

The Company's authorised, issued and paid-up share capital is divided into 30,000,000 shares (31 December 2023: 50,000 shares) of SR 10 each (31 December 2023: SR 1,000 each). During the period, ARASCO transferred 4.9% of its ownership in the Company to one to its fully-owned subsidiaries, Ocean Lines Marine Services Limited. The Company is owned 95.1% by Arabian Agricultural Services Company ("ARASCO") (31 December 2023: 100%) and 4.9% by Ocean Line Marine Services Limited (31 December 2023: none).

The shareholding of the Parent Company, Arabian Agricultural Services Company ("ARASCO"), as at 30 September 2024 and 31 December 2023 was as follows:

Shareholders	30 September 2024	31 December 2023
Mr. Motlaq Salih Al Hanaki	**35.47%**	35.47%
Abdullah Ibrahim Al Khoraief Sons Co.	**19.93%**	19.93%
Mafaz Company for International	**12.39%**	12.39%
Mr. Abdullah bin Sulaiman Al Ruabaian	**8.13%**	8.13%
El Emar Agriculture Company	**6.84%**	-
Sultan Holding Company	**6.47%**	6.47%
Multaqa Holding Company	**5.64%**	5.64%
Mr. Abdulrahman bin Abdulaziz Al Mohana	**3.37%**	3.37%
Mr. Abdulmalik Abdullah Al Hussaini	**1.00%**	1.00%
Mr. Sulaiman bin Mohammed Alquhidan	**0.30%**	0.30%
Treasury shares	**0.46%**	0.46%
Mr. Abdullatif bin Salih Al Shaikh	**-**	6.84%
	100%	100%

Increase in share capital
On 11 Jumada Al-Ula 1445H (corresponding to 25 November 2023), the Company ratified resolution for converting the legal status of the entity from a Limited Liability Company to a Saudi Closed Joint Stock Company and increasing the Company's share capital by SR 250 million through a transfer of the current portion of amounts due to the related party payable in addition to the non-current portion of amounts due to a related party to the statement of changes in equity as a contribution by the Parent Company. Legal formalities to increase the share capital and conversion of legal status of the Company were completed on 19 Jumada Al-Akhirah 1445H (corresponding to 1 January 2024).

13 ACCRUALS AND OTHER CURRENT LIABILITIES

	30 September 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Accrual for inventories received	**49,917,241**	20,567,153
Accrued salaries and related benefits	**12,105,024**	10,548,970
Value added tax ("VAT")	**8,279,235**	10,829,930
Advance payments from customers	**7,036,220**	5,278,837
Accrued finance cost	**6,120,465**	2,843,758
Accrued logistics and supply chain costs	**6,051,674**	-
Contract liabilities of biological assets	**2,614,846**	3,668,059
Accrued customer rebates and promotion	**2,365,994**	3,201,587
Accrued professional fees	**715,000**	1,050,000
Accrued Board of Directors' remuneration	**780,000**	-
Unclaimed deposits	**601,843**	621,843
Others	**3,213,005**	3,013,242
	99,800,547	61,623,379

14 RELATED PARTY TRANSACTIONS AND BALANCES

The Company enters into transactions with the related parties described below in the ordinary course of business which include the directors, management, shareholders, entities controlled or influenced by such parties. The transactions with related parties are carried out in the normal course of the business. The significant transactions with the related parties are as follows:

For the nine-month period ended 30 September 2024 and 30 September 2023:

Related Parties	Relationship	Nature of transactions	Amount of transactions 30 September 2024 (Unaudited)	30 September 2023 (Unaudited)
Arabian Agricultural Services Company (ARASCO)	Parent Company	Purchases	**333,067,460**	434,018,480
		Shared services	**10,388,760**	16,278,686
		Financing loans proceeds	**60,000,000**	178,372,973
		Repayment of loans	**-**	30,409,407
		Finance costs paid	**5,101,794**	3,819,404
		Payroll and employee benefits	**2,593,868**	60,698,012
		Logistics services	**2,789,209**	52,997,367
		Veterinary services	**4,104,728**	6,676,589
		VAT and government payments	**50,877,714**	58,193,597
		Supplier payments on behalf of the Company	**24,019,014**	208,328,885
		Zakat	**540,493**	450,000
IDAC Merieux Nutri Sciences	Affiliate	Purchases	**3,219,929**	4,397,429
AlKhorayef Agriculture Company	Affiliate	Purchases	**1,406,407**	1,388,071
		Rent	**1,104,000**	-
Mazaq Altabkha Al Laziza Company	Affiliate	Sales	**493,334**	464,516

14 RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

For the nine-month period ended 30 September 2024 and 30 September 2023 (continued):

Related Parties	Relationship	Nature of transactions	Amount of transactions 30 September 2024 (Unaudited)	30 September 2023 (Unaudited)
Abdullah Al-Othaim Markets Company	Related to Board of Directors member	Sales	**27,223,360**	-
Al Hanaki Trading Establishment	Affiliate	Sales	**593,717**	-

For the three-month period ended 30 September 2024 and 30 September 2023:

Related Parties	Relationship	Nature of transactions	Amount of transactions 30 September 2024 (Unaudited)	30 September 2023 (Unaudited)
Arabian Agricultural Services Company (ARASCO)	Parent Company	Purchases	**126,383,455**	99,433,429
		Shared services	**3,584,020**	5,426,229
		Financing loans proceeds	-	40,649,225
		Repayment of loans	-	30,409,407
		Payroll and employee benefits	**1,609,157**	15,704,992
		Logistics services	**9,313**	18,239,556
		Veterinary services	**1,215,718**	695,523
		VAT and government payments	**18,797,589**	17,165,054
		Supplier payments on behalf of the Company	**4,124,461**	59,589,405
		Zakat	**540,493**	-
IDAC Merieux Nutri Sciences	Affiliate	Purchases	**1,205,041**	1,226,284
AlKhorayef Agriculture Company	Affiliate	Purchases	**793,604**	248,600
		Rent	**1,104,000**	-
Mazaq Altabkha Al Laziza Company	Affiliate	Sales	**166,927**	136,367
Abdullah Al-Othaim Markets Company	Related to Board of Directors member	Sales	**14,186,823**	-
Al Hanaki Trading Establishment	Affiliate	Sales	**447,667**	-

14 RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

Balances outstanding with the related parties is presented below:

	30 September 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Amounts due from related parties		
Abdullah Al-Othaim Markets Company	**11,293,031**	-
Mazaq Altabkha Al Laziza Company	**139,403**	138,634
Al Hanaki Trading Establishment	**108,213**	-
Others	-	19,078
Less: provision for expected credit losses	**(340,462)**	-
	11,200,185	157,712

	30 September 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Amounts due to related parties		
Arabian Agricultural Services Company ("ARASCO")	**84,489,855**	40,389,296
IDAC Merieux Nutri Sciences	**557,804**	9,385,808
AlKhorayef Agriculture Company	**1,854,049**	554,741
	86,901,708	50,329,845

LOANS FROM A RELATED PARTY

	30 September 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Loan from a related party		
Loan from ARASCO, non-current	**151,209,995**	460,414,847
Loan from ARASCO, current	**16,436,844**	56,787,938
	167,646,839	517,202,785

The Parent Company had obtained various Agricultural Development Fund loans ("ADF loans") and Tawaruq loans from different local banks which were allocated to the Company through Parent Company's agreement. These loans carry interest rates at prevailing market rate. These loans are payable in instalments which are spread over the period up to 2034.

These loans were obtained from banks by the Parent Company for its business, of which the Parent Company had given financing to the Company in the form of Parent Company's loans. The loans were obtained mainly for the purpose of financing the farms development activities. During the period, three out of four loans have been transferred in the name of the Company from ARASCO and the remaining loan has been transferred in the name of the Company from ARASCO subsequent to period-end. The Company is not directly obliged to the bank for the loan that is not yet transferred from the Parent Company.

14 RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

Below is the movement of the loan including prepaid management fee and transaction costs to arrive at net book value:

	30 September 2024 (Unaudited) SR	31 December 2023 (Audited) SR
At the beginning of the period / year	**522,570,131**	446,772,649
Withdrawals during the period / year	**60,000,000**	208,304,865
Payments during the period / year	-	(132,507,383)
Transferred in name of the Company	**(411,225,556)**	-
At the end of the period / year	**171,344,575**	522,570,131
Less: Prepaid Management Fee and Transaction costs		
At the beginning of the period / year	**5,367,346**	5,482,995
Upfront payments during the period / year	-	1,032,899
Amortised during the period / year	**(738,970)**	(1,148,548)
Transferred in name of the Company	**(930,640)**	-
At the end of the period / year	**3,697,736**	5,367,346
NET LOANS	**167,646,839**	517,202,785

Key management compensation

The compensation of the Company's key management personnel includes salaries and other benefits. Amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

	For the three-month period ended		For the nine-month period Ended	
	30 September 2024 (Unaudited) SR	30 September 2023 (Unaudited) SR	30 September 2024 (Unaudited) SR	30 September 2023 (Unaudited) SR
Short-term employee benefits	**1,283,569**	1,188,838	**3,660,259**	3,207,854
Long-term employee benefits	**52,572**	69,572	**145,455**	197,159
Board of directors' renumeration	**921,167**	-	**1,565,167**	-

Terms and conditions of transactions with related parties

Terms and conditions of related parties' transactions are approved by the Company's management, directors and shareholders. Except for the loan from the Parent Company, which is interest-bearing, other outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.

15 LONG-TERM LOANS

At the inception of the Company, the Parent Company had obtained various ADF loans and Tawaruq loans from different local banks which were allocated to the Company through Parent Company's agreement. These loans carry interest rates at prevailing market rate. These loans are payable in instalments which are spread over the period up to 2034. The loans were obtained mainly for the purpose of financing the farms development activities. During the period, three out of four loans have been transferred in the name of the Company from ARASCO.

Long-term Tawaruq loan is secured through corporate guarantee from the Parent Company and promissory note. There are no financial covenants attached to the facilities. Long-term agricultural development loan is secured through pledge of lands (refer note 4).

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15 LONG-TERM LOANS (continued)

Below is the movement of the loan including prepaid management fee and transaction costs to arrive at net book value:

	30 September 2024 (Unaudited) SR	31 December 2023 (Audited) SR
At the beginning of the period / year	-	-
Transferred from the Parent Company	**411,225,556**	-
Payments during the period / year	**(43,659,407)**	-
At the end of the period / year	**367,566,149**	-
Less: Prepaid Management Fee and Transaction costs		
At the beginning of the period / year	-	-
Transferred from the Parent Company	**930,640**	-
Amortised during the period / year	**(141,191)**	-
At the end of the period / year	**789,449**	-
NET LOANS	**366,776,700**	-
Bifurcated into:		
Current portion	**87,592,635**	-
Non-current portion	**279,184,065**	-

16 REVENUE

	For the three-month period ended		For the nine-month period Ended	
	30 September 2024 (Unaudited) SR	30 September 2023 (Unaudited) SR	30 September 2024 (Unaudited) SR	30 September 2023 (Unaudited) SR
Domestic sales				
Poultry sales	**280,090,918**	252,752,192	**888,332,210**	749,402,134
Table eggs sales	**13,271,466**	2,396,224	**22,505,296**	21,352,163
Live birds sales	**995,259**	10,663,395	**10,706,205**	10,787,609
Other sales	**112,264**	750,653	**724,539**	3,014,187
	294,469,907	266,562,464	**922,268,250**	784,556,093
Export poultry sales	**3,672,993**	2,844,964	**6,265,075**	6,926,899
	298,142,900	269,407,428	**928,533,325**	791,482,992
Customer wise revenue recognition				
External customers	**283,341,483**	269,271,061	**900,222,914**	791,018,476
Related party customers	**14,801,417**	136,367	**28,310,411**	464,516
	298,142,900	269,407,428	**928,533,325**	791,482,992
Timing of contracts				
Recognised at a point in time	**298,142,900**	269,407,428	**928,533,325**	791,482,992
Geographical locations				
Kingdom of Saudi Arabia	**294,469,907**	266,562,464	**922,268,250**	784,556,093
Other GCC countries	**3,672,993**	2,844,964	**6,265,075**	6,926,899
	298,142,900	269,407,428	**928,533,325**	791,482,992

Arabian Company for Agricultural and Industrial Investment
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(UNAUDITED) (continued)
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17 COST OF REVENUE

	For the three-month period ended		For the nine-month period ended	
	30 September 2024 (Unaudited) SR	30 September 2023 (Unaudited) SR	30 September 2024 (Unaudited) SR	30 September 2023 (Unaudited) SR
Direct materials	**125,099,450**	128,780,955	**372,708,573**	367,642,792
Overheads	**49,935,789**	36,363,195	**150,408,749**	117,771,337
Salaries, wages and related costs	**30,202,693**	20,323,744	**81,654,088**	61,070,508
Shipping and freight	**14,066,358**	5,518,590	**35,371,003**	15,842,880
Depreciation of property and equipment	**12,198,494**	7,302,440	**34,467,524**	21,837,124
Packaging materials	**7,998,321**	6,167,119	**23,160,093**	23,052,246
Repair and maintenance	**7,607,827**	3,685,677	**21,361,228**	9,516,080
Utilities	**5,010,358**	3,235,774	**11,567,314**	8,771,661
Depreciation of right-of-use assets	**2,742,746**	2,103,819	**6,938,052**	5,989,730
Provision for slow moving inventory items and provision for net realisable value ("NRV")	**939,781**	1,805,671	**3,146,261**	3,893,635
Rent	**1,210,603**	915,138	**3,007,476**	3,440,226
Provision for employees' defined benefit liabilities	**519,401**	172,875	**1,477,360**	968,025
Expired finished goods	**268,688**	2,383,136	**945,568**	4,020,261
Shared services expenses	**-**	786,033	**-**	2,358,100
Others	**8,494,931**	4,511,210	**21,953,515**	12,737,323
Government subsidies earned	**(2,408,214)**	(3,609,132)	**(8,965,380)**	(11,292,608)
	263,887,226	220,446,244	**759,201,424**	647,619,320

18 SELLING AND DISTRIBUTION EXPENSES

	For the three-month period ended		For the nine-month period ended	
	30 September 2024 (Unaudited) SR	30 September 2023 (Unaudited) SR	30 September 2024 (Unaudited) SR	30 September 2023 (Unaudited) SR
Salaries, wages and related costs	**9,948,568**	4,266,445	**24,748,006**	11,333,710
Marketing expenses	**1,740,098**	3,160,123	**16,655,764**	14,413,648
Shipping and freight	**1,951,900**	14,819,740	**11,753,734**	42,905,701
Depreciation of property and equipment	**585,946**	702,580	**5,051,561**	2,077,301
Rent	**600,593**	639,992	**1,571,453**	1,844,232
Professional consultancy fees	**373,012**	107,834	**1,033,813**	303,079
Provision for employees' defined benefit liabilities	**250,353**	45,288	**457,178**	275,111
Repair and maintenance	**68,454**	48,960	**286,291**	224,144
Shared services expenses	**-**	85,271	**-**	255,811
Depreciation of right-of-use assets	**-**	-	**-**	47,345
Others	**1,299,671**	746,947	**3,709,140**	1,931,722
	16,818,595	24,623,180	**65,266,940**	75,611,804

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19 GENERAL AND ADMINISTRATION EXPENSES

	For the three-month period ended		For the nine-month period Ended	
	30 September 2024 (Unaudited) SR	30 September 2023 (Unaudited) SR	30 September 2024 (Unaudited) SR	30 September 2023 (Unaudited) SR
Salaries, wages and related costs	**4,508,272**	5,564,021	**19,892,883**	15,685,911
Shared services expenses	**3,584,020**	4,554,925	**10,388,760**	13,664,775
Depreciation of right-of-use assets	**996,308**	-	**2,988,924**	3,608
Board of directors' renumeration	**921,167**	-	**1,565,167**	-
Professional consultancy fees	**318,000**	380,573	**896,543**	520,093
Provision for employees' defined benefit liabilities	**168,235**	475,226	**879,425**	836,107
Provision for impairment for prepayments and other current assets	-	-	**383,578**	210,733
Expected credit loss on amounts due from related parties	**(285,553)**	-	**340,462**	-
Depreciation of property and equipment	**72,883**	63,124	**195,948**	189,086
Rent	**46,652**	33,948	**116,518**	94,368
Others	**580,000**	924,423	**1,308,816**	2,416,048
	10,909,984	11,996,240	**38,957,024**	33,620,729

20 FINANCE COSTS

	For the three-month period ended		For the nine-month period ended	
	30 September 2024 (Unaudited) SR	30 September 2023 (Unaudited) SR	30 September 2024 (Unaudited) SR	30 September 2023 (Unaudited) SR
Finance costs on loans from related parties and long-term loans	**6,113,266**	2,996,482	**16,094,224**	8,391,289
Finance costs on lease liabilities	**1,160,344**	886,656	**3,319,480**	2,395,353
Bank charges	**659,638**	502,693	**2,280,495**	1,244,836
Finance costs on employees' defined benefit liabilities	**273,329**	217,000	**823,984**	676,000
	8,206,577	4,602,831	**22,518,183**	12,707,478

21 ZAKAT

The Company is subject to zakat on its zakat base calculated in accordance with zakat regulations enforced in the Kingdom of Saudi Arabia.

The Parent Company, Arabian Agricultural Services Company ("ARASCO"), is filing consolidated zakat return for the Company and its wholly-owned subsidiaries. Zakat amount is recognised based on allocation done by the Parent Company, which is dependent on the individual zakat base of the entity.

During the period, SR 540,493 has been allocated by the Parent Company (30 September 2023: SR 450,000).

22 EARNINGS PER SHARE

Basic earnings per share ("EPS") is calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit for the period by the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares during the period.

The number of shares for the three-month and nine-month periods ended 30 September 2023 has been adjusted retrospectively to reflect the shares split (note 12). Since the change in number of shares outstanding as at 1 January 2024 was due to increase in share capital and change in nominal value of shares, number of shares outstanding for all periods presented was adjusted retrospectively.

Following table reflects the income and shares data used in the basic and diluted EPS computations:

	For the three-month period ended		For the nine-month period ended	
	30 September 2024 (Unaudited) SR	30 September 2023 (Unaudited) SR	30 September 2024 (Unaudited) SR	30 September 2023 (Unaudited) SR
Profit for the period	**4,388,021**	7,560,237	**33,378,476**	21,428,327
Weighted average number of ordinary shares for basic and diluted EPS	**30,000,000**	30,000,000	**30,000,000**	30,000,000
Earnings per share – basic and diluted	**0.15**	0.25	**1.11**	0.71

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of the interim condensed financial statements.

23 CONTINGENT LIABLILTIES AND CAPITAL COMMITMENTS

Contingent liabilities
Contingent liabilities, obtained by ARASCO on behalf of the Company, as at 30 September 2024 include letters of guarantee amounting to SR 51.11 million (31 December 2023: SR 51.41 million) and letters of credit amounting to SR 1.2 million (31 December 2023: SR 38.56 million) for the benefit of the Company's external suppliers for raw materials purchases.

Capital commitments
The capital commitments related to ongoing capital work-in-progress projects amounts to Euro 4.48 million, equivalent to SR 18.23 million (31 December 2023: Euro 9.42 million, equivalent to SR 38.28 million).

24 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's capital and financial risk management strategies have not changed significantly since the last year end. All financial assets and financial liabilities of the Company are classified and measured at amortised cost.

25 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's financial asset consists of cash and cash equivalents, amounts due from related parties, accounts receivables and other receivables. Its financial liabilities consist of accounts payables, lease liabilities, amounts due to related parties, long-term loans, loans from a related party and other current liabilities.

Management believes that the fair value of the financial instruments of the Company at the reporting date approximate their carrying value.

26 EVENTS AFTER THE REPORTING DATE

Subsequent to the period-end:

- ADF loan of SR 185 million in the name of ARASCO has been transferred in the name of the Company.
- A plot of land amounting SR 270,000 has been transferred by the Company to ARASCO at the net book value.

Apart from above, there have been no significant subsequent events since the nine-month period ended 30 September 2024 that would have a material impact on the financial position of the Company as reflected in these interim condensed financial statements.

27 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements were authorised for issuance by the Company's Board of Directors on 24 Jumada Al-Akhirah 1446H (corresponding to 25 December 2024).

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