NICE ONE

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Prospectus of Nice One Beauty Digital Marketing Company

The Offering Period: Two working days

Starting on Tuesday, 23/06/1446H (corresponding to 24/12/2024G) and

Ending at 2:00 pm on Wednesday, 24/06/1446H (corresponding to 25/12/2024G).

A Saudi joint-stock company established under Commercial Registration no. 1010705691 dated 04/08/1438H (corresponding to 30/04/2017G).

Offering of thirty-four million six hundred and fifty thousand (34,650,000) Ordinary Shares, representing 30% of Nice One Beauty Digital Marketing Company's share capital post-offering (representing 31.5% of the Company's capital before the capital increase), through a public offering at a price of SAR [●] per share.

Nice One Beauty Digital Marketing Company (hereinafter referred to as the "**Issuer**", the "**Company**" or "**Nice One**") is a Saudi closed joint-stock company registered under commercial registration no. 1010705691 dated 04/08/1438H (corresponding to 30/04/2017G) issued in Riyadh, Kingdom of Saudi Arabia. The current fully paid-up share capital of the Company is one hundred and ten million Saudi Riyals (SAR 110,000,000) divided into one hundred and ten million (110,000,000) Ordinary Shares with a fully paid-up nominal value of one Saudi Riyal (SAR 1) per share. The Company's capital after the capital increase will be one hundred fifteen million five hundred thousand Saudi Riyals (SAR 115,500,000), divided into one hundred fifteen million five hundred thousand (115,500,000) ordinary shares with a nominal value of one Saudi Riyal (SAR 1) per share (the "**Share(s)**").

The Company was originally established by Omar Ali Abdulrahman AlOlayan as a single-person establishment named "Bahr Almontajat Trading Est." under commercial registration no. 1010705691 dated 04/08/1438H (corresponding to 30/04/2017G).

On 03/10/1439H (corresponding to 17/06/2018G), the Company was converted from a single-person establishment into a limited liability company named "Bahr Almontajat Trading Company", owned by Omar Ali AlOlayan, Abdulrahman Ibrahim AlOlayan, Abdulrahman Ali AlOlayan and Ali Abdulrahman AlOlayan, with a fully paid-up share capital of one million Saudi Riyals (SAR 1,000,000) divided into one thousand (1,000) shares with a nominal value of one thousand Saudi Riyal (SAR 1,000) per share.

On 30/12/1439H (corresponding to 10/09/2018G), Abdulrahman Ibrahim AlOlayan assigned, in exchange for a cash compensation equal to nominal value of the shares, all his shares in the Company, totaling fifty (50) shares with a total value of fifty thousand Saudi Riyals (SAR 50,000) to Omar Ali AlOlayan. Similarly, Ali Abdulrahman AlOlayan assigned all his shares in the Company, amounting to fifty (50) shares with a total value of fifty thousand Saudi Riyals (SAR 50,000) to Abdulrahman Ali AlOlayan, without compensation.

On 20/09/1445H (corresponding to 30/03/2024G), the Company's name was changed from Bahr Almontajat Trading Company to Nice One Beauty Digital Marketing Company.

On 04/11/1442H (corresponding to 14/06/2021G), the Company's share capital was increased from one million Saudi Riyals (SAR 1,000,000) to one million and sixty-three thousand Saudi Riyals (SAR 1,063,000) divided into one thousand and sixty-three (1,063) Shares with a value of one thousand Saudi Riyals (SAR 1,000) per share paid in cash, following the entry of Wajhat AlHamra for Investment Company (a Namara Investments Company-fully-owned company) as a Shareholder in the Company. In addition, Abdulrahman Ali AlOlayan assigned, in exchange for an agreed-upon cash compensation, one hundred and eleven (111) of his shares and Omar Ali AlOlayan assigned, in exchange for a cash compensation, sixty-nine (69) of his shares to Wajhat AlHamra for Investment Company

On 08/03/1444H (corresponding to 04/10/2022G), Abdulrahman Ali AlOlayan assigned, in exchange for an agreed-upon cash compensation, eleven (11) of his shares in the Company to Wajhat AlHamra for Investment Company

On 15/02/1445H (corresponding to 31/08/2023G), Abdulrahman Ali AlOlayan assigned, in exchange for a cash compensation, twelve (12) of his shares in the Company to Wajhat AlHamra for Investment Company

On 27/10/1445H (corresponding to 06/05/2024G), the Company's share capital was increased from one million and sixty-three thousand Saudi Riyals (SAR 1,063,000) to one hundred and ten million Saudi Riyals (SAR 110,000,000), divided into one hundred and ten million (110,000,000) shares with a nominal value of one Saudi Riyal (SAR 1) per share, through the capitalization of SAR 81,801,000 from the retained earnings balance and SAR 27,136,000 from the "additional capital contribution" balance. Furthermore, Abdulrahman Ali Abdulrahman AlOlayan and Omar Ali Abdulrahman AlOlayan, each assigned, 842,333 of their respective shares equally to Bandar Abdulrahman Abdulaziz AlDhalea, as a new Shareholder in the Company in exchange for a cash compensation equal to the nominal value of the shares, and Wajhat AlHamra for Investment Company, without compensation, assigned: (i) 7,399,117 of its shares to Darb AlNomu Investment Company (a Namara Investments Company-fully-owned company); (ii) 5,328,519 of its shares to Wajhat AlNomu Investments Company (a Namara Investments Company-fully-owned company), and (iii) 7,399,117 of its shares to Tareek Al Nomu Investment Company (a Namara Investments Company-fully-owned company), all as new Shareholders in the Company.

On 01/11/1445H (corresponding to 09/05/2024G), the Company was converted from a limited liability company to a closed joint-stock company with a fully paid capital of one hundred and ten million Saudi Riyals (SAR 110,000,000) divided into one hundred and ten million (110,000,000) Ordinary Shares with a nominal value of one Saudi Riyal (SAR 1) per share.

On 21/11/1445H (corresponding to 29/05/2024G), the Extraordinary General Assembly approved the increase of the Company's share capital from one hundred and ten million Saudi Riyals (SAR 110,000,000) to one hundred fifteen million and five hundred thousand Saudi Riyals (SAR 115,500,000) divided into one hundred fifteen million and five hundred thousand (115,500,000) Ordinary Shares with a nominal value of one Saudi Riyal (SAR 1) per share per share by issuing five million five hundred thousand (5,500,000) shares, which were offered for public subscription.

On 25/11/1445H (corresponding to 02/06/2024G), Wajhat AlNomu Company assigned all of its shares in the Company as follows: 2,664,260 shares to Hisham Sulaiman AlHabib, without compensation; and 2,664,259 shares to Abdulaziz Sulaiman AlHabib, without compensation, both as new Shareholders in the Company. In addition, Wajhat AlHamra assigned 275,000 of its shares in the Company, without compensation, to Hisham Sulaiman AlHabib.

On 22/02/1446H (corresponding to 26/08/2024G), Wajhat AlHamra assigned 215,669 of its shares to Hisham Sulaiman AlHabib, without compensation; and 195,490 shares to Abdulaziz Sulaiman AlHabib, without compensation.

(For further information, please refer to Section 4.4 ("**Overview of the Company and Growth of its Capital**") of this Prospectus).

The initial public offering (hereinafter referred to as the "**Offering**") of thirty-four million six hundred and fifty thousand (34,650,000) Shares consists of: (i) the sale of twenty-nine million one hundred and fifty thousand (29,150,000) existing Shares (the "**Sale Shares**") by the Current Shareholders of the Company on a pro-rata basis in proportion to their respective shareholding in the Company, as follows: (a) the sale of eleven million seven hundred and seven thousand four hundred and forty-one (11,707,441) Ordinary Shares, representing approximately 10.136% of the Company's share capital post-Offering, by Omar Ali AbdulRahman AlOlayan; (b) the sale of one million seven hundred and seventy-eight thousand nine hundred and thirty-four (1,778,934) Ordinary Shares, representing approximately 1.540% of the Company's share capital post-Offering, by Wajhat AlHamra for Investment Company; (c) the sale of nine million nine hundred and twenty-four thousand nine hundred and eighty-five (9,924,985) Ordinary Shares, representing approximately 8.593% of the Company's share capital post-Offering, by Abdulrahman Ali Abdulrahman AlOlayan; (d) the sale of one million nine hundred and sixty thousand seven hundred and sixty-six (1,960,766) Ordinary Shares, representing approximately 1.698% of the Company's share capital post-Offering, by Darb AlNomu Investment Company; (e) the sale of one million nine hundred and sixty thousand seven hundred and sixty-six (1,960,766) Ordinary Shares, representing approximately 1.698% of the Company's share capital post-Offering, by Tareek Al Nomu Investment Company; (f) the sale of two hundred and twenty-three thousand, two hundred and eighteen (223,218) Ordinary Shares, representing approximately 0.193% of the Company's share capital post-Offering, by Bandar Abdulrahman Abdulaziz AlDhalea; (g) the sale of eight hundred and thirty-six thousand and fifty-six (836,056) Ordinary Shares, representing approximately 0.7239% of the Company's share capital post-Offering, by Hisham Sulaiman AlHabib; and (h) the sale of seven hundred and fifty-seven thousand and eight hundred and thirty-four (757,834) Ordinary Shares, representing approximately 0.6561% of the Company's share capital post-Offering, by Abdulaziz Sulaiman Abdulaziz AlHabib; and (ii) the issue of five million five hundred thousand (5,500,000) new Ordinary Shares (the "**New Shares**"). The New Shares and the Sale Shares are collectively referred to as the "**Offer Shares**" (each being an "**Offer Share**"). The offer price shall be SAR [●] per Offer Share (hereinafter the "**Offer Price**"), which represents a fully paid nominal value of one Saudi Riyal (SAR 1) per Share. The Sale Shares and the New Shares will, on completion of the Offering, represent 25.24% and 4.76% of the Company's share capital, respectively, which, in aggregate, represent 30% of the share capital of the Company following the issuance of the New Shares and the increase of the Company's share capital.

Subscription to the Offer Shares shall be restricted to the two following groups of investors (hereinafter referred to as the "**Investors**"):

Tranche (A): Participating Parties: This tranche comprises the parties eligible to participate in the Book-Building process in accordance with the Instructions on Book-Building and Allocation of Shares in Initial Public Offerings, as issued by the Capital Market Authority (hereinafter referred to as the "**CMA**") (the Instructions shall hereinafter be referred to as the "**Book-Building Instructions**"), (said parties shall be collectively referred to as the "**Participating Parties**" and each as a "**Participating Party**") (For further details, please refer to Section 1 ("**Definitions and Abbreviations**") of this Prospectus). The number of Offer Shares to be initially allocated to Participating Parties is thirty-four million six hundred and fifty thousand (34,650,000) Ordinary Offer Shares, representing 100% of the total Offer Shares. Final allocation of the Offer Shares to the Participating Parties will be made following subscription by Individual Subscribers. In the event there is sufficient demand by Individual Subscribers (as defined under Tranche (B) below), the Financial Advisors shall have the right to reduce the number of Offer Shares allocated to Participating Parties to a minimum of thirty-one million one hundred and eighty-five thousand (31,185,000) Ordinary Shares, representing ninety percent (90%) of the total Offer Shares. The Financial Advisors, in coordination with the Company, shall determine the number and percentage of Offer Shares to be allocated to Participating Parties.

Tranche (B): Individual Subscribers: This tranche includes Saudi Arabian nationals, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe in her own name or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children; and any non-Saudi Arabian national who is residing in Saudi Arabia and any national of countries in the Gulf Cooperation Council (the "**GCC**"), in each case who has an investment account and an active portfolio with one of the Receiving Agents or has the right to open an investment account with a capital market institution (collectively, the "**Individual Subscribers**", and each an "**Individual Subscriber**"). Subscription by a person in the name of his divorcee shall be deemed invalid. If a transaction of this nature is proved to have occurred, the applicable regulations shall be enforced against such person. If a duplicate subscription is made, the second subscription will be deemed void, and only the first subscription will be accepted. A maximum of three million four hundred and sixty-five thousand (3,465,000) Ordinary Shares, representing ten percent (10%) of the Offer Shares, shall be allocated to Individual Subscribers. In the event that the Individual Subscribers do not subscribe in full for the Offer Shares allocated to them, the Financial Advisors may reduce the number of Offer Shares allocated to Individual Subscribers in proportion to the number of Offer Shares subscribed for thereby.

Current Company Shareholders (hereinafter collectively referred to as the "**Current Shareholders**") own the entirety of the Company's Shares prior to the Offering. All Sale Shares will be sold by the selling shareholders (hereinafter referred to as the "**Selling Shareholders**") in accordance with Table 12.1 ("**Ownership Structure of the Shares**"). The Current Shareholders, whose names appear on page (2) of this Prospectus and who collectively own one hundred percent (100%) of the Company Shares prior to the Offering, shall own seventy percent (70%) of the Company's share capital following the Offering, and will continue to hold the controlling interest in the Company (for further information, please refer to Table 12.1 ("**The Company's Ownership Structure Pre- and Post-Offering as at the date of this Prospectus**") of this Prospectus).

The Substantial Shareholders, whose names are listed on page (xiv) of this Prospectus, will be subject to a Lock-Up Period during which they are prohibited from trading or pledging their shares for a period of six (6) months (hereinafter referred to as the "**Lock-Up Period**") from the date when the Company's Shares commence trading on the Saudi Stock Exchange (hereinafter referred to as "**Tadawul**", the "**Exchange**" or the "**Saudi Capital Market**"). After the Lock-Up Period, Substantial Shareholders are entitled to dispose of their Shares. The Company shall also be prohibited from listing Shares of the same class of listed shares for a period of six (6) months from the date when the Company's Shares commence trading on the Saudi Stock Exchange. Details of the shareholding of each of the Substantial Shareholders are set out in Table 1.2 ("**Substantial Shareholders and Number of Shares held thereby Pre- and Post-Offering**") of the "**Summary of the Offering**" on page (xiv).

The Offering proceeds (the "**Offering Proceeds**"), after deduction of the Offering expenses (hereinafter referred to as the "**Net Offering Proceeds**"), shall be distributed as follows: (i) [●] Saudi Riyals (SAR [●]) will be distributed to the Selling Shareholders in proportion to the number of Offer Shares sold by each Selling Shareholder during the Offering; and (ii) [●] Saudi Riyals (SAR [●]) will be distributed to the Company, being the proceeds from the sale of New Shares resulting from the increase in the Company's share capital for the purpose of the Offering (hereinafter referred to as the "**Initial Offering Proceeds**"). The Net Offering Proceeds amounting to approximately [●] Saudi Riyals (after deducting the Offering Expenses of approximately fifty three million four hundred thousand Saudi Riyals (SAR 53,400,000)), will be distributed as follows: (i) [●] Saudi Riyals (SAR [●]) will be distributed to the Selling Shareholders on a pro-rata basis according to each shareholder's ownership percentage in the shares being sold in the Offering, and (ii) [●] Saudi Riyals (SAR [●]) will be distributed to the Company, which intends to use the Net Offering Proceeds, in addition to other financial resources such as cash flows and loans, for the purpose of financing working capital, developing and marketing the Company's brands and sales channels, enhancing logistical and technological capabilities, and general corporate purposes. (For further details, please refer to Section 8 ("**Use of Proceeds**") of this Prospectus). The Underwriters shall fully underwrite the Offering (For further information, please refer to Section 13 ("**Underwriting**") of this Prospectus).

The offering period will commence on Tuesday, 23/06/1446H (corresponding to 24/12/2024G), and will remain open for a period of two working days up to and including the last Offering day at 2:00 pm on Wednesday, 24/06/1446H (corresponding to 25/12/2024G) (hereinafter referred to as the "**Offering Period**"). Subscription Applications may be submitted by Individual Subscribers through the electronic channels of the receiving agents listed on page (ix), (x) and (xi) (hereinafter referred to as the "**Receiving Agents**") during the Offering Period. (For further details, please refer to page (xix) ("**Key Dates and Subscription Procedures**" of this Prospectus). Participating Parties can register their application to subscribe to the Offer Shares through the Bookrunner (defined in Section 1 ("**Definitions and Abbreviations**") of this Prospectus) during the Book-Building process taking place prior to the Offering to Individual Subscribers.

Each Individual Subscriber who subscribes to the Offer Shares must apply for a minimum of ten (10) Ordinary Shares. The maximum number of Ordinary Shares that can be subscribed to is two hundred and fifty thousand (250,000) Ordinary Shares per Individual Subscriber. The balance of the Offer Shares, if any, will be allocated on a pro rata basis based on the number of Offer Shares applied for by each Individual Subscriber. In the event that the number of Individual Subscribers exceeds three hundred and forty-six thousand and five hundred (346,500) Subscribers, the Company will not guarantee the minimum allocation of Offer Shares, and the allocation will be made in accordance with the recommendations of the Issuer and the Financial Advisors. Excess subscription monies, if any, will be refunded to the Individual Subscribers without any charge or withholding by the Receiving Agents. Announcement of the final allocation will be made at the latest by Tuesday, 30/06/1446H (corresponding to 31/12/2024G) and refund of subscription monies, if any, will be made at the latest by Sunday, 05/07/1446H (corresponding to 05/01/2025G) (For further details, please refer to "**Key Dates and Subscription Procedures**" on page (xix) and Section 17 ("**Subscription Terms and Conditions**") of this Prospectus).

The Company has one class of ordinary shares. Each Share entitles its holder to one vote , and each shareholder (hereinafter referred to as a "**Shareholder**"), regardless of the number of Shares held thereby, has the right to attend and vote at Shareholders' general assembly meetings (hereinafter referred to as the "**General Assembly**"), but will not be entitled to any preferential voting rights. Each shareholder has the right to delegate another shareholder, other than members of the Company's Board, to attend General Assembly meetings and vote thereat on resolutions on their behalf. The Offer Shares will entitle holders to receive dividends declared by the Company as of the date of this Prospectus (hereinafter referred to as the "**Prospectus**") and for subsequent fiscal years (for further information, please refer to Section 7 ("**Dividend Distribution Policy**") of this Prospectus).

Prior to the Offering, the Company's Shares have never been listed or traded in any stock market either in the Kingdom of Saudi Arabia (hereinafter referred to as "**KSA**" or the "**Kingdom**") or elsewhere. Applications have been submitted by the Company to (i) the Capital Market Authority for the registration and offering of the Shares, and (ii) the Exchange for the listing of the Shares. All supporting documents have been submitted to CMA and all requirements have been satisfied, including those pertaining to listing the Company on the Exchange, with all approvals required to conduct the Offering granted, including approvals pertaining to this Prospectus (hereinafter referred to as the "**Prospectus**"). It is expected that trading in the Shares will commence on the Exchange shortly after the allocation of the Offer Shares and satisfaction of necessary conditions and procedures (for further details, please refer to "**Key Dates and Subscription Procedures**" on page (xix) of this Prospectus). Saudi nationals, non-Saudi nationals holding valid residency permits in the Kingdom, and companies, banks, and investment funds established in the Kingdom or in any of the GCC countries as well as GCC nationals will be permitted to trade in the Shares after trading therein starts on the Exchange. Qualified Foreign Investor will be permitted to trade in the Shares pursuant to CMA Rules for Qualified Foreign Financial Institutions Investment in Listed Securities (as defined in Section 1 ("**Definitions and Abbreviations**"). Non-GCC individuals living outside the Kingdom and non-GCC institutions registered outside the Kingdom (hereinafter referred to as "**Foreign Investors**") will have the right to acquire an economic benefit in the Shares by entering into Swap Agreements with a Capital Market Institution licensed by CMA to conduct securities business, to purchase Shares listed on the Exchange and to trade these Shares for the benefit of Foreign Investors. The Capital Market Institutions will remain the legal owners of the Shares subject to the Swap Agreements.

Subscription to the Offer Shares can potentially entail risks and uncertainties. Those wishing to subscribe to the Company's Shares should carefully read and review this Prospectus in full and consider the ("**Important Notice**") Section on page (i) and Section 2 ("**Risk Factors**") of this Prospectus, before making any decision to invest in the Offer Shares.

Financial Advisors, Bookrunners and Underwriters

EFG Hermes
An EFG Holding Company

SNB Capital

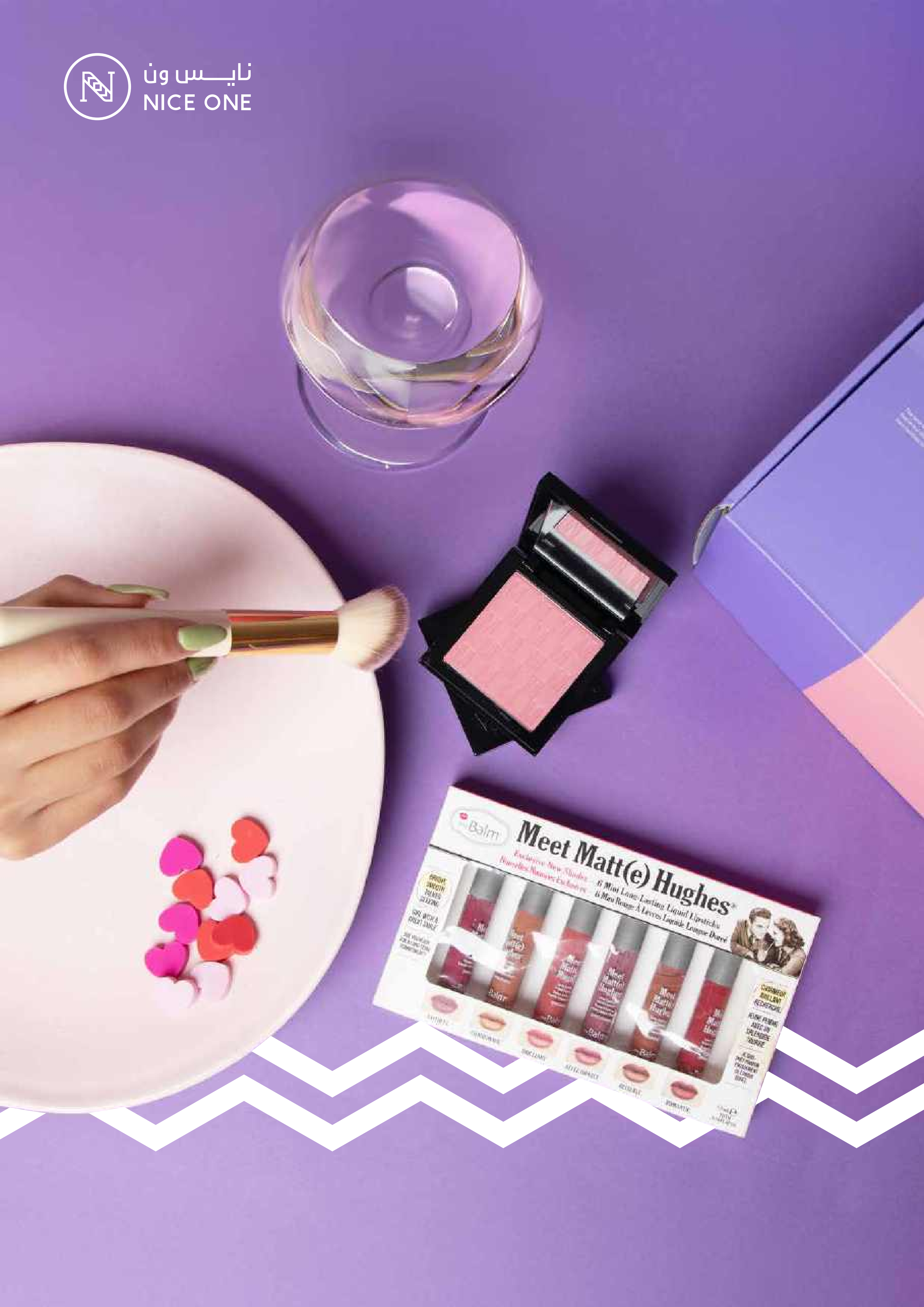
Lead Manager

SNB Capital

This Prospectus includes information for the application for registration and offer of securities in accordance with the Rules on the Offer of Securities and Continuing Obligations (OSCOs) issued by the Capital Market Authority in KSA (the "**CMA**") and the application for listing securities in accordance with the Listing Rules of the Saudi Exchange. The Directors, whose names appear on pages (iv) of this Prospectus, collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading. The CMA and the Exchange do not take any responsibility for the contents of this Prospectus, do not make any representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus.

This Prospectus is dated 22/03/1446H (corresponding to 25/09/2024G).

This preliminary prospectus is meant to be presented to institutional investors during the book-building process, and does not contain the Offer Price. The final prospectus, including the Offer Price, will be published after the completion of the book-building process and the setting of the Offer Price. This Prospectus is an unofficial English translation of the official Arabic Prospectus and is provided for information purposes only. The Arabic Prospectus published on the CMA's website (www.cma.org.sa) remains the only official, legally binding version and shall prevail in the event of any conflict between the two language versions.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NICE ONE
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Meet Matt(e) Hughes

IMPORTANT NOTICE

This Prospectus contains detailed information relating to the Company and the Offer Shares. When submitting a Subscription Application for the Offer Shares, investors, whether Participating Parties or Individual Subscribers, will be treated as applying solely on the basis of the information contained in this Prospectus, copies of which may be obtained from the Company, the Lead Manager, or the Receiving Agents, and are available by visiting the websites of the CMA (www.cma.org.sa), the Saudi Exchange (www.saudiexchange.sa), the Company (www.niceonesa.com), or the Financial Advisors (www.alahlicapital.com) and (www.efghermesksa.com).

In respect to the Offering, the Company has appointed EFG Hermes KSA and SNB Capital Company as financial advisors (hereinafter referred to as the "**Financial Advisors**"), bookrunners (the "**Bookrunners**"), and underwriters (the "**Underwriters**"). The Company also appointed SNB Capital Company as lead manager (hereinafter referred to as the "**Lead Manager**") in respect to the Offering described herein.

This Prospectus includes information provided in accordance with the Rules on the Offer of Securities and Continuing Obligations (OSCOs) issued by CMA, as well as the Listing Rules of the Saudi Exchange. The Directors, whose names appear on pages (iv), collectively and individually, accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

While the Company has made all reasonable enquiries as to the accuracy of the information contained in this Prospectus as at the date of its publication, a substantial portion of the information in this Prospectus relevant to the market and industry in which the Company operates is derived from external sources. Despite the fact that none of the Company, the Financial Advisors, nor any of the Company's other advisors whose names appear on pages (vi), (vii) and (viii) of this Prospectus (hereinafter collectively referred to as the "**Advisors**"), have any reason to believe that any of the market and industry information is materially inaccurate, neither the Company nor any of the Advisors has independently verified such information. Accordingly, 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 at the date hereof is subject to change. In particular, the financial condition of the Company and the value of the Offer Shares may be adversely affected by future developments, such as inflation, interest rates, taxation or other economic, political, and any other factors, over which the Company has no control (for further details, please refer to Section 2 ("**Risk Factors**") of this Prospectus). Neither the delivery of this Prospectus nor any oral or written 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 subscription to Offer Shares. Moreover, information provided in this Prospectus is of a general nature and has been prepared without taking into account individual investment objectives, financial situation or particular investment needs of persons wishing to subscribe to Offer Shares. Prior to making an investment decision, each recipient of this Prospectus is responsible for obtaining independent professional advice from a CMA-licensed financial advisor in relation to the Offering and must rely on its own examination of the appropriateness of both the investment opportunity and the information herein with regard to the recipient's individual investment 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 vision or decision to invest or not to invest as a basis for their own examination of the investment opportunity and such investor's individual circumstances.

Subscription to the Offer Shares is restricted to two groups of investors which are: (A) Participating Parties: this comprises the parties entitled to participate in the Book-Building process in accordance with the Book-Building Instructions (for further details, please refer to Section 1 ("**Definitions and Abbreviations**") of this Prospectus); and (B) Individual Subscribers: this includes Saudi Arabian nationals, including Saudi women who are divorced or widowed and have minor children by a non-Saudi husband, who may subscribe for Offer Shares in their name(s) for the mothers' own benefit, provided she submits proof of their marital status and motherhood, in addition to any non-Saudi Arabian national who is residing in Saudi Arabia and any national of countries in the Gulf Cooperation Council, in each case who has an investment account and an active portfolio with a Receiving Agent or has the right to open an investment account with a Capital Market Institution. Subscription by a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature has been proved to have occurred, then the regulations shall be enforced against such person. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted.

It is expressly prohibited to distribute this Prospectus or to sell the Offer Shares to any person outside the Kingdom of Saudi Arabia, other than to Qualified Foreign Investors or Foreign Investors pursuant to Swap Agreements entered into with a Capital Market Institution, in accordance with the terms and conditions of such Swap Agreements, and in each case subject to applicable laws and regulations. All recipients of this Prospectus must inform themselves of any legal restrictions relevant to this Offering and the sale of the Offer Shares and to comply with such restrictions. Each eligible Individual Subscriber and Participating Party should read the entire Prospectus and seek and rely on their own legal counsel, financial advisors, and other professional advisors for advice concerning the various legal, tax, regulatory and economic considerations relating to their investment in the Shares and will be responsible for the fees of their own counsel, accountants and other advisors as to all matters concerning an investment in the Company Shares. No assurance can be made that profits will be achieved.

MARKET AND INDUSTRY DATA

The information and data contained in Section 3 ("**Overview of the Market and Industry**") of this Prospectus are derived from the market study report prepared for the Company by the Market Study Consultant, 42Seer Technologies FZE, a wholly-owned subsidiary of Redseer Strategy Consultants (the "**Market Study Consultant**") dated 20 May 2024G, regarding the beauty and care product sector in the Kingdom of Saudi Arabia (the "**Market Study**"). 42Seer Technologies FZE was founded on 16 March 2016G, in UAE. (For further information about 42Seer Technologies FZE, please visit: https://redseer.com/me).

The Market Study Consultant prepared the study report independently and objectively and was keen to ensure the accuracy and completeness of said report. The research was conducted from a broad sector perspective and may not necessarily reflect the performance of individual companies in the sector.

The Directors believe that the market and industry information and data from other sources contained in this Prospectus, including that provided by the Market Study Consultant, is reliable. However, this information and data has not been independently verified by the Company, the Directors, the Advisors, nor the Selling Shareholders, and therefore none of the aforementioned bears any liability for the accuracy or completeness of said information.

It should be noted that the Market Study Consultant does not, nor does any of its subsidiaries, affiliates, partners, shareholders, directors, or their relatives own any Shares or any interest of any kind in the Company. As at the date of this Prospectus, the Market Study Consultant has given and not withdrawn its written consent for the use of its name, logo, market information and data supplied thereby to the Company in the manner and format set out in this Prospectus.

FINANCIAL INFORMATION

The Company's audited financial statements for the financial years ended 31 December 2021G and 31 December 2022G, as well as the Company's audited consolidated financial statements for the financial year ended 31 December 2023G were prepared in accordance with the International Financial Reporting Standards that are endorsed in the KSA and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("**SOCPA**") (collectively, the "**IFRS-KSA**"). The Company's unaudited interim condensed consolidated financial statements for the Three-Month Period Ended 31 March 2024G were prepared in accordance with IAS 34 (Interim Financial Reporting) as endorsed in the Kingdom of Saudi Arabia ("**IAS 34 as endorsed in KSA**"). The Company's financial statements for the financial years ended 31 December 2021G and 31 December 2022G, as well as the Company's consolidated financial statements for the financial year ended 31 December 2023G were audited by, while the Company's unaudited interim condensed consolidated financial statements for the Three-Month Period Ended 31 March 2024G were reviewed by, the Company's independent auditor, Ernst & Young Professional Services (Professional LLC) ("**EY**"). These financial statements are included in Section 19 ("**Financial Statements and Auditor's Reports**") of this Prospectus. The Company publishes its financial statements in Saudi Riyals.

The financial information contained in this Prospectus is subject to rounding. Accordingly, the figures shown for the same item presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them. In cases where the amounts included in this Prospectus were converted from a foreign currency into Saudi Riyal, the Saudi Riyal exchange rate against the relevant currency is the one in effect as at the date hereof. Throughout this Prospectus, Hijri dates are presented along with corresponding Gregorian dates, where relevant. The Hijri calendar is prepared on the basis of the anticipated lunar cycles. However, an actual sighting of the moon is used to determine the beginning of each month, as a result of which conversions from the Hijri to Gregorian calendars are often subject to discrepancies estimated at one day. In addition, unless otherwise expressly stated in this Prospectus, any reference to "year" or "years" means Gregorian years.

Back to Table of Content >

FORECASTS AND FORWARD-LOOKING STATEMENTS

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

Certain statements in this Prospectus constitute "**forward-looking statements**". Such statements can generally be identified by their use of forward-looking words such as "plans", "estimates", "believes", "expects", "anticipates", "may", "will", "should", "expected", or the negative thereof or other variations of such terms or comparable terminology.

These forward-looking statements reflect the current views of the Company with respect to future events but are not a guarantee of future performance, whereby many factors could cause the actual results, performance or achievements of the Company to be significantly different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Some of the risks and factors that could have such an effect are described in more detail in other sections of this Prospectus (for further details, please refer to Section 2 ("**Risk Factors**") of this Prospectus). Should any of these risks or uncertainties materialize or any underlying assumptions prove to be incorrect or inaccurate, the Company's actual results may vary materially from those described in this Prospectus as anticipated, believed, estimated, or planned.

Under the OSCOs' requirements, the Company must submit a supplementary Prospectus to the CMA if, at any time after the publication of this Prospectus, and before the end of the Offering, the Company becomes aware that:

a- there has been a significant change in any material information contained in this Prospectus or any document required under the OSCOs; or

b- significant additional issues have arisen whose inclusion in this Prospectus is necessary.

With the exception of these two cases, the Company does not intend to update or change any sector or market information or the forward-looking-statements included in this Prospectus, whether as a result of new information, future events or otherwise. As a result of the foregoing and other risks, assumptions and contingencies, the forward-looking events and circumstances discussed in this Prospectus might not occur in the way the Company expects, or at all. Therefore, prospective investors should consider all forward-looking statements in light of these explanations and should not place undue reliance on forward-looking statements.

DEFINITIONS AND ABBREVIATIONS

For further details on the terms and expressions used in this Prospectus, please refer to Section 1 ("**Definitions and Abbreviations**") of this Prospectus.

CORPORATE DIRECTORY

Table (1.1): Members of the Company's Board of Directors

No.	Name	Position	Nationality	Status	Appointment Date	Direct Ownership		Indirect Ownership	
						Pre-Offering	Post-Offering	Pre-Offering	Post-Offering
1	Amr Abdulaziz Abdullah AlJalal	Chairman	Saudi	Non-Executive	01/11/1445H (corresponding to 09/05/2024G)	-	-	-	-
2	Abdulrahman Ali Abdulrahman AlOlayan	Vice Chairman	Saudi	Executive	01/11/1445H (corresponding to 09/05/2024G)	34.05%	23.83%	-	-
3	Omar Ali Abdulrahman AlOlayan	Board Member	Saudi	Executive	01/11/1445H (corresponding to 09/05/2024G)	40.16%	28.11%	-	-
4	Prince Mansour Saad Mohammed AlSaud	Board Member	Saudi	Independent	01/11/1445H (corresponding to 09/05/2024G)	-	-	-	-
5	Abdulaziz Mohammad Hamad AlRugaib	Board Member	Saudi	Independent	01/11/1445H (corresponding to 09/05/2024G)	-	-	-	-
6	Ibrahim Abdulrahman Ibrahim AlSohaibani	Board Member	Saudi	Independent	01/11/1445H (corresponding to 09/05/2024G)	-	-	-	-
7	Mohammad Ahmed Loughazail	Board Member	Moroccan	Independent	01/11/1445H (corresponding to 09/05/2024G)	-	-	-	-

Source: The Company

The current Secretary of the Company's Board of Directors is Sultan Salem Ali AlKadi, who does not hold any Shares in the Company, and was appointed to this position pursuant to a Board Resolution dated 20/11/1445H (corresponding to 28/05/2024G). For an overview of the biography of the Board Secretary, please refer to Section 5.1.4 ("**Biographies of the Members and Secretary of the Board**").

Company Address and Representatives and the Board Secretary

Nice One Beauty Digital Marketing Company
3583 Anas Ibn Malik - AlMalqa District
P.O. Box: 5497
Riyadh 51422
Kingdom of Saudi Arabia
Website: www.niceonesa.com
Email: info@niceonesa.com

Company's Representatives

Amr Abdulaziz Abdullah AlJalal
Chairman
3583 Anas Ibn Malik - AlMalqa District
P.O. Box: 5497
Riyadh 51422
Kingdom of Saudi Arabia
Tel: +966 11 2534443
Website: www.niceonesa.com
Email: a.aljallal@niceonesa.com

Omar Ali Abdulrahman AlOlayan
CEO
3583 Anas Ibn Malik - AlMalqa District
P.O. Box: 5497
Riyadh 51422
Kingdom of Saudi Arabia
Tel: N/A
Website: www.niceonesa.com
Email: o.alolayan@niceonesa.com

Secretary of the Board

Sultan Salem Ali AlKadi
3583 Anas Ibn Malik - AlMalqa District
P.O. Box: 5497
Riyadh 51422
Kingdom of Saudi Arabia
Tel: +966 569009241
Website: www.niceonesa.com
Email: s.alkadi@niceonesa.com

Stock Exchange

Saudi Exchange Company
King Fahad Road - Olaya 6897
Unit No.: 15
P.O. Box 3388
Riyadh 12211
Kingdom of Saudi Arabia
Tel: +966 92 000 1919
Fax: +966 11 218 9133
Website: www.saudiexchange.sa
Email: csc@saudiexchange.sa

Securities Depository Center Company (Edaa)
King Fahad Road - Olaya 6897
Unit No.: 11
P.O. Box 3388
Riyadh 12211
Kingdom of Saudi Arabia
Tel: +966 92 0026000
Fax: +966 11 218 9133
Website: www.edaa.com.sa
Email: cc@edaa.com.sa

Financial Advisors, Bookrunners and Underwriters

EFG Hermes KSA
Third Floor, Northern Tower, Sky Towers, King Fahd Road
P.O. Box: 300189, Riyadh 11372
Kingdom of Saudi Arabia
Tel: +966 0112938048
Fax: +966 0112938032
Website: www.efghermesksa.com
Email: contact-ksa@efg-hermes.com

SNB Capital Company
King Saud Road, SNB Regional Building
P.O. Box 22216, Riyadh 11495
Kingdom of Saudi Arabia
Tel: + 966 (92)0000232
Fax: +966 (11)4060052
Website: www.alahlicapital.com
Email: snbc.cm@alahlicapital.com

Lead Manager

SNB Capital Company
King Saud Road, SNB Regional Building
P.O. Box 22216, Riyadh 11495
Kingdom of Saudi Arabia
Tel: + 966 (92)0000232
Fax: +966 (11)4060052
Website: www.alahlicapital.com
Email: snbc.cm@alahlicapital.com

Legal Adviser to the Issuer

Baker McKenzie Law Firm
Al Olayan Complex, Tower II, 3rd Floor
Al-Ahsa Street, Al Malaz
P.O. Box: 69103
Riyadh 11547
Kingdom of Saudi Arabia
Tel: +966 11 265 8900
Fax: + 966 11 265 8999
Website: www.bakermckenzie.com
Email: legaladvisors@bakermckenzie.com

Legal Advisor to Financial Advisors, Bookrunners, Underwriters and Lead Manager

Abuhimed Alsheikh Alhagbani Clifford Chance Law Firm
Building 15
The Business Gate
King Khaled International Airport Road
P.O. Box: 90239
Riyadh 11613
Kingdom of Saudi Arabia
Tel: +966 (11) 4819780
Fax: +966 (11) 4819701
Website: www.ashcliffordchance.com
Email: Info.ASH@ASHCliffordChance.com

Financial Due Diligence Advisor

PricewaterhouseCoopers (PwC) - Chartered Accountants
Kingdom Tower, 21st floor
P.O. Box 8282
Riyadh 11482
Kingdom of Saudi Arabia
Tel: +966 (11) 211 0400
Fax: +966 (11) 211 0250
Website: www.pwc.com
Email: mer_project_glow_ipo@pwc.com

Market Study Consultant

42Seer Technologies FZE
P.O. Box: 393153
Dubai
United Arab Emirates
Tel: +971 507541923
Email: mea@redseer.com

Auditor for the Financial Years Ended 31 December 2021G, 31 December 2022G, 31 December 2023G and the Three-Month Period Ended 31 March 2024G

Ernst & Young Professional Services (Professional LLC)
Al Faisaliah Tower, 14th floor
King Fahd Road
P.O. Box: 2732
Riyadh 11461
Kingdom of Saudi Arabia
Tel: +966 11 215 9898
Fax: +966 11 273 4730
Website: ey.com/mena
Email: ey.ksa@sa.ey.com

Note: All the above-mentioned Advisors and independent Auditor have provided, and have not withdrawn, their written consent, as at the date of this Prospectus, to the publication of their names, logos, statements / reports (as applicable) attributed to them in the context in which they appear in this Prospectus. Moreover, they do not themselves nor does any of their employees working with the team on providing services to the Company, nor any of their relatives have any shareholding or interest of any kind in the Company as at the date of this Prospectus, which may affect their independence.

Back to Table of Content >

Receiving Agents

SNB Capital Company
King Saud Street, Al Murabba District - Building No. 7347
P.O. Box 2575, Riyadh 12624
Kingdom of Saudi Arabia
Phone: +966 920000232
International Call Center: +966 (11) 4060052
Website: www.alahlicapital.com
Email: IPOService@alahlicapital.com

SAB Invest
Al-Olaya General Street
P.O. Box 1467, Riyadh 11431
Kingdom of Saudi Arabia
Phone: 8001242442
Fax: +966 (12) 216 9102
Website: www.sabinvest.com
Email: customercare@sabinvest.com

Al Rajhi Capital
Head Office, King Fahd Road, Al Murouj District P.O. Box 5561, Riyadh 11432
Kingdom of Saudi Arabia
Phone: +966 92 00005856
Fax: +966 (11) 460 0625
Website: www.alrajhi-capital.com
Email: InvestmentBankingTeam@alrajhi-capital.com

Saudi Fransi Capital
King Fahd Road – 8092
P.O. Box 23454
Riyadh 12313-3735
Kingdom of Saudi Arabia
Tel: +966 (11) 282 6666
Fax: +966 (11) 282 6723
Website: www.bsfcapital.sa
E-mail: sfc-supportcenter@FransiCapital.com.sa

Alinma Investment Company
Al Anood Tower 2, King Fahad Road
P.O. Box 55560, Riyadh 11544
Kingdom of Saudi Arabia
Phone: +966 (11) 2185999
Fax: +966 (11) 2185970
Website: www.alinmainvestment.com
Email: info@alinmainvest.com

Riyad Capital Company
2414 - Al Shahada District, Unit No. 69
P.O. Box 13241, Riyadh 7279
Kingdom of Saudi Arabia
Phone: +966 (11) 4865649
Fax: +966 (11) 4865908
Website: www.riyadcapital.com
Email: ask@riyadcapital.com

AlJazira Capital Company
King Fahd Street, Al Rahmaniya
P.O. Box 20438, Riyadh 11455
Kingdom of Saudi Arabia
Phone: +966 (11) 2256000
Fax: +966 (11) 2256182
Website: www.aljaziracapital.com.sa
Email: contactus@aljaziracapital.com.sa

Alistithmar for Financial Securities and Brokerage Company
King Fahd Road
Riyadh
Kingdom of Saudi Arabia
P.O. Box: 6888, Postal Code: 11452
Phone: +966 (11) 2547666
Fax: +966 (11) 4896253
Website: www.icap.com.sa
Email: WebEcare@icap.com.sa

AlBilad Investment Company
3701 King Fahd Road - Al Olaya - 12313
Riyadh
Kingdom of Saudi Arabia
Phone: 800116002
Fax: +966 (11) 2906299
Website: www.albilad-capital.com
Email: investmentbanking@albilad-capital.com

ANB Capital Company
King Faisal Street
Arab National Bank Financial Building
P.O. Box 220009, Riyadh 11311
Kingdom of Saudi Arabia
Phone: +966 (11) 4062500
Fax: +966 (11) 4062548
Website: anbcapital.com.sa
Email: investment.banking@anbcapital.com.sa

Derayah Financial Company Al-Takhasusi Street - Prestige Center - Third Floor Riyadh Kingdom of Saudi Arabia Phone: +966 (11) 2998000 Fax: +966 (11) 4195498 Website: web.derayah.com Email: support@derayah.com	دراية derayah
Yaqeen Capital Al-Wurud District - Al-Olaya Street P.O. Box 884, Riyadh 11421 Kingdom of Saudi Arabia Phone: +966 800 4298888 Fax: +966 (11) 2054827 Website: www.yaqeen.sa Email: addingvalue@yaqeen.sa	يقين Yaqeen
Alkhabeer Capital Madinah Road P.O. Box 128289, Jeddah 21362 Kingdom of Saudi Arabia Phone: +966 (12) 6129345 Fax: +966 (12) 6856663 Website: www.alkhabeer.com Email: info@alkhabeer.com	الخبير المالية Alkhabeer Capital
Sahm Capital Financial Company building 3.05 - KAFD Riyadh 13519, KSA Kingdom of Saudi Arabia Phone: +966 (11) 4145260 Website: www.sahmcapital.com Email: info@sahmcapital.com	Sahm

SUMMARY OF THE OFFERING

This summary is intended to provide a brief overview of the information related to Offering and contained in this Prospectus. As such, it does not contain all of the information that may be important to prospective investors. Therefore, this summary should be read as an introduction to this Prospectus, and prospective investors should carefully consider the Important Notice on page (i) and Section 2 ("**Risk Factors**"), as well as all information set forth herein prior to making any investment decision in the Offer Shares and said decision should not be solely based on this summary. In particular, it is important that prospective investors review and carefully consider the ("**Important Notice**") on page (i) and Section 2 ("**Risk Factors**"), prior to making any investment decision in the Offer Shares.

<table>
<tr>
<td>Company Name, Description and Incorporation</td>
<td>
Nice One Beauty Digital Marketing Company is a Saudi closed joint stock company registered under commercial registration no. 1010705691 dated 04/08/1438H (corresponding to 30/04/2017G), and having its registered address at Anas Ibn Malik Road, AlMalqa District, Riyadh 3583, Kingdom of Saudi Arabia.
The current share capital of the Company is one hundred and ten million Saudi Riyals (SAR 110,000,000) divided into one hundred and ten million (110,000,000) Ordinary Shares with a fully paid-up nominal value of one Saudi Riyal (SAR 1) per share. The Company's capital after the capital increase will be one hundred fifteen million five hundred thousand Saudi Riyals (SAR 115,500,000), divided into one hundred fifteen million five hundred thousand (115,500,000) ordinary shares with a nominal value of one Saudi Riyal (SAR 1) per share.
The Company was originally established by Omar Ali Abdulrahman AlOlayan as a single-person establishment named "Bahr Almontajat Trading Est." under commercial registration no. 1010705691 dated 04/08/1438H (corresponding to 30/04/2017G).
On 03/10/1439H (corresponding to 17/06/2018G), the Company was converted from a single-person establishment into a limited liability company named "Bahr Almontajat Trading Company", owned by Omar Ali AlOlayan, Abdulrahman Ibrahim AlOlayan, Abdulrahman Ali AlOlayan and Ali Abdulrahman AlOlayan, with a fully paid-up share capital of one million Saudi Riyals (SAR 1,000,000) divided into one thousand (1,000) shares with a nominal value of one thousand Saudi Riyals (SAR 1,000) per share.
On 30/12/1439H (corresponding to 10/09/2018G), Abdulrahman Ibrahim AlOlayan assigned, in exchange for a cash compensation equal to nominal value of the shares, all his shares in the Company, totaling fifty (50) shares with a total value of fifty thousand Saudi Riyals (SAR 50,000) to Omar Ali AlOlayan. Similarly, Ali Abdulrahman AlOlayan assigned all his shares in the Company, amounting to fifty (50) shares with a total value of fifty thousand Saudi Riyals (SAR 50,000) to Abdulrahman Ali AlOlayan, without compensation.
On 20/09/1445H (corresponding to 30/03/2024G), the Company's name was changed from Bahr Almontajat Trading Company to Nice One Beauty Digital Marketing Company.
On 04/11/1442H (corresponding to 14/06/2021G), the Company's share capital was increased from one million Saudi Riyals (SAR 1,000,000) to one million and sixty-three thousand Saudi Riyals (SAR 1,063,000) divided into one thousand and sixty-three (1,063) Shares with a value of one thousand Saudi Riyals (SAR 1,000) per share paid in cash, following the entry of Wajhat AlHamra for Investment Company (a Namara Investments Company-fully-owned company) as a Shareholder in the Company. In addition, Abdulrahman Ali AlOlayan assigned, in exchange for an agreed-upon cash compensation, one hundred and eleven (111) of his shares and Omar Ali AlOlayan assigned, in exchange for an agreed-upon cash compensation, sixty-nine (69) of his shares to Wajhat AlHamra for Investment Company.
On 08/03/1444H (corresponding to 04/10/2022G), Abdulrahman Ali AlOlayan assigned, in exchange for an agreed-upon cash compensation, eleven (11) of his shares in the Company to Wajhat AlHamra for Investment Company.
On 15/02/1445H (corresponding to 31/08/2023G), Abdulrahman Ali AlOlayan assigned, in exchange for an agreed-upon cash compensation, twelve (12) of his shares in the Company to Wajhat AlHamra for Investment Company.
On 27/10/1445H (corresponding to 06/05/2024G), the Company's share capital was increased from one million and sixty-three thousand Saudi Riyals (SAR 1,063,000) to one hundred and ten million Saudi Riyals (SAR 110,000,000), divided into one hundred and ten million (110,000,000) shares with a nominal value of one Saudi Riyal (SAR 1) per share, through the capitalization of SAR 81,801,000 from the retained earnings balance and SAR 27,136,000 from the "additional capital contribution" balance. Furthermore, Abdulrahman Ali Abdulrahman AlOlayan and Omar Ali Abdulrahman AlOlayan, each assigned 842,333 of their respective shares equally to Bandar Abdulrahman Abdulaziz AlDhalea, as a new Shareholder in the Company, in exchange for a cash compensation equal to nominal value of the shares, and Wajhat AlHamra for Investment Company, without compensation, assigned: (i) 7,399,117 of its shares to Darb AlNomu Investment Company (a Namara Investments Company-fully-owned company); (ii) 5,328,519 of its shares to Wajhat AlNomu Investments Company (a Namara Investments Company-fully-owned company), and (iii) 7,399,117 of its shares to Tareek Al Nomu Investment Company (a Namara Investments Company-fully-owned company), all as new Shareholders in the Company.
</td>
</tr>
</table>

Company Name, Description and Incorporation	On 01/11/1445H (corresponding to 09/05/2024G), the Company was converted from a limited liability company to a closed joint-stock company with a fully paid capital of one hundred and ten million Saudi Riyals (SAR 110,000,000) divided into one hundred and ten million (110,000,000) Ordinary Shares with a nominal value of one Saudi Riyal (SAR 1) per share. On 21/11/1445H (corresponding to 29/05/2024G), the Extraordinary General Assembly approved the increase of the Company's share capital from one hundred and ten million Saudi Riyals (SAR 110,000,000) to one hundred fifteen million and five hundred thousand Saudi Riyals (SAR 115,500,000) divided into one hundred fifteen million and five hundred thousand (115,500,000) Ordinary Shares with a nominal value of one Saudi Riyal (SAR 1) per share per share by issuing five million five hundred thousand (5,500,000) shares, which were offered for public subscription. On 25/11/1445H (corresponding to 02/06/2024G), Wajhat AlNomu Company assigned all of its shares in the Company as follows: 2,664,260 shares to Hisham Sulaiman AlHabib, without compensation; and 2,664,259 shares to Abdulaziz Sulaiman AlHabib, without compensation, both as new Shareholders in the Company. In addition, Wajhat AlHamra assigned 275,000 of its shares in the Company, without compensation, to Hisham Sulaiman AlHabib. On 22/02/1446H (corresponding to 26/08/2024G), Wajhat AlHamra assigned 215,669 of its shares to Hisham Sulaiman AlHabib, without compensation; and 195,490 shares to Abdulaziz Sulaiman AlHabib, without compensation. For further information, please refer to Section 4.4 "**Overview of the Company and Growth of its Capital**" of this Prospectus).
Company's Activities	The Company's current main activity is in e-commerce in Personal Care products, Perfumes, and Cosmetics. Under its Bylaws, the Company's main activities are as follows: 1- Wholesale of textiles, clothing and footwear. 2- Non-specialized wholesale trade. 3- Other retail sale in non-specialized stores. 4- Retail sale of sporting equipment in specialized stores. 5- Retail sale of clothing, footwear and leather articles in specialized stores. 6- Retail sale of pharmaceutical and medical goods, cosmetic and toilet articles in specialized stores. 7- Other retail sale of new goods in specialized stores. 8- Retail sale via stalls and markets of textiles, clothing and footwear. 9- Freight transport by road. 10- Storage. 11- Service activities incidental to land transportation. 12- Restaurants and mobile food service activities. 13- Computer programming activities. 14- Combined office administrative service activities. 15- Organization of conventions and trade shows. Under its Commercial Register, the Company's main activities are as follows, though the Commercial Register also includes other activities that are not currently being carried out by the Company: 1- Retail sale via stalls and markets of textiles, clothing and footwear. 2- Retail sale of oud and bokhor. 3- Retail sale of perfumes. 4- Light transportation. 5- Cosmetics products storage. 6- Wholesale of all kinds of textiles and tissues, other than clothes. 7- Applications development. 8- Operation of good storing facilities, except for foodstuff. 9- Retail sale of bags. 10- Retail sale of watches.

Substantial Shareholders and Number of Shares held thereby Pre- and Post-Offering

The following table sets out the names as well as pre-Offering and post-Offering ownership percentages of Substantial Shareholders.

Table (1.2): Substantial Shareholders and Number of Shares held thereby Pre- and Post-Offering

Shareholder Name	Pre-Offering			Post-Offering		
	No. of Shares	Direct Ownership	Par Value (SAR)	No. of Shares	Direct Ownership	Par Value (SAR)
Omar Ali Abdulrahman AlOlayan	44,179,022	40.1627%	44,179,022	32,471,581	28.1139%	32,471,581
Wajhat AlHamra for Investment Company*	6,712,958	6.1027%	6,712,958	4,934,024	4.2719%	4,934,024
Abdulrahman Ali Abdulrahman AlOlayan	37,452,775	34.048%	37,452,775	27,527,790	23.8336%	27,527,790
Darb AlNomu Investment Company*	7,399,117	6.7265%	7,399,117	5,438,351	4.7085%	5,438,351
Tareek Al Nomu Investment Company*	7,399,117	6.7265%	7,399,117	5,438,351	4.7085%	5,438,351
Total	**103,142,989**	**93.77%**	**103,142,989**	**75,810,097**	**65.64%**	**75,810,097**

* Wajhat AlHamra for Investment Company, Darb AlNomu Investment Company and Tareek Al Nomu Investment Company are all fully owned by Namara Investments Company.

Source: The Company

Company's Capital Pre-Offering	One hundred and ten million Saudi Riyals (SAR 110,000,000).
Company's Capital Post-Offering	One hundred fifteen million five hundred thousand Saudi Riyals (SAR 115,500,000).
Total Number of Company's Shares Pre-Offering	One hundred and ten million (110,000,000) Ordinary Shares, paid in full.
Total Number of Company's Shares Post-Offering	One hundred and fifteen million five hundred thousand (115,500,000) Ordinary Shares, paid in full.
Offering	Offering of thirty-four million six hundred and fifty thousand (34,650,000) ordinary shares, representing 30% of the share capital of the Company, as follows: (i) the issue of five million five hundred thousand (5,500,000) new shares; (ii) the sale of twenty-nine million one hundred and fifty thousand (29,150,000) Ordinary Shares, through an initial public offering for an Offer Price of [·] Saudi Riyals per share ("**Offer Price**") with a fully paid-up nominal value of one Saudi Riyal (SAR 1) per share. The New Shares represent around 4.76% and the Sale Shares around 25.24% of the issued capital post-Offering, amounting to 30% in total of the Company's issued capital following the offering of the New Shares and the Company's capital increase.
Total Number of Offer Shares	Thirty-four million six hundred and fifty thousand (34,650,000) ordinary shares.
Nominal value per Share	One Saudi Riyal (SAR 1) per Share.
Percentage of Offer Shares to the total number of issued Shares	The Offer Shares represent 30% of the Company's total Share Capital following the Capital increase (which represents 31.5% of the Company's capital prior to such increase).
Offer Price	[●] Saudi Riyals per Share.

Total value of Offer Shares	[●] Saudi Riyals
Use of Proceeds	The Net Offering Proceeds, after deducting the Offering Expenses, will be distributed as follows: (i) [●] Saudi Riyals (SAR [●]) will be distributed to the Selling Shareholders on a pro-rata basis according to each shareholder's ownership percentage in the shares being sold in the Offering, and (ii) [●] Saudi Riyals (SAR [●]) will be distributed to the Company, which intends to use the Net Offering Proceeds, in addition to other financial resources such as cash flows and loans, for: • Developing and marketing the Company's brands and sales channels in line with the Company's strategy focused on enhancing the products offered to customers and developing its own brands; the Company intends to allocate 35%-45% of the Net Offering Proceeds for this purpose. • Enhancing logistical and technological capabilities; the Company intends to allocate 15%-25% for this purpose. • General corporate purposes; the Company intends to allocate 35%-45% of the Net Offering Proceeds to finance potential merger and acquisition transactions in accordance with its financial controls. (For further details, please refer to Section 8 ("**Use of Proceeds**") of this Prospectus).
Number of Shares Underwritten	Thirty-four million six hundred and fifty thousand (34,650,000) Ordinary Shares.
Total Underwritten Offering Amount	[●] Saudi Riyals
Categories of Targeted Investors	Subscription for the Offer Shares is restricted to the following groups of investors: **Tranche (A): Participating Parties:** This tranche comprises investors eligible to participate in the Book-Building process in accordance with the Instructions for Book Building Process. The number of Offer Shares to be initially allocated to Participating Parties is thirty-four million six hundred and fifty thousand (34,650,000) Ordinary Offer Shares, representing 100% of the total Offer Shares. The final allocation will take place after the end of the individual subscription period. In the event there is sufficient demand by Individual Subscribers (as defined under Tranche (B) below), the Lead Manager shall have the right to reduce the number of Offer Shares allocated to Participating Parties to a minimum of thirty-one million one hundred and eighty-five thousand (31,185,000) Ordinary Shares, representing 90% of the total Offer Shares. The number and percentage of the Offer Shares to be allocated to the Participating Parties will be determined by the Financial Advisors, in coordination with the Company. **Tranche (B): Individual Subscribers:** This tranche includes Saudi Arabian nationals, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe in her own name or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children; and any non-Saudi Arabian national who is residing in Saudi Arabia and any national of countries in the Gulf Cooperation Council, in each case who has an investment account and an active portfolio with a Receiving Agent or has the right to open an investment account with a Capital Market Institution. Subscription by a person in the name of his divorcee shall be deemed invalid. If a transaction of this nature is proved to have occurred, the applicable regulations shall be enforced against such person. If a duplicate subscription is made, the second subscription will be deemed void, and only the first subscription will be accepted. A maximum of three million four hundred and sixty-five thousand (3,465,000) Ordinary Shares, representing 10% of the Offer Shares, shall be allocated to Individual Subscribers. In the event that the Individual Subscribers do not subscribe in full for the Offer Shares allocated to them, the Lead Manager may reduce the number of Offer Shares allocated to Individual Subscribers in proportion to the number of Offer Shares subscribed for thereby.
Total Offer Shares Available for each Targeted Investor Category	
Number of Shares offered to Participating Parties	Thirty-four million six hundred and fifty thousand (34,650,000) Ordinary Shares representing 100% of the total Offer Shares. In the event there is sufficient demand by Individual Subscribers, the Financial Advisors, in coordination with the Company, may decide to reduce the number of Shares allocated to Participating Parties to a minimum of thirty-one million one hundred and eighty-five thousand (31,185,000) Ordinary Shares, representing 90% of the total Offer Shares.
Number of Shares offered to Individual Subscribers	A maximum of three million four hundred and sixty-five thousand (3,465,000) Offer Shares, representing 10% of the total Offer Shares. In the event that Individual Subscribers do not subscribe in full for the Offer Shares allocated to them, the Financial Advisors may reduce the number of Offer Shares allocated thereto in proportion to the number of Offer Shares subscribed for thereby.
Subscription Method for each Targeted Investor Category	
Subscription Method for Participating Parties	Participating Parties are entitled to apply for subscription, and the Bookrunners will provide Bid Forms to the Participating Party investors during the Book-Building Period. After the initial allocation, the Bookrunners will provide Participating Parties with Bid Forms, which they must fill out in accordance with the instructions described in Section 17 ("**Subscription Terms and Conditions**") of this Prospectus.

Subscription method for Individual Subscribers	Individual Subscribers wishing to subscribe to the Offer Shares must submit their subscription requests electronically through the websites and platforms of the Receiving Agents that provide this service to subscribers, or through any other means provided by the Receiving Agents through which the Individual Subscribers will be able to subscribe to the Company's shares during the Offering Period. Provided that: (a) the individual subscriber has an investment account and an active portfolio with the Receiving Agent providing these services, (b) there have been no changes in the information or data of the individual subscriber (by deleting or adding a family member) since his subscription in the last IPO, and (c) individual subscribers who are not Saudi citizens or GCC citizens have an active portfolio with one of the Receiving Agents through which to subscribe. (for further details please refer to Section 17 ("**Subscription Terms and Conditions**") of this Prospectus.
Minimum Number of Offer Shares to be Applied for by each Category of Targeted Investors	
Minimum Number of Offer Shares to be Applied for by Participating Parties	One hundred thousand (100,000) Shares.
Minimum Number of Offer Shares to be Applied for by Individual Subscribers	Ten (10) Shares.
Minimum Subscription Amount by each Category of Targeted Investors	
Minimum Subscription Amount for Participating Parties	[●] Saudi Riyals.
Minimum Subscription Amount for Individual Subscribers	[●] Saudi Riyals.
Maximum Number of Offer Shares to be Applied for by each Category of Targeted Investors	
Maximum Number of Offer Shares to be Applied for by Participating Parties	Five million seven hundred forty-nine thousand nine hundred and ninety-nine (5,749,999) Shares, and in relation to public funds only, the maximum number of Offer Shares shall not exceed the maximum limit for each participating public fund that is determined in accordance with the Book-Building Instructions.
Maximum Number of Offer Shares to be Applied for by Individual Subscribers	Two hundred and fifty thousand (250,000) Shares.
Maximum Subscription Amount by each Category of Targeted Investors	
Maximum Subscription Amount for Participating Parties	[●] Saudi Riyals.
Maximum Subscription Amount for Individual Subscribers	[●] Saudi Riyals.

Back to Table of Content >

Allocation and Refund Method for each Category of Targeted Investors	
Allocation of Offer Shares to Participating Parties	Initial allocation of the Offer Shares will be made through the Financial Advisors in coordination with the Company, using the discretionary share allocation mechanism. It is thus possible that certain Participating Parties will not be allocated any Shares, as the Financial Advisors may deem appropriate. The number of Offer Shares to be initially allocated to Participating Parties is thirty-four million six hundred and fifty thousand (34,650,000) Shares, representing 100% of the total Offer Shares, provided that Offer Shares are finally allocated following subscription by Individual Subscribers. The Financial Advisors shall be entitled to reduce the number of Shares allocated to Participating Parties to thirty-one million one hundred and eighty-five thousand (31,185,000) Ordinary Shares, representing 90% of the total Offer Shares, following subscription by Individual Subscribers. Initially, [●] Shares (representing [●]% of the total Offer Shares) will be allocated to public funds, noting that in the event there is sufficient demand by Individual Subscribers, the Lead Manager shall have the right to reduce the number of Offer Shares allocated to public funds to a minimum of [●] Ordinary Shares representing [●]% of the total Offer Shares, after completion of the Individual Subscribers Subscription.
Allocation of Offer Shares to Individual Subscribers	The allocation of the Offer Shares for Individual Subscribers is projected to be completed no later than Tuesday 30/06/1446H (corresponding to 31/12/2024G), with the minimum allocation per Individual Subscriber amounting to ten (10) Offer Shares, and the maximum allocation per Individual Subscriber amounting to two hundred and fifty thousand (250,000) Offer Shares. The remaining Offer Shares, if any, shall be allocated on a pro-rata basis based on the number of Offer Shares applied for by each Individual Subscriber to the total number of subscribed for shares. In the event that the number of Individual Subscribers exceeds three hundred forty-six thousand and five hundred (346,500), the Company will not guarantee the minimum allocation of Offer Shares, and the allocation will be made as determined by the Company and the Financial Advisors.
Refund of Excess Subscription Monies	Surplus subscription amounts (if any) will be refunded without any charge or withholding by the Lead Manager or relevant Receiving Agent. Announcement of the final allotment is projected to be completed no later than Tuesday 30/06/1446H (corresponding to 31/12/2024G), and refund of subscription monies, if any, will be made at the latest by Sunday 05/07/1446H (corresponding to 05/01/2025G) (for further details, please see "**Key Dates and Subscription Procedures**" on page (xix) and Section 17 ("**Subscription Terms and Conditions**") of this Prospectus).
Offering Period	The Offering Period will commence on Tuesday, 23/06/1446H (corresponding to 24/12/2024G), and will remain open for a period of two working days up to and including the last Offering day at 2:00 pm on Wednesday, 24/06/1446H (corresponding to 25/12/2024G).
Distribution of Dividends	The Offer Shares will entitle their holders to receive any dividends declared and paid by the Company from the date of this Prospectus and for subsequent financial years (for further details, please refer to Section 7 ("**Dividend Distribution Policy**") of this Prospectus).
Voting Rights	The Company has only one class of Ordinary Shares, which do not carry any preferential voting rights. Each Share grants its holder the right to one vote, and each Shareholder has the right to attend and vote in the Company's General Assembly meetings. A Shareholder may authorize another Shareholder that is not a member of the Board of Directors, to attend General Assembly meetings on their behalf (for further details, please refer to Section 12.17 ("**Rights of Shareholders**") of this Prospectus).
Share Restrictions (Lock-Up Period)	Substantial Shareholders are subject to a Lock-Up Period of six (6) months starting from the commencement of trading of the Company's Shares on the Exchange, during which Substantial Shareholders whose names appear on page (xiv) of this Prospectus are prohibited from disposing of their shares. Following the Lock-Up Period, Substantial Shareholders may dispose of their shares. In addition, the Company may not list shares of the same class of the Offer Shares for a period of six (6) months from the date of commencement of trading the Shares on the Exchange. Shares shall also be subject to the general restrictions applied to listed shares in the Kingdom.
Listing and Trading of Shares	Prior to the Offering, the Company's Shares have never been listed in any stock market either in the Kingdom of Saudi Arabia or elsewhere. Applications have been submitted by the Company to the Capital Market Authority for the registration and offering of the Shares in accordance with the OSCOs, and the Exchange for the listing of the Shares in accordance with the Listing Rules. All relevant approvals to conduct the Offering have been granted and all CMA and Tadawul required documents submitted, and all requirements have been met, including those pertaining to the listing of the Company on the Exchange. It is expected that trading in the Shares will commence on the Exchange shortly after the allocation of the Offer Shares.
Risk Factors	There are certain risks related to investing in the Offer Shares. Such risks can be classified as follows: (A) risks related to the Company and its operations; (B) risks related to the market; and (C) risks related to the Shares. These risks are described in Section 2 ("**Risk Factors**") of this Prospectus and the "**Important Notice**" in the preamble hereof, and should be carefully considered prior to making a decision to invest in the Offer Shares.

Back to Table of Content >

Offering Expenses	The Selling Shareholders will bear all of the Offering expenses and costs estimated at around fifty three million four hundred thousand Saudi Riyals (SAR 53,400,000). These expenses and costs will be deducted from the Offering Proceeds and include the fees of the Financial Advisor, the Lead Manager, the Bookrunner, the Underwriter, the Legal Advisors, the Financial Due Diligence Advisor, the Auditor, the Market Consultant and the Exchange, as well as marketing, printing and distribution fees and other costs and expenses related to the Offering. It is worth noting that the Company's share of the Offering Expenses, amounting to two million five hundred thousand (2,500,000), will be borne by the Selling Shareholders.
Financial Advisors, Underwriters, and Bookrunners	**EFG Hermes KSA** Third Floor, Northern Tower, Sky Towers, King Fahd Road P.O. Box: 300189, Riyadh 11372 Kingdom of Saudi Arabia Tel: + 966 012938048 Fax: +966 012938032 Website: www.efghermesksa.com Email: contact-ksa@efg-hermes.com **SNB Capital Company** King Saud Road, SNB Regional Building P.O. Box: 22216, Riyadh 11495 Kingdom of Saudi Arabia Tel: + 966 (92)0000232 Fax: +966 (11)4060052 Website: www.alahlicapital.com Email: snbc.cm@alahlicapital.com

Note: Page (i) ("**Important Notice**") and Section 2 ("**Risk Factors**") of this Prospectus must be carefully studied before making any decision regarding investing in Offer Shares under this Prospectus.

KEY DATES AND SUBSCRIPTION PROCEDURES

Table (1.3): Expected Offering Timetable

Expected Offering Timetable	Date
Offering Period for Participating Parties and Book-Building Process	A period of six working days, starting from Sunday, 29/05/1446H (corresponding to 01/12/2024G) and closing at 2:00 pm of Sunday, 07/06/1446H (corresponding to 08/12/2024G).
Submission Period for Individual Subscribers	A period of two working days, starting from Tuesday, 23/06/1446H (corresponding to 24/12/2024G) and closing at 2:00pm of Wednesday, 24/06/1446H (corresponding to 25/12/2024G).
Deadline for submission of Subscription Application Forms by Participating Parties based on the initial allocation of Offer Shares	On Wednesday, 17/06/1446H (corresponding to 18/12/2024G).
Deadline for submission of Subscription Application Forms and payment of the subscription monies by Individual Subscribers	On Wednesday, 24/06/1446H (corresponding to 25/12/2024G).
Deadline for payment of subscription money by Participating Parties based on their initially allocated Offer Shares	On Thursday, 18/06/1446H (corresponding to 19/12/2024G).
Announcement of final Offer Shares allotment	No later than Tuesday, 30/06/1446H (corresponding to 31/12/2024G).
Refund of excess subscription monies (if any)	No later than Sunday, 05/07/1446H (corresponding to 05/01/2025G).
Expected trading commencement date for the Shares	Trading of the Offer Shares on the Exchange is expected to commence after all relevant legal requirements and procedures have been fulfilled. Trading will be announced in local newspapers and on the Saudi Exchange website (www.saudiexchange.sa).

Note: The above timetable and dates therein are indicative. Actual dates will be communicated in announcements made in local daily newspapers in the Kingdom, on the Tadawul website (https://www.saudiexchange.sa), the Company's website (www.niceonesa.com) and the website of the Financial Advisors (www.efghermesksa.com) and (www.alahlicapital.com).

How to Apply for Offer Shares

Subscription shall be restricted to the following two groups of investors:

Tranche (A): Participating Parties: This tranche comprises investors eligible to participate in the Book-Building process in accordance with the Book-Building Instructions (for further information, please refer to Section 1 ("**Definitions and Abbreviations**") and Section 17 ("**Subscription Terms and Conditions**") of this Prospectus).

Tranche (B): Individual Subscribers: This tranche includes Saudi Arabian nationals, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, any non-Saudi Arabian national who is resident in the Kingdom and any national of countries of the Cooperation Council for the Arab States of the Gulf (GCC), in each case who has an investment account and an active portfolio with a Receiving Agent or has the right to open an investment account with a Capital Market Institution. Subscription by a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature has been proved to have occurred, then the regulations shall be enforced against such person. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted.

Set out below is an overview of how the Participating Parties and Individual Subscribers can subscribe to the Offer Shares:

Participating Parties:

Participating Parties can obtain the Bid Forms from the Lead Manager during the Book-Building Period and obtain the Subscription Application Forms from the Lead Manager following the initial allocation. The Bookrunners shall, after the approval of CMA, offer the Offer Shares to Participating Parties only during the Book-Building Period. Subscriptions by Participating Parties shall commence during the Offering Period, which shall also include the Individual Subscribers, according to the terms and conditions detailed in the Subscription Application Forms. A signed and stamped Subscription Application Form shall be submitted to the Bookrunners, with such Subscription Application Form representing a binding agreement between the Selling Shareholders and the applicant Participating Party.

Individual Subscribers:

Individual Subscribers wishing to subscribe to the Offer Shares must submit their subscription requests electronically through the websites and platforms of the Receiving Agents that provide this service to subscribers through which Individual Investors will be able to subscribe to the Company's Shares during the Offering Period, provided that:

- The Individual Subscriber must have an investment account and an active portfolio at the Receiving Agent which offers such services;
- There have been no changes in the personal information or data of the Individual Subscriber (by way of exclusion or addition of any member of his family) since such person last participated in an offering; and
- Individual Subscribers who are not Saudi nationals or GCC nationals must have an active portfolio at one of the Receiving Agents through which the subscription is desired.

Each applicant is required to fill out the Subscription Application Forms according to the instructions described in Section 17 ("**Subscription Terms and Conditions**") of this Prospectus. Each applicant must complete all the relevant sections in the Subscription Application Form. The Company reserves the right to reject any Subscription Application Form, in part or in whole, if any of the subscription terms and conditions are not met. The Subscription Application Form cannot be amended or withdrawn once submitted. Furthermore, the Subscription Application Form shall, upon submission, be considered to be a legally binding agreement between the relevant Subscriber and the Selling Shareholders (for further information, please refer to Section 17 ("**Subscription Terms and Conditions**") of this Prospectus).

Excess subscription monies, if any, will be refunded to the primary Individual Subscriber's investment account held with the Receiving Agent from which the subscription value has been debited in the first place, without withholding any charge or commission by the Bookrunners or relevant Receiving Agent. Excess subscription monies shall not be refunded in cash or to third-party accounts.

SUMMARY OF KEY INFORMATION

This summary of key information aims to give an overview of the information contained in this Prospectus. As it is a summary, it does not contain all of the information that may be important to prospective investors. Accordingly, this summary should be treated as an introduction to this Prospectus. Recipients of this Prospectus should read the Prospectus in its entirety, as any decision by prospective investors to invest in the Offer Shares should be based on a study of this Prospectus as a whole. In particular, it is important to carefully consider the ("**Important Notice**") on page (i) and Section 2 ("**Risk Factors**"), respectively, prior to making any investment decision in relation to the Offer Shares and not to place any undue reliance on this summary.

OVERVIEW OF THE COMPANY

Overview of the Company and its Activities

Nice One Beauty Digital Marketing Company is a Saudi closed joint stock company registered under commercial registration no. 1010705691 dated 04/08/1438H (corresponding to 30/04/2017G) issued in Riyadh, Kingdom of Saudi Arabia.

The current share capital of the Company is one hundred and ten million Saudi Riyals (SAR 110,000,000) divided into one hundred and ten million (110,000,000) Ordinary Shares with a fully paid-up nominal value of one Saudi Riyal (SAR 1) per share.

The Company was originally established as a single-person establishment named "Bahr Almontajat Trading Est." under commercial registration no. 1010705691 dated 04/08/1438H (corresponding to 30/04/2017G).

On 03/10/1439H (corresponding to 17/06/2018G), the Company was converted from a single-person establishment into a limited liability company named "Bahr Almontajat Trading Company", owned by Omar Ali AlOlayan, Abdulrahman Ibrahim AlOlayan, Abdulrahman Ali AlOlayan and Ali Abdulrahman AlOlayan, with a fully paid-up share capital of one million Saudi Riyals (SAR 1,000,000) divided into one thousand (1,000) Shares with a nominal value of one thousand Saudi Riyal (SAR 1,000) per share. The Company was registered in the commercial register under number 1010705691 dated 04/08/1438H (corresponding to 30/04/2017G).

On 30/12/1439H (corresponding to 10/09/2018G), Abdulrahman Ibrahim AlOlayan assigned, in exchange for a cash compensation equal to nominal value of the shares, all his shares in the Company, totaling fifty (50) shares with a total value of fifty thousand Saudi Riyals (SAR 50,000) to Omar Ali AlOlayan. Similarly, Ali Abdulrahman AlOlayan assigned all his shares in the Company, amounting to fifty (50) shares with a total value of fifty thousand Saudi Riyals (SAR 50,000) to Abdulrahman Ali AlOlayan, without compensation.

On 20/09/1445H (corresponding to 30/03/2024G), the Company's name was changed from Bahr Almontajat Trading Company to Nice One Beauty Digital Marketing Company.

On 04/11/1442H (corresponding to 14/06/2021G), the Company's capital was increased from one million Saudi Riyals (SAR 1,000,000) to one million and sixty-three thousand Saudi Riyals (SAR 1,063,000), divided into one thousand and sixty-three (1,063) Shares with a value of one thousand Saudi Riyals (SAR 1,000) per share paid in cash, following the entry of Wajhat AlHamra for Investment Company (a Namara Investments Company-fully-owned company) as a Shareholder in the Company. In addition, Abdulrahman Ali AlOlayan assigned one hundred and eleven (111) of his shares in exchange for an agreed-upon cash compensation, and Omar Ali AlOlayan assigned sixty-nine (69) of his shares to Wajhat AlHamra for Investment Company in exchange for an agreed-upon cash compensation.

On 08/03/1444H (corresponding to 04/10/2022G), Abdulrahman Ali AlOlayan assigned eleven (11) of his shares in the Company to Wajhat AlHamra for Investment Company in exchange for an agreed-upon cash compensation.

On 15/02/1445H (corresponding to 31/08/2023G), Abdulrahman Ali AlOlayan also assigned twelve (12) of his shares in the Company to Wajhat AlHamra for Investment Company in exchange for an agreed-upon cash compensation.

On 27/10/1445H (corresponding to 06/05/2024G), the Company's capital was increased from one million and sixty-three thousand Saudi Riyals (SAR 1,063,000) to one hundred and ten million Saudi Riyals (110,000,000), divided into one hundred and ten million (110,000,000) Shares with a nominal value of one Saudi Riyal (SAR 1) per share, through the capitalization of SAR 81,801,000 from the retained earnings balance and SAR 27,136,000 from the "additional capital contribution" balance. Furthermore, Abdulrahman Ali Abdulrahman AlOlayan and Omar Ali Abdulrahman AlOlayan assigned 842,333 shares equally to Bandar Abdulrahman Abdulaziz AlDhalea, as a new Shareholder in the Company, and Wajhat AlHamra for Investment Company assigned, without compensation: (i) 7,399,117 of its shares to Darb AlNomu Investment Company (a Namara Investments Company-fully-owned company) in exchange for a cash compensation equal to the nominal value of the shares; (ii) 5,328,519 of its shares to Wajhat AlNomu Company (a Namara Investments Company-fully-owned company), and (iii) 7,399,117 of its shares to Tareek Al Nomu Investment Company (a Namara Investments Company-fully-owned company), all as new Shareholders in the Company.

On 01/11/1445H (corresponding to 09/05/2024G), the Company was converted from a limited liability to a closed joint-stock company with a fully paid capital of one hundred and ten million Saudi Riyals (SAR 110,000,000), divided into one hundred and ten million (110,000,000) Ordinary Shares with a nominal value of one Saudi Riyal (SAR 1) per share.

On 21/11/1445H (corresponding to 29/05/2024G), the Extraordinary General Assembly approved the increase of the Company's share capital from one hundred and ten million Saudi Riyals (SAR 110,000,000) to one hundred fifteen million and five hundred thousand Saudi Riyals (SAR 115,500,000), divided into one hundred fifteen million and five hundred thousand (115,500,000) Ordinary Shares with a nominal value of one Saudi Riyal (SAR 1) per share. It also approved the Public Offering of thirty-four million six hundred and fifty thousand (34,650,000) ordinary shares.

On 25/11/1445H (corresponding to 02/06/2024G), Wajhat AlNomu Company assigned 2,939,260 shares to Hisham Sulaiman AlHabib, without compensation, and 2,664,259 shares to Abdulaziz Sulaiman AlHabib, without compensation, both as new Shareholders in the Company.

On 22/02/1446H (corresponding to 26/08/2024G), Wajhat AlHamra assigned 215,669 of its shares to Hisham Sulaiman AlHabib, without compensation; and 195,490 shares to Abdulaziz Sulaiman AlHabib, without compensation. (For further information, please refer to Section 4.4 ("**Overview of the Company and Growth of its Capital**") of this Prospectus).

Company's Mission

The Company's mission is to provide an inspiring and exceptional shopping experience with a diverse range of contemporary high quality and competitive value products.

Competitive Advantages and Strengths of the Company

The Company believes that its principal competitive advantages and strengths are as follows:

- Market position and brand equity;
- Strong marketing capabilities leveraging deep expertise in digital marketing and content creation with influencers;
- An integrated digital platform providing an exceptional user experience based on a massive database;
- Product sourcing and dynamic sales strategy;
- Extensive and reliable supply chain infrastructure;
- Own Brands catering to customer needs and strong relationships with leading International Brands;
- Financial performance characterized by revenue growth, profitability, and high liquidity;
- Ambitious management team with high expertise and a base of strategic Shareholders in the field.

Company's Strategy

The Company's principal strategy to grow its business comprises the following:

- Develop its Own Brands and enhance partnerships with International Brands;
- Enhancing supply chain capabilities by relying on process automation and expansion within the Kingdom;
- Continuing to provide trending products and enhancing inventory in line with customer needs
- Continued technological innovation and developing the Company's capabilities in utilizing artificial intelligence technologies;
- Establishing and expanding sales channels;
- Developing marketing capabilities to support the Company's strategy;
- Developing human capabilities and attracting talents to support the Company's strategy;
- Leveraging growth opportunities through acquisitions of brands or other companies.

Back to Table of Content >

Key Developments of the Company since Establishment

The following table shows the key developments of the Company since its establishment to the date of this Prospectus.

Table (1.4): Key Developments of the Company since Establishment

Year	Milestone
2017G	• Establishing the Company and launching the Nice One application and website after two years of working on studying the market and establishing the infrastructure. • Renting the first warehouse for Nice One with an area of 200 sqm.
2018G	• Renting the second warehouse for Nice One with an area of 1,000 sqm. • Starting the development of Company Own Brands and acquiring the first Exclusive Brand. • Customer base exceeding 100 thousand customers. • Building a technical system to manage the Company's transport fleet.
2019G	• Establishing a platform for collecting and analyzing information and reports, to assist departments in making decisions based on data analysis. • Over 2 million customers downloaded the Company's application. • Expanding warehouses to an area of 2,000 sqm.
2020G	• Making a paradigm shift in the infrastructure of the Company's systems, allowing for increased customer uptake, enhanced protection, and improved performance. • Customer base exceeding 500 thousand customers. • Delivering 871,000 orders, with a year-on-year increase of more than 86%.
2021G	• Expanding product portfolio to now include more than 500 brands. • Increasing Company Own Brands to 6 brands. • Namara Investments Company, through its subsidiary, acquires 22.86% of Nice One's shares. • Migrating to an Enterprise Resource Planning system (ERP). • Launching a Same Day Delivery service in Riyadh.
2022G	• Inaugurating the Company's refrigerated transport fleet with more than 30 cars in the city of Riyadh. • Customer base exceeding 1.8 million customers. • Establishing Bahr Al Montajat Trading Company in Egypt to provide support and ancillary services to the Company. • Launching a Same Day Delivery service in the Eastern and Qassim provinces.
2023G	• Expanding brands distributed exclusively by the Company and registered in its name to reach 12 brands. • Buying a warehouse for Nice One with an area of 14,500 sqm. • Number of app downloads exceeding 8 million. • Launching the Company's new strategy to achieve and keep abreast of its growth goals. • Establishing the Nice One Perfumes and Cosmetics Trading Company in the UAE to provide support and ancillary services to the Company.
2024G	• Launching the vitamin product section. • Entering into partnerships with core groups and brands. • Establishing a big data processing infrastructure. • Launching the beta version of the loyalty program and rewards program. • Launching an AI-based service to process customer experience data and share them with the relevant stakeholders. • Size of Company's refrigerated transport fleet reached 52 cars in the city of Riyadh.

Source: the Company

MARKET OVERVIEW

OVERVIEW OF THE SAUDI ECONOMY

The Kingdom of Saudi Arabia's economy is undergoing significant transformation, with nominal GDP expected to reach SAR 5,060 billion by 2028G, which represents a CAGR of 4.8%. This growth is driven by the Government's efforts to diversify the economy and reduce reliance on oil activities, focusing on developing non-oil sectors. Non-Oil GDP is expected to grow at a CAGR of 5.4% between 2023G-2028G whereas oil GDP will grow at 4.2% CAGR during the same period. The Kingdom is actively implementing social and economic reforms, to create a more attractive market for businesses and consumers. These reforms, coupled with a growing Middle-Income group, large Urban Population and Young Working Population, and increasing Female Labor Participation, are expected to fuel the growth of Private Consumption, which is set to grow from 40% in 2023G to 42% of GDP by 2028G.

Furthermore, the Digital Economy is expected to be a significant driver of growth, contributing 35-40% of the Kingdom's growth in Private Consumption between 2023G and 2028G.

Retail Market

The Retail Market in the Kingdom of Saudi Arabia is projected to outpace the growth of Private Consumption. With an expected growth rate of 6% between 2023G and 2028G, the Retail Market is set to reach SAR 661 billion by 2028G. This growth is driven by several key factors, including the expansion of the Middle-Income cohort, the improvement of a digital infrastructure that benefits Online Retail, and the ongoing cultural transformation in the Kingdom.

Cosmetics & Personal Care

The Cosmetics & Personal Care category accounts for 11% of the Kingdom's Retail spends, positioning the country as one of the top Cosmetics & Personal Care spenders globally.

This market is set to grow further at an 8% CAGR between 2023G and 2028G, reaching SAR 75 billion by 2028G from SAR 51 billion in 2023G. This growth is driven by various factors, including a Young Population, changing cultural norms, and an improved access to brands. Within the Cosmetics & Personal Care market, Perfumes and Cosmetics are critical pillars and the fastest-growing segments.

The Cosmetics segment is projected to reach SAR 18 billion by 2028G, fueled by growing Female Labor Participation, dynamic trends on social media, and highly exploratory consumer behavior.

Similarly, the Perfumes segment is expected to grow by 9% CAGR between 2023G and 2028G, reaching SAR 29 billion by 2028G. This growth is attributed to the increasing demand for premium Perfumes along with the expansion of the women Perfumes market, as more women participate in the workforce and engage in social gatherings. Home Scents is another upcoming category that is driving growth for the segment.

The Online Channel within the Cosmetics & Personal Care market is set for stronger growth, with a projected CAGR of 12% between 2023G and 2028G, accounting for 23% of the Cosmetics & Personal Care market by 2028G. Online Retailers are witnessing the highest growth within the Online Cosmetics & Personal Care market. The growing digital maturity among women, competitive pricing, and the unique value proposition offered by Online Retailers are driving the Adoption of the Online Channels for Cosmetics & Personal Care purchases. The Personal Care segment is the largest within the Cosmetics & Personal Care market in the Kingdom, reaching SAR 20 billion in 2023G. It is expected that this segment will witness relatively slower growth compared to the overall Cosmetics & Personal Care market in the Kingdom, however, this segment is projected to add another SAR 8 billion to the Cosmetics & Personal Care market by 2028G.

Furthermore, the Kingdom's Cosmetics & Personal Care market is witnessing a shift towards Masstige products, driven by the growing Middle Income consumer cohort. This trend is strongest in categories such as Cosmetics and Perfumes, with Masstige brands gaining popularity among Middle Income consumers seeking affordable, high-quality products.

Competition

The Cosmetics & Personal Care market in the Kingdom of Saudi Arabia is primarily dominated by the Offline Channel, which contributes to 82% of the market in 2023G. Pharmaceutical players such as Al Nahdi and Al-Dawaa hold a dominant presence in the Care segment, leveraging their wide store footprint, accessibility, and strong distribution networks.

Online Retailers are experiencing stronger growth in the Perfumes and Cosmetics segments, offering a curated and extensive product assortment, exceptional customer experience, and personalized recommendations. Within Online Retailers, Nice One Beauty Digital Marketing Company (Nice One) has emerged as a clear leader, capturing more than 29% market share in 2023G.

SUMMARY OF FINANCIAL INFORMATION AND KEY PERFORMANCE INDICATORS

The selected financial information set out below should be read in conjunction with the Company's audited financial statements for the financial year ended 31 December 2021G, the audited consolidated financial statements for the financial year ended 31 December 2023G, which includes the reclassified comparative information as at and for the year ended 31 December 2022G and the unaudited interim condensed consolidated financial statements for the Three-Month Period Ended 31 March 2024G, which includes the unaudited interim condensed consolidated financial information for the three-month period ended 31 March 2023G, and the accompanying notes.

The Company's audited financial statements for the financial years ended 31 December 2021G and 2022G and the Company's audited consolidated financial statements for the financial year ended 31 December 2023G, along with the accompanying notes, included in other parts of this Prospectus have been prepared in accordance with the International Financial Reporting Standards (IFRS) 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) (collectively, the "**IFRS-KSA**") and have been audited by the Group's Auditor, Ernst & Young Professional Services (Professional LLC) ("**EY**" or the "**Auditor**"). The Company's unaudited interim condensed consolidated financial statements for the Three-Month Period Ended 31 March 2024G and the accompanying notes, included in other parts of this Prospectus, have been prepared in accordance with International Accounting Standard No. 34 (Interim Financial Reporting) as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements that are endorsed by SOCPA, and have been reviewed by the Auditor. Such financial statements, along with the Company's audited financial statements for the financial years ended 31 December 2021G and 2022G and the Company's audited consolidated financial statements for the financial year ended 31 December 2023G are hereinafter referred to as the "**Financial Statements**"). These Financial Statements are included in Section 19 ("**Financial Statements and Auditor's Reports**") of this Prospectus.

It should be noted that the Company has issued its statutory financial statements for the financial year ended 31 December 2021G, which have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-Sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by SOCPA (collectively referred to as the "**IFRS for SMEs-KSA**"). On 25 July 2024G, the Shareholders appointed internal financial advisers to carry out the Initial Public Offering (IPO) activities. For the purposes of the IPO, the Company elected to prepare the financial statements for the financial year ended 31 December 2021G, in accordance with IFRS-KSA. The financial statements for the financial year ended 31 December 2021G are the first financial statements prepared by the Company in accordance with IFRS-KSA.

On this basis, the financial information for the financial year ended 31 December 2021G, was derived from the Company's audited financial statements for the financial year ended 31 December 2021G that were prepared in accordance with IFRS-KSA, and the financial information for the financial year ended 31 December 2022G was derived from the financial information for the comparative year presented in the Company's audited consolidated financial statements for the financial year ended 31 December 2023G. The financial information for the three-month period ended 31 March 2023G was derived from the financial information for the comparative period presented in the Company's unaudited interim condensed consolidated financial statements for the Three-Month Period Ended 31 March 2024G.

Back to Table of Content >

SAR in 000s	As at/Year Ended 31 December 2021G	As at/Year Ended 31 December 2022G	As at/Year Ended 31 December 2023G	As at/Period Ended 31 March 2023G (Unaudited)	As at/Period Ended 31 March 2024G (Unaudited)
Statement of Comprehensive Income Data					
Revenue	449,205	613,631	782,355	155,142	250,053
Cost of Revenue	(292,320)	(451,918)	(565,800)	(108,103)	(178,953)
Gross Profit	**156,886**	**161,714**	**216,555**	**47,039**	**71,099**
Selling and Marketing Expenses	(110,802)	(111,209)	(144,093)	(30,118)	(35,317)
General and Administrative Expenses	(28,980)	(29,120)	(36,710)	(7,710)	(11,900)
Operating Profit	**17,104**	**21,384**	**35,752**	**9,211**	**23,882**
Financing Cost	(773)	(2,332)	(3,126)	(800)	(1,068)
Other Income	489	82	2,999	1,218	34
Share of loss from a Subsidiary	(1,447)	-	-	-	-
Profit Before Zakat	**15,372**	**19,135**	**35,624**	**9,629**	**22,848**
Zakat for the Year / Period	(1,860)	(2,403)	(3,000)	(750)	(950)
Net Profit for the Year / Period	**13,512**	**16,732**	**32,624**	**8,879**	**21,898**
Other Comprehensive Loss:					
Re-measurement loss of Employees' Terminal Benefits	(295)	(481)	(435)	-	-
Total Comprehensive Income for the Year / Period	**13,217**	**16,251**	**32,190**	**8,879**	**21,898**
Statement of Financial Position Data					
Total Non-current Assets	16,418	64,280	75,977	67,860	78,228
Total Current Assets	177,760	225,256	273,260	240,254	325,436
Total Assets	194,179	289,536	349,238	308,114	403,664
Total Equity	80,629	88,481	112,671	97,360	134,569
Total Non-current Liabilities	11,545	27,514	25,896	29,433	24,723
Total Current Liabilities	102,004	173,541	210,671	181,321	244,372
Total Liabilities	113,550	201,055	236,567	210,754	269,095
Total Equity and Liabilities	194,179	289,536	349,238	308,114	403,664
Statement of Cash Flows Data					
Net Cash (Used In)/ From Operating Activities	(48,731)	33,441	47,385	(11,899)	27,313
Net Cash used in investing activities	(8,712)	(46,224)	(10,227)	(1,635)	(3,918)
Net Cash From / (Used In) Financing Activities	34,398	31,897	(14,132)	(2,599)	1,556
Cash and Cash Equivalents at the End of the Year / Period	27,566	46,680	69,706	30,547	94,657

Source: the Company's audited financial statements for the financial year ended 31 December 2021G, the audited consolidated financial statements for the financial year ended 31 December 2023G and the unaudited interim condensed consolidated financial statements for the Three-Month Period Ended 31 March 2024G.

Key Performance Indicators (KPIs)	As at/Year Ended 31 December 2021G (Management Information)	As at/Year Ended 31 December 2022G (Management Information)	As at/Year Ended 31 December 2023G (Management Information)	As at/Period Ended 31 March 2023G (Management Information)	As at/Period Ended 31 March 2024G (Management Information)
Volumes Sold (per thousand units)					
Cosmetics	4,048	6,831	9,985	1,827	3,207
Perfumes	980	1,270	1,438	286	397
Personal Care Products	2,396	3,749	6,059	1,042	2,212
Other	73	124	465	5	0
Total	7,497	11,974	17,968	3,161	5,819
Average Selling Price Per Unit (SAR)					
Cosmetics	38.7	31.2	29.5	34.4	29.9
Perfumes	149.0	160.6	158.9	163.4	152.3
Personal Care Products	49.8	42.8	37.4	37.3	37.8
Performance Indicators					
Total Number of Customers (1)	903,456	1,152,780	1,463,616	424,332	710,272
Customer Churn Rate (2)	29.4%	29.1%	26.4%	27.0%	24.2%
Total Number of Orders	1,405,442	2,040,173	2,699,446	504,720	886,771
Average Number of Orders Per Customer	1.6	1.8	1.8	1.2	1.2
Average Quantity Sold Per Order	5.3	5.9	6.7	6.3	6.6
Average Order Value Per Customer (SAR)	319.6	300.8	289.8	307.4	282.0
Key Financial Indicators					
Gross Profit Margin (3)	34.9%	26.4%	27.7%	30.3%	28.4%
Selling and Distribution Expenses as a % of Total Revenue (4)	24.7%	18.1%	18.4%	19.4%	14.1%
General and Administrative Expenses as a % of Total Revenue (5)	6.5%	4.7%	4.7%	5.0%	4.8%

Key Performance Indicators (KPIs)	As at/Year Ended 31 December 2021G (Management Information)	As at/Year Ended 31 December 2022G (Management Information)	As at/Year Ended 31 December 2023G (Management Information)	As at/Period Ended 31 March 2023G (Management Information)	As at/Period Ended 31 March 2024G (Management Information)
Operating Profit Margin (6)	3.8%	3.5%	4.6%	5.9%	9.6%
Net Profit Margin for the Year / Period (7)	3.0%	2.7%	4.2%	5.7%	8.8%
Inventory Turnover (in days)(8)	97	112	110	137	89
Receivables Turnover (in days)(9)	29	21	17	31	17
Payables Turnover (in days)(10)	127	94	98	133	89
Cash Conversion Cycle (In Days)(11)	0	39	30	35	17
Return on Assets Ratio(12)	7.5%	6.8%	10.1%	8.1%	12.0%
Return on Equity Ratio(13)	22.1%	19.8%	32.4%	26.3%	36.9%
Debt-to-Equity Ratio (14)	13.6%	52.1%	37.0%	46.8%	38.6%

Source: Management Information

(1) Number of Customers: they represent the number of unique customers, that is, the unrepeated number of customers who have made at least one order throughout the year / period.

(2) Customer Churn Rate: The Customer Churn Rate measures the number of the Company's customers who have not made a purchase within two years of the relevant period divided by the number of customers who have or have not made a purchase during the same period.

(3) The Gross Profit Margin was calculated through the Gross Profit for the Year (Period) / Revenue for the Year (Period). Starting from FY2022G, the Group has reclassified shipping and delivery expenses to be part of the Cost of Revenue and not Sales and Marketing Expenses. Accordingly, the Gross Profit Margin decreased from 34.9% in FY2021G to 26.4% in FY2022G.

(4) Sales and Marketing Expenses were calculated as a percentage of Total Revenue through Sales and Marketing Expenses for the year (period) / Revenue for the year (period).

(5) General and Administrative Expenses were calculated as a percentage of Total Revenue through General and Administrative Expenses for the year (period) / Revenue for the year (period).

(6) The Operating Profit Margin was calculated through the Operating Profit for the year (period) / Revenue for the year (period).

(7) The Net Profit Margin was calculated through the Net Profit for the year (period) / Revenue for the year (period).

(8) The Inventory Turnover was calculated using the average inventory balance for the previous year and the current year / cost of goods for the year *365 days for the financial years ended 31 December 2021G, 2022G, 2023G, and 91 days for the periods ended 31 March 2023G, and 2024G.

(9) The Receivable Turnover was calculated using the average total balance of commercial receivables for the previous year and the current year / total cash on delivery revenue and buy-now-pay-later service revenue for the year *365 days for the financial years ended 31 December 2021G, 2022G, 2023G, and 91 days for the Periods Ending 31 March 2023G, and 2024G.

(10) The Payables Turnover was calculated using the average balance of commercial payables for the previous year and the current year / cost of goods for the year *365 days for the financial years ended 31 December 2021G, 2022G, 2023G, and 91 days for the Periods Ending 31 March 2023G, and 2024G.

(11) The Cash Conversion Cycle was calculated using the Inventory Turnover plus Receivables Turnover minus Payables Turnover for the financial years ended 31 December 2021G, 2022G, 2023G, and the Three-Month Period Ended 31 March 2023G, and 2024G.

(12) The Return on Assets for FY2021G, FY2022G and FY2023G was calculated using the Profit of the Year / Average Total Assets for the year (calculated as the sum of the previous and current year-end balances and divided by 2); while the Return on Assets for the periods ended 31 March 2023G and 2024G was calculated using the Profit of the last twelve months for the period / Average Total Assets for the previous year and the current period as at 31 March 2023G, and 2024G.

(13) The Return on Equity for FY2021G, FY2022G and FY2023G was calculated using the Profit of the Year / Average Total Equity for the year (calculated as the sum of the previous and current year-end balances and divided by 2); while the Return on Equity for the periods ended 31 March 2023G and 2024G was calculated using the Profit of the last twelve months for the period / Average Total Equity for the previous year and the current period as at 31 March 2023G, and 2024G.

(14) The Debt-to-Equity Ratio was calculated using sum of short-term loans and the current and non-current portions of long-term borrowings / total equity as of 31 December 2021G, 2022G, and 2023G, as well as 31 March 2023G, and 2024G.

SUMMARY OF RISK FACTORS

Before considering an investment in the Offer Shares, prospective investors are advised to carefully consider all the information contained in this Prospectus, particularly the risks stated below and which are described in detail in Section 2 ("**Risk Factors**").

a- Risks Related to the Company's Operations

1- Risks Related to the Dependence of Historic Revenues on the Customer Base for each Year, with a Gradual Decline Due to a Decline in New Customers or Levels of Customer Spending

2- Risks Related to Customer Loss

3- Risks Related to the Company's Marketing Activities

4- Risks Related to the Company's reliance on Key Suppliers

5- Risks related to the Sustainability of the Company's Supplier Support Incentives

6- Risks Related to the Company's Smartphone Applications, Online E-Commerce Platform and Related Online Advertising Activities

7- Risks Related to Online Payment and Payment Processing by Third Party Providers

8- Risks Related to the Seasonality of Revenues

9- Risks Related to Inventory Levels

10- Risks Related to the Adoption and Implementation of the Company's Strategy

11- Risks Related to the Impact of Increasing Costs and Operating Expenses on the Company's Business

12- Risks Related to Safety Accidents at the Company's Warehouses and Employees' Occupational Errors

13- Risks Related to Reliance on Support from Third Party Logistics Service Providers

14- Risks Related to the Management of Monetary Funds and Theft by Couriers

15- Risks Related to the Operation of the Company's Warehouses

16- Risks Related to Maintaining the Reputation of the "Nice One" Brand

17- Risks Related to Quality or Safety Issues of the Company's Products

18- Risks Related to the Company's Delivery, Return and Exchange Policies

19- Risks Related to Data Protection and Interruptions in the Company's IT Infrastructure

20- Risks Related to the Company's Related Party Transactions

21- Risks Related to the Quality of the Company's Customer Services and Technical Support

22- Risks Related to the Company's Reliance on its Senior Management and Key Personnel

23- Risks Related to the Company's Current or Future Bank Loans

24- Risks Related to Negative Changes in Interest Rates

25- Risks Related to the Company's Implementation of a Newly Adopted Corporate Governance Manual

26- Risks Related to Management's Lack of Experience in Managing a Publicly Listed Company

27- Risks Relating to Protecting Intellectual Property Rights on Which the Company Relies

28- Risks Related to Third Party Intellectual Property Rights

29- Risks Related to the Adequacy of Insurance Coverage

30- Risks Related to Litigation Involving the Company

31- Risks Related to the Potential Misconduct of the Company's Employees and Third-Party Agents

32- Risks Related to Zakat

33- Risks Related to VAT

34- Risks Related to Internal Control Systems and Accounting Errors

35- Risks Related to Future Mergers, Acquisitions, and Investments

36- Risks Related to Board Members Engaging in Activities Competing with the Company's Business

b- Risks Related to the Market, Industry and Regulatory Environment

1- The Impact of Political and Economic Risks on the Company's Operations
2- Risks Related to Increased Competition in the Industry in which the Company Operates
3- Risks Related to Failure to Anticipate or Appropriately Adapt to Changes or Trends within the Beauty and Personal Care Retail Industry
4- Risks Related to the E-Commerce Law and Implementing Regulations Thereof
5- Risks Related to the Competition Law
6- Risks Associated with Statutory Regulations, Permits, Licenses and Approvals Necessary for the Company's Business
7- Risks Related to Changes in Importation Laws and Regulations
8- Risks Related to the Companies Law
9- Risks Related to Exchange Rate Fluctuations
10- Risks Related to Changes in Laws and Government Policies in Saudi Arabia, or Changes in Their Application to the Company
11- Risks Related to Saudization, Non-Saudi Employees, and Other Labor Law Requirements
12- Risks Relating to the Outbreak of Infectious Diseases or Other Serious Public Health Concerns
13- Risks Related to Natural Disasters, Severe Weather Conditions and Other Out-of-Control Events

c- Risks Related to the Offer Shares

1- Risks Related to Control by Substantial Shareholders on the Interests of the Company and Other Shareholders
2- Risks Related to the Absence of a Prior Market for the Shares
3- Risks Related to Future Sales and Offers
4- Risks Related to the Use of IPO Proceeds
5- Risks Related to Fluctuation in the Market Price of the Shares
6- Risks Relating to the Company's Ability to Distribute Dividends
7- Risks Related to the Failure of Publishing Research or the Publishing of Unfavorable Research About the Company

نايس ون
NICE ONE
CALLA
MAKEUP
THE NEW MAKE
EYESHADOW PALETTE
CALLA
MAKEUP
THE NEW MAKE
EYESHADOW PALETTE

Table of Contents

List of Tables

List of Exhibits


نايس ون
NICE ONE
KÉRASTASE
PARIS
NACIFIC
Anua
KÉRASTASE

1. DEFINITIONS AND ABBREVIATIONS

1.1 Glossary

Term	Definition
Acting in Concert	Actively cooperating, pursuant to an agreement or an understanding (whether formal or informal) between persons, to be controllers (whether directly or indirectly, excluding indirect ownership of shares through SWAP Agreements or through an investment fund whose unit owner has no discretion in its investment decisions) of a company, through the acquisition by any of them (through direct or indirect ownership) of voting shares in that company. Moreover, "**concert parties**" shall be construed accordingly.
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 Company's Audit Committee.
Average Order Value	It is the calculated average of the sum of the money that customers spend on each purchase over a specified period of time.
Bahr Almontajat General Trading Company	Bahr Almontajat General Trading Company is a limited liability company, with a capital of fifty thousand (50,000) Egyptian pounds (EGP) divided into five hundred (500) shares with a nominal value of one hundred Egyptian pounds (EGP 100) per share. It is registered in the Commercial Register of Egypt under No. 190854 dated 04/08/2022G.
Bahr Almontajat Trading Company	The Company' name when it was converted from a single-person establishment into a limited liability company (or "Product Sea Trading Company" as per English audited financial statements for the years ended 31 December 2021G, 2022G and 2023G.
Bid Form	The Bid Form used by the Participating Parties to apply for the Offer Shares during the Book-Building period. This term includes (as the case may be) the supplementary application form when the price range is changed.
Board or Board of Directors	The Company's Board of Directors.
Branch	Company branch registered in the Commercial Register as an independent branch, through which profits are collected.
Business Day	Any Business Day for Receiving Agents in Saudi Arabia (with the exception of Fridays, Saturdays, and official holidays).
Bylaws	The Company's Bylaws, approved by the General Assembly.
Capital Market Institution	A person authorized by the CMA to carry out securities business.
Capital Market Law	The Capital Market Law issued by Royal Decree Number M/30 dated 02/06/1424H (corresponding to 31/07/2003G), as amended.
CEO	The Company's Chief Executive Officer.
Chairman	The Chairman of the Company's Board of Directors.
CMA	The Capital Market Authority in Saudi Arabia.
Companies Law	The Companies Law, issued under Royal Decree No. M/132 dated 01/12/1443H (corresponding to 30/06/2022G), as amended.
Company or Issuer	Nice One Beauty Digital Marketing Company (Previously known as "Bahr Almontajat Trading Company", also referred to as "Product Sea Trading Company" as per English audited financial statements for the years ended 31 December 2021G, 2022G and 2023G)
Competition Law	The Competition Law issued under Royal Decree No. M/75 dated 29/06/1440H (corresponding to 06/03/2019G), as amended.
Control	Pursuant to the Glossary of Defined Terms used in the Regulations and Rules of the Capital Market Authority, "**Control**" means the ability to influence the actions or decisions of another person, whether directly or indirectly, alone or with a relative or affiliate, through: (i) holding 30% or more of the voting rights in a company; or (ii) having the right to appoint 30% or more of the members of the governing body, and a "**controller**" shall be construed accordingly.
Corporate Governance Regulations	The Corporate Governance Regulations in KSA issued by the CMA Board pursuant to Resolution No. 8-16-2017 dated 16/05/1438H (corresponding to 13/02/2017G), amended by Resolution No. 8-5-2023 dated 25/06/1444H (corresponding to 18/01/2023G), as amended.

Term	Definition
Current Shareholders	All Current Shareholders of the Company, whose names and ownership percentages are listed in Table 12.1 ("**The Company's Ownership Structure Pre- and Post-Offering as at the date of this Prospectus**"), are: • Omar Ali AlOlayan • Abdulrahman Ali AlOlayan • Wajhat AlHamra for Investment Company • Darb AlNomu Investment Company • Tareek Al Nomu Investment Company • Bandar Abdulrahman AlDhalea • Hisham bin Sulaiman AlHabib • Abdulaziz bin Sulaiman AlHabib
Directors or Board Members	Members of the Company's Board of Directors appointed by the General Assembly whose names appear in Section 5.1 ("**Board Members and Secretary**") of this Prospectus.
Exchange	The Exchange in which the Shares will be registered and offered pursuant to Part 4 of the OSCOs.
Extraordinary General Assembly	An Extraordinary General Assembly of the Shareholders convened in accordance with the Company's Bylaws.
Financial Advisors	EFG Hermes KSA and SNB Capital Company.
Fiscal Year	The Company's Fiscal Year commencing as of 1 January and ending on 31 December of each Gregorian year.
FY2021G or 2021G	The period commencing on 01/01/2021G and ending on 31/12/2021G.
FY2022G or 2022G	The period commencing on 01/01/2022G and ending on 31/12/2022G.
FY2023G or 2023G	The period commencing on 01/01/2023G and ending on 31/12/2023G.
G	Gregorian.
GAC	The General Authority for Competition of Saudi Arabia.
GCC States	The United Arab Emirates, Kuwait, Qatar, Bahrain, and Oman.
General Assembly	An Extraordinary General Assembly and/or an Ordinary General Assembly of the Company Shareholders.
Generally Accepted Accounting Standards in the Kingdom	Accounting standards accepted in the Kingdom of Saudi Arabia and other standards and releases approved by SOCPA.
Government	Government of the Kingdom of Saudi Arabia, and "**Governmental**" shall be construed accordingly.
Group	The Company and its subsidiaries.
H	Hijri.
Head Office	The Company's head office in Riyadh.
IAS 34 as endorsed in KSA	International Accounting Standard 34 (Interim Financial Reporting), 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.
Independent Auditor	Ernst & Young Professional Services (Professional Limited Liability Company).
Individual Subscribers	Saudi Arabian nationals, including Saudi female divorcees or widows with minor children from a marriage to a non-Saudi person, knowing that she can subscribe for her own benefit or in the names of her minor children on the condition that she proves that she is their mother; any non-Saudi Arabian national who is resident in the Kingdom; and any GCC national; provided that in each case of the aforementioned, the person has an investment account and an active portfolio with a Receiving Agent or is entitled to open investment accounts with a Capital Market Institution.
Instructions on Book-Building and Allocation of Shares in Initial Public Offerings	The Instructions on Book-Building and Allocation of Shares in Initial Public Offerings (IPOs) issued by the Board of the CMA pursuant to its Board Resolution No. 2-94-2016 dated 15/10/1437H (corresponding to 20/07/2016G) as amended by CMA Board Resolution No. 1-103-2022 dated 02/03/1444H (corresponding to 28/09/2022G), as amended.

Term	Definition
International Financial Reporting Standards applicable in the KSA (IFRS-KSA)	The International Financial Reporting Standards, as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by SOCPA.
Key Suppliers	The Company's top 10 suppliers based on total purchases as in the Financial Year ending on 31 December 2023G.
KSA, the Kingdom, or Saudi Arabia	The Kingdom of Saudi Arabia.
Labor Law	The Saudi Labor Law issued under Royal Decree No. M/51 dated 23/08/1426H (corresponding to 27/09/2005G), as amended by Royal Decree No. M/5 dated 07/01/1442H (corresponding to 26/08/2020G), as amended.
Lead Manager	SNB Capital Company
Listing	Listing the Company's shares on the Exchange in accordance with the Listing Rules.
Listing Rules	The Listing Rules of Tadawul issued by the Board of the CMA pursuant to Resolution No. 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017G), as amended pursuant to Resolution No. 1-108-2022 dated 23/03/1444H (corresponding to 19/10/2022G), as amended.
Lock-up Period	The six-month period during which the Substantial Shareholders may not dispose of any of their shares starting from the date of listing the Shares on the Saudi Stock Exchange.
Management	Executive board members and senior executives of the Company.
Market Study	The Market Study prepared by the Market Study Consultant regarding the cosmetics and self-care sector in May 2024.
Market Study Consultant	42Seer Technologies FZE, a wholly owned subsidiary of Redseer Strategy Consultants
MHRSD	The Ministry of Human Resources and Social Development in Saudi Arabia.
MIMR	The Ministry of Industry and Mineral Resources in Saudi Arabia.
MoC	The Ministry of Commerce in Saudi Arabia.
MoI	The Ministry of Investment in Saudi Arabia.
MoMRAH	The Ministry of Municipal, Rural Affairs, and Housing in Saudi Arabia.
New Shares	Five million five hundred thousand (5,500,000) shares to be issued and offered for subscription to increase the Company's capital during the Offering process.
Nice One Perfumes and Cosmetics Trading LLC	Nice One Perfumes and Cosmetics Trading LLC is a limited liability company, with a capital of three hundred thousand (300,000) dirhams (AED) divided into three hundred (300) shares with a nominal value of one thousand dirhams (AED 1,000) per share. It is registered in the Commercial Register of the Emirate of Dubai under No. 1149849 dated 04/05/2023G.
Nomination and Remuneration Committee	The Company's Nomination and Remuneration Committee.
Offer Price	SAR [●].
Offer Shares	Offer Shares comprise Sale Shares and New Shares, which represent 30% of the Company's capital after the capital increase and the issuance of shares.
Offering	The initial public offering of the Company's shares in accordance with the terms set forth in this Prospectus.
Offering Period	The Offering Period will commence on Tuesday, 23/06/1446H (corresponding to 24/12/2024G), and will remain open for a period of two working days up to and including the last Offering day at 2:00 pm on Wednesday, 24/06/1446H (corresponding to 25/12/2024G).
Ordinary General Assembly	An Ordinary General Assembly of the Shareholders convened in accordance with the Company's Bylaws.
OSCOs	The Rules on the Offer of Securities and Continuing Obligations issued by the CMA Board pursuant to its Resolution No. 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017G), amended by Resolution No. 3-6-2024 dated 05/07/1445H (corresponding to 17/01/2024G), as amended.

Term	Definition
Participating Parties	Parties eligible to participate in the Book-Building process pursuant to the Book-Building Instructions, namely: 1- Public and private funds that invest in securities listed on the Saudi Exchange, if permissible, according to the terms and conditions of such funds, in accordance with the provisions and restrictions set forth in the Investment Fund Regulations and the Book-Building Instructions; 2- Capital Market Institutions licensed to deal as principal, in accordance with the Prudential Rules, when submitting the Subscription Application Form; 3- Customers of a Capital Market Institution authorized by the CMA to conduct managing 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 (Edaa), including foreign legal persons who are allowed to invest in the Exchange in which the shares of the Issuer are to be listed, subject to the investment requirements of companies listed on the security market, as stipulated in CMA's Circular No. 6/05158 dated 11/08/1435H (corresponding to 09/06/2014G) based on the Capital Market Authority's Board Resolution No. 9-28-2014 dated 20/07/1435H (corresponding to 19/05/2014G); 5- Government entities and any supranational authority recognized by the CMA, the Exchange, or any other exchange recognized by the CMA or Securities Depository Center (Edaa); 6- Companies owned by the Government, directly or through a portfolio manager; and 7- GCC companies and GCC funds if the terms and conditions of such fund so permit.
Period ending 31 March 2024G or the Three-Month Period Ended 31 March 2024G	The period commencing on 01/01/2024G and ending on 31/03/2024G.
Period ending 31 March 2023G or the Three-Month Period Ended 31 March 2023G	The period commencing on 01/01/2023G and ending on 31/03/2023G.
Person	Any natural or legal person recognized as such under the laws of the Kingdom.
Prospectus	This document prepared by the Company in relation to the Offering.
Prudential Rules	The Prudential Rules issued pursuant to the CMA Board Resolution No. 1-40-2012 dated 17/02/1434H (corresponding to 20/12/2012G), amended by Resolution No. 1-129-2022 dated 04/06/1444H (corresponding to 28/12/2022G), as amended.
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 Affiliates of the Issuer; 5- Directors and Senior Executives of the Substantial Shareholders of the Issuer; 6- Any relatives of persons described in 1, 2, 3, 4, or 5 above; 7- Any company controlled by any persons described in 1, 2, 3, 4, 5, or 6 above; and 8- Persons acting in concert and collectively holding 5% or more of the class of shares to be listed.
QFI or Qualified Foreign Investor	A foreign investment legal person that has been qualified in accordance with the Rules for Qualified Foreign Financial Institution Investment in Listed Securities to invest in listed securities.
Receiving Agents	The Receiving Agents whose names are stated on page (ix), (x) and (xi).

Back to Table of Content >

Term	Definition
Related Party(ies)	In this Prospectus and pursuant to the Glossary of Defined terms used in the Regulations and Rules of the CMA, a "**Related Party**" includes any of the following: 1- Affiliates of the Issuer, except for wholly owned companies; 2- Substantial Shareholders of the Issuer; 3- Directors and Senior Executives of the Issuer; 4- Directors of an Affiliate of the Issuer; 5- Directors and Senior Executives of the Substantial Shareholders of the Issuer; 6- Any relatives of persons described in 1, 2, 3, or 5 above; and 7- Any company or entity controlled by any persons described in 1, 2, 3, 5, or 6 above. For the purposes of the abovementioned paragraph 6, a relative refers to one's father, mother, husband, wife, and children.
Relatives	A "relative" includes the husband, wife, and minor children. For purposes of the Corporate Governance Regulations, a "Relative" includes any of the following: • Fathers, mothers, grandfathers, grandmothers, and ancestors thereof; • Children, grandchildren, and descendants thereof; • Brothers and sisters, siblings, father, or mother; • Husbands and wives.
Sale Shares	Twenty-nine million one hundred and fifty thousand (29,150,000) shares of the current shares in the Company's capital to be sold by the Selling Shareholders during the Offering.
Saudi Riyal(s) or SAR	Saudi Arabian Riyal(s), i.e. the official currency of Saudi Arabia.
Saudization	Saudization requirements applicable to the labor market in Saudi Arabia.
Saudization Rate	The percentage of employees within any workforce who are deemed to count towards the level of Saudization within the workforce of any company, including Saudi nationals and persons married to Saudi nationals, with certain categories of persons, such as disabled Saudi employees, given greater weighting when counted towards the Saudization level.
Secretary	The Secretary of the Board of Directors.
Selling Shareholders	• Omar Ali Abdulrahman AlOlayan • Wajhat AlHamra for Investment Company • Abdulrahman Ali Abdulrahman AlOlayan • Darb AlNomu Investment Company • Tareek Al Nomu Investment Company • Bandar Abdulrahman Abdulaziz AlDhalea • Hisham Sulaiman AlHabib • Abdulaziz Sulaiman AlHabib
Senior Executives	Any natural person tasked with assuming management and supervision roles, alone or jointly with others, upon the request of the Board of Directors or a member of the Board of Directors of the Company. A Senior Executive may report to the Board of Directors directly, a member of the Board of Directors, or the CEO.
SFDA	The Saudi Food & Drug Authority.
Shareholder(s)	Any holder of Shares in the Company.
Shares	Any ordinary share of the Company with a nominal value of SAR 1 per share in the Company's capital.
Subscriber(s)	Any Participating Party and Individual Subscriber.
Subscription Application Form	The Subscription Application Form that the Subscriber uses to apply for Offer Shares.
Subsidiaries	a. Bahr Almontajat General Trading Company b. Nice One Perfumes and Cosmetics Trading LLC.
Substantial Shareholder(s)	Any Shareholder owning 5% or more of the Issuer's total Shares.
SWAP Agreements	Type of agreement through which non-GCC Individual Investors residing outside the Kingdom, or non-GCC institutions registered outside the Kingdom agree with a Capital Market Institution licensed by the CMA to invest indirectly to acquire the economic benefits of shares by acquiring the economic benefits of shares.

Term	Definition
Tadawul or Market	Saudi Exchange Company.
Underwriters	SNB Capital Company and EFG Hermes KSA.
Underwriting Agreement	The underwriting agreement entered into between the Company, the Selling Shareholders, and the Underwriters in connection with the Offering.
VAT	Value Added Tax, also known as Goods and Services Tax.
Zakat	Zakat imposed on Muslims under the relevant laws.
ZATCA	The Zakat, Tax, and Customs Authority in Saudi Arabia (formerly known as the General Authority of Zakat and Tax "GAZT").

1.2 Specific Terms

Term	Definition
Average Income	The Average Income is that of citizens earning between $10,000 and $100,000 per year.
CAC	Customer Acquisition Cost refers to the sales, marketing, and other relevant costs divided by the number of new customers during a given year.
CLV	Customer Lifetime Value refers to the average profits (or revenues) that the Company makes from a single client over the duration of its dealings with such client.
Company Brands	Company Brands include brands registered in the name of the Company and brands exclusively distributed by the Company.
Company's e-Platform	The Company's e-Platform refers to the Company's online platform, including: (1) a smartphone application designed and developed by the Company, available on Apple and Google Play stores, and (2) and the Company's website.
Coronavirus Pandemic	The Coronavirus Pandemic or the COVID-19 pandemic is a global health crisis caused by the spread of the novel coronavirus SARS-CoV-2, which debuted in Wuhan, China in December 2019.
Cosmetics	Include a range of cosmetic products including those for the face, eyes, brows, lips, nails, in addition to cosmetic accessories and lenses.
Cosmetics & Personal Care	The Cosmetics & Personal Care market covers a diverse range of beauty and personal care products that include Cosmetics, skincare, hair care, fragrances, and more.
Customer Churn Rate	The Customer Churn Rate measures the number of the Company's customers who have not made a purchase within two years of the relevant period divided by the number of customers who have or have not made a purchase during the same period.
Developed Economies	Countries with a high level of economic development, high per capita income, and advanced technological infrastructure. Examples include the United States, the United Kingdom and France
Devices	Include various beauty devices such as those for the body, face, and hair
Digital Channels	Digital Channels include search engines (Google, Bing, and others), social media platforms (Facebook, TikTok, Instagram, Snapchat, etc.), video-based platforms (YouTube), digital commerce channels such as Online Retailers, online food delivery platforms, etc.
Digital Economy	Digital Economy refers to the value of goods and services consumed through digital channels. This includes e-commerce sectors such as Online Retailers, online transportation and delivery services, online travel, online food delivery, etc.
Digital Media	Includes social media platforms (Facebook, TikTok, Instagram, Snapchat, etc.) and video-based platforms (YouTube, etc.)
Discounters	Retailers that sell products at prices lower than the typical market price, often with a limited product assortment and a focus on efficiency
Ease of Doing Business	World Bank index ranking countries based on the conduciveness of their regulatory environment for starting and operating a business
Electronic Channel(s)	A digital platform that facilitates the distribution of online content, services, or products.
Female Labor Participation	Female labor force participation rate (% of female population aged 15-64)
Food Delivery	A courier service in which a restaurant, or independent Food Delivery company delivers food to a customer

Term	Definition
GDP	The Gross Domestic Product is the total value of goods and services produced by a country within a specific time period
GDP per Capita	The GDP per Capita is calculated by dividing a country's GDP by its population, then converting it to Saudi riyals, such that $1=SAR 3.75.
Healthcare	Healthcare includes multivitamins and health supplements.
Home Scents	Refers to products designed to enhance the ambiance and fragrance of living spaces, such as scented candles, reed diffusers, room sprays, and wax melts
Horizontals	Online Retail players with a large multi-category presence like Noon, Amazon
Human Capacity Development Program	The Human Capability Development Program focuses on developing a solid educational base for all citizens to instill values from an early age, while preparing the youth for the future local and global labor market.
Influencers	Influencers are famous people who can influence the opinions and behavior of others. Influencers play a key role in society, as they can impact ideas and motivate change.
International Brands	International Brands include products of leading international, regional, and local brands.
KSA Online Retailers	Online retailers like Nice One, Golden Scent, Huda beauty, which are specialists focusing on Beauty and Personal Care sector
Lenses	Lenses include cosmetic lenses, prescription lenses, and contact lens solutions.
LPI	LPI, which stands for Logistics Performance Index, is a World Bank evaluation report that assesses the performance of countries' logistics across six main dimensions.
Masstige	Masstige refers to brands that offer good quality products at competitive prices and appeal to the Middle Income and emerging affluent cohorts of society. The classification is based on SKU average pricing.
Median Age	The age that divides the population into two numerically equal groups, with half the people being younger and half older than this age
Monsha'at	The Small and Medium Enterprises General Authority "Monsha'at", was established in 2016 to regulate, support, and develop the SME sector in the Kingdom. It operates independently under the Ministry of Commerce and aims to increase the productivity of SMEs and raise their contribution to the GDP from 20% to 35% by 2030
National Cybersecurity Authority	A government organization responsible for developing and implementing cybersecurity policies, strategies, and guidelines in the Kingdom
NIDLP	The National Industrial and Logistics Development Program is a comprehensive initiative under the Saudi Vision 2030. The NIDLP aims to transform the Kingdom into a leading industrial hub and a global logistics hub.
Number of Downloads of Nice One Mobile Application	Number of Downloads of Nice One Mobile Application refers to the number of times the Nice One mobile application has been downloaded on users' phone for the first time.
Number of Orders	The number of orders received from customers.
Number of Submitted Orders	The total number of executed and unexecuted orders placed by customers.
Number of Stores	Total number of retail outlets for a particular company or brand.
Offline Channel	The traditional brick-and-mortar retail outlets
Omnichannel	Retailers operating across multiple online and offline channels
One Visit/Day	One Visit/Day means that a single visit to the Company's website does not include repeated visits by the same user.
Online Beauty and Personal Care Penetration	The percentage of the total Beauty and Personal Care market that is captured by online sales
Online Retail	Online Retail is s form of electronic commerce which allows consumers to directly buy goods from a seller over the Internet using a web browser or a mobile app
Online Shoppers	Online Shoppers include individuals who make online purchases.
Penetration Rate	Penetration Rate refers to the number of buyers during a given year as a percentage of the total population.

Term	Definition
Perfumes	Includes various types of perfumes for women, men, unisex, children, and home scents. It is noteworthy that perfumes are classified as cosmetics as per global standards. However, for the purpose of the valuation of the main market categories and the size of the Perfume market, Perfumes have been classified as a separate category in this Prospectus.
Personal Care	Personal Care includes hair care, skin care, oral hygiene, health care, mother and baby care, and beauty devices.
Premium Products	Premium refers to brands that offer luxury products at relatively high prices and appeal to the emerging affluent and High-Income cohorts of society. Classification is based on the Stock Keeping Unit (SKU) average price.
Price Limit	Price Limit is the supposed pricing range of the Company's products in relation to competitors within the market.
Private Consumption	Represents households' and non-profit institutions serving households' final consumption expenditure
Retail/Retail Market	Retail Market includes consumer spending on product categories including groceries, fashion, electronics, beauty, personal care, and household goods.
RTV	RTV, which stands for Riyadh Technology Valley, is an investment branch that aims to contribute to economic growth through the development of local technology and the localization of job opportunities available in the technical and knowledge fields.
Same Day Delivery	Same Day Delivery refers to delivery, on the same day, of orders submitted through the platform or website before 2 PM of that same day in Riyadh, and orders submitted before 11 am in the Qassim and Eastern regions.
Saudi Vision 2030	The Saudi Vision 2030 is a strategic framework aimed at reducing Saudi Arabia's dependence on oil, diversifying its economy, and developing public service sectors such as health, education, infrastructure, entertainment, and tourism.
SIDF	The Saudi Industrial Development Fund is a key financial institution in Saudi Arabia, established to support and promote the growth of the industrial sector, in line with the objectives of the Saudi Vision 2030.
SKU	Stock Keeping Unit is a product classification unit or any number assigned to a specific product for the purpose of determining its price, properties, and manufacturer.
Spending	Spending refers to Average Order Value of products and purchase frequency.
Urban Population	Refers to the proportion of a country's population living in Urban areas, as defined by national statistical offices. The data is collected by United Nations Population Division
World Economic Forum	The World Economic Forum is an international organization working towards global cooperation to address key current economic and social issues.
Young Population	Population that comes under Generation Z and Alpha (currently the age group of 27 years and below)
Young Working Population	Population between age groups between 15-24 who are in the workforce

2. RISK FACTORS

Prospective investors should carefully consider the risk factors set out below, along with the other information contained in this Prospectus, prior to making an investment decision with respect to the Offer Shares. The risks and uncertainties described below are those that the Company currently believes may affect it or any investment in the Offer Shares. However, the risks listed below do not necessarily constitute all risks that may affect the Company or associated with an investment in the Offer Shares. There may be additional risks and uncertainties that the Directors currently are not aware of or that the Directors currently believe are immaterial. The occurrence of any such risks and uncertainties may materially or adversely affect the Company's business, results of operations, financial position, and prospects. As a result of such risks, the price of the Shares may decline, the Company's ability to pay dividends to shareholders may be impaired, and investors may lose all, or part of, their investment.

The Company's business, results of operations, financial position, and prospects may be materially or adversely affected, and the Company may not be able to pay dividends, the price of Shares may decline, and investors may lose all, or part of, their investment, if any of the risks referred to below or any other risks not identified by Directors, or that are not material at the present time are realized or become material. As a result of these risks and other factors that may affect the Company's business, the expected events and circumstances in the future that have been presented in this Prospectus may not happen in the way expected by the Company or the Directors, or they may not happen at all. Consequently, investors should consider all future statements contained in this Prospectus in light of this interpretation and not rely on these statements without verifying them (for further information, please refer to Section ("**Important Notice**") on page (i) of this Prospectus).

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

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

The risks stated below are not arranged in order of importance or expected impact on the Company.

2.1 Risks Related to the Company's Operations

2.1.1 Risks Related to the Dependence of Historic Revenues on the Customer Base for each Year, with a Gradual Decline Due to a Decline in New Customers or Levels of Customer Spending

The Company's operations include e-commerce sales of Cosmetics, Personal Care and Perfumes among other products, mainly targeting females. The Company's revenues depend on the volume of sales to, and spending levels by customers, which are affected by several factors (for further information about the financial and operational performance of the business sectors and factors affecting them, please refer to Section 6 ("**Management Discussion and Analysis of Financial Position and Results of Operations**") of this Prospectus. Accordingly, the financial success of the Company is subject to general risks related to the performance of the retail sector. Retail sales, including in the cosmetics, care and perfume sectors, are sometimes subject to rapid and unpredictable changes in the behavior of consumers, which may be influenced by variable general economic conditions related to levels of disposable income, tax implementations (including VAT, which rose from 5% to 15% on 1 July 2020G), consumer spending (including discretionary spending on cosmetics and care products), the general confidence in the economy, changes in consumer preferences and demographics.

Revenue from new customers contributed 53.9% in FY2021G, 41.8% in the FY2022G, and 35.6% in the FY2023G, in addition to 27.1% and 26.7% in the Three-Month Periods Ended 31 March 2023G and 2024G, respectively. The contribution of new customers decreased due to growth in the customer base. During the previous financial periods, the average number of orders per new customer was lower compared to repeat customers in prior periods and lower than the overall average number of orders per customer. The average number of orders per new customer was 1.2 orders for each of the Financial Years Ended 31 December 2021G, and 2022G, 1.1 orders per new customer for the Financial Year ended 31 December 2023G, and 1.2 orders per new customer for the Three-Month Period Ended 31 March 2024G. The average number of orders per customer was 1.6 orders for the Financial Year Ended 31 December 2021G, 1.8 orders per customer for the Financial Years Ended 31 December 2022G and 2023G, and 1.2 orders per customer for the Three-Month Period Ended 31 March 2024G. It is worth noting that most of the revenue growth during each financial period is largely attributed to new customers who placed orders during the year, while the contribution of repeat customers to revenue growth was relatively lower compared to new customers. In the Financial Year Ended 31 December 2022G, the contribution of repeat customers to revenue growth decreased compared to the Financial Year Ended 31 December 2021G (for further information, please refer to Section 6.6.1.2 ("**Revenue by Type**") of this Prospectus).

In addition, the success of the Company's business depends on its ability to attract and retain customers through loyalty programs (for further information on the Company's marketing activities, please refer to Section 3.1.2 ("**Risks Related to the Company's Marketing Activities**") of this Prospectus). For that purpose, the Company must continue to provide a comprehensive and appealing product mix and maintain the quality of products, while anticipating and responding to changes in customers demand levels and preferences in a timely manner. Generally speaking, consumer demand for products is affected by a number of factors, including prevailing economic conditions, disposable income, lifestyle, changes in consumer tastes, prices, uses of products, technology and other factors. It is also possible that some of the Company's products may not achieve a widespread consumer acceptance or may be less demanded. Additionally, the success of the Company's operations depends on its continued ability to select products that satisfy consumers' demands.

2.1.2 Risks Related to Customer Loss

The Customer Churn Rate (which is the number of customers who have not made a purchase within two years of the relevant period divided by the total number of customers, whether they made a purchase or not during the same period) is typically highest in the months following Ramadan and White Friday (i.e., November). This corresponds with the months of promotional campaigns (as the reason may be that customers who benefited from these campaigns did not reorder in subsequent years).

The Company's management monitors the Customer Churn Rate regularly. As a result, the Churn Rate decreased from 29.4% in FY2021G, to 29.1% in FY2022G, then to 26.4% in FY2023G, and 24.2% for the Three-Month Period Ended 31 March 2024G. It is worth noting that if the Company uses a period of less than 2 years to calculate the Customer Churn Rate (due to changes such as customer behavior, modifications in product categories or SKUs), this may affect the above-mentioned rates as percentages, even though they may show the same gradual decline. However, any subsequent increase in Customer Churn Rates could lead to a decrease in revenue, necessitating additional expenses to enhance customer retention strategies, which could negatively impact the Company's business, results of operations, financial position and prospects.

2.1.3 Risks Related to the Company's Marketing Activities

The Company's marketing initiatives are essential for increasing awareness of its brands, services, and products, and for expanding their use. The Company's current marketing activities include advertising on various social media platforms such as Snapchat, X (formerly Twitter), Instagram, and TikTok, in addition to partnerships with social media influencers, marketing campaigns, and television ads. The initiatives also encompass multiple promotional activities, discounts, marketing partnerships, and other social media marketing activities. Therefore, the Company's online visibility and customer engagement depend on third-party websites and search engines over which the Company has no control. Any changes made by these third parties to search engine algorithms could reduce the Company's visibility on websites and social networks, potentially negatively impacting customer base growth and revenue.

It should also be noted that marketing and advertising are fundamental factors in attracting new customers to the Company, in addition to offering discounts on certain product categories as the Company provides various types of discounts, such as cross-combination discounts and vouchers, to enhance customer loyalty, retain them, and increase sales. For further information, please refer to Section 4.8.10 ("**Pricing and Discounts**") of this Prospectus.

Advertisement expenses amounted to SAR 62.0 million in FY2021G, SAR 97.3 million in FY2022G, and SAR 125.9 million in FY2023G. Additionally, advertisement expenses were SAR 27.1 million for the Three-Month Period Ended 31 March 2023G, and SAR 29.6 million for the Three-Month Period Ended 31 March 2024G. Advertisement expenses increased as a percentage of revenue from 13.8% in FY2021G to 15.9% in FY2022G, and then to 16.1% in FY2023G (during the same periods, the customer acquisition cost increased from SAR 108 to SAR 152 and then to SAR 176, respectively) before decreasing to 11.9% of revenue and the customer acquisition cost dropping to SAR 121 in the Three-Month Period Ended 31 March 2024G. Advertisement expenses accounted for 14.4%, 16.5%, 16.9%, and 13.1% of the Company's total costs for the Financial Years Ended 31 December 2021G, 31 December 2022G, 31 December 2023G, and the Three-Month Period Ended 31 March 2024G, respectively (where total costs include cost of sales[1], general and administrative expenses, as well as selling and marketing expenses).

Therefore, if the Company fails to execute its marketing activities effectively and at reasonable costs, or if the levels of marketing activities decrease, this could have a material negative impact on the revenue levels, as well as on the Company's business, results of operations, financial position and prospects.

2.1.4 Risks Related to the Company's reliance on Key Suppliers

The Company's business is based on the sale of cosmetics and care products that it purchases from its suppliers. In particular, the Company's top 10 suppliers (identified based on gross purchases), represented 65%, 49.0%, 45.7%, and 39.0% of the Company's total purchases for the financial years ended 31 December 2021G, 31 December 2022G, 31 December 2023G and the Three-Month Period Ended 31 March 2024G, respectively. The Company's top five suppliers (identified based on gross purchases) represented 45%, 35.6%, 31.4%, and 23.7% of the Company's total purchases for FY2021G, FY2022G, FY2023G, and the Three-Month Period Ended 31 March 2024G, respectively. The largest supplier represented 19.8%, 13.3%, 11.1%, and 5.5% of the Company's total purchases for the same periods, respectively. While the Company believes that these top five suppliers are key suppliers in the market (especially in the fragrance sector) who offer a variety of brands and are noted for their inventory availability, there are no guarantees or assurances regarding the continuation of these business relationships or the suppliers' ability to meet the Company's product needs.

Payment terms with suppliers generally range between 30 and 60 days. However, the accounts payable days for key suppliers range between 100 and 150 days during the period extending from FY2021G to FY2023G. If suppliers demand adherence to contractual obligations and payment terms, this could negatively impact the Company's working capital, and consequently, adversely affect the Company's operations, financial position and prospects.

The Company deals are based on purchase orders with two (2) Key Suppliers without supply contracts. For seven (7) of the Company's Key Suppliers, the contract term is 1 year and it's automatically renewable. However, for one (1) of the Company's Key Suppliers, the contract is also for 1 year; however, after it expires, the parties shall remain bound by the contract terms if the business relationship continues without signing a new contract. The Company has signed supply contracts with eight (8) Key Suppliers, under which the Company purchases products from its Key Suppliers based on purchase orders and invoices. Most of these contracts give the Company the right to replace any defective or damaged products received from the Key Suppliers after they have been inspected. Some of the contracts that the Company has signed with some of its Key Suppliers lack provisions that provide basic protection for the Company, such as the Company's right to market products on the Company's platforms, the Company's right to use trademarks and logos related to these products, and providing guarantees from suppliers to the Company against defective products, which includes the Company's ability to return defective products. Both the Company and the supplier have the right to terminate the contract in accordance with the terms thereof, noting that the contract may be terminated for reasons beyond the Company's control. If any of these suppliers were to terminate or fails to renew the supply agreement with the Company, renews on less favorable terms for the Company, supplies products in a way that violates the terms of the contract, or if the Company is unable to replace such supplier with another, the Company's business, results of operations, financial position and prospects would be adversely and materially affected. For further information, please refer to Section 12.6.1 ("**Product Supply Agreements**").

1 This line item was labelled as "**Cost of revenue**" in the unaudited interim condensed consolidated financial statements of the Company for the Three-Month Period ended 31 March 2024G.

In the event that any of these Key Suppliers terminates or significantly reduces its volume of business with the Company in the future, because of a product shortage, their unwillingness to do business, changes in strategy or otherwise, or if products supplied by Key Suppliers do not meet the Company's quality standards (for further information about quality standards, please refer to Section 4.8.9 ("**Quality Assurance and Control**") of this Prospectus), the Company may not be able to satisfy its customers' demands regarding brands or products. As a result, the Company's business and relationship with its customers would be negatively affected. It may be also difficult for the Company to ensure continuous supply and that the Company's business is not affected in the absence of a contract or agreement with some of the Key Suppliers with whom the Company's dealings are based on purchase orders (who accounted for 5.13%, 2.83%, 3.1%, and 3.71% of the Company's total purchases for FY2021G, FY2022G, FY2023G, and the Three-Month Period Ended 31 March 2024G, respectively), as this will have a negative and adverse effect on the Company's business and results of operations. Accordingly, the Company may not be able to meet the requirements of its customers and continue to sell them the products and brands that they are accustomed to. Furthermore, the Company's rights when dealing with Key Suppliers will be difficult to protect in certain circumstances if a contract has not been signed with the relevant supplier or could lead to disputes. In addition, with the continuous growth of its operations, there can be no assurance that the Company will be able to expand its sourcing network to include new suppliers with reasonable terms and prices.

If the Company fails to maintain its relationships with Key Suppliers or its current privileges provided by these Suppliers, or if any of its Key Suppliers ceases its operations or is subject to any bankruptcy proceedings, or if any of the other factors described above were to materialize, the Company's business, results of operations, financial position, and prospects would be adversely and materially affected. For further information about the Key Suppliers, please refer to Section 4.8.7.3 ("**Key Suppliers**").

2.1.5 Risks related to the Sustainability of the Company's Supplier Support Incentives

The Company's financial performance, particularly with respect to profitability, is largely dependent on the commercial terms agreed with its suppliers. In particular, the Company's cost of sales is reduced through incentive arrangements agreed upon with several suppliers, such as volume-based discounts paid by some suppliers to the Company, while other suppliers provide incentives on a different basis according to the nature of the products and the marketing campaign to be launched. Supplier support incentives are subject to commercial negotiations and may be subject to reductions or fluctuations in the future or volatility due to any adverse change in the market conditions. In addition, if the Company is unable to maintain its competitive position in the Saudi retail market, it would not be able to achieve the current level of its supplier support incentives.

The financial condition of the Company's Key Suppliers may also deteriorate in the future due to a number of factors. At times, the economic conditions in the retail market in Saudi Arabia have been challenging. If the financial condition of suppliers were to deteriorate, this could lead to a reduction in the supplier support incentives generated by the Company and the Company's business, results of operations, financial condition and prospects would be adversely and materially affected.

2.1.6 Risks Related to the Company's Smartphone Applications, Online E-Commerce Platform and Related Online Advertising Activities

The Company uses its "Nice One" e-Platform and its "Nice One" online smartphone application to enable online sales of its products to customers. The Company also relies on a variety of other media for promotional activities, including social media platforms (such as Instagram, X, TikTok, and YouTube), as well as national television advertising campaigns to promote its brands. Additionally, it offers the "Buy Now, Pay Later" service through Tabby and Tamara.

The e-commerce and online retail service industries in Saudi Arabia are relatively new and it is uncertain whether such industries would achieve and sustain high demand, consumer acceptance and market reaction. Although the Company's online, smartphone and e-commerce sales platforms have grown in recent periods, there can be no assurance that the Company will be able to achieve similar results or grow at the same rate as in the past or at all.

The operation of the Company's smartphone applications and e-Platforms carries a number of risks. In particular, there can be no guarantee that the Company will be able to obtain the necessary technical support to operate them or that such technical support will continue to be available on acceptable commercial terms in the future. The Company's systems and "Nice One" platforms may be subject to hardware, software, or infrastructure issues, human or software errors, virus infiltrations, update issues, service downtime or slowness due to the failure to accommodate a large number of users or orders at the same time. In addition, the Company's smartphone applications and e-Platforms may be susceptible to attempted scams or financial fraud, potential data breaches, delays in feature launches, interruptions to internet access, or it may result in the disruption of one of the third-party services related to the operation of applications, which would adversely impact the customer experience and erode trust in the Company's products and services, which could negatively impact customer experience and trust in the products and services provided by the Company.

In many cases, the Company may not be able to identify the cause of such performance issues and resolve them within an acceptable timeframe, which may make it difficult for the Company to ensure the sustainability, effectiveness, speed, availability and maintenance of "Nice One" platforms and its electronic systems, particularly during peak times. The unavailability of the "Nice One" e-commerce platform or "Nice One App" or the Company's electronic systems or services at the expected speed lead to customers downloading other applications that compete with Nice One platforms and leading such customers not to re-use "Nice One" platforms in the future at all. This will affect the Company's ability to attract and maintain new and existing customers and may lead to fewer customers. The Company's operations that depend on electronic systems may also be affected, which would have a material negative effect on the Company's business, financial condition, results of operations and prospects.

If the Company fails to identify the causes of the issues in "Nice One" e-commerce platform and "Nice One App" and address them effectively and within an acceptable timeframe, or if it does not respond appropriately to service interruptions, or fails to carry out the necessary maintenance to improve the systems according to the developed and expected needs and fails to rapidly respond to unexpected needs or to develop the technologies used for its application and platform to keep up with technological advancements employed by competitors, this would have a material negative effect on the Company's business, financial condition, results of operations and prospects. In addition, the software on which the "Nice One" e-commerce platform and "Nice One App" rely are very complex and may include undetected errors or weaknesses that may affect the performance and availability of "Nice One" e-commerce platform and "Nice One App" and cause the Company to perform continuous application updates resulting in temporary service interruptions. Such errors or consequent interruptions may cause the Company to incur additional losses and costs, expose the Company to negative publicity about the reliability of the performance of the "Nice One" e-commerce platform and "Nice One App", or lead to the Company being targeted by cyber-attacks, any of which could have a material adverse effect on the Company's business, financial position, results of operations and prospects.

Moreover, the e-commerce sector is growing rapidly in Saudi Arabia and is therefore exposed to a number of risks, including the potential introduction of new regulatory restrictions in respect of online commercial activities under the E-Commerce Law and its Implementing Regulations. The Company may not be able to comply with such laws and regulations in a timely manner, which may expose the Company to regulatory sanctions and fines, such as warnings, financial penalties or a temporary or permanent prohibition on the Company from conducting its business. If any of the foregoing risks were to materialize, this would adversely and materially affect the Company's business, results of operations, financial condition and prospects.

2.1.7 Risks Related to Online Payment and Payment Processing by Third Party Providers

The Company accepts payments through its platform using various methods, including cash on delivery or electronic payment via credit cards, Mada cards, Tabby, Tamara or Apple Pay. For further information about cash payments, please refer to Section 2.1.10 ("**Risks Related to Cash Management and Theft by Delivery Representatives**"). Electronic payments represented 72.7%, 82.3%, 85.5% and 84.5% of total orders via Nice One platforms in FY2021G, FY2022G, FY 2023G and the Three-Month Period Ended 31 March 2024G, respectively. When the Company accepts payments by electronic methods, the Company pays certain fees for each transaction to a third-party provider. Such fees may increase in the future, which will affect the Company's operating expenses and profit margins. In processing electronic payments, the Company also depends on third-party providers and therefore its business is closely dependent on them. The Company also relies on third-party licensed encryption and authentication technologies, which ensure that personal data is securely transferred. If a service provider cannot provide services reliably and securely, if the relationship between third-party providers and the Company is terminated, or if a third-party provider refuses to renew its services on terms favorable to the Company, the Company may have difficulties in finding an alternative service provider on similar terms and within an acceptable time frame. Consequently, the Company may not be able to process electronic payments.

Any such disruption in electronic payments may harm the appeal of Nice One platforms to customers, and lead to a weak use of Nice One platforms, which would have a material negative effect on the Company's business, financial condition, results of operations and future prospects.

2.1.8 Risks Related to the Seasonality of Revenues

The Company's revenues are subject to seasonal fluctuations, including holidays, public events, and vacations such as Ramadan, White Friday, Eid Al-Adha, and the Saudi National Day. Additionally, revenues peak during specific times of the year, notably Ramadan and White Friday, which often feature promotional campaigns. Revenues during Ramadan accounted for 11.5%, 15.0%, and 12.3% of the revenues for FY2021G, FY2022G, and FY2023G, respectively. Meanwhile, revenues achieved during White Friday represented 16.8%, 16.7%, and 16.8% of the Company's revenues for the same financial years, respectively. It is worth noting that during the Three-Month Period Ended 31 March 2024G, approximately 20 days of Ramadan coincided with March 2024G, compared to 10 days in March 2023G. March 2024G Revenues constituted 50.3% of the revenues for the Three-Month Period Ended 31 March 2024G, compared to 42.4% for March 2023G. The higher percentage of March's contribution to the Company's revenues is due to it being calculated from the total days of the quarter (i.e. 90 days) compared to the percentage calculated for previous financial years (i.e. 365 days). The Company cannot predict seasonal revenue fluctuations, which will affect the stability of its revenues. The Company's revenues for the Three-Month Period Ended 31 March 2024G, were impacted compared to the same period ended 31 March 2023G, due to the start of Ramadan on 11 March 2024G, compared to 23 March 2023G, in the previous year. The Company must maintain revenue levels during holidays and public events due to the significant contribution of these months to the Company's revenues for FY2021G, FY2022G, FY2023G, and the Three-Month Period Ended 31 March 2024G. Thus, the calendar month coinciding with Ramadan during the financial period will impact the results for that quarter (as observed in the Three-Month Period Ended 31 March 2024G).

Therefore, the Company may not be able to achieve the desired revenues during holiday and public event periods, which would adversely and materially affect the Company's business, results of operations, financial condition and prospects.

2.1.9 Risks Related to Inventory Levels

Inventories amounted to SAR 93 million, SAR 147.72 million, SAR 150.78 million, and SAR 158,04 million, representing 48%, 51%, 43%, and 39% of the Company's total assets as of 31 December 2021G, 31 December 2022G, 31 December 2023G, and 31 March 2024G, respectively. The Company made provisions for obsolete inventories of SAR 3.3 million, SAR 4.6 million, and SAR 5.9 million as at 31 December 2022G, 31 December 2023G and 31 March 2024G, respectively. The Company did not make any provisions for obsolete inventories for the Fiscal Year ended 31 December 2021G. The Company's policy is to seek to maintain an optimal level of inventory to control inventory carrying costs and more efficiently deploy working capital, while ensuring timely delivery of goods, and maintaining the quality and variety of goods and merchandise available to customers. The inventory wastage percentage was 1.1% and 0.8% of total Company inventory as at 31 December 2022G and 31 December 2023G, respectively (for further information, please refer to Section 6.6.2.3.1 ("**Inventory**") of this Prospectus).

If the Company is not able to maintain optimal stock levels and monitor inventory periodically, this would lead to a severe decrease or an excess in inventory levels, leading to the Company's inability to meet consumer requirements, or sell products, which would adversely and materially affect the Company's business, results of operations, financial condition and prospects.

2.1.10 Risks Related to the Adoption and Implementation of the Company's Strategy

The Company's future performance depends on its ability to adopt and implement its strategy as highlighted in Page (xxii) ("**Company's Strategy**") of this Prospectus. However, there is no guarantee that the Company will succeed in achieving its strategy, as its success depends on several factors, the most important of which is the Company's ability to maintain the distinguished position of its brands in light of its expansion plans involving new and diversified products, to implement competitive pricing strategies that enable the Company to increase its sales, without conflicting with any pricing restrictions imposed by manufacturers, and also to maintain similar levels of operational costs after adopting and implementing new strategic initiatives.

As a result of the above factors, the Company's revenues may not grow at the same rate as before, or the Company may incur some costs, without receiving expected revenues from its expansion plans. Therefore, the Company's results of operations will be adversely affected, if any of the above factors delay, hinder, or prevent the Company from achieving its strategic objectives and the desired benefits therefrom. There can be no assurance that the Company's expansion strategy will be profitable or will achieve the projected investment returns. The Company may also face cannibalization risk, which may arise from the fact that an expansion into one product segment or sub-segment may adversely affect the revenues from the Company's existing product portfolio.

Moreover, the Company's operations have grown in both diversity and magnitude, resulting in increased complexity. Potential future expansion could further complicate operations, placing considerable pressure on managerial, operational, financial, and human resources. The existing and planned personnel, systems, procedures, and controls of the Company may not suffice to support its future endeavors. There is no guarantee that the Company will effectively handle its growth or successfully implement necessary systems, procedures, and controls. If the Company is unable to manage its growth effectively, its business and prospects may be materially and adversely affected.

Any of these factors would adversely and materially affect the Company's business, results of operations, financial condition and prospects.

2.1.11 Risks Related to the Impact of Increasing Costs and Operating Expenses on the Company's Business

The e-commerce sector has low operating margins and high fixed costs. The Company's ability to cover these fixed costs will depend on its operational performance and cash flows. The Company's operating expenses could increase as a result of a number of factors (for further information about the Company's financial and operational performance, please refer to Section 6 ("**Management Discussion and Analysis of Financial Position and Results of Operations**") of this Prospectus), including,, without limitation,, the increase in the cost of sales, labor costs and professional fees, fuel, water and electricity consumption costs, repair and maintenance costs, insurance premiums, finance costs and costs related to the increase of rents of real estate leased by the Company, in addition to the Company's planned expansion in its products and distribution and sale channels.

Prolonged periods of cost inflation may also have a negative impact on the Company's profit margins, especially if the Company is unable to reflect cost increases in the increase in prices. Furthermore, the Company's business model requires it to maintain an inventory of products, and changes in price levels during the turnover period could lead to unexpected shifts in demand for the Company's products or could require it to sell inventory at a loss. It should be noted that the price of fuel, water, electricity and labor costs have increased in recent years. Also, any further increase in Saudization of the Company's workforce requirements may lead to an increase in the Company's operational expenditure (for further information, see Section 2.2.10 ("**Risks Related to the Company's Compliance with the Saudization, Non-Saudi Employees and Other Labor Law Requirements**")). The Company's selling and marketing expenses amounted to SAR 110.8 million (representing 24.7%), SAR 111.2 million (representing 18.1%), SAR 144.1 million (representing 18.4%), and SAR 35.3 million (representing 14.1%) of the revenues for the financial years ended 31 December 2021G, 31 December 2022G and 31 December 2023G and the Three-Month Period Ended 31 March 2024G, respectively. The Company's general and administrative expenses were 6.5%, 4.7%, 4.7%, and 4.8% of the revenues during the same period, respectively. There is no guarantee that any of the aforementioned costs will not increase or that the Company will not incur new costs. Any increases in the Company's operating expenses will also reduce its cash flow, profit margin and funds available for the Company's existing operations and for future expansion. In turn, the Company's business, results of operations, financial position, and prospects would be adversely and materially affected.

2.1.12 Risks Related to Safety Accidents at the Company's Warehouses and Employees' Occupational Errors

The Company is subject to safety and health laws in force in the Kingdom (which includes the Labor Law, and more specifically the Occupational Safety and Health Manual, and the Occupational Safety and Health Management Regulations issued by the Ministry of Human Resources and Social Development), that set out various standards for regulating aspects of health, safety and security quality, and impose civil and criminal penalties and other liabilities for violations or breaches.

Occupational errors and potential health, safety and security events, such as fires, light vehicle incidents, falls from height, personal injuries and fatalities, electrocutions, and incidents involving equipment could occur, and if they did, would have a material impact on the Company's business. Fatalities or serious injuries to employees may occur due to any of the above or other factors.

The Company's employees may make occupational errors while performing their jobs and professional duties that may result in material technical malfunctions in the Company's facilities, which would adversely and materially affect the Company's business, results of operations, financial position or prospects, and therefore the Company's share price.

If the Company fails to comply with the relevant health and safety requirements, this may expose the Company to legal liability in the future, which may expose the Company to risks related to compensation claims filed by the heirs of the deceased persons, in addition to the risks associated with the revocation of any of the Company's licenses in case of any health and safety standard compliance violations.

In addition, the relevant authorities could impose the current regulations, including health, safety and security regulations, more stringently than in the past, and may impose stricter standards in the future, or higher fines and penalties for violations currently in place. The Company cannot estimate the future financial impact of the Company's compliance with these regulations.

The Company may not guarantee that no other accidents will take place and affect its facilities, employees or other persons, which would adversely and materially affect the Company's business, results of operations, financial position or prospects.

2.1.13 Risks Related to Reliance on Support from Third Party Logistics Service Providers

Currently, the Company operates a centralized distribution network with all products being distributed directly from the Company's main warehouse to customers across the Kingdom and the GCC. The Company employs a hybrid delivery model, whereby deliveries within Riyadh are made by the Company's own leased vehicle fleet and deliveries outside the Riyadh area are made by third party delivery partners. Third party delivery companies are also used in Riyadh when the level of orders exceeds the Company's capacity.

Depending on the nature of products, there are certain temperature specifications for the transport of those products. If the products are not stored properly for the duration of the trip, the quality of such products may be affected, thus affecting the marketability thereof.

Consequently, the ability of the Company to maintain consistent levels of inventory and saleable products would be adversely affected by any changes in policies and practices such as pricing, payment terms, scheduling, and frequency of such services or any increases in the cost of fuel, taxes and labor, and other factors that are not within the Company's control.

The Company's hybrid delivery model means that the Company is responsible for managing its own delivery fleet whilst also relying on third-party logistics providers, which complicates operational logistics and risk management including in relation to the following:

- Service quality issues, whether from the Company's fleet or third-party providers, due to uncontrollable factors such as weather or transportation disruptions; poor handling; or transportation bottlenecks, any of which could lead to delayed or lost deliveries or spoilage of inventory and disrupt supply of these products, including accidents and thefts.
- Increased risks of negative publicity or reputational harm from accidents or misconduct, illegal actions, or crimes committed by either Company drivers or third-party couriers, particularly in cash-on-delivery transactions.

Furthermore, there can be no guarantee that the Company's third-party delivery companies will always provide satisfactory services that meet the standards expected by the Company or that other professional advisors which are not within the control of either the Company or the Board will adequately perform their contractual duties.

Additionally, the loss of any third-party delivery companies, any inability to renew them or any inability to negotiate suitable replacement contracts could result in an adverse effect on the Company. The Company is also at risk should one of these delivery companies cease operations, and there is no guarantee that the Company could replace these providers on a timely basis with comparably priced providers, or at all. In the event where any of the aforementioned factors occurs, this would have an adverse and material impact on the Company's business, financial position, results of operations and prospects.

2.1.14 Risks Related to the Management of Monetary Funds and Theft by Couriers

Given that the Company's operations rely on freelance delivery partners and couriers employed by logistics companies, the Company may be subject to risks related to the management and theft of monetary funds by such couriers, particularly in relation to the collection of cash payments. The cash on delivery service represented 27.3%, 17.7%, 14.5%, and 15.5% of the total value of orders executed through "Nice One" platforms in FY2021G, FY2022G, FY2023G, and the Three-Month Period Ended 31 March 2024G, respectively. Given that the Company's platforms offer cash on delivery and electronic payment options to its customers, the collection and monitoring of cash payments may be more challenging than the collection and monitoring of electronic payments, given that couriers collect cash payments directly from the customers and then report them back to the Company, which may result in delays and deductions in the delivery of cash payments, the lack of delivery of cash payments at all, malfunction in the collection devices or the receipt of counterfeit money. As a result, the Company's inability to manage and collect monetary funds in full and without delay may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

2.1.15 Risks Related to the Operation of the Company's Warehouses

The Company's success depends significantly on the continuous and smooth operation of its warehouses. The operation of the Company's warehouses is prone to a number of risks, including physical damage to buildings, power outages, disruption of devices, failure of information systems, mechanical failures, the possibility of work interruption, criminal incidents, civil unrest, natural disasters, fires, operational errors, changes in governmental planning for the land underlying these warehouses, or any disruption or delay in the ports or various shipping services in general. The occurrence of any of these or similar incidents may cause a significant disruption to the Company's business, which would adversely and materially affect the Company's business, results of operation, financial position, and prospects.

The Company may not be able to replace its warehouses in a timely manner, should any of the foregoing occur. Furthermore, the leases for the Company's warehouses could be challenged by third parties or government authorities, which may cause interruptions to the Company's business operations. In the event that the use of leased warehouses by the Company is successfully challenged, the Company may be subject to fines and forced to relocate the affected operations. In such an event there can be no assurance that the Company would be able to find suitable replacement sites on terms acceptable thereto on a timely basis, or at all, or that it would not be subject to material liability resulting from third parties' challenges on the Company's use of such properties. It is worth noting that the land on which the Company's fourth warehouse will be built in Riyadh (and what has been built or will be built thereon) is pledged to Al Rajhi Development Company as a guarantee to fulfill the debt provided by Al Rajhi Bank under Al Rajhi Facility Agreement (for further information, please refer to Section 2.1.23 ("**Risks Related to the Company's Current or Future Bank Loans**") and Section 12.10 ("**Credit Facilities and Loans**") of this Prospectus).

The Company's revenues may be reduced due to the unavailability of particular products demanded by customers due to disruptions to the Company's supply chain. These interruptions may also disrupt product availability and in-stock management, which could result in reduced revenues or an increase in costs, which would adversely and materially affect the Company's business, results of operation, financial position, and prospects.

If there were significant interruptions of operations at one or more of the Company's warehouses, the Company's revenues and profitability will be affected, which would adversely and materially affect the Company's business, results of operation, financial position, and prospects.

2.1.16 Risks Related to Maintaining the Reputation of the "Nice One" Brand

The Company's success depends in part on its ability to maintain the image and reputation of the Nice One brand, which the Company believes is associated with the level of care and protection that its products and services offer to the community, as well as its commitment to offer high quality products and service. Quality, health and safety issues, actual or perceived, are likely to damage the reputation of the Nice One brand, which could cause customers to switch to competitors, resulting in a loss of customers and a decline in the Company's market share and revenues.

Although the Company does not own or control ownership interest in the producers or suppliers of such products, the reputation of the Company's brand could be adversely affected as a result of any act by the producers in breach of quality, health, and safety standards.

The Nice One brand may also be materially and adversely affected by factors beyond the Company's control, including lawsuits, customer complaints, service quality issues (including incomplete, wrong or cancelled orders or delivery delays, where the percentage of orders that experienced service quality issues represented 1.1%, 1.6%, 1.1%, and 0.9% for FY2021G, FY2022G, and FY2023G, respectively), poor customer experiences, mistreatment of employees, influencers, suppliers or customers, regulatory investigations, fines and penalties against the Company, or otherwise relating to the products available on the Company's platform, or improper or illegal conduct by the Company's employees, suppliers, third-party merchants and other business partners, that is not authorized by the Company. Furthermore, adverse publicity (whether accurate or not) relating to activities by the Company's Board, Shareholders, Management, suppliers, employees, contractors or agents (such as customer service mishaps or non-compliance with laws and regulations) will tarnish the reputation of the Nice One brand. With the increase in the use of social media, adverse publicity can be disseminated quickly and broadly, making it increasingly difficult for the Company to effectively respond.

Any damage to the Company's brand names or reputation as a result of these or other factors may cause its products to be perceived unfavorably by customers who may be reluctant to purchase Company's product, as well as third-party merchants, regulators and other business partners. Any damage to Company's brand or reputation could require significant costs and time to remedy, which could materially and adversely affect the Company's business, results of operations, financial conditions and prospects.

2.1.17 Risks Related to Quality or Safety Issues of the Company's Products

Concerns regarding the safety of products stored at the Company's warehouses or the safety and quality of the Company's supply chain could result from the Company's customers avoiding the purchase of certain products from the Company, or seeking alternative sources, even if the basis for the concern is beyond the Company's control. As a result of such publicity about these concerns, whether or not ultimately based on factual assertions, and whether or not involving products sold by the Company, would discourage customers from buying the Company's products, which would harm the Company's reputation and have a material and adverse effect on the Company's business, results of operations, financial position, and prospects. In addition, the Company's quality and operational controls and employee training may not be effective in identifying product tampering and other product-related safety and shelf-life issues that may affect its operations.

In addition, the products that the Company distributes may be subject to product recalls, whether through voluntary recalls or withdrawals, if they are alleged to cause injuries or illnesses or if they are alleged to be counterfeit, or to otherwise be in violation of governmental regulations. The Company may also voluntarily recall or withdraw products that it considers do not meet its quality standards, or just to protect its brand and reputation. If there is any future product withdrawal that could result in substantial and unexpected expenditures, destruction of product inventory, damage to the Company's reputation, and lost sales due to the unavailability of the product for a period of time, the Company's business, financial condition, results of operations or prospects may be materially adversely affected.

Incidents related to the safety and quality of the products or ingredients thereof may occur in the future, which may result in product liability claims, product recalls, negative publicity, fines or closure of the branches, and materially and adversely affect the Company's reputation, business, financial condition, results of operations and prospects.

2.1.18 Risks Related to the Company's Delivery, Return and Exchange Policies

The Company has adopted product return and exchange policies in accordance with the Consumer Protection Regulations, issued by the Ministry of Commerce, permitting the return and exchange of certain products under certain circumstances. The Company may also be required by applicable laws to adopt new or amend existing return and exchange policies from time to time, which could result in additional costs and expenses which the Company cannot pass on to customers. If the Company revises these policies, or if new regulations governing return and exchange policies are issued, the Company's customers may be dissatisfied, which may result in loss of existing customers, failure to acquire customers at a desirable rate, or increase of the Company's costs, which may materially and adversely affect the Company's results of operations, financial position, and prospects.

The return policy states that customers can return products within a 14-day period, provided that the products (especially Perfumes, Cosmetics & Personal Care Products) are not opened or used. Purchased Devices can also be returned provided they are unopened, unused, and in their original condition.

Prior to the Financial Year Ended 31 December 2023G, the Company used to record returned sales either within the month of such sale or as a reduction in the sales of the following month if the return occurred later in the month (as long as it was within the 14-day period). For the Financial Year Ended 31 December 2023G, the Company recorded sales return liabilities of SAR 2.2 million based on actual returns received at the beginning of the year ended 31 December 2024G, primarily related to returns from December 2023G sales. It is worth noting that the return rate as a percentage of revenues was 0.3% in FY2023G. Additionally, starting from FY2024G, the Company began setting aside provisions for sales return liabilities on a quarterly basis to account for potential returns that may occur after the quarterly financial statement dates, with a provision amounting to SAR 1.9 million as at 31 March 2024G.

In January 2024G, the Company reversed the SAR 2.2 million provision for sales return liabilities set aside in the Financial Year Ended 31 December 2023G. The Company also accounted for sales returns related to sales during the Three-Month Period Ended 31 March 2024G, amounting to SAR 1.9 million. This resulted in the reversal of a net provision of SAR 320,000 during the Three-Month Period Ended 31 March 2024G.

It should be noted that some of the products sold by the Company are generally returnable within 14 days without reason in accordance with Company policies. The value of returned products, along with shipping fees, is refunded to customers based on the payment method (for further information on the impact of return periods on financial statements, please refer to Section 6.6.1.2 "**Revenue by Type**" of this Prospectus). In case of increased product return rates, which amounted to 0.24%, 0.55%, 0.30%, and 0.21% of the total number of orders during FY2021G, FY2022G, and FY2023G and 31 March 2024, respectively, or incase these rates increase higher than expected, then the Company's revenues and costs can be negatively impacted. Furthermore, as the Company may be unable return some products to its suppliers pursuant to the contracts concluded therewith or if return rates for such products increase significantly, the Company may experience an increase in its inventory balance, inventory impairment and fulfillment cost, which may materially and adversely affect the Company's working capital. As a result, the Company's business, financial position, results of operations and prospects would be materially and adversely affected.

2.1.19 Risks Related to Data Protection and Interruptions in the Company's IT Infrastructure

The Company's operations, including customer orders and data, accounting, storage, execution, delivery and payments, are highly dependent on its information technology infrastructure and systems. The Company depends on these systems to facilitate the distribution of products to and from the Company's facilities and to manage the accurate accounting and payment to and from suppliers and customers.

External and internal risks, such as malware, code anomalies, attempts to penetrate the Company's networks, unavailability of required updates or modifications, data leakage and human errors all pose a direct threat to the Company's services and data. The Company's networks may also be subject to interruption due to unforeseen force majeure events or power outages. These types of events could also occur in the event the confidentiality, integrity or availability of Company and customer information is compromised due to a data loss by the Company or a trusted third-party. Additionally, the cost and operational consequences of implementing further upgrades to the Company's IT systems and networks, and data or system protection measures, whether due to expansion, upgrades, new technology, new laws and regulations, or otherwise, could be significant. In addition, the Company's IT systems need regular upgrading to accommodate expansion of the Company's business and maintain the efficiency of its operations. Such breakdowns in the systems may result in a material delay in the Company's commercial and operational business. In particular, any breakdown in the Company's IT systems could lead in disruptions of the Company's distribution, accounting, billing and payments processes.

The Company's facilities and systems, or those of third-party service providers, may be vulnerable to security breaches, cyber-attacks, sabotage, vandalism or theft, computer viruses, loss or corruption of data or programming or human errors or other similar events. Given that such attacks are increasing in sophistication and change frequently in nature, the Company and its third-party service providers may be unable to anticipate these attacks or implement adequate preventative measures, and any compromise of the Company's systems, or those of its third-party service providers, may not be discovered and remediated promptly, which could result in a loss of data. A security breach, act of cyber terrorism or sabotage, vandalism or theft, computer viruses, loss or corruption of data or programming or human error made by the Company's employees may lead to a breach of consumers, employees' and customers' data privacy and security. Any such breach may result in a divulgence of such data to third parties against the will of all affected parties, which could undermine the privacy of such parties and result in reputational harm to the Company. In addition, this could adversely affect the Company's performance due to judicial proceedings or claims initiated against the Company in case it defaulted in preserving the safety and confidentiality of data and in ensuring compliance with the relevant controls on disclosing data in an accurate and timely manner via the appropriate channels. Any such breach or other similar event may also lead to a change of current and potential customer behavior in a way that would impact the Company's ability to retain current customers or attract new customers, which will materially and adversely affect the Company's business, financial condition, internal operations (e.g. logistics, inventory and management), results of operation, and prospects.

Any disruption to the internet or the Company's technology infrastructure or systems, including those impacting the Company's computer systems, or the occurrence of any of the aforementioned risks, would have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

2.1.20 Risks Related to the Company's Related Party Transactions

The Company has not entered into any agreements with Related Parties during the fiscal years ended 31 December 2021G, 2022G, and 2023G. As at the date of this Prospectus, the Company does not have any agreement in force with Related Parties.

Under Articles 27 and 71 of the Companies Law, no member of the Board of Directors may have a direct or indirect interest in the business and contracts concluded for the interest of the Company, except as approved by the Ordinary General Assembly, and in accordance with the controls set by the competent authority. The Board member shall notify the Board regarding its direct or indirect interest in the business and contracts concluded on behalf of the Company. Such notification shall be recorded in the minutes of the meeting of the Board. Such member may not participate in voting on the decision issued in this regard by the Board of Directors and the shareholders' assemblies. Should the Company conclude contracts with any Related Parties not on arm's length, or if such contracts result in benefits that are not due to the Company's Related Parties, the Company will be exposed to fines for violating the mandatory provisions and regulations of the Companies Law, and such fines may reach up to SAR 500,000, which would adversely affect the costs incurred by the Company's and its revenues, which in turn could adversely and materially affect the Company's business, results of operations, financial condition, and prospects.

It is also worth noting that, according to the definition of "Related Parties" under the applicable accounting standards, transactions with Related Parties have been recorded, including withdrawals, financing, salaries, land transfers, sales, advances, and payments. The total value of transactions entered into with Related Parties amounted to SAR 42,850,529, SAR 6,452,886, and SAR 5,068,966 for the Financial Years Ended 31 December 2021G, 31 December 2022G, and 31 December 2023G, respectively (for more information, please refer to Section 6.6.2.3.4 "**Amounts Due from Related Parties**" of this Prospectus). Since such transactions are classified as Related-Party Transactions according to the applicable accounting standards only, and not according to the definition of "Related Parties" pursuant to the Glossary of Defined Terms used in the Regulations of the Capital Market Authority and the Companies Law, they do not require the approval of the General Assembly.

2.1.21 Risks Related to the Quality of the Company's Customer Services and Technical Support

In maintaining its users and attracting new ones, the Company depends on the provision of high-quality support services when needed. Nice One platforms' users may have problems such as Internet outage leading to non-delivery of their orders, delivery accidents involving the representatives of Nice One or shipping companies or internal systems failure. As a result of such problems leads, the concerned customers turn to the Company for support services and solutions.

The Company's ability to provide effective solutions and support services depends on the availability of specialized customer service staff and professional technicians for providing support services. The dedicated talent to provide the Company's support services may not be available, or the Company may not be able to contract with third parties to undertake customer service and support tasks efficiently and at an appropriate price. If the Company is unable to respond to users' orders or provide solutions to them, or if it loses key employees who provide support services or third-party providers who perform such tasks at an appropriate price, the Company may lose its credibility and users' trust, which affects the appetite of current and future users for the Company's services, which would have a material negative effect on the Company's business, financial condition, results of operations and future prospects.

2.1.22 Risks Related to the Company's Reliance on its Senior Management and Key Personnel

The Company's success depends upon the continued service and performance of its senior management and other key personnel, as well as its ability to identify, hire, develop, motivate and retain qualified personnel in the future. The Company relies on a number of key individuals in its senior management team, who have valuable experience within the beauty, care and retail sectors and who have made substantial contributions to the development of the Company's operations and expansion. Competition for senior management and key employees in the sectors the Company operates in is intense, and the Company cannot guarantee that it will be able to retain its personnel or attract new, suitably qualified personnel.

The Company may need to invest significant financial and human resources to attract and retain new senior management members or senior employees. The loss of the services of members of the Company's senior management or key employees could prevent or delay the implementation and completion of its strategic objectives, divert management's attention to seeking certain qualified replacements or adversely affect its ability to manage its business effectively. Each member of senior management, as well as key employees, may resign at any time. If the Company loses the ability to hire and retain key senior management and employees with high levels of skills in appropriate domains, this would materially and adversely affect the Company's business, results of operations, financial position, and prospects.

2.1.23 Risks Related to the Company's Current or Future Bank Loans

The Company has entered into credit facilities with Saudi Awwal Bank (SAB) dated 08/06/2023G in an amount of SAR 35,000,000 for the following purposes: (a) import or local purchase of goods and (b) financing payment obligations of the Company in connection with a letter of credit issued by SAB or to an import supplier in respect of an import invoice ("**SAB Facility Letter**"); and with Al Rajhi Bank dated 23/01/2024G in an amount of SAR 93,434,000 to provide debt funding for the purchase of the land upon which the Company's fourth warehouse in Riyadh is to be constructed ("**Al Rajhi Facility Agreement**") (for more details in relation to these facilities, please refer to Section 12.10 ("**Credit Facilities and Loans**") of this Prospectus).

There SAB Facility Agreement includes a number of provisions which grant unrestricted termination rights to the bank, together with unilateral amendment rights such as the right to amend any provisions of the finance documents. The agreement also contains provisions that oblige the Company to obtain the written approval of the bank before effecting any changes to its ownership; otherwise, the bank shall have the right unilaterally to cancel the agreement, decrease its amount, amend related rates, and request settlement of all due amounts, event in absence of default. On 23/05/2024G, the Company obtained an exemption from SAB with regard to the abovementioned change of ownership restrictions.

It is worth noting that the following events constitute Events of Default under the general terms and conditions related to the SAB Facility Agreement: (i) non-payment; (ii) other obligations under any financial documents; (iii) misrepresentations; (iv) cross-default; (v) creditors process; (vi) insolvency and restructuring; (vii) insolvency proceedings; (viii) material adverse effect; and (ix) breaches related to receivables facilities and invoice receivables facilities. In such Events of Default, the Bank shall have the right to take various actions, including but not limited to, canceling all or some of the facilities, requesting repayment of obligations, enforcing the guarantees provided, or requiring the Company to provide or increase the cash margin.

Moreover, under Al Rajhi Facility Agreement, the Company must obtain the prior approval from the bank before making any change to its capital, issuing new shares, or changing its current shares rights. However, the Company obtained on 27/05/2024G an exemption with regard to the abovementioned restrictions.

In the event of non-compliance with any provisions set out in this section, the relevant bank would have the right to take any steps to preserve its rights such as accelerating the payment of the amounts due and terminating the facilities. The Company may also not be able to obtain alternative sources of financing to repay such debts, which would have a material adverse effect on the Company's business, results of operations, financial position, and prospects.

It is worth noting that Wajhat AlHamra for Investment Company, Mr. Omar Ali Abdulrahman AlOlayan and Mr. Abdulrahman Ali Abdulrahman AlOlayan provided five (5) guarantees in favor of Al Rajhi Bank, which were waived thereby on 30/07/2024G, subject to the following conditions: (i) providing Al Rajhi Bank with CMA and Tadawul approval of the Offering Capital, (ii) notifying the bank if there is an intention to change the ownership of existing Substantial Shareholders post-Offering, and (iii) ensuring that the classification of the terms, conditions, and guarantees provided to Al Rajhi Bank in exchange for the Company's financing portfolio is equal to that of all current or future institutions or banks. Should any of the guarantors withdraw his guarantee or refrain from renewing it, or should any of such guarantees expire or be no longer valid for any reason whatsoever, this shall constitute a breach by the Company of Al Rajhi Facility Agreement, granting therefore Al Rajhi Bank the right to request the immediate settlement of all due amounts.

Additionally, the Company may need additional funds to address the challenges it may face in the course of its business operations, implement its growth strategy, increase its market share across its current markets, expand into other markets, or expand its product offering. The liquidity generated from the Company's current operations and financial resources may not be sufficient to fund its growth strategy, and thus the Company may seek to increase its capital or may increase its indebtedness.

If the Company is not able to obtain sufficient funds when needed or under favorable terms, or otherwise if the Company becomes unable to pay its debts when they fall due, the Company's ability to run its business or achieve the intended growth rate would be adversely affected, which would adversely and materially affect the Company's business, results of operations, financial position, and prospects.

2.1.24 Risks Related to Negative Changes in Interest Rates

The Company relies on financing facilities obtained from commercial banks. Therefore, the Company's external financing arrangements are highly influenced by interest rates, which are highly sensitive to a number of factors outside the Company's control, including government, monetary and tax policies, and local and global economic and political conditions. Since the Company has not entered into any hedging agreements to reduce the risk of exposure to high interest rates, an increase in interest rates and related financing costs may lead to a decrease in the Company's profitability and cash flows, which will have a negative and material impact on the Company's business, financial position, results of operations and prospects.

2.1.25 Risks Related to the Company's Implementation of a Newly Adopted Corporate Governance Manual

The Ordinary General Assembly approved the implementation of a Corporate Governance Manual on 21/11/1445H (corresponding to 29/05/2024G), which includes rules and procedures related to corporate governance derived from the Corporate Governance Regulations issued by the CMA. The Company's success in properly implementing the corporate governance rules and procedures will depend on the extent of the comprehension and understanding of these rules as well as the proper execution of such rules and procedures by the Board, its committees and Senior Executives, especially with regards to the formation of the Board and its committees, independence requirements, as well as rules related to conflict of interests and Related Party Transactions.

Article 22 of the Corporate Governance Regulations also requires the adoption of a written and detailed policy, defining the powers delegated to the Executive Management, and a table clarifying such powers. On 20/11/1445H (corresponding to 28/05/2024G), the Board of Directors approved the authority matrices governing the specialization and delegation of powers and authorities between the Board and the Senior Executives. Failure to comply with the governance rules, especially the mandatory rules stipulated under the Corporate Governance Regulations issued by the CMA, would subject the Company to regulatory penalties and would adversely and materially affect the Company's business, results of operations, financial position, and prospects.

On 20/11/1445H (corresponding to 28/05/2024G), the Company's Board of Directors approved the formation of the Audit Committee; and on 21/11/1445H (corresponding to 29/05/2024G), the Company's Ordinary General Assembly approved the Charter of the Audit Committee. The Board of Directors formed the Nomination and Remuneration Committee on 20/11/1445H (corresponding to 28/05/2024G), and on 21/11/1445H (corresponding to 29/05/2024G) the Company's Ordinary General Assembly approved the amended Charter of the Nomination and Remuneration Committee (for further details, please refer to Section 5.2 ("**Company and Board Committees**") of this Prospectus). Failure by members of these committees to perform their duties and adopt a work approach that protects the interest of the Company and its Shareholders will affect corporate governance compliance, the continuous disclosure requirements, and the Board's ability to monitor the Company's business through these committees. That would have a material adverse effect on the Company's business, financial position, results of operations and prospects.

Any future inability of such committee members and independent members to carry out the tasks assigned thereto and follow a work methodology that ensures the protection of the interests of the Company and the Shareholders may affect the implementation of Governance Regulations and the efficiency of the Company's Board of Directors control over the management of its business through such committees. This may expose the Company to potential non-compliance with continuous disclosures after listing requirements on the one hand, and to operational, administrative, and financial risks on the other hand. Consequently, this would have a negative and material impact on the Company's business, results of operations, financial position, and prospects.

2.1.26 Risks Related to Management's Lack of Experience in Managing a Publicly Listed Company

The Senior Executives have limited or no experience in managing a public listed joint-stock company in the Kingdom and complying with the laws and regulations pertaining to such companies. In particular, the internal or external training that the Senior Executives will receive in managing a Saudi Arabian publicly listed company, coupled with the regulatory oversight and reporting obligations imposed on public companies, will require substantial attention from the Senior Executives, which may divert their attention away from the day-to-day management of the Company. Non-compliance in a timely manner with the regulations and disclosure requirements imposed on listed companies will expose the Company to regulatory sanctions and fines. The imposition of fines on the Company would have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

2.1.27 Risks Relating to Protecting Intellectual Property Rights on Which the Company Relies

The success of the Company's business relies, in part, on the protection of its intellectual property rights. The Company has registered 32 trademarks in Saudi Arabia on which it relies in addition to 5 electronic domain names, details of which are set out in Section 12.12.1 ("**Trademarks**"). The competitive position of the Company depends on its ability to continue using such trademarks and to protect its rights related to its trademarks against any illegal use of such trademarks by third parties. However, obtaining registration of trademark applications may be costly or time consuming, with no guarantee that such applications will remain unopposed or offer adequate protection if granted. For example, competitors may develop similar, "design-around," marks, potentially infringing its intellectual property rights. In the event the Company is unable to register or renew its trademarks, or in the event a third party objected to the registration of a trademark, this would affect the Company's operations, financial condition and results of operation.

Competitors may in the future use or copy aspects of the Company's website images, features, compilation or functionality or obtain and use information that the Company considers as proprietary, such as the technology used to operate the Company's website or content. Further, it is possible that competitors may adopt service names similar to the Company's, thereby impeding the Company's ability to build brand identity and possibly diluting the Company's brand and private label brands and leading to brand dilution or consumer confusion. In addition, there could be potential trade name or trademark ownership or infringement claims brought by owners of other rights, including registered trademarks, in the Company's trademarks or trademarks similar to the Company's. Any such claims, brand dilution or consumer confusion related to the Company's brand or private label brands could damage the Company's reputation and brand identity and substantially harm its business and results of operations.

In the event the Company's intellectual property rights are infringed, including as a result of unauthorized use or a failure to protect such rights by the competent authorities in accordance with the regulations of the relevant countries, it may face costly litigation and the diversion of technical and management personnel. Such intellectual property litigation could force changes in product offerings, incur substantial costs, or require technology or process modifications. Furthermore, the outcome of a dispute may require the Company to enter into royalty or licensing agreements, which may not be available on terms favorable to the Company, or at all. Any of the above would have a material adverse effect on the Company's business, results of operations, financial position, and prospects.

2.1.28 Risks Related to Third Party Intellectual Property Rights

Despite any measures taken by the Company to exclude products that may infringe upon third party's intellectual property rights, the Company may receive complaints alleging that certain items, including in connection with its own brands, listed or sold on Nice One platforms infringe upon the intellectual property rights of third parties. In such cases the Company could be liable or subject to administrative penalties for knock-off, substandard or unauthorized products sold on Nice One platforms, or for products sold through, or infringing content posted on its platforms that infringe on third-party intellectual property rights. The Company sources its products from certified suppliers. In the event that counterfeit, substandard, unauthorized or infringing products are sold through, or infringing content posted on the Company's platform, the Company could face liability claims. Irrespective of the validity of such claims, the Company could incur significant costs and efforts in either defending against or settling such claims. If there is a successful claim against it, the Company might be required to pay substantial damages or refrain from further sales of the relevant products but may not have adequate insurance coverage to protect against such claims. Moreover, such third-party claims or administrative penalties could result in negative publicity, and the Company's reputation could be severely damaged. Any of these events would have a material and adverse effect on the Company's business, results of operations, financial position, and prospects.

Besides product design and product packaging infringement, the Company could also be accused of copyright and trademark infringement for its marketing content. The Company uploads vendor/seller content to the Nice One platforms, and influencers upload marketing content to Nice One's social media pages. In particular, the 'Nice One App' online smartphone application features a significant amount of detailed and engaging content on the Company's suppliers and brand relationships. However, such content may expose the Company to allegations by third parties of infringement of intellectual property rights, unfair competition, invasion of privacy, and other violations.

If the Company is forced to defend against any infringement or other claims relating to the trademarks, copyright, confidential know how or other intellectual property rights of third parties, whether they are with or without merit or are determined in favor of the Company, the latter may face costly litigation or diversion of technical and management personnel which would have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

2.1.29 Risks Related to the Adequacy of Insurance Coverage

The Company maintains insurance policies covering its business and operations (for further information about insurance policies maintained by the Company, please refer to Section 12.11 ("**Insurance**") of this Prospectus). There is no guarantee that these insurance policies will be adequate at all times and in all circumstances, or that the limit of insurance coverage will be sufficient in all events to pay for the claims relating to the insured risks. The Company might not be able to successfully substantiate its claim with regard to a certain liability or loss according to the insurance policies in effect because of the exclusions or conditions of insurance coverage, or if the Company has not met certain insurance criteria in respect of a particular claim. This would cause the Company to be liable for paying for accident-related losses, which would also have a material and adverse effect on the Company's business, its operating and financial results and prospects.

Future events might occur for which the Company might not have adequate insurance coverage to cover all potential losses, or might not be insured against it at all, such as risks resulting from acts of aggression, political risks, war and sabotage. In addition, the Company's present insurance policies contain coverage exclusions or limitations. The current insurance policies might also be unavailable in the future. Accordingly, the losses and liabilities resulting from entirely uninsured or insufficiently insured risks could significantly increase the Company's costs, which would have a material and adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.30 Risks Related to Litigation Involving the Company

The Company, its Directors, or officers may become involved in lawsuits and regulatory actions with parties including suppliers, employees, competitors, regulatory authorities, costumers or owners of lands leased to the Company for its operations. Any unfavorable outcome in such litigation and regulatory proceedings would have a material adverse effect on the Company's business, financial position, results of operations, or prospects. In addition, regardless of the outcome of any litigation or regulatory proceedings, these proceedings could result in substantial costs and may require that the Company devote substantial resources to defend against these claims, which would have a material adverse effect on the Company's business, results of operations, financial position, and prospects.

As at the date of this Prospectus, the Company is not party to any current or potential material lawsuit (i.e. lawsuits with a value of no less than SAR 3.5 million, which is equivalent to 1% of the Company's total assets in accordance with the audited financial statements for Fiscal Year ended 31 December 2023).

2.1.31 Risks Related to the Potential Misconduct of the Company's Employees and Third-Party Agents

The Company's senior management or key personnel could behave in a manner which negatively impacts the Company's business, including through misuse of information or systems, disclosure of confidential information, or disseminating misleading information. Additionally, the Company may not always be able to prevent its employees from committing any gross misconduct or ensure compliance with internal regulations and policies of the Company, which could result in losses, fines or financial liabilities for the Company, or cause harm to the Company's reputation and would adversely and materially affect the Company's business, results of operations, financial position, and prospects.

The Company relies on suppliers and other agents for the distribution of its products. Many of these third parties are small and do not have sufficient internal compliance resources. If the Company fails in its efforts to screen third-party agents and detect cases of potential misconduct, the Company could be held responsible for the non-compliance by these third parties with applicable laws and regulations, which would adversely affect the Company's reputation and / or have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

2.1.32 Risks Related to Zakat

The Company is subject to the Zakat and tax laws and regulations in the Kingdom. Zakat provision is set aside based on the accrual principle and is calculated and charged on the Zakat base (calculated in accordance with the Regulations for Zakat Collection). Amendments to the provision for Zakat, if any, are made once assessments are obtained from ZATCA.

Accordingly, the Company has consistently submitted its Zakat declarations since its inception and until the Fiscal Year ended 31 December 2023G. The Company obtained Zakat certificate for all years until 2023G. The Zakat, Tax and Customs Authority has not initiated any Zakat inquiries since the Company's inception until the date of this Prospectus, and the Company has not obtained any Zakat assessments. The Company will incur any future claims, Zakat differentials, or tax claims for previous years.

As at 31 December 2021G, 2022G and 2023G, the total provision for Zakat amounted to SAR 2,098,298; SAR 1,962,072 and SAR 2,667,398; respectively. All due amounts were subsequently settled. Accordingly, the total provision for Zakat amounted to SAR 3,617,398 as at 31 March 2024G.

Pursuant to the Tax regulations currently in force in the Kingdom, if Zakat returns are filed within the statuary deadlines, the statutory time limit is five (5) years from the submission of returns. Such statutory time limit may be extended to ten (10) years in the following cases:

- Filing of Zakat returns after the statutory time limit;
- Filing of incomplete returns or not on the CMA forms;
- Filing of returns in violation of the Regulations; or
- Failure to pay the due Zakat during the statutory deadline.

For reasons of clarity, while the typical statutory time limit for Tax/Zakat purposes is five (5) years in the Kingdom, ZATCA considers that such statutory time limit does not apply to non-resident taxes (such as withholding tax).

2.1.33 Risks Related to VAT

The Company has filed all its VAT returns since its registration (since 1 January 2018G until 31 March 2024G), by the statutory deadlines. The Company also paid all liabilities.

The Company has been assessed with respect to VAT for the periods ending 31 December 2020G, and ZATCA has accordingly issued the additional assessment in an amount of SAR 49,100.

It is worth noting that the statute of limitations for the VAT is five (5) years from the end of the calendar year in which the VAT return is submitted. Therefore, if there are no inquiries or assessments imposed by ZATCA within five (5) years from the end of the calendar year in which the VAT return is submitted, the VAT return for the relevant period should be considered final (statute of limitations). Moreover, it should be noted that according to Article 64 of the implementing regulations of the Value Added Tax Law, ZATCA has the right to, in specific cases, such as transactions entered into with the intention of breaching the provisions of the Value Added Tax Law or its implementing regulations, issue or amend assessments up to a period of twenty (20) years from the end of the calendar year in which the tax period falls.

Given that the VAT has been implemented relatively recently, the Company could make errors when implementing the regulatory requirements, which would lead to facing penalties imposed by the Zakat, Tax and Customs Authority in accordance with the Value-Added Tax Law. Should that occur, it would have an adverse and material impact on the Company's business, results of operations, financial position, and prospects.

The Company is currently subject to Zakat and VAT. However, the government may impose other fees or additional taxes on companies in the future. In the event that new taxes or fees are imposed on companies, other than the current ones, this may adversely and materially affect the Company's business, financial condition, results of operations and prospects.

For example, any potential future VAT increase may reduce the level of demand for the Company's products or affect its profitability, which would have a material adverse impact on the Company's business, financial position, results of operations and prospects.

2.1.34 Risks Related to Internal Control Systems and Accounting Errors

The Company's Internal Audit Department plays a highly important role; it is responsible for reviewing the Company's control procedures on an ongoing basis, using a systematic and organized risk-based approach to ensure the efficiency of the control procedures; summarize the results of all audit, risk assessment, and the Company's internal control systems tasks; and provide the necessary recommendations to improve the same with the aim of enhancing and protecting the Company's value and helping it achieve its objectives. The Audit Committee and the Board of Directors receive periodic reports on the audit results, discuss them with the senior management and follow up the correction based on any remarks included therein. However, this Department may not be as efficient as needed to prevent any breach or violation of the internal regulations and governance.

Therefore, the weak internal procedures may compromise the Company's information integrity and security, breach compliance, violate internal laws, regulations and policies and affect the Company's ability to make decisions efficiently and effectively. This will have in turn a material adverse effect on the Company's business, financial position, operation results and prospects.

2.1.35 Risks Related to Future Mergers, Acquisitions, and Investments

The Company may seek to make future acquisitions, mergers or investments to expand its business. These operations may entail various risks, including that the Company may not be able to accurately assess the value, strengths, and weaknesses of the acquisition, merger or investment targets, effectively integrate the purchased businesses or assets, achieve the expected synergies, or recover the purchase costs of the acquired businesses or assets. The Company may also incur unanticipated costs or assume unexpected liabilities and losses in connection with any business or asset it acquires, including in relation to the retention of key employees, legal contingencies (such as contractual, financial, regulatory, environmental, or other obligations and liabilities), risks related to the acquired business, and the maintenance and integration of procedures, controls, and quality standards. Should the Company make any acquisition, merger or investment operation in the future and if any of these risks materialize, this would have a material adverse effect on the Company's business, results of operations, financial position, and future prospects.

2.1.36 Risks Related to Board Members Engaging in Activities Competing with the Company's Business

As at the date of this Prospectus, the Chairman of the Board is also a member of the Board of Directors of the Global Healthcare Co. (Whites and Kunooz Pharmacies), which engages in the sale of cosmetics and personal care products. These activities may be similar to or directly or indirectly compete with the Company's business, potentially leading to a conflict of interest between the Chairman and the Company. Participation of Board members in competing businesses is subject to approval by the General Assembly in accordance with Article 44 of the Corporate Governance Regulations and Article 27 of the Companies Law. Any Board member involved in competing activities is prohibited from participating in voting on related decisions. The General Assembly approved the Chairman's involvement in competing activities on 29/05/2024G.

The Board of Directors or the General Assembly may not approve the involvement of Board members in competing businesses. In such cases, the relevant Board member must resign within a period specified by the General Assembly; otherwise, their membership on the Board will be considered terminated, unless they decide to withdraw from the competing business or contract before the period specified by the General Assembly expires. If a Board member fails to comply and harms the Company's business due to a conflict of interest, the Company has the right to seek appropriate compensation from the Board member involved in competing activities before the competent judicial authority. If Board members with conflicting interests negatively impact the Company's decisions, this will 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 The Impact of Political and Economic Risks on the Company's Operations

All of the Company's key operations are located in Saudi Arabia, and the Company generates the significant majority of its revenue from its Saudi Arabian sales. The Company's financial performance is therefore dependent on the prevailing economic and political conditions in Saudi Arabia and on global economic conditions that affect Saudi Arabia's economy.

The oil sector still constitutes a large share of the GDP of Saudi Arabia. Fluctuations in oil prices may occur, and adversely affect the economy of Saudi Arabia. Economic growth in the Kingdom has also slowed in recent years. Saudi Arabia is also facing the challenge of relatively high levels of population growth. All such conditions will have an adverse effect on the Saudi Arabian economy, which in turn would have a material adverse effect on the Company's business, financial position, results of operations, and prospects.

Fluctuations in economic factors, such as the availability of credit for consumers, interest rate levels, unemployment rates, salary levels and tax rates, cost of water and electricity consumption, partial or full removal of subsidies provided by the Saudi government for certain materials, may also affect consumer spending and demand for products offered by the Company. If the Company is unable to respond to market changes, the Company's business, results of operations, financial position, and prospects would be negatively and materially affected.

In addition, many countries in the Middle East suffer from political or security risks. Since 2011, major political and social unrest emerged in different MENA countries, including Tunisia, Algeria, Egypt, Libya, Bahrain, Kuwait, Lebanon, Jordan, Iraq, Yemen and Syria. These countries witnessed various events including public demonstrations and in some extreme cases, armed conflicts, civil wars, foreign military intervention and overthrow of current leadership. These situations caused economic turmoil in the affected countries, leading therefore to an increased political uncertainty throughout the Middle East and North Africa region, affecting the stability of oil and gas prices as well. There can be no assurance that the negative diplomatic relations with, or economic and political conditions in, those countries or other countries will not have a negative impact on the economy, foreign direct investment or financial markets in Saudi Arabia in general, and on the Company's business, results of operation, financial position, and prospects.

Any unexpected major changes in the political, economic, or legal environment in Saudi Arabia or the countries from which the Company sources its products, which include without limitation normal market fluctuations, economic recession, insolvency, weakness in employment levels, technological shifts and other such developments, would adversely and materially affect the Company's business, results of operations, financial position, and prospects.

In addition, significant changes in tax or trade policies, customs tariffs or trade relations between Saudi Arabia and other countries or any changes in their local policies, such as the imposition of unilateral customs tariffs on imported products, any negative reactions towards Saudi Arabia in response to increased import tariffs and other changes in Saudi Arabia's trade regulations, could result in significant increases in the Company's costs, restrict the Company's access to suppliers, depress economic activity, and have a material adverse effect on the Company's businesses, operating results, cash flows and prospects.

2.2.2 Risks Related to Increased Competition in the Industry in which the Company Operates

The beauty and personal care sector in Saudi Arabia is highly competitive particularly within the e-commerce sector, and the Company expects such competition is likely to increase and intensify in the future. The Company faces competition from global and regional diversified e-commerce retailers, beauty and care retail companies (such as offline and online platforms), pharmacies, department stores and large supermarket retailers. These companies may have greater financial, technical, research and development, marketing, distribution, retail and other resources than the Company. They may also have longer operating experience, a larger customer base or broader and deeper market coverage. As a result, the Company's competitors may respond more quickly and effectively to new or evolving opportunities, technologies, standards or user requirements than the Company and may have the ability to initiate or withstand significant regulatory changes and industry evolvement. Furthermore, as the Company expands into other markets, it will face competition from new competitors, domestic or foreign, who may also enter markets where the Company currently operates or will operate.

The Company competes with other retailers in Saudi Arabia and other key markets, based, among other things, on the following elements: (1) prices of products; (2) the degree of brand recognition for the quality of services and products; (3) efficiency of delivery services; (4) reputation and quality of the brands, merchandise and products offered; (5) quality of customer service; and (6) ability to understand and respond to customer demands in a timely manner. Some of the Company's competitors may possess financial, managerial, logistical and human resources exceeding those possessed by the Company. Moreover, a number of different competitive factors would also have a material adverse effect on the Company's business, results of operations and financial condition, including, among other things:

- adoption of aggressive pricing strategies, availability of popular product mix and application of innovative sales methods by the Company's existing or new competitors;
- entry by new competitors into the Company's current and future markets and increased competition from other international and local players, including other wholesalers;
- the launch of e-commerce or online shopping platforms by new local and international competitors which sell products in the same product categories as the Company;
- two or more competitors merging or forming strong alliances so as to offer additional high-quality products and services at more competitive prices;
- utilizing innovative sales and marketing methods by the Company's competitors and suppliers establishing their own stores; and
- securing agreements with Key Suppliers on which the Company relies.

Any significant increase in competition may have a material adverse effect on the Company's revenue and profitability as well as on its business and prospects. There can be no assurance that the Company will be able to continually distinguish its products and services from those of its competitors, preserve and improve its relationships with various suppliers, or increase or even maintain its existing market share. The Company may lose market share, and its financial condition and results of operations may deteriorate significantly if it fails to compete effectively. The occurrence of any of these events would adversely and materially affect the Company's business, results of operations, financial condition and prospects.

2.2.3 Risks Related to Failure to Anticipate or Appropriately Adapt to Changes or Trends within the Beauty and Personal Care Retail Industry

The beauty and personal care retail sector is growing and evolving rapidly in Saudi Arabia and worldwide. Any significant shifts in the structure of the sector or the products and retail industry in general could alter industry dynamics and adversely affect Company ability to attract or retain customers. Among other things, these changes or trends could be due to changes in health and wellness trends, environmental and sustainability considerations, technology and innovation, consumer spending patterns and the influence of social media. The Company's failure to anticipate or appropriately adapt to any of these changes or trends, none of which are within its control, would have a significant negative impact on its competitive position and materially adversely affect its business, results of operations, financial condition and prospects.

2.2.4 Risks Related to the E-Commerce Law and Implementing Regulations Thereof

The Company collects and processes personal and other data from its current and potential users, which the Company uses to provide services to users of its electronic platforms, verify user identity, and communicate and recommend products and services through the customer management system. As a result, the Company must comply with local regulations, including (i) the E-commerce Law and Implementing Regulations thereof, as well as the E-Commerce Store Compliance Regulations issued by the Ministry of Commerce, particularly consumer protection requirements; and (ii) the controls and guidelines of the National Cybersecurity Authority, including the Basic Cybersecurity Controls (ECC 2018) and the Cybersecurity Guidelines for E-Commerce Service Providers, particularly the guidelines and controls related to using strong authentication methods, protecting e-commerce systems, reducing data breaches, safeguarding the platform and electronic network, protecting e-commerce infrastructure, and educating and training employees. New and evolving regulations related to e-commerce, cybersecurity, data protection, and other standards governing the collection, processing, storage, transfer, export, disclosure, and use of personal data may impose additional burdens on the Company due to increased compliance requirements, which could restrict the use and adoption of the Company's solutions and applications. These new regulations and amendments or reinterpretations of existing regulations and standards, as well as other contractual obligations and commitments, may lead to additional costs and restrict the Company's business operations. These regulations may also require companies to adhere to strict consumer protection requirements, implement privacy and cybersecurity policies, allow users to access, correct, and delete their stored personal data, and notify individuals and regulatory authorities of security breaches or intrusions affecting personal data. In some cases, they may require obtaining explicit consent from individuals for the use, processing, storage, transfer, export, and disclosure of personal data for specific purposes. If the Company or its third-party partners fail to comply with applicable data privacy regulations and cybersecurity standards, the Company's ability to operate its business successfully and achieve its business goals may be compromised. Non-compliance with these regulations or failure to protect such data could lead to regulatory actions against the Company, including fines, penalties, claims for damages from users and other affected individuals, and damage to the Company's reputation. The Company may also incur high costs to comply with such regulations or bear substantial liabilities for non-compliance, which would materially adversely affect the Company's business, results of operations, financial condition and prospects.

2.2.5 Risks Related to the Competition Law

The Competition Law promulgated by Royal Decree No. M/75, dated 29/06/1440H (corresponding to 6 March 2019G) and its implementing regulations issued by the General Authority for Competition pursuant to Resolution No. 337, dated 25/01/1441H (corresponding to 24/09/2019G) prohibit practices (including agreements or contracts made between entities, irrespective of whether they are written or oral, express or implied) with anti-competitive objectives or effects, including practices such as fixing prices of goods, service fees, or terms of purchase and sale. Should the GAC decide to lead an investigation into the Company, or otherwise conclude that the Company is in breach of the applicable Competition Laws, it may impose on the Company a fine of up to 10% of the total annual revenues subject of the violation, or no more than ten million (10,000,000) Saudi riyals where it proves impossible to estimate such value. Moreover, the GAC may, at its discretion, impose a fine of up to three times the revenues made as a result of the breach and order the (partial or full) suspension of the Company's activities temporarily or permanently in case of repeated breach.

The occurrence of any of the abovementioned risks would have a material and adverse effect on the Company's business, results of operations financial position and prospects.

2.2.6 Risks Associated with Statutory Regulations, Permits, Licenses and Approvals Necessary for the Company's Business

The Company is required to obtain and maintain the necessary permits, licenses, and approvals from government authorities for its business operations and activities. These permits, licenses and approvals include, but are not limited to, commercial registration certificates for the Company issued by the MoC, civil defense permits, membership certificates with the relevant chambers of commerce, trademark registration certificates, SFDA licenses, Saudization and GOSI certificates in each case relating to the business operations of the Company. (For further information, please refer to Section 12.5 ("**Material Government Consents, Licenses and Certificates**") of this Prospectus).

It should be noted that the Company did not obtain SFDA licenses for two of its cosmetics and pharmaceutical and herbal products warehouses where it stores cosmetics, pharmaceuticals and herbal products. Most of the Company's existing licenses are subject to conditions under which they might be suspended or terminated if the Company fails to fulfil and abide by the underlying conditions. Moreover, when seeking to renew or amend the scope of a license, there is no guarantee that the concerned authority will renew or amend the license or that, if it does renew the license, no conditions will be imposed which would adversely affect the Company's performance.

It is also worth noting that the Company did not obtain main municipal licenses for its main office and three of its warehouses and did not obtain civil defense permits for its main office and four of its warehouses.

If the Company does not obtain or renew a license necessary for its operations, or if any of its licenses expires or is suspended, or renewed under unfavorable conditions to the Company, or if the Company is unable to obtain additional licenses required in the future, the Company will be required to cease carrying on its business totally or partially or will be subject to fines issued by the relevant Saudi governmental authorities, including SAR 30,000 from the civil defense; SAR 5,000 from MoMRAH for each infringing location or SAR 5,000,000 from SFDA. The occurrence of any of the aforementioned risks would have a material and adverse effect on the Company's revenues, financial position, results of operations and prospects.

2.2.7 Risks Related to Changes in Importation Laws and Regulations

The Company's imported purchases represent 8%, 15%, 18% and 25% of the total gross purchases for the financial years ended 31 December 2021G, 31 December 2022G and 31 December 2023G and the Three-Month Period Ended 31 March 2024G, respectively. Therefore, the import laws in the Kingdom and export laws in jurisdictions from which the Company or its suppliers import the products that the Company distributes has a significant effect on the Company's business. The imposition of legal requirements or new regulations, such as anti-dumping duties or customs tariffs and other measures, whether adopted by countries or by regional trade blocs, may affect the prices of products and goods imported by the Company, which will be reflected on the Company's ability to provide competitive sales offerings, which in turn would materially and adversely affect the Company's business, results of operations, financial position, and prospects. In addition, if importation regulations become more restrictive towards the goods that the Company purchases from outside the Kingdom or certain sanctions or embargos are imposed on these jurisdictions by the United Nations, other supranational organizations or other governments, this would have a material adverse effect on the Company's, financial condition, results of operations, and prospects.

2.2.8 Risks Related to the Companies Law

The Companies Law issued under Royal Decree No. M/132 dated 01/12/1443H (corresponding to 30/06/2022G), which entered into effect on 26/06/1444H (corresponding to 19 January 2023G) (the "**New Companies Law**") imposes certain regulatory requirements that the Company must abide by. To comply with such requirements, the Company must adopt specific procedures such as amending its Bylaws to comply with the Companies Law and adhere to the periods stipulated for holding General Assembly meetings.

The Companies Law imposes stricter penalties for violation of its mandatory provisions and articles. Fines for violating some of the provisions may reach SAR 500,000. Therefore, if the Company is subjected to a penalty due to non-compliance with these provisions, or if it does not comply with the provisions of its Bylaws, this will have a material adverse effect on the Company's business, financial position, results of operations, and prospects. It should be noted that the Company has not been subjected to any fines or penalties as a result of non-compliance with the Companies Law.

2.2.9 Risks Related to Exchange Rate Fluctuations

Since the Company engages in transactions that are not denominated in Saudi Riyals, but mainly in Emirati Dirham, Euro and US Dollar, it is subject to foreign exchange risks with respect to its obligations and expenses denominated in a currency other than the currency of the Kingdom.

As part of the Kingdom's policy, the Saudi Riyal is, as at the date of this Prospectus, pegged to the US dollar at an exchange rate of SAR 3.75 / USD 1.00. However, there is no guarantee that the Saudi Riyal will remain stable against the US Dollar. Moreover, the exchange rate of the Saudi Riyal to Euro – being the currency of some of the Company's purchases – is subject to supply and demand factors and therefore to fluctuations at any time. Therefore, any deflation of the Saudi Riyal against foreign currencies (mainly Euro) could adversely and materially affect the Company's results of operations, financial position, and prospects. The Company incurred foreign exchange losses of SAR 519 thousand in FY2023G, and SAR 94 thousand in the Three-Month Period Ended 31 March 2024G. Purchases in foreign currencies not subject to a peg to Saudi Riyal represented 0.02%; 0.08%; 0.89% and 0.37% of the Company's total purchases for the Fiscal Years ended 31 December 2021G, 31 December 2022G and 31 December 2023G and the Three-Month Period Ended 31 March 2024; respectively.

2.2.10 Risks Related to Changes in Laws and Government Policies in Saudi Arabia, or Changes in Their Application to the Company

The Company is subject to a range of laws and regulations in Saudi Arabia, which in many cases are applied by governmental authorities in accordance with government policy or directives. Demand for products sold by the Company and its business may be materially and adversely affected by changes in laws, regulations, government policy and administrative directives, or the interpretation thereof in Saudi Arabia, including in particular those with application to the e-commerce sector in Saudi Arabia.

A number of the laws and regulations applicable to the Company and its operations are relatively new, and the interpretation and enforcement of these laws and regulations may involve uncertainty. There can be no assurance that future amendments to laws or regulations and/or changes in government policies in the Kingdom, including the issuance of new regulations and amendments to existing regulations, or their interpretation or implementation, will be favorable to the Company, which may result in the Company incurring additional expenses to comply with the new requirements. As a result, there is uncertainty as to the legal protection available to the Company and the Shareholders.

If the Company fails to comply with any or all of the requirements that apply thereto under applicable laws and regulations, it could be therefore subject to fines and sanctions, which would materially and adversely affect the Company's business, results of operations, financial position and prospects.

2.2.11 Risks Related to Saudization, Non-Saudi Employees, and Other Labor Law Requirements

The Saudization (Nitaqat) program was adopted pursuant to the Ministerial Resolution No. 4040 dated 12/10/1432H (corresponding to 10 September 2011G), whereby the Ministry of Human Resources and Social Development ("MHRSD") requires entities to employ Saudi nationals. Compliance with Saudization requirements which is a local regulatory requirement necessitating that all private entities (except regional headquarters) carrying out business in Saudi Arabia, including the Company, employ and maintain a certain ratio of Saudi personnel among their staff. The ratio of Saudi workers varies on the basis of a Company's licenses activities and number of employees. As at 12 February 2024G, the Company achieved a Saudization rate of 55%, and two of the its branches achieved a Saudization rate of 55%, and the Company's head office and two of its branches in Riyadh have been classified under the platinum category (noting that the required Saudi employee percentage for the platinum category is 51.14%) and one of the Company's branches achieved a Saudization rate of 12% and has been classified under the medium green category (noting that the branch's required Saudi employee percentage for the medium green category is 10%), which means that the Company comply with the current Saudization requirements, and will be able to secure new work visas to hire additional foreign nationals from abroad, and transfer sponsorship of local hire foreign nationals, among other matters. The Company received Saudization certificates from the Ministry of Human Resources and Social Development for observing the Saudization requirements. The percentages of Saudi employees in the Company were 31% and 33% for the fiscal year ended 31 December 2023G, and for the Three-Month Period Ended 31 March 2024G, respectively.

Under the Saudi Labor Law, foreign employees are only permitted to work for the entity which sponsors them in Saudi Arabia, lent by a licensed manpower company, or providing services under a valid services agreement (within their employer/sponsor's licensed activities), and in both the latter cases registered through Ajeer. The Company employs a number of non-Saudi employees who are sponsored by third-party recruiting companies. The fees for transferring employees from one company to another are between SAR 2,000 and SAR 6,000 (depending on the number of times an employee has transferred their sponsorship in the past). For further information on the employees, please refer to Section 4.9 ("**Employees**") of this Prospectus. The risks related to the requirements applicable to non-Saudi employees include facing fines or penalties, such as suspension of MHRSD recruitment systems or services in the event of violating laws pertaining to Iqama, transfer of sponsorship, Ajeer certificates, secondment, and residency professions, which would adversely affect the Company's business and results of operations. The penalties for entities seconding foreign employees under their own sponsorship to another entity without an Ajeer certificates include, for a first-time violating entity, a fine of up to SAR 25,000 for each employee working in violation of the law, and these fines increase in case of repeated violations.

In addition, under the Saudi Labor Law, each foreign employee must carry out the job function stated on his / her Iqama. It should be noted that one of the Company's foreign employees carries out job functions that are different from those defined on their Iqama; which the Company is correcting as at the date of this Prospectus. The penalties for entities hiring foreign national employees whose actual job function does not correspond with the job function appearing on their Iqama include, for a first-time violating entity, a fine of SAR 10,000 for each employee working in violation of the law, and these penalties increase in case of repeated violations.

The Company may not be able to fulfil current or amended Saudization or other Labor Law requirements in the future or to guarantee that the minimum wage required to be paid by the Company will not increase. In case of non-compliance with the requirements pertaining to Saudization or non-Saudi employees, the Company could face sanctions by governmental authorities. In addition, the Company may be unable to provide the required workforce or recruit the required number of Saudi nationals or foreign workers without incurring additional costs, if at all, which would adversely affect the Company's business, results of operations, financial position, and prospects. For further details, please refer to Section 4.10 ("**Saudization Strategy**") of this Prospectus.

2.2.12 Risks Relating to the Outbreak of Infectious Diseases or Other Serious Public Health Concerns

The outbreak of an infectious disease, such as Middle East Respiratory Syndrome (MERS), H1N1, SARS and the Coronavirus in the Middle East will have a materially negative impact on the Kingdom's economy and business operations of the Company.

Following the outbreak of the Coronavirus, the Saudi Government implemented a range of precautionary containment measures in response to the outbreak, including travel restrictions or mandatory quarantine measures on international travelers and on residents within cities, regions or provinces of certain countries; the temporary suspension of visas to foreign religious tourists intending to visit Makkah and Madinah for Hajj and Umrah; and the temporary suspension of all flights (international and domestic) and inter-urban bus, taxi, and train service.

Although the Coronavirus and the Saudi Government's response thereto did not affect the Company in any material adverse way (as the expenses incurred by the Company during this period were not material), it is difficult to estimate the potential impact a further increase in the spread of another infectious disease might have on the Kingdom's economy and the business operations of the Company, and could make the Company vulnerable to risks of business interruption. Furthermore, there can be no assurance that any containment measures (such as those outlined above) would be effective in stopping or curtailing future outbreaks in the Kingdom. Moreover, it is likely that any containment measures will have a material and adverse effect on the Saudi economy and investor and business confidence to an extent difficult to predict. This would, in turn, materially and adversely affect the Company's business, results of operation, financial position and prospects.

2.2.13 Risks Related to Natural Disasters, Severe Weather Conditions and Other Out-of-Control Events

Moreover, the Company may incur significant costs if any natural disasters occur that the Company cannot contain or control, such as floods, earthquakes, storms, and other uncontrollable events that may cause damage to the company's factories. Natural disasters could also affect the Company's ability to continue its operations, leading to a decrease in the Company's revenue generated from these operations. Therefore, the occurrence of any natural disaster that damages the Company's factories could adversely and materially affect the Company's business, results of operations, financial condition and prospects.

2.3 Risks Related to the Offer Shares

2.3.1 Risks Related to Control by Substantial Shareholders on the Interests of the Company and Other Shareholders

Following completion of the Offering, the current Shareholders will collectively hold (directly or indirectly) 70% of the issued Shares. The Substantial Shareholders will therefore be able to influence all matters and decisions requiring the approval of the Shareholders including the election of the Directors, approval of contracts, important Company activities, distribution of dividends and amendments which might be made to the Company's share capital and Bylaws.

The interests of the Substantial Shareholders may differ from those of the Company's other Shareholders, and the Substantial Shareholders may prevent the Company from making certain decisions or taking certain actions that would protect the interests of the Company's other Shareholders. This may also have the effect of delaying, deferring or preventing a change in control or distribution of dividends and discourage bids for the Shares, which may adversely affect the value of the Shares.

Such powers might be used in a manner which would adversely and materially affect the Company's business, results of operations, financial position, and prospects.

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

There has been no previous public market for offering or trading the Shares, and there can be no assurance that an active and liquid market for the Shares will develop or be sustained after the Offering. If an active and liquid market is not developed or maintained, this would adversely affect the trading price of the Shares, which would have a material adverse effect on the Subscribers' anticipated returns or result in the loss of all or a portion of their investment in the Company.

2.3.3 Risks Related to Future Sales and Offers

Sales of large numbers of the Shares on the market after the completion of the Offering, or the perception that those sales will occur, will adversely affect the market price of the Shares.

Upon the successful completion of the Offering, the Substantial Shareholders will be subject to a lockup period of six months during which they may not dispose of any Shares that they own. Following said lock-up period, the sale of a substantial number of Shares by any of the Substantial Shareholders may result in a lower Share market price.

The Company does not currently intend to issue additional Shares after the end of the Offering. If the Company decides to raise additional capital by issuing new Shares, the newly issued Shares may cause the value of the Shares to drop and could reduce Shareholders' ownership percentage in the Company if they do not subscribe for new shares at that time. The occurrence of any of the foregoing factors would have a material adverse effect on Subscribers' anticipated returns, or result in the loss of all or a portion of their investment in the Company.

2.3.4 Risks Related to the Use of IPO Proceeds

The Company will use the IPO Proceeds, obtained from the sale of the New Shares resulting from the capital increase for the purpose of the Offering, to expand the Company's activity locally and regionally (For further details, please refer to Section 8 ("**Use of Offering Proceeds**") of this Prospectus). The Company's Management will have great discretion in using the IPO Proceeds, and the Subscribers may see the Company's use of the Offering Proceeds as inappropriate. The IPO Proceeds may be invested to achieve long-term benefits for the Company, which may not result in increasing the Company's results of operations or market value, and the Company's objectives may not be achieved. In addition, if the Company decides to invest the IPO Proceeds in certain investments, such investments may not generate significant income or may lose their value. The occurrence of any of the above factors would have an adverse effect on investors' anticipated returns or may result in the loss of all or some of their investment in the Company.

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

The Offer Price has been determined based upon several factors, including the past performance of the Company, the forecasts 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. The Offer Price may not be equal to the price at which the Shares will be traded following completion of the Offering and investors may not be able to resell the Offer Shares at the Offer Price or above, or may not be able to sell them at all.

The stock market in general experiences, from time to time, extreme trading price and volume fluctuations. Market fluctuations could result in extreme volatility in the price of the Shares, which could cause a decline in the value of the Shares, with price volatility being worse if the trading volume of the Shares is low. The price of Shares may be negatively affected by various factors, including the Company's performance and results of anticipated operations, resignation of key personnel, changes in earnings estimates or forecasts, changes in the business strategy, market conditions in its industry, the general situation of the Saudi Arabian economy, changes in laws and regulations, terrorist acts, acts of war or periods of widespread civil unrest, natural disasters and other calamities and stock market price fluctuations. The realization of any of these risks or other factors would have a material adverse effect on Subscribers' anticipated returns or result in the loss of all or a portion of their investment in the Company.

2.3.6 Risks Relating to the Company's Ability to Distribute Dividends

Future distribution of dividends will depend on several factors including, among other things, future earnings, financial conditions, cash flows, working capital requirements, capital expenditures and distributable reserves of the Company. Therefore, the Company may not be able to pay dividends, and the Directors may not recommend, and the Shareholders may not approve, the payment of dividends. Additionally, the Company may be restricted by the terms of financing and facilities agreements executed with financing entities which some of them require their written approval prior making dividend payments to Shareholders. It is worth noting that under the provisions of Rajhi Facility Agreement, the Company and all members of the Group should not distribute, pay or announce any dividends or other distributions with regard to any Fiscal Year without obtaining the prior written approval of Rajhi Bank. The Company may incur expenses or liabilities that would reduce or eliminate the cash available for distribution of dividends. If the Company does not pay dividends on the Shares, 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, which would have a material adverse effect on Subscribers' anticipated returns. (For further details, please refer to Section 7 ("**Dividend Distribution Policy**") of this Prospectus).

2.3.7 Risks Related to the Failure of Publishing Research or the Publishing of Unfavorable Research About the Company

Following the listing of Company shares, the company common stocks listed will be influenced by the research and reports that research analysts publish about the Company or the industry. If one or more of the analysts ceases coverage of the Company or fails to regularly publish reports on the Company, the latter could lose visibility on Tadawul, which in turn could cause its stock price or trading volume to decline. Moreover, if Company operating results do not meet the expectations of investors, one or more of the analysts who cover the Issuer may change their recommendations regarding the Company, and its Share price could decline.


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3. MARKET AND INDUSTRY INFORMATION

3.1 Introduction

The Company has commissioned 42seer Technologies – FZE, a fully owned subsidiary of Redseer Strategy Consultants Private Limited, an independent strategy consulting firm, to prepare a market study on the Beauty and Personal Care Market in the Kingdom of Saudi Arabia.

The information below is based on an independent market study conducted by Redseer, which has given and not withdrawn its written consent for its market report to be published in the Prospectus as of the date of its publication.

The report contains market information derived by employing an integrated research methodology which includes secondary and primary research. The primary research work includes surveys and in-depth interviews of consumers and other relevant ecosystem participants, and consultations with market participants and experts. In addition to the primary research, quantitative market information is also derived based on data from trusted portals and industry publications. Therefore, the information is subject to limitations of, among others, secondary statistics, and primary research, and accordingly the findings do not purport to be exhaustive.

Redseer's estimates and assumptions are based on varying levels of quantitative and qualitative analyses from various sources, including industry journals, company reports and information in the public domain. Redseer's research has been conducted with a broad perspective on the industry and will not necessarily reflect the performance of individual companies in the industry. Redseer shall not be liable for any loss suffered by any person on account of reliance on the information contained in the Report.

While Redseer has taken due care and caution in preparing the Report based on information obtained from sources generally believed to be reliable, this information and data has not been independently verified by the Company or any other party. The Report's accuracy, completeness and underlying assumptions are subject to limitations like interpretations of market scenarios across sources, data availability, amongst others. Forecasts, estimates and other forward-looking statements contained in the Report are inherently uncertain and could fluctuate due to changes in factors underlying their assumptions, or events or combinations of events that cannot be reasonably foreseen. The forecasts, estimates and other forward-looking statements in the Report depend on factors like the evolution of the economy, evolution of consumer sentiments, the competitive environment, amongst others, leading to significant uncertainty, all of which cannot be reasonably and accurately accounted for. Actual results and future events could differ materially from such forecasts, estimates, or such statements.

The Directors believe that the Market Study information and data from other sources contained in this Prospectus, including that provided by the Market Study Consultant, is reliable. However, this information and data has not been independently verified by the Company, the Directors, the Advisors, nor the Selling Shareholder, and therefore none of the aforementioned bears any liability for the accuracy or completeness of said information.

This Report is not a recommendation to invest / disinvest in any entity covered in the Report and no part of this Report should be construed as investment advice within the meaning of any law or regulation.

As at the date of this Prospectus, Redseer does not itself, nor do any of its subsidiaries, partners, shareholders, directors, managers, or their relatives, hold direct or indirect interests in the Company.

3.2 Macroeconomic Overview

3.2.1 The economy of Kingdom of Saudi Arabia is expected to cross SAR 5 Tn, fueled by economic diversification and cultural transformation

As per the General Authority for Statistics ("GASTAT") estimates, the Kingdom's nominal Gross Domestic Product ("GDP") was SAR 4,003 billion in 2023G. As per International Monetary Fund World Economic Outlook Dataset April 2024 estimates, Kingdom's GDP is estimated to grow 4.8% annually to reach SAR 5,060 billion by 2028G.

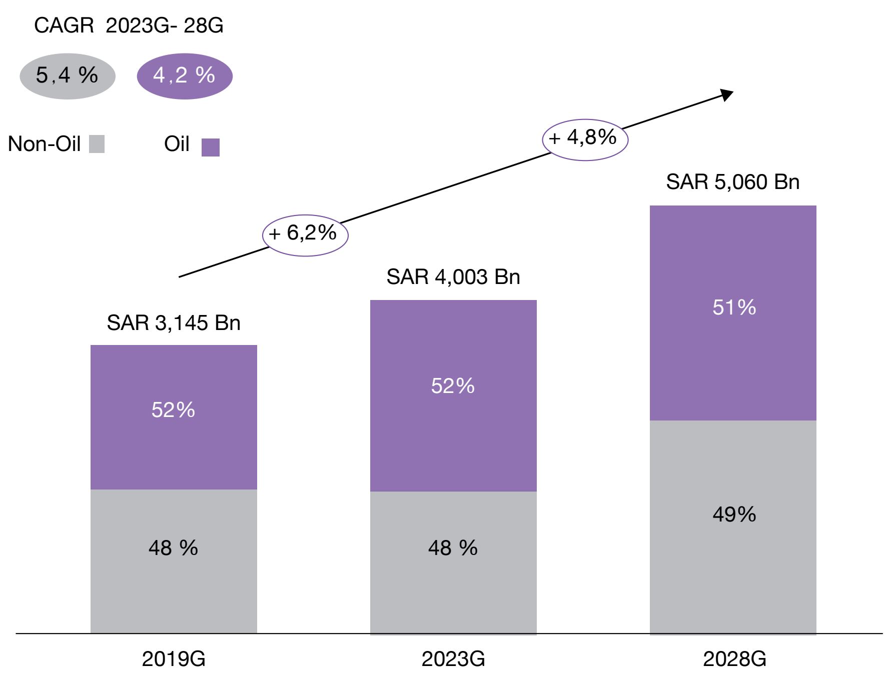
The Kingdom's GDP growth is driven by its initiatives to diversify the economy beyond oil. The Kingdom of Saudi Arabia is actively working to reduce the contribution of oil to GDP to 50% by 2030G, which has long been the backbone of its economy. This diversification effort aims to create a more resilient and sustainable economic landscape. By nurturing domestic talent, attracting foreign investment, and capitalizing on its strategic location, The Kingdom of Saudi Arabia is paving the way for a prosperous future beyond its rich oil reserves. Non-Oil GDP is expected to grow at a CAGR of 5.4% between 2023G-2028G whereas oil GDP will grow at 4.2% CAGR during the same period.

Recognizing the pivotal role of technology in driving economic progress, the Government of Kingdom of Saudi Arabia is spearheading digital transformation across all sectors. Through substantial investments in digital infrastructure and the implementation of forward-thinking policies, the Kingdom aims to create a thriving tech ecosystem that fosters innovation and supports the growth of local businesses. This digital-first approach not only streamlines Government services but also empowers entrepreneurs, encourages the Adoption of cutting-edge technologies, and positions the Kingdom as a global leader in the Digital Economy.

In recent years, the Kingdom of Saudi Arabia has undertaken significant reforms to improve its regulatory and business environment. These reforms include the introduction of new laws and regulations designed to promote entrepreneurship, protect investors' rights, and reduce the costs associated with doing business. By creating a more favorable climate for investment and economic activity, the Kingdom is fostering domestic entrepreneurship and the entry of international companies, driving job creation, and stimulating economic growth.

The following exhibit shows the Kingdom of Saudi Arabia's Nominal Gross Domestic Product from 2019G to 2028G:

Exhibit (3.1): The Kingdom of Saudi Arabia Nominal Gross Domestic Product



Source: General Authority for Statistics; International Monetary Fund, World Economic Outlook, April 2024

3.2.2 Government reforms are positioning the Kingdom of Saudi Arabia as an attractive global market for businesses and consumers

3.2.2.1 In the last decade, the Kingdom's Government has focused on social and economic liberalization

In the last decade, the Kingdom of Saudi Arabia has embarked on an ambitious journey of social and economic liberalization, laying the foundation for a more diverse, inclusive, and prosperous future. The launch of Vision 2030, a comprehensive blueprint for national transformation, marked a pivotal shift in the country's development strategy. This vision has paved the way for a series of groundbreaking reforms and initiatives aimed at enhancing the Kingdom's global competitiveness.

Significant social reforms have been implemented, easing restrictions on women's travel and driving rights, while also opening new avenues for entertainment and cultural expression through the introduction of cinemas, concerts, and sporting events.

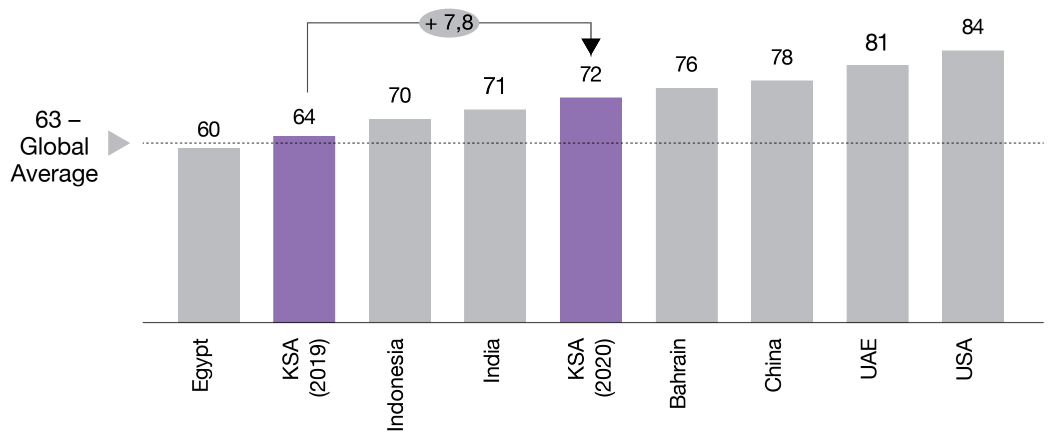
Economic stimulation has been a focal point with several reforms and initiatives. Regulatory reforms have been enacted to attract foreign capital and increase foreign direct investment. Labor reforms have been implemented to protect domestic and expat worker rights covering wage protection, ease of changing jobs and other initiatives. One such reform is the Wage Protection System (WPS), which ensures timely and full payment of salaries. Realizing the important of SMEs to the Kingdom's economy, initiatives like the Monsha'at have been commissioned to offer training, funding, and support to SMEs. The Saudi Industrial Development Fund (SIDF) and other financial institutions have approved numerous loans and support packages to foster the growth of SMEs. The launch of the National Industrial Development and Logistics Program (NIDLP) aims to boost manufacturing, mining, and logistics among other sectors and increase non-oil exports. In the logistics sector, NIDLP targets achieving 330 million passengers through the Kingdom's airports by 2030. Additionally, it aspires to position Saudi Arabia among the top 10 countries in the World Bank's Logistics Performance Index (LPI).

These wide-ranging reforms and initiatives have positioned the Kingdom of Saudi Arabia as an increasingly attractive market for businesses and consumers alike, offering a wealth of opportunities in a rapidly evolving economic landscape.

3.2.2.2 Kingdom of Saudi Arabia is the most improved economy in World Bank's Ease of Doing Business Report 2020; The Kingdom continues to strengthen its regulatory framework and support the local ecosystem

The following exhibit shows a Kingdom's Ease of Doing Business Score from 2019G and 2020G against global benchmarks:

Exhibit (3.2): Ease of Doing Business Score (1-100) – Global Benchmarks



Source: World Bank Ease of Doing Business Report 2020

The Kingdom of Saudi Arabia has made progress in enhancing its business environment, earning the title of the most improved economy in the World Bank's Ease of Doing Business Report 2020, with an increase of 7.8 points, demonstrating its commitment to creating a more attractive and competitive business landscape. Several key reforms have been made by the government over the past few years:

- **Competitive taxation:** the Kingdom offers competitive tax incentives to attract businesses, such as a recently announced 30-year tax exemption for companies establishing their headquarters in the country. Additionally, businesses with regional headquarters enjoy relaxed Saudization regulations. This favorable tax environment supports investment and economic growth in the Kingdom;
- **FDI reforms:** The introduction of Special Economic Zones offering a 50-year tax exemption, along with the establishment of the Saudi Investment Promotion Authority, aims to enhance transparency and create an attractive investment climate;
- **streamlined licensing process:** SAGIA has streamlined the licensing process, enabling businesses to obtain the SAGIA license in as little as 10 minutes. By simplifying and accelerating the licensing process, the Kingdom aims to create a more conducive environment for major international investors and foster entrepreneurship;

- **digitalization initiatives:** The introduction of the "Meras" online platform improves efficiency in stakeholder interactions, providing entrepreneurs with all Government services needed to start a business in one day;
- **local ecosystem support:** Inbound multi-national companies intending to do business in the Kingdom of Saudi Arabia, with the Government, are required to establish their regional headquarter in the Kingdom. The nationalization of jobs reduces unemployment rates among local citizens, with the Government providing incentives and support for private sector establishments to hire local citizens;
- **cybersecurity and data protection:** Kingdom has strengthened its cybersecurity and data protection measures through the National Cybersecurity Authority's guidelines for Online Retail service providers, data residency norms and mandatory minimum numbers of licensed national cybersecurity staff;

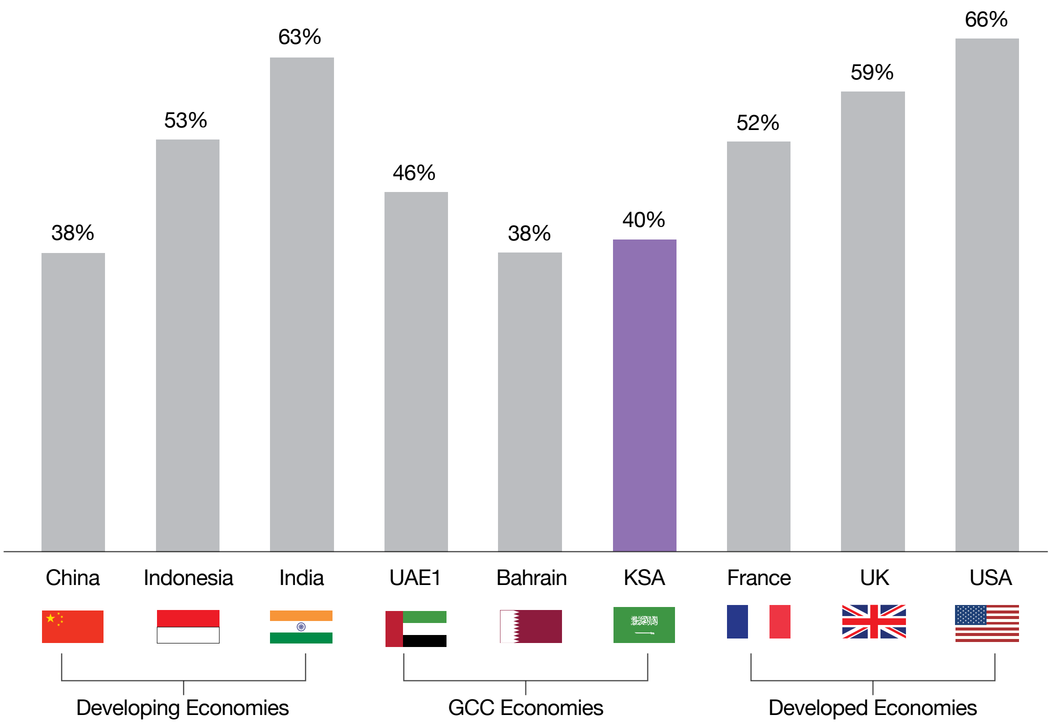
These initiatives and reforms demonstrate the Kingdom's unwavering commitment to strengthening its regulatory framework and supporting the local ecosystem, making it an increasingly attractive destination for businesses and investors.

The Government has also instituted specialized bodies and protocols to oversee the retail market in the Kingdom. The Saudi Food & Drug Authority (SFDA) oversees the import regulations for Beauty and Personal Care products into the country. SFDA's stringent regulations have fostered consumer trust by upholding rigorous safety and quality standards. Moreover, SFDA has optimized the registration procedure for manufacturers via platforms, reducing the processing time to 15 days.

3.2.3 Rapid cultural transformation coupled with young and prosperous demographic are strong tailwinds for growth of Private Consumption

Following exhibit shows the Private Consumption share of GDP for the Kingdom of Saudi Arabia compared to global benchmarks in 2023G:

Exhibit (3.3): Private Consumption Expenditure % – Global Benchmarks 2023G



Source: Redseer Desk Research; Redseer Analysis, Government Reports

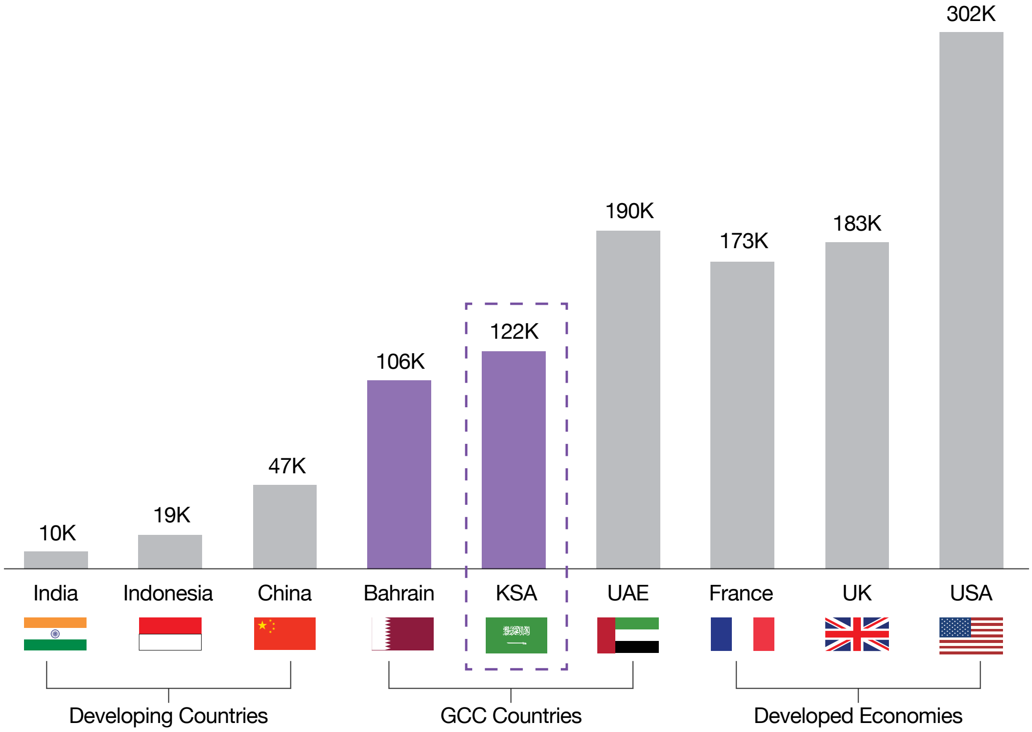
UAE latest government Private Consumption figures are for 2021 as per UAE Federal Competitiveness and Statistics Centre

Private Consumption's share of GDP for the Kingdom of Saudi Arabia is lower than global benchmarks, due to high reliance on oil activities. As the Kingdom transitions and focuses on the non-oil sectors, a confluence of factors is shaping the trajectory of Private Consumption, which is estimated to grow and account for 42% of the GDP by 2028G. Key factors driving the growth of Private Consumption in the Kingdom of Saudi Arabia are as follows:

- **Broadening income funnel:** The Kingdom's healthy GDP Per Capita to grow on the back of growing share of Middle Income group as more skilled workers enter the workforce.

Following exhibit shows the GDP Per Capita of the Kingdom of Saudi Arabia compared to global benchmarks in 2023G:

Exhibit (3.4): GDP Per Capita Global Benchmarks 2023G in SAR



Source: International Monetary Fund, Redseer Analysis

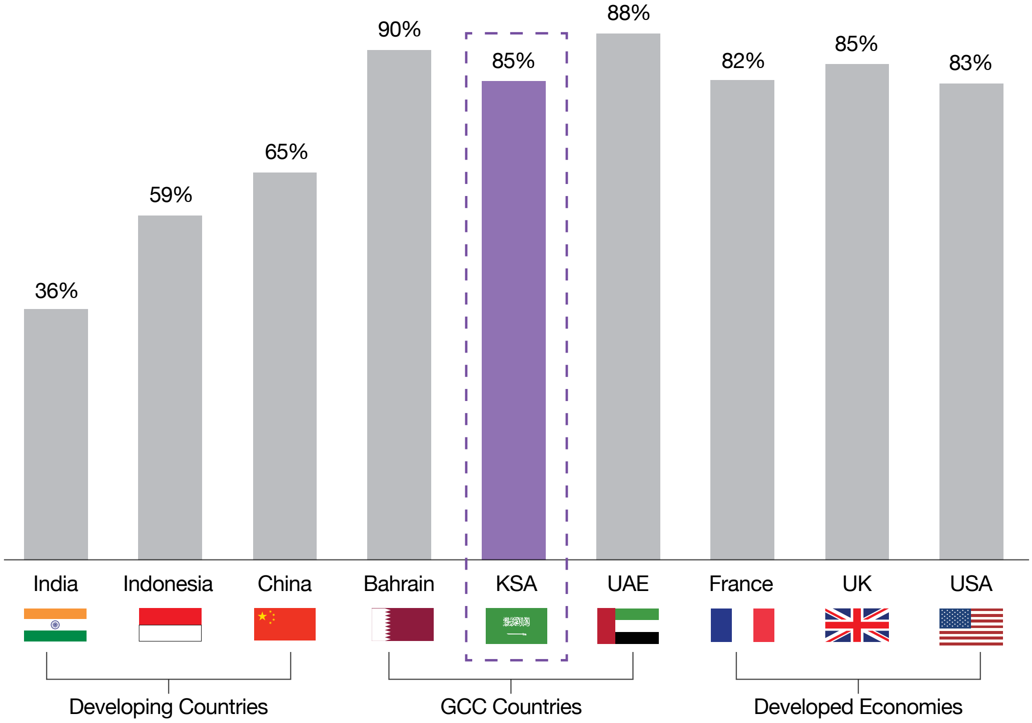
The Kingdom of Saudi Arabia's GDP Per Capita as per International Monetary Fund ("IMF") estimates in 2023G is approximately SAR 122,000, which is higher than many emerging markets. The GDP Per Capita has been growing due to the influx of skilled workers into the workforce, driving the Middle Income group to grow from 13.6 million individuals in 2019G to 15.5 million individuals in 2023G. As economic diversification initiatives gain traction, a broader range of high-skilled employment opportunities are becoming available across various sectors. This transition is expected to facilitate the expansion of the Kingdom's Middle Income group, with more individuals attaining higher incomes and greater purchasing power, driving an upswing in Private Consumption, as households allocate a larger portion of their disposable income towards Retail that caters to elevated lifestyles and aspirations;

- **large Urban and Young demographic:** Large Urban and Young population presents a strong demographic dividend for growth

Following exhibit shows the Urban Population benchmarks for 2023G:

Back to Table of Content >

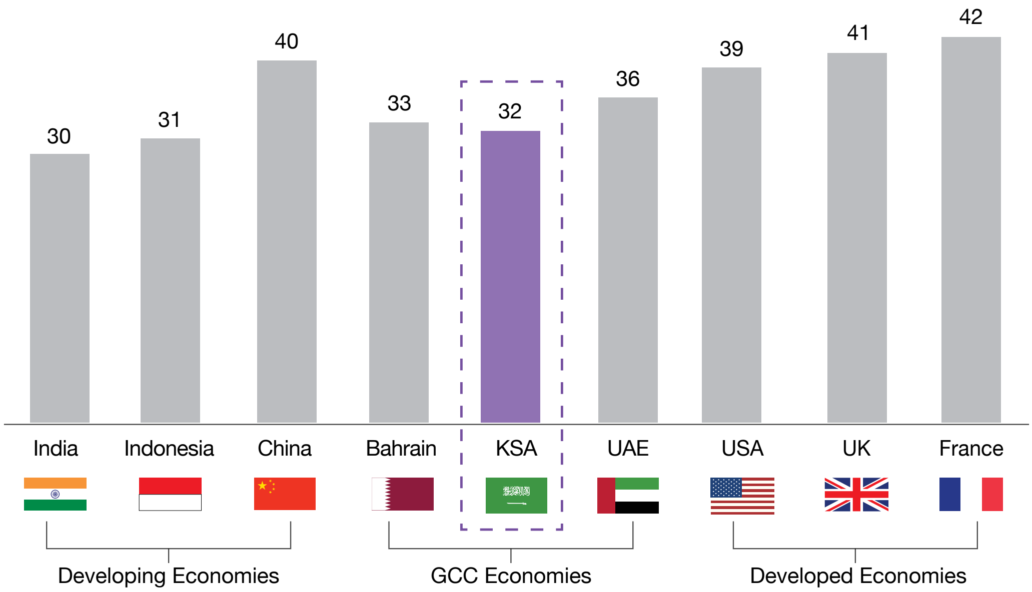
Exhibit (3.5): Urban Population % of Total - Global Benchmarks



Source: The World Bank, Redseer Analysis

Following exhibit shows the Population Median Age benchmarks for 2023G:

Exhibit (3.6): Population Median Age - Global Benchmarks



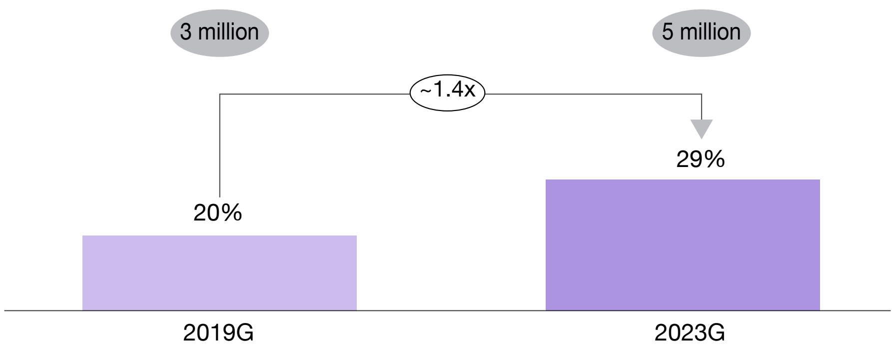
Source The World Bank, General Authority for Statistics, Redseer Analysis

The Kingdom presents a compelling demographic dividend that is poised to drive robust growth in Private Consumption. The Kingdom's Urban Population stands at 85%, on par with Developed Economies such as the United States, the United Kingdom, and France. This high concentration of Urban Population creates a significant consumer market within cities. Moreover, with one of the lowest Population Median Age of 32 years, the Kingdom has a sizable Youth population, representing a strong demographic dividend. This Young demographic is typically characterized by distinct consumption patterns and preferences, often embracing new trends and technologies;

- **growing Labor Force Participation:** Expanding Young Working Population and rising Female Labor Participation

Following exhibit shows the Young Working Population for the Kingdom of Saudi Arabia in 2019G and 2023G:

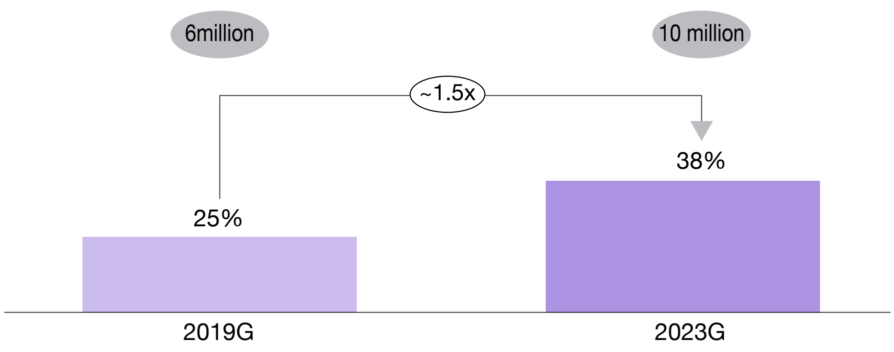
Exhibit (3.7): Young Working Population – Kingdom of Saudi Arabia



Source: The World Bank, Saudi Census 2022, Redseer Analysis

Following exhibit shows the Female Labor Participation Rate for the Kingdom of Saudi Arabia in 2019G and 2023G:

Exhibit (3.8): Female Labor Participation Rate – Kingdom of Saudi Arabia



Source: The World Bank, Saudi Census 2022, Redseer Analysis

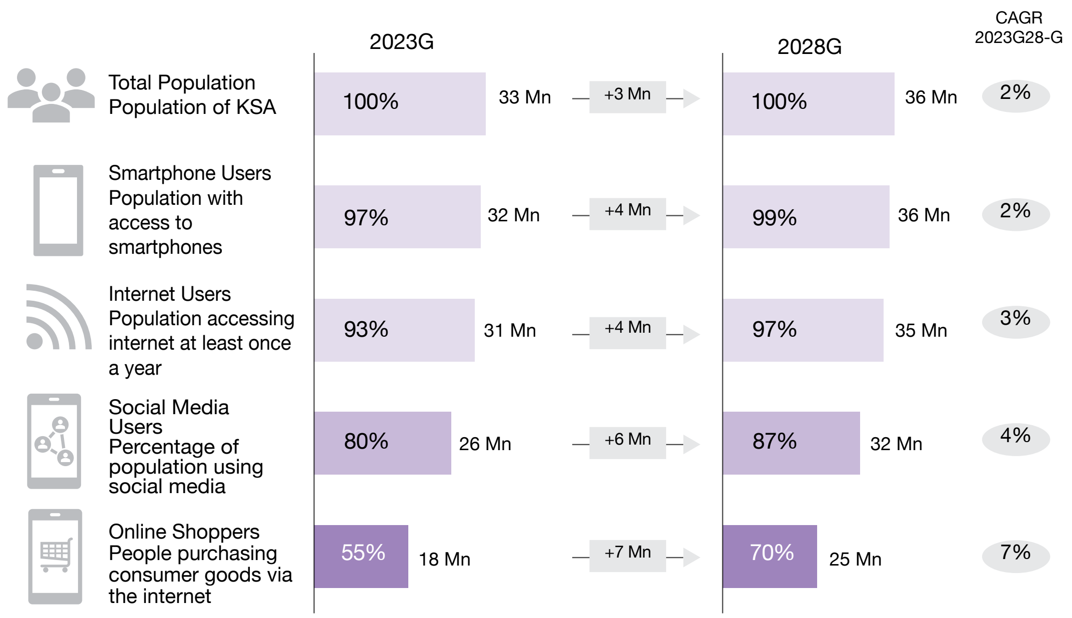
The Government's Vision 2030 has placed a strong emphasis on skill development, job creation, and empowering the Youth and women to drive the nation's economic growth and Private Consumption. Through initiatives like the "Human Capability Development Program" (HDCP), the Government aims to equip young adults with the necessary skills and provide opportunities for employment and entrepreneurship. Programs such as "Riyadh Tech Valley" and "Monsha'at" foster a culture of youth entrepreneurship by providing funding, mentorship, and training to budding entrepreneurs. This focus has yielded significant results, with the Young population's workforce participation rate growing from 20% in 2019G to 29% in 2023G. Additionally, the Government has implemented policy and cultural changes to empower women through lifting restrictions on travel, encouraging participation in the workforce and business ownership. These reforms have facilitated an increase in Female Labor Force Participation, rising from 25% in 2019G to 38% in 2023G. The higher Young Working Population and Female Labor Participation has contributed to higher household incomes and shifting consumer preferences;

3.2.4 Digital Economy to drive 35-40% of Kingdom's growth in Private Consumption between 2023G to 2028G

3.2.4.1 The Kingdom of Saudi Arabia is a global leader in digital maturity and is poised for further growth, supported by the development of its digital infrastructure

Following exhibit shows the consumer internet funnel for the Kingdom of Saudi Arabia in 2023G and 2028G:

Exhibit (3.9): Consumer Internet Funnel- the Kingdom of Saudi Arabia



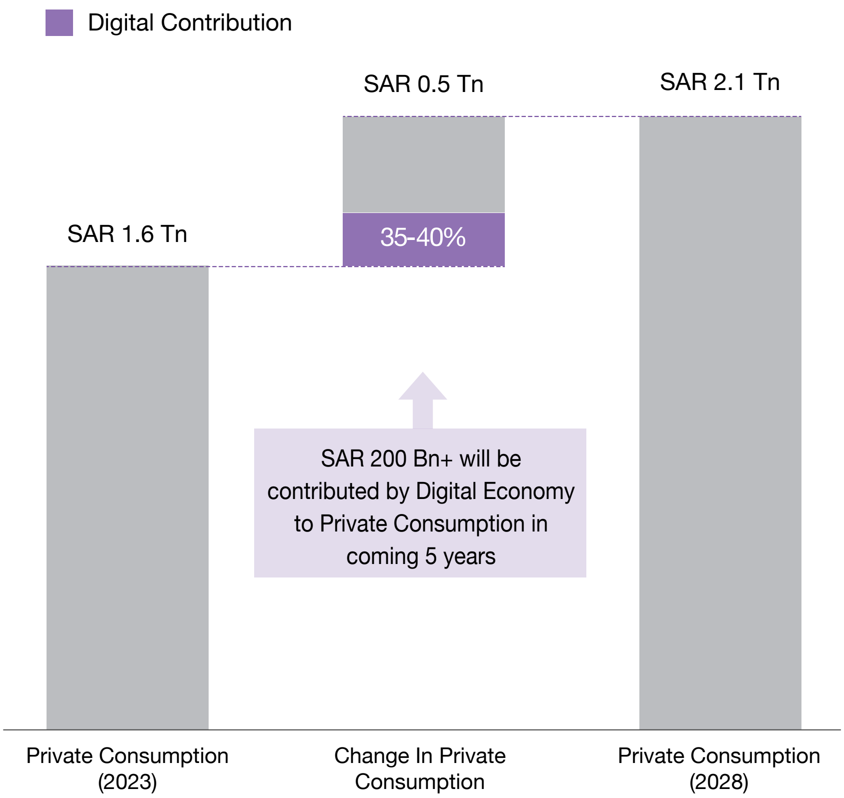
Source: Redseer Analysis, Saudi Census 2022

The Kingdom of Saudi Arabia leads in digital maturity, with high internet use and people spending over 7 hours daily on Digital Channels. The country has a well-developed internet ecosystem with Online Shopper numbers projected to reach 70% of population, by 2028G. High Internet Penetration, tech-savvy population, and widespread smartphone usage have fueled the growth of Online Retail. As more people continue to go online, shopping over the internet is becoming a major driver of Private Consumption.

3.2.4.2 The Digital Economy is expected to power future Private Consumption growth

Following exhibit shows the Digital Economy contribution to Private Consumption growth in the Kingdom of Saudi Arabia from 2023G to 2028G:

Exhibit (3.10): Kingdom of Saudi Arabia Private Consumption Growth



Source: Redseer Analysis, Desk Research

Expected to drive 35-40% of Private Consumption growth between 2023G and 2028G, the Kingdom's Digital Economy is set for an attractive period of growth. The strong enabler eco-system including payments and logistics infrastructure has laid the foundation for this growth. The Kingdom has climbed 17 ranks between 2018G to 2023G in the Logistics Performance Index released by World Bank. Electronic payments account for more than 70% of retail transactions in the Kingdom. This combined with robust demand from consumers is fostering the growth of the digital economy. Some of the key growth drivers include:

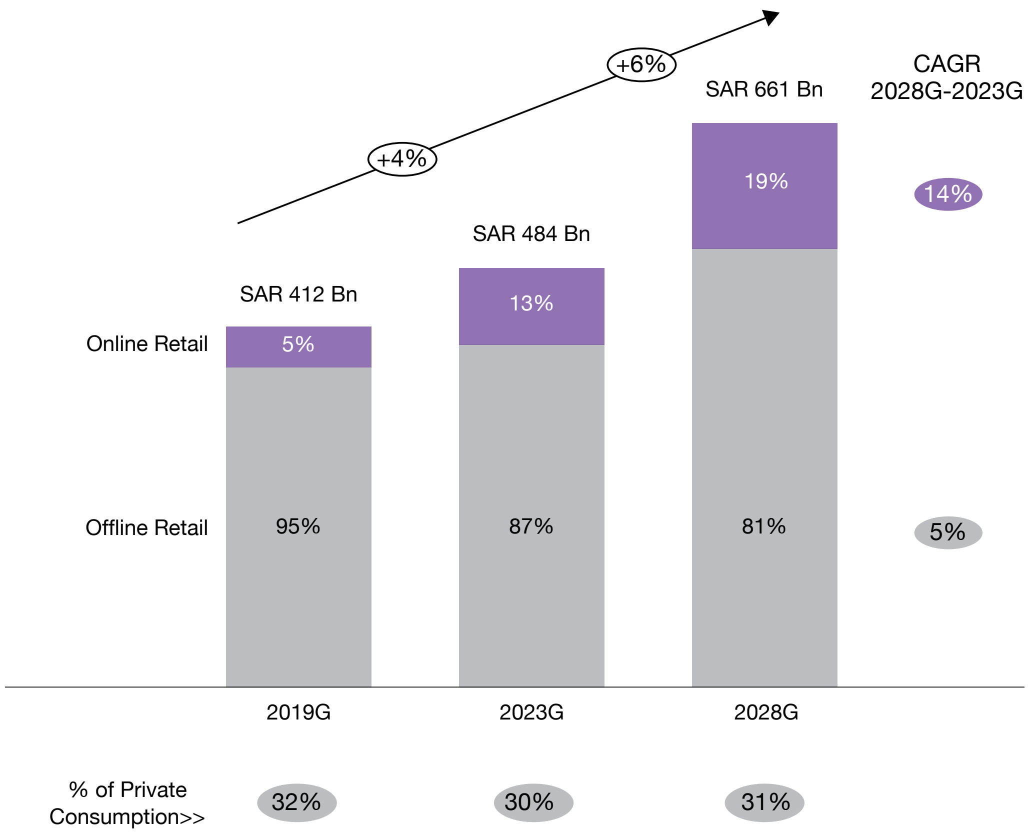
- **Surge in Online Retail:** The pandemic years fostered a cultural shift, transforming online shopping into a habitual behavior and an integral facet of consumers' lifestyles. This presents a significant opportunity, to capitalize on established consumer confidence, and deepen engagement with Online Retail channels;
- **growing demand for Food Delivery:** Consumers are increasingly opting for the convenience of online Food Delivery, prompting businesses to innovate and meet this growing demand. Online Food Delivery Aggregators have already penetrated 16% of the food services market in 2023G in the Kingdom;

3.3 Retail Market

3.3.1 Retail to grow at 6% CAGR, ahead of Private Consumption between 2023G-2028G

Following exhibit shows the Retail Market in the Kingdom of Saudi Arabia from 2019G to 2028G:

Exhibit (3.11): Kingdom of Saudi Arabia Retail Market



Source: Redseer Analysis, Desk Research

% of Private Consumption refers to Retail Spend contribution to the Kingdom's Private Consumption

The Retail Market in the Kingdom is projected to grow at 6% between 2023G and 2028G, outpacing the growth of Private Consumption. This trajectory is expected to drive the Retail sector to reach SAR 661 billion by 2028G. Retail spending growth is expected to be driven by the following factors:

- **Strong boost from Middle Income groups:** As the Middle Income cohort in the Kingdom continues to expand, their higher disposable incomes are set to result in increased Retail spending;
- **Online Retail to benefit from improving digital infrastructure:** Online Retail is poised to grow at 14% CAGR between 2023G-2028G benefitting significantly from the improving digital infrastructure and developing digital payment systems;
- **enhanced logistics capabilities:** the Kingdom is ranked 4th within G20 countries on road quality index by World Economic Forum in their 2023 report. The robust road connectivity and additional logistics infrastructure investments serve as strong enablers for a thriving Retail Market;
- **cultural transformation to further fuel growth:** the ongoing cultural transformation in the Kingdom is anticipated to further fuel Retail growth, as consumer behavior and preferences increasingly reflect modern norms, leading to a rise in Retail spending as shoppers engage in more frequent shopping activities;

Back to Table of Content >

3.4 Beauty And Personal Care Market

3.4.1 The Kingdom of Saudi Arabia is among the highest Beauty and Personal Care spenders globally

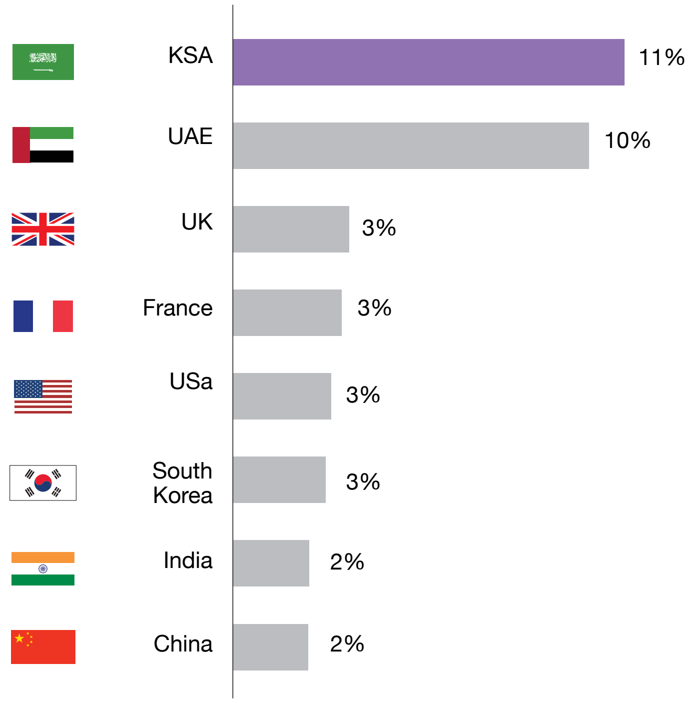
Following exhibit shows the Retail spending split by categories in the Kingdom of Saudi Arabia from 2019G to 2028G:

Exhibit (3.12): Kingdom of Saudi Arabia Retail Market – by Categories

Source: Redseer Analysis

Following exhibit shows the Beauty and Personal Care contribution to Retail benchmarks for 2023G:

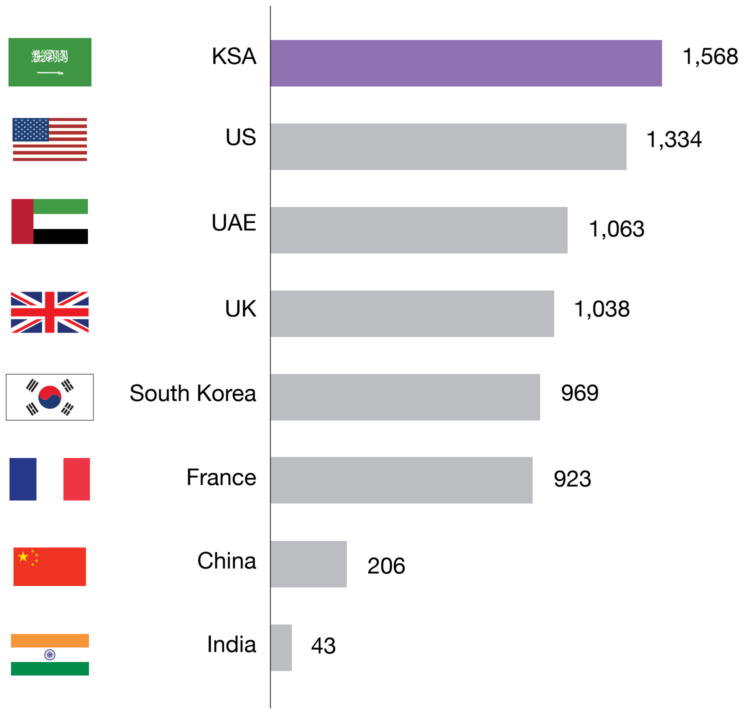
Exhibit (3.13): Beauty and Personal Care % of Retail – Global Benchmarks



Source: Redseer Analysis

Following exhibit shows the Beauty and Personal Care Spend Per Capita benchmarks for 2023G:

Exhibit (3.14): Beauty and Personal Care Spend Per Capita – Global Benchmarks



Source: Redseer Analysis

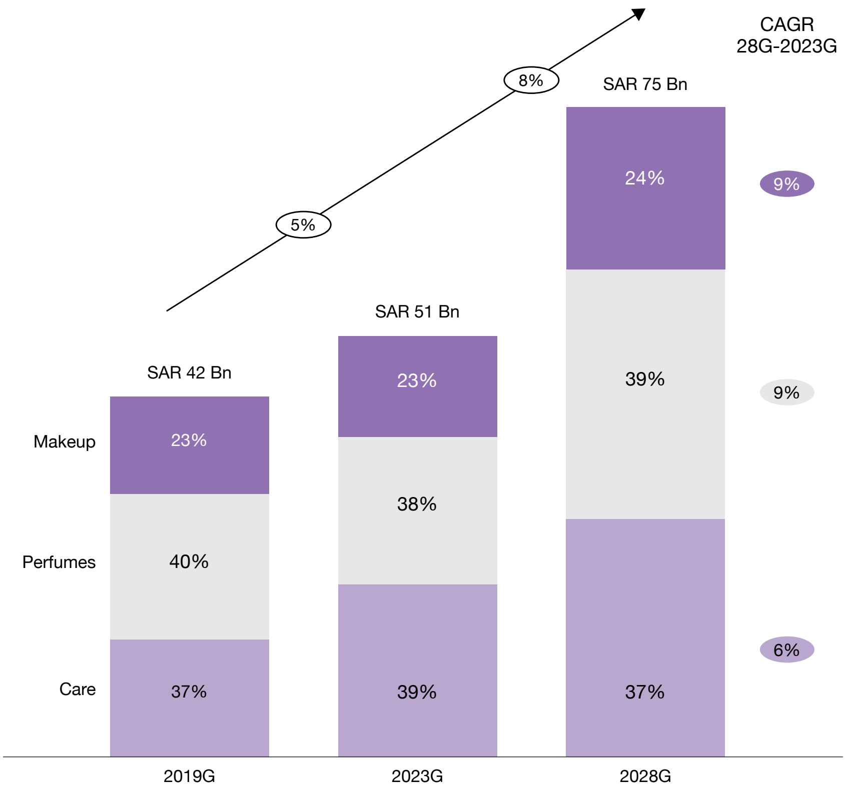
The Kingdom stands out as one of the top spenders globally in the Beauty and Personal Care sector, with the sector accounting for 11% of Retail expenditure in the Kingdom. This is ahead of the Beauty and Personal Care share of major economies like the United States, United Kingdom, and France, which stand at around 3%. This is driven by higher Adoption and cultural significance of key Beauty and Personal Care categories such as Makeup and Perfumes.

3.4.2 The Kingdom's Beauty and Personal Care market is poised to grow at 8% CAGR between 2023G-2028G

3.4.2.1 Beauty and Personal Care is expected to grow faster than overall Retail to reach SAR 75 billion by 2028G

Following exhibit shows the Beauty and Personal Care market in the Kingdom of Saudi Arabia from 2019G to 2028G:

Exhibit (3.15): The Kingdom of Saudi Arabia Beauty and Personal Care Market – by Categories



Source: Redseer Analysis

Beauty and Personal Care market in the Kingdom is set to outpace the growth of the overall Retail sector, with a projected growth rate of 8% from 2023G to 2028G. This growth will see the Beauty and Personal Care market expand from SAR 51 billion in 2023G to SAR 75 billion by 2028G. Among the various Beauty and Personal Care categories, Care stands out as the largest contributor accounting for 39% of the market. Perfumes is another critical pillar representing 38% of the Beauty and Personal Care market. The Adoption and spend on Perfumes in KSA is extremely high, compared to benchmarks. Perfumes contribution to Beauty and Personal Care market in Developed Economies like United States and United Kingdom is below 15%.

Both Perfumes and Makeup are expected to see 9% CAGR between 2023G-2028G making them the fastest growing segments within Beauty and Personal Care.

The Beauty and Personal Care market's upward trajectory is being driven by a combination of demand and supply transformations, including:

- **Young population base and growing income:** The growth of young, digitally savvy consumers entering the workforce has boosted the demand for beauty products. This cohort is highly experimental and aspirational with their purchases;
- **changing cultural norms:** As the Kingdom undergoes a cultural transformation, consumer attitude towards Beauty and Personal Care is undergoing a transformation. The relaxation of social norms further accelerates this growth, unlocking new avenues for the Beauty and Personal Care industry's expansion;
- **improving access to brands:** Online retailers are enhancing consumer access to brands and products, reducing barriers to entry for new market entrants. This democratization empowers consumers with multiple choices and helps create a highly competitive and dynamic market landscape;

3.4.2.2 Young population entering the workforce is altering purchase behavior within the Kingdom's Beauty and Personal Care Market

The Kingdom of Saudi Arabia is characterized by a growing Young Population cohort. As this cohort enters the workforce, their spending habits are shaping the Beauty and Personal Care industry. Following are the key behavioral traits exhibited by this cohort with will shape the future of the industry:

- **Highly exploratory behavior:** The Young Population cohort is eager to try newer brands and products, driven by a desire for novelty and experimentation. They are open to exploring different product categories and are willing to switch brands to find the best fit for their needs;
- **influenced by content creators:** The Young Population cohort is digitally savvy and increasingly relies on online research and content creators for product information and recommendations. They actively engage with social media influencers, beauty bloggers, and vloggers who share reviews, tutorials, and product endorsements. The opinions and experiences of these content creators significantly influence the purchasing decisions of this cohort;
- **conscious of brand image:** The Young Population cohort places importance on brand image and identity, seeking out brands that align with their values and aspirations. Brand story, heritage, and social responsibility initiatives also play a role in capturing the attention and loyalty of this brand-conscious cohort.

The evolving preferences and behaviors of the Young Population cohort are reshaping the Beauty and Personal Care industry, pushing brands to adapt their strategies to meet the demands of this influential consumer segment.

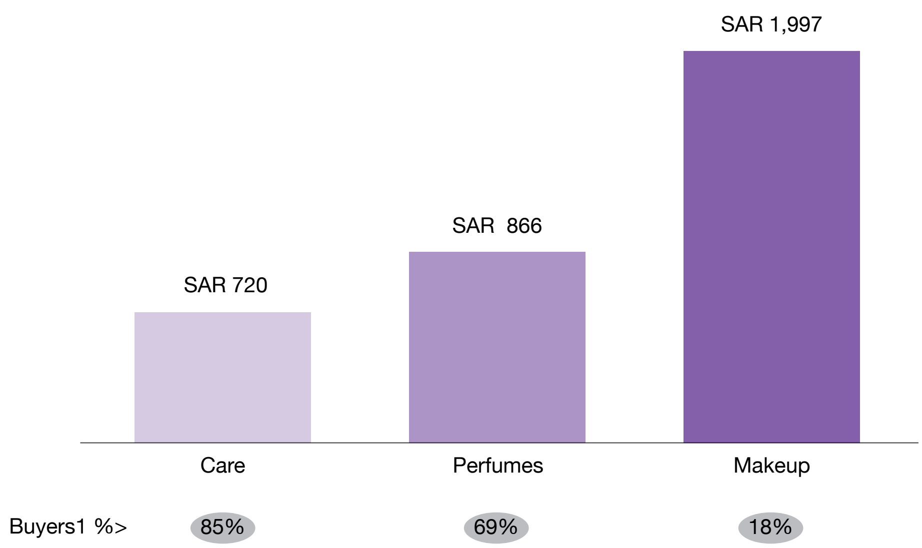
Back to Table of Content >

3.4.3 Makeup and Perfumes are critical pillars of the market and will be at the forefront of growth

3.4.3.1 Spend Per User within Beauty and Personal Care is the highest within Makeup and Perfumes due to high cultural significance

Following exhibit shows the Beauty and Personal Care category Spend per User for the Kingdom of Saudi Arabia in 2023G:

Exhibit (3.16): Kingdom of Saudi Arabia Beauty and Personal Care Spend Per User – by Categories



Source: Redseer Analysis

Buyers refers to % of the population that have purchased a product within the category, at least once that year

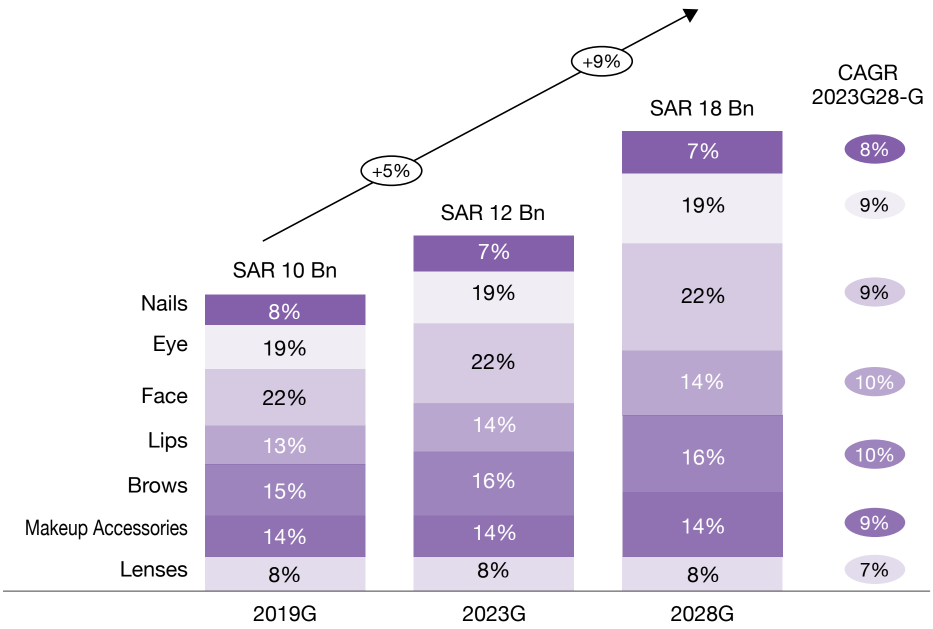
Makeup and Perfumes are critical pillars of the Beauty and Personal Care market in the Kingdom. Despite already having one of the highest Spend Per User on Makeup and Perfumes, these categories are poised for strong growth, fueled by evolving consumer preferences towards premium beauty products and an increasing outdoor culture.

The Care category has a relatively high level of Adoption in the Kingdom, indicating a well-established market. Spending growth in this category is anticipated to be driven by an expanding basket size as consumer awareness for sub-categories such as Skin Care continues to rise.

3.4.3.2 Makeup to reach SAR 18 billion by 2028 driven by growing Female Labor Participation and high exploratory behavior

Following exhibit shows the Makeup market in the Kingdom of Saudi Arabia from 2019G to 2028G:

Exhibit (3.17): Kingdom of Saudi Arabia Makeup Market – by Sub-Categories



Source: Redseer Analysis

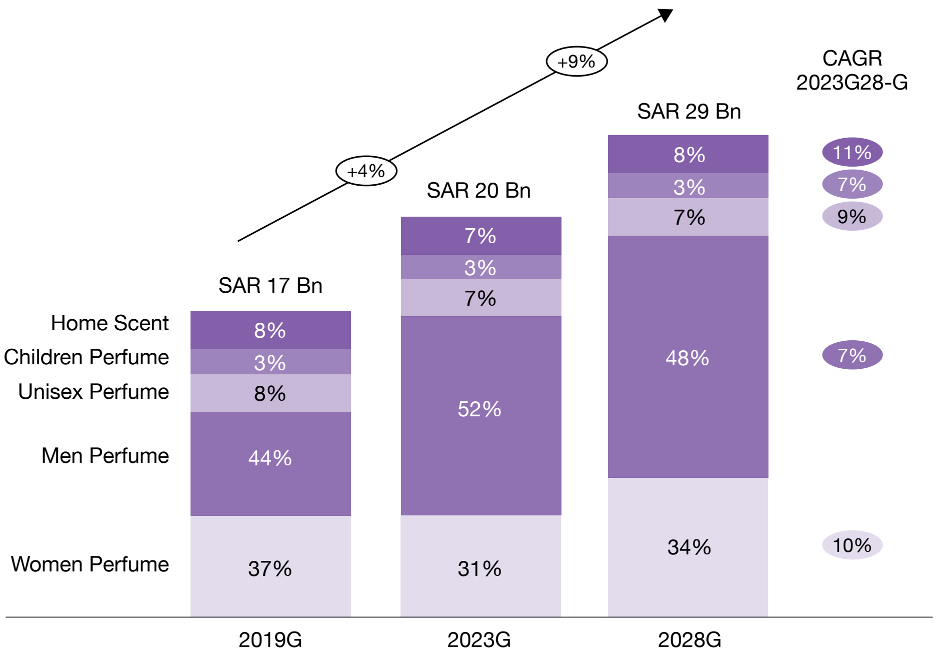
The size of the Makeup market in the Kingdom was SAR 12 billion in 2023G and it is growing ahead of the Beauty and Personal Care market at a 9% CAGR between 2023G-2028G. Progressive societal shifts are driving the Adoption of Makeup products, particularly in the lips and brows categories, as they unlock broader use cases. With these favorable trends, the Makeup market is projected to reach SAR 18 billion by 2028G. This growth can be attributed to the following key drivers:

- **Growing Female Labor Participation:** The increasing Female Labor Participation, coupled with their rising disposable incomes, has catalyzed both the Adoption, and spend on Makeup. This trend aligns with the Kingdom's progressive societal shifts, unlocking broader use cases for Makeup;
- **dynamic trends on Social Media driving increased usage:** The widespread reach and influence of Social Media platforms have significantly contributed to the growth of the Makeup market in Kingdom. These Digital Channels have emerged as powerful channels for disseminating the latest beauty trends;
- **highly exploratory behavior and personalized product needs:** As consumers mature, they are actively seeking personalized product offerings that cater to their specific use cases. This search for customization, combined with a willingness to explore multiple brands and products, has led to an expansion of the consumer basket, driving growth in the Makeup segment;

3.4.3.3 Perfumes is expected to grow by 9% annually and reach SAR 29 billion by 2028G driven by high demand for premium women Perfumes and Home Scents

Following exhibit shows the Perfumes market in the Kingdom of Saudi Arabia from 2019G to 2028G:

Exhibit (3.18): Kingdom of Saudi Arabia Perfumes Market – by Sub-Categories



Source: Redseer Analysis

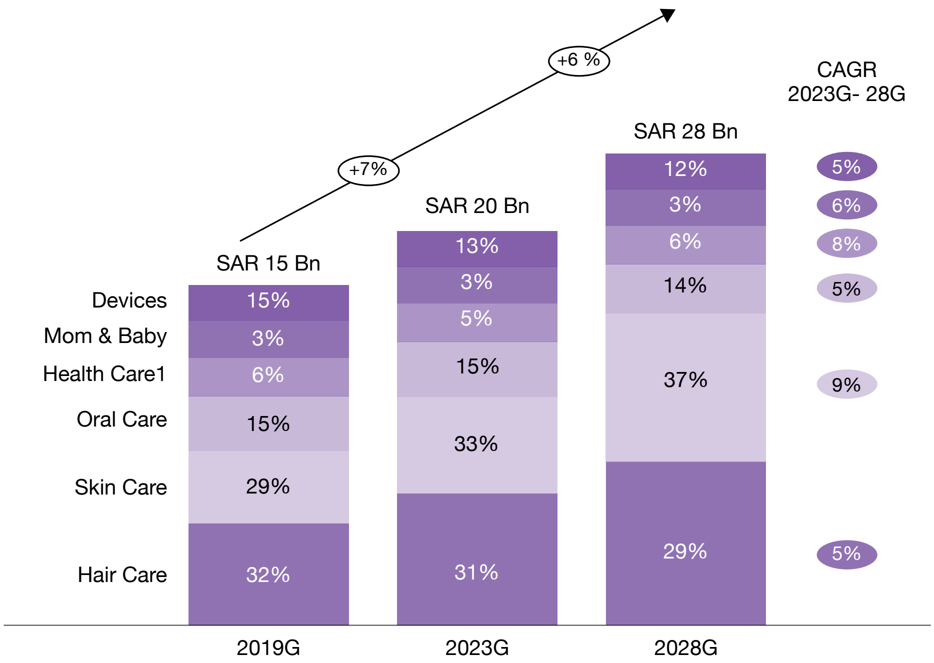
The Perfumes segment is poised for robust growth with an expected CAGR of 9% between 2023G to 2028G, reaching SAR 29 billion by the year 2028G. This growth can be attributed to:

- **Demand for premium Perfumes:** With the rising affluence, there is a growing appetite for luxury goods, including high-end Perfumes. This trend is contributing to the expansion of the Perfumes market;
- **Women Perfumes to grow with more outdoor culture:** As women increasingly participate in the workforce and engage in social outings, there is an increase in the demand for Women Perfumes. This cultural shift, coupled with evolving societal norms, is unlocking new opportunities for growth in the women Perfumes segment;
- **Home Scents growing:** The Home Scent market is witnessing significant growth, primarily driven by the demand from hotels, resorts, Government offices, and affluent households. There is a heightened focus on creating a welcoming and personalized living space, fueling the demand for Home Scents;

3.4.3.4 Growing Skin Care and Healthcare awareness, coupled with rising disposable income will provide a SAR 8 billion boost to the Care market between 2023G to 2028G

Following exhibit shows the Care market in the Kingdom of Saudi Arabia from 2019G to 2028G:

Exhibit (3.19): Kingdom of Saudi Arabia Care Market – by Sub-Categories



Source: Redseer Analysis

The Care segment is the largest within the Beauty and Personal Care market in the Kingdom, with a size of SAR 20 billion, in 2023G. While Care is expected to see relatively slower growth compared to the overall Beauty and Personal Care market in the Kingdom, it is nonetheless poised to add another SAR 8 billion to its size, by 2028G, driven by the following factors:

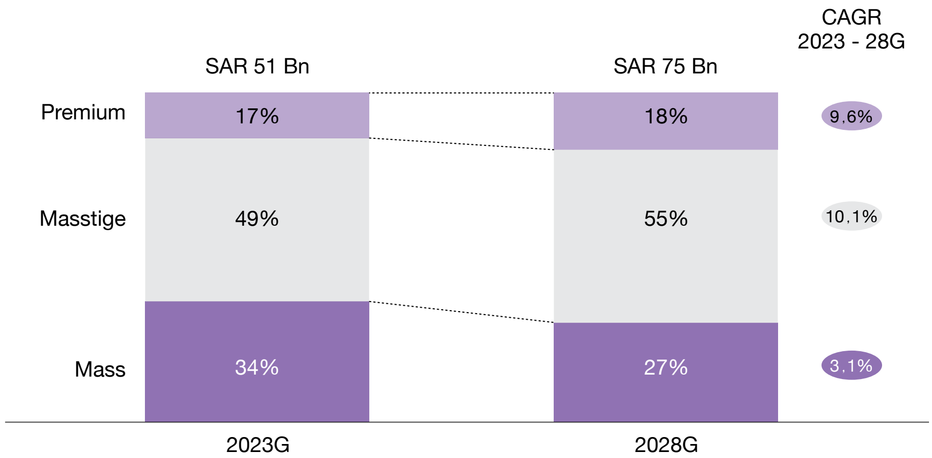
- **Increasing awareness and usage of Skin Care:** As individuals become more educated about Skin Care routines and practices, there is an increasing demand for a diverse array of Skin Care products to address specific needs and preferences. This heightened awareness is prompting consumers to explore and invest in Skin Care solutions;
- **rising disposable incomes:** Increasing disposable incomes across the Kingdom of Saudi Arabia are enabling consumers to allocate a larger share of their spending towards Care. This trend is intensifying competition among brands as they vie for a larger share of the consumer's wallet;
- **Health Care is seeing rise in interest:** With consumers becoming increasingly health-conscious, there is an emphasis on preventive healthcare and overall wellness. This trend is driving the spend on vitamins, supplements, and other health-related products;

3.4.4 Large and growing aspirational Middle Income population is driving demand for Masstige products

3.4.4.1 Growing Middle Income cohort to drive the Beauty and Personal Care market towards Masstige products

Following exhibit shows the Beauty and Personal Care market by level of Premiumization in the Kingdom of Saudi Arabia from 2023G to 2028G:

Exhibit (3.20): Beauty and Personal Care Market – by Level of Premiumization



Source: Redseer Analysis

The Beauty and Personal Care market in Kingdom is poised to witness a growth in demand for Masstige products, driven by the growing Middle Income consumer cohort. This Premiumization trend is strongest in categories such as Makeup and Perfumes, which is playing out as follows:

- **Makeup:** Masstige Makeup brands are gaining popularity among Middle Income consumers who seek affordable, yet high-quality products that offer a wide range of shades and formulations;
- **Perfumes:** The growing Middle Income segment is driving demand for Masstige Perfumes brands that offer accessible luxury and a variety of scents to suit different preferences and occasions;

Overall, the Premiumization trend across various Beauty and Personal Care categories reflects the changing consumer landscape and presents significant opportunities. The growing demand for Masstige products highlights the importance of catering to the needs of the expanding Middle Income consumer base.

3.4.4.2 Premiumization is the biggest driver for spend increase, being offset by growing competition

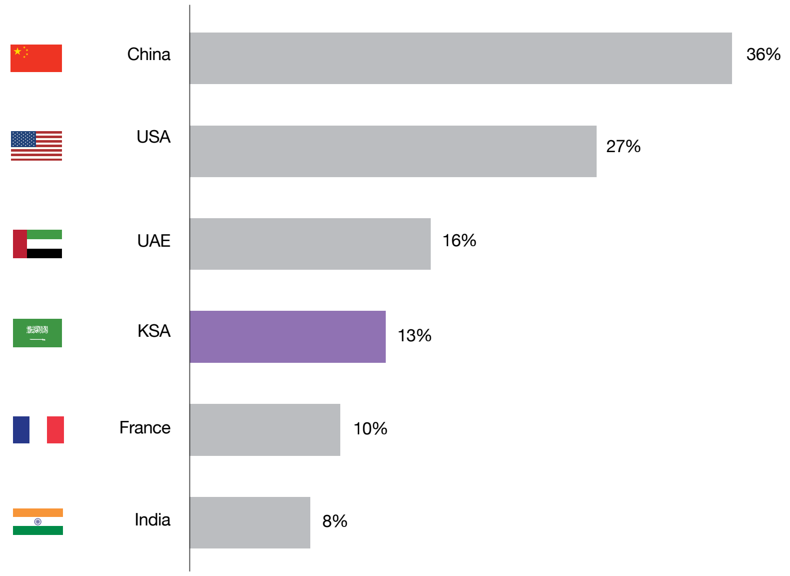
The Beauty and Personal Care Spend Per Capita in the Kingdom is projected to grow from SAR 1,568 in 2023G to SAR 2,073 by 2028G, representing a 32% increase. This growth is primarily driven by the Premiumization trend, which accounts for over 50% of the expected increase. However, the impact of Premiumization is partially offset by growing competition and enhanced price discovery through Online Channels. The entry of Discounters and international brands in the market and enhanced price discovery, enabled through Online Channels are factors contributing to this. Additionally, factors such as inflation, usage frequency, and category expansion also contribute to the overall growth in Beauty and Personal Care Spend Per Capita.

3.4.5 Online Beauty and Personal Care to grow at a CAGR of 12% between 2023G to 2028G and account for 23% of the Beauty and Personal Care market by 2028G

3.4.5.1 The Kingdom of Saudi Arabia has a relatively healthy Online Beauty and Personal Care Penetration compared to benchmarks

Following exhibit shows the Retail Online Penetration benchmarks for 2023G:

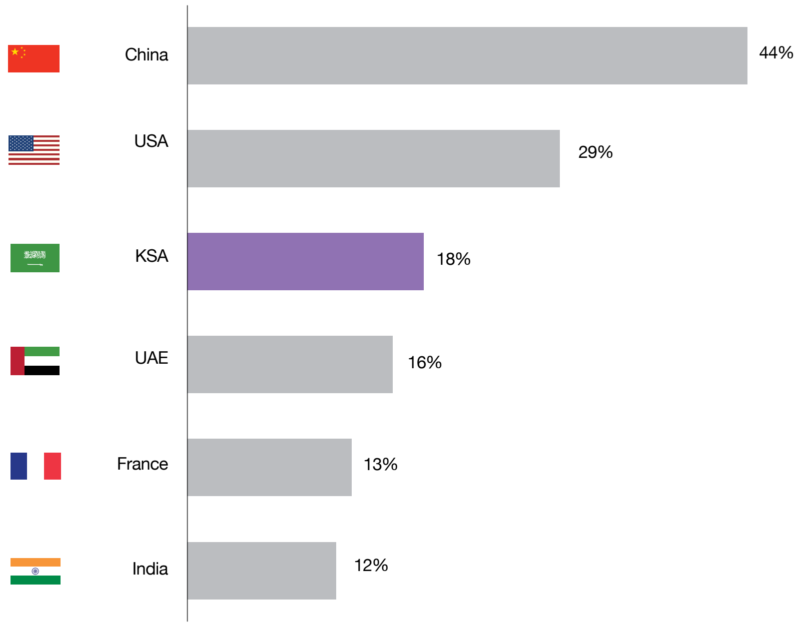
Exhibit (3.21): Online Retail Penetration – Global Benchmarks



Source: Redseer Analysis

Following exhibit shows the Online Beauty and Personal Care Penetration benchmarks for 2023G:

Exhibit (3.22): Online Beauty and Personal Care Penetration – Global Benchmarks



Source: Redseer Analysis

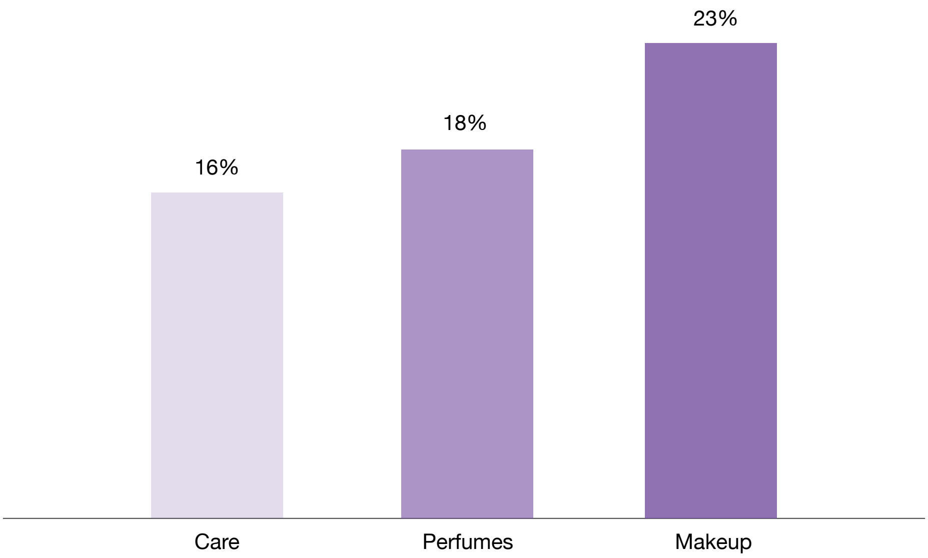
The Beauty and Personal Care sector is one of the more mature online segments in the Kingdom. This maturity can be attributed to several key factors driving the Adoption of Online Channels:

- **high digital maturity among women:** The high digital maturity, especially among women, is a key driver for the Online Beauty and Personal Care Penetration;
- **deals a strong value proposition:** Competitive pricing online is further enhancing online Adoption, as consumers are price-sensitive and moving towards online retailers for better deals and discounts;
- **Etailing Specialists solving for unique use case:** Specialists are addressing unique needs covering curated product assortments, product recommendations, superior delivery and customer experience making it a compelling value proposition for consumers;
- **exploratory behavior and higher purchase frequency:** Consumers have become increasingly exploratory, resulting in their purchase frequency increasing, driving them to use Online Channels for greater convenience;

The Online Beauty and Personal Care Penetration in the Kingdom at 18% is healthy when compared to global benchmarks. With the customer journey becoming more non-linear than ever, digital channels have a pivotal role to play. The impact of Digital Channels extend beyond the online purchase channels to offline stores as well, where purchase is increasingly influenced by online research behavior.

Following exhibit shows the Online Beauty and Personal Care Penetration by category for the Kingdom of Saudi Arabia in 2023G:

Exhibit (3.23): Beauty and Personal Care Sub-Sectors Online Penetration



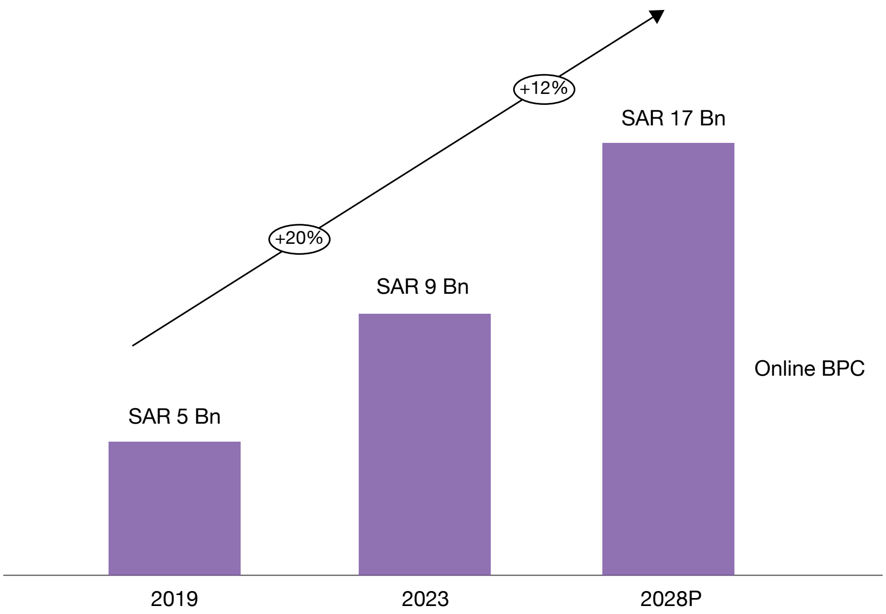
Source: Redseer Analysis

Within the Kingdom's Online Beauty and Personal Care landscape, the Makeup category exhibits the highest Online Penetration at 23%. The vast product assortment available online has been a significant driver behind Makeup's high online presence. Consumers are increasingly gravitating towards Online Channels to access a comprehensive range of Makeup products at competitive prices. Perfumes are currently underpenetrated due to a relatively strong offline network of stores and the need for olfactory experience to select the scent. However, Perfumes is set to be the fastest growing segment online, driven by competitive pricing and wide assortment of international brands offered on Online Channels. The online penetration of Care at 16% is lower than other categories. However, due to its standardized nature, which makes online ordering easier, Care is also expected to see robust growth in online penetration.

3.4.5.2 Online Beauty and Personal Care to grow at a CAGR of 12% between 2023G-28G

Following exhibit shows the Online Beauty and Personal Care market in the Kingdom of Saudi Arabia from 2019G to 2028G:

Exhibit (3.24): Online Beauty and Personal Care Market



Source: Redseer Analysis

The Online Beauty and Personal Care market in the Kingdom is expected to grow at a 12% CAGR between 2023G-2028G, reaching a 23% Online Penetration by 2028G. The COVID-19 pandemic acted as a catalyst, resulting in a step-change in Online Beauty and Personal Care Adoption, as consumers sought convenient and safe shopping avenues amidst the prevailing restrictions. Future growth of the Online Beauty and Personal Care sector in the Kingdom will be driven be several additional factors:

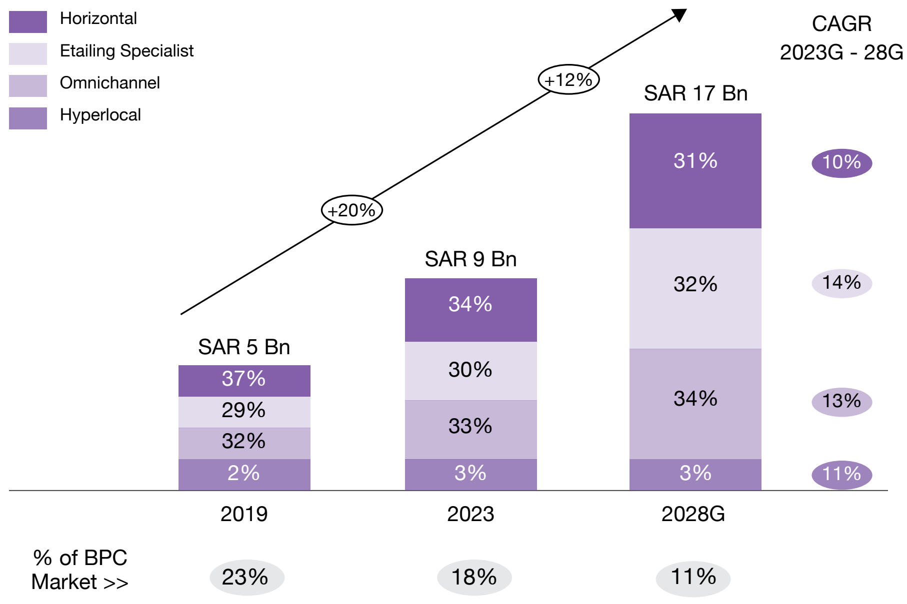
- **International brands leveraging Online Channels to enter the market:** The rise of Online Retail has provided a gateway for international Beauty and Personal Care brands to enter the Kingdom's market without the need for significant investment in physical store infrastructure. By partnering with established online retailers or launching their own digital platforms, these brands can effectively reach consumers;
- **consumer pre-purchase journey increasingly shifting online:** Consumers are increasingly turning to Digital Channels to research, compare, and explore Beauty and Personal Care products before making a purchase decision. The wealth of information available online, including product reviews, influencer recommendations, and detailed product specifications, has empowered consumers to make more informed choices;
- **online retailers offering curated products:** The proliferation of specialist online Beauty and Personal Care retailers has given rise to a more personalized and curated shopping experience. These retailers often offer carefully selected product assortments tailored to specific consumer preferences, skin types, and beauty concerns. Additionally, the ability to offer exclusive products, limited-edition collections, and bundled deals further enhances the appeal of online retailers;

The combination of these growth drivers, coupled with the ongoing shift in consumer behavior and the increasing digital maturity of the population, is expected to fuel the continued expansion of the Online Beauty and Personal Care market in the Kingdom. As more consumers embrace the convenience, variety, and personalization offered by Online Channels, the market is poised for significant growth, presenting opportunities for both established and emerging players in the Beauty and Personal Care industry.

3.4.5.3 While Horizontals are the largest channel within Online Beauty and Personal Care, Etailing Specialists are seeing the highest growth

Following exhibit shows the Online Beauty and Personal Care market by channel in the Kingdom of Saudi Arabia from 2019G to 2028G:

Exhibit (3.25): Online Beauty and Personal Care Market – by Channel



Source: Redseer Analysis

Etailing Specialists are expected to outpace the overall market growth in the Online Beauty and Personal Care segment, growing at a CAGR of 14%, between 2023G to 2028G. Different Online Channels excel in different segments of the Beauty and Personal Care industry:

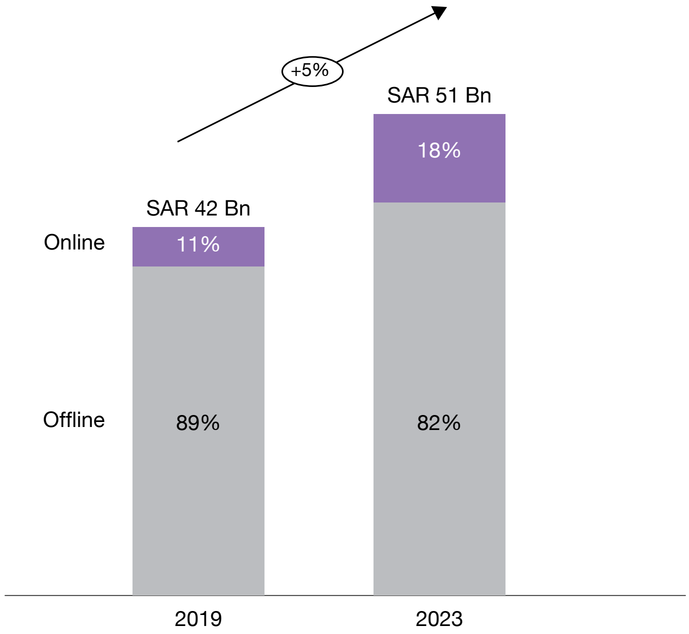
- **Etailing Specialists thriving in Makeup and Perfumes:** Etailing Specialists thrive in categories like Makeup and Perfumes, where the personalized nature of these products, necessitates tailored recommendations and a deep understanding of individual preferences and needs. By curating offerings, these Etailing Specialists excel in delivering personalized shopping experiences that resonate with consumers;
- **Omnichannels strong in Makeup and Care:** Omnichannels have a strong presence in Makeup due to their experiential outlets; They also have a good presence in Care category, due to their trusted reputation and extensive presence across both Online and Offline Channels;
- **Horizontals lead in Care:** Horizontals maintain a stronghold in the Care category, capitalizing on their ability to offer a diverse range of products at competitive prices compared to other channels;
- **Hyperlocals offer instant delivery, but sub-scale:** Hyperlocal players are offering a compelling value proposition with fast delivery. However, their presence is limited to Care category within Beauty and Personal Care sector, and they hold only a 3% share of the Online Beauty and Personal Care market;

3.5 Competition

3.5.1 82% of the Beauty and Personal Care market is still contributed by the Offline Channel

Following exhibit shows the Beauty and Personal Care Retail Market by channel in the Kingdom of Saudi Arabia from 2019G to 2023G:

Exhibit (3.26): Beauty and Personal Care Market – by Channel



Source: Redseer Analysis

The Offline Channel plays a prominent role within Retail in the Kingdom of Saudi Arabia. Overall Online Retail penetration is still at 13%, whereas the Beauty and Personal Care sector has a relatively higher penetration of 18% in 2023G.

Al Nahdi and Sephora are two of the largest players within the Beauty and Personal Care market, together commanding around 25% market share in 2023G.

Pharmaceutical players like Al Nahdi and Al-Dawaa hold a dominant presence in the Care segment. Their wide store footprint that is accessible to consumers, and strong distribution networks have made them an integral part of the Beauty and Personal Care value chain.

Omnichannel Beauty and Personal Care retailers are the other strong segment of retailers. Sephora, Faces, and M.A.C are prominent players in this segment. Their focus on the Beauty and Personal Care segment and omnichannel presence helps them offer an integrated and seamless experience for consumers. Their strong relationships with leading international Perfumes and Makeup brands also help them provide an attractive array of products to consumers.

Despite their offline focus, these players are driving over 10% of their sales through the Online Channel, indicating the growing significance of digital channels.

Following table shows the comparison between major offline Beauty and Personal Care players:

Table (3.1): Offline Beauty and Personal Care Retailers: Player Profiles

	Sephora	Faces	M.A.C	Al Nahdi	Al-Dawaa
Established	**1969**	**1989**	**1984**	**1986**	**1993**
Number of Stores in Kingdom of Saudi Arabia	44	45	25	1105	900
Category Focus	Makeup, Perfumes, Skin Care	Makeup, Perfumes, Skin Care	Makeup, Perfumes	Care	Care
Price Positioning	Masstige-Premium	Premium	Masstige	Mass-Masstige	Mass-Masstige
Regional Presence	Global	KSA, UAE, Kuwait, Egypt	Global	UAE, KSA	KSA

Source: Company Websites (Data taken from player websites as on 3rd May, 2024), Annual Reports

3.5.2 Etailing Specialists to capture market share due to their strong value proposition and dominant presence in Makeup and Perfumes

3.5.2.1 Horizontals hold highest share owing to their stronghold within the Care category

Horizontals like Noon and Amazon hold a prominent position owing to their strong presence in the Care category. Collectively, they command 25-30% market share within the Online Beauty and Personal Care market in 2023G. Their extensive customer base and robust logistics infrastructure enable them to efficiently cater to consumer demands across various product categories, including Beauty and Personal Care. At the core of their value proposition lies their capability to ensure expedited delivery and accommodate an extensive multi-category assortment. However, their extensive range, while advantageous in many respects, means they may not fully satisfy the more specialized requirements of some Beauty and Personal Care consumers.

3.5.2.2 However, Etailing Specialists are seeing stronger growth in growing segments like Perfumes and Makeup

Within the Beauty and Personal Care sector, Perfumes and Makeup are set to see a relatively stronger period of growth owing to multiple factors as highlighted in earlier sections. These segments represent niches characterized by discerning consumer preferences, thereby prompting heightened attention from specialized retailers. Consequently, in these segments Etailing Specialists come up with a stronger value proposition. Some of the differentiating factors include:

1- Curated product assortment to cater to varying consumer segments;
2- Superior delivery and customer experience;
3- Competitive pricing and strong value for money;

One of the biggest challenges consumers face with Online Channels in the Beauty and Personal Care sector is assurance of product quality. Etailing Specialists, leveraging robust brand affiliations and stringent quality protocols, play a pivotal role in guaranteeing authenticity and are highly rated by consumers on this parameter. This is reflected in the higher Net Promoter Score that Etailing Specialists command from consumers, helping them collectively capture close to one-third of the market share in Makeup and Perfumes. Within Etailing Specialists, Nice One, has emerged as a clear leader, capturing 29% market share, driven by their strong presence in the fast-growing Makeup and Perfumes categories. Nice One is also among the top 5 players, within the Online Beauty and Personal Care market, capturing a 9% market share in 2023G.

Following table shows a list of few Online Beauty and Personal Care players:

Table (3.2): Online Beauty and Personal Care Retailers: Player Profiles

	Horizontals		Etailing Specialists	
	Noon	Amazon	Nice One	Golden Scent
Established	2016	2017	2017	2014
Category Focus	All Categories	All Categories	Makeup, Perfumes, Skin Care	Perfumes
Price Positioning	Mass	Mass-Masstige	Masstige	Masstige-Premium
Regional Presence	UAE, KSA, Egypt	Global	GCC Countries	Oman, Kuwait, UAE, KSA

Source: Company Websites, Annual Reports

3.6 Glossary

Following table contains the definition of key defined terms:

Table (3.3): Glossary

Keyword	Definition
Adoption	Adoption refers to buyer within a particular year as a % of the total population
Agritech	Refers to the use of technology to make the farming process more efficient
Beauty and Personal Care	The Beauty and Personal Care market encompasses a diverse range of beauty and self-care products that include cosmetics, skincare, haircare, perfumes, etc.
Beauty Spend per Capita	Refers to the average amount of money spent per person within a given population on Beauty and Personal Care products annually
Care	Includes hair care, skin care, oral care, health care, mom & baby care and devices
Classifieds	A form of advertising, typically online or in a newspaper, that is grouped into categories or classes
Developed Economies	Countries with a high level of economic development, high per capita income, and advanced technological infrastructure. Examples include United States, United Kingdom and France
Devices	Includes various beauty devices such as those for the body, face, and hair
Digital Channels	Includes search engines (Google, Bing etc.), social media platforms (Facebook, TikTok, Instagram, Snapchat, etc.), video-based platforms (YouTube, etc.) and Digital commerce channels Digital commerce channels like Online Retailers, Online Food Delivery Platforms etc.
Digital Economy	Digital Economy refers to the value of goods and services consumed through digital channels. This includes e-commerce sectors like Online Retail, online ride hailing, online travel, online Food Delivery etc.
Digital Media	Includes social media platforms (Facebook, TikTok, Instagram, Snapchat, etc.) and video-based platforms (YouTube, etc.)
Digital Time Spent	Daily time spent using the internet across all devices for personal and professional use
Discounters	Retailers that sell products at prices lower than the typical market price, often with a limited product assortment and a focus on efficiency
Ease of Doing Business	World Bank index ranking countries based on the conduciveness of their regulatory environment for starting and operating a business
Etailing Specialist	Online retailers like Nice One, Golden Scent, Huda beauty, which are specialists focusing on Beauty and Personal Care sector
FDI	Investment made by a foreign company or individual in business interests located in another country
Female Labor Participation	Labor force participation rate, female (% of female population aged 15-64)
Food Delivery	A courier service in which a restaurant, or independent Food Delivery company delivers food to a customer

Keyword	Definition
GDP	Gross Domestic Product - the total value of goods and services produced by a country within a specific time period
GDP Per Capita	Calculated by dividing a country's GDP by its population, then converting it to SAR using 1 USD = 3.75 SAR
Government	Government refers to the Government of the Kingdom of Saudi Arabia
Health Care	Includes multivitamins and health supplements
High Income	Population earning more than $100,000 annually
Home Scents	Refers to products designed to enhance the ambiance and fragrance of living spaces, such as scented candles, reed diffusers, room sprays, and wax melts
Horizontals	Online Retail players with a large multi-category presence like Noon, Amazon
Human Capability Development Program	The Human Capability Development Program focuses on developing a solid educational base for all citizens to instill values from an early age, while preparing the youth for the future local and global labor market.
Hyperlocal	Online Retail platforms with quick delivery offering and hyperlocal solutioning like Hungerstation, Jahez, Mrsool
Internet Penetration	Refers to % of population who have used the internet in the last three months
Kafala System	The Kafala System is a legal framework under which the state issues sponsorship permits to local individuals or entities, granting them the authority to engage foreign laborers for employment
KSA	The Kingdom of Saudi Arabia
Lenses	Includes cosmetic lenses, prescription lenses, lens solutions
Logistics Performance Index	Logistics Performance Index (LPI) is a benchmarking report by World Bank that evaluates the logistics performance of countries across 6 key parameters.
Low Income	Population earning below $10,000 annually
Made in Saudi	The Made in Saudi program is a National Industrial Development and Logistics Program (NIDLP) initiative led by the Saudi Export Development Authority (Saudi Exports) that aims to help local businesses grow, by encouraging local consumers to buy more locally made products, and helping businesses increase their exports to priority markets.
Makeup	Includes a range of cosmetic products including those for the face, eyes, brows, lips, nails, makeup accessories and lenses
Makken	The program aims to empower entrepreneurs and startups in the fintech industry by providing subsidized support for technology, cloud, and cybersecurity
Mass	Mass refers to the brands that offer affordable products appealing to the Low Income to Middle Income cohorts. The classification is made basis the average pricing of SKUs
Masstige	Masstige refers to brands that offer good quality products at competitive prices and appeal to the Middle Income and emerging affluent cohorts of society. The classification is made basis the average pricing of SKUs
Middle Income	Population earning between $10,000 - $100,000 annually
Monsha'at	The Small and Medium Enterprises General Authority "**Monsha'at**", was established in 2016 to regulate, support, and develop the SME sector in the Kingdom. It operates independently under the Ministry of Commerce and aims to increase the productivity of SMEs and raise their contribution to the GDP from 20% to 35% by 2030
MSOC	A Managed Security Operations Center (MSOC) is a service that provides continuous monitoring and protection for an organization's information systems and data
National Cybersecurity Authority	A government organization responsible for developing and implementing cybersecurity policies, strategies, and guidelines in the Kingdom
NEOM	Neom is an urban area being built by Saudi Arabia in Tabuk. It is one of 14 giga projects being developed in Saudi Arabia as part of the Saudi Vision 2030 plan
Net Promoter Score	A metric used in customer experience programs to measure the loyalty of customers to a company
NILDP	The National Industrial Development and Logistics Program (NIDLP) is a comprehensive initiative under Saudi Arabia's Vision 2030 aimed at transforming the Kingdom into a leading industrial and global logistics hub
Number of Stores	The total count of retail outlets of a particular company or brand
Offline Channel	The traditional brick-and-mortar retail outlets

Keyword	Definition
Omnichannel	Retailers operating across multiple online and offline channels
Online Beauty and Personal Care Penetration	The percentage of the total Beauty and Personal Care market that is captured by online sales
Online Channel	Digital platform facilitating content, service, or product distribution over the internet
Online Food Delivery Aggregators	Online Food Delivery Aggregators include players like Jahez, Hungerstation, ToYou, Mrsool, Careem etc. where you can order food through their application from a wide array of listed restaurants
Online Penetration	The percentage of online sales out of the total sales for each product category
Online Retail	Online Retail is form of electronic commerce which allows consumers to directly buy goods from a seller over the Internet using a web browser or a mobile app
Online Shoppers	Includes individuals who make online purchases
Perfumes	Includes various types of perfumes for women, men, unisex, children, and home scents
Population Median Age	The age that divides the population into two numerically equal groups, with half the people being younger and half older than this age
Premium	Premium refers to brands that offer luxury products at relatively high prices and appeal to the emerging affluent and High Income cohorts of society. The classification is made basis the average pricing of SKUs
Premiumization	Refers to the trend where consumers show a growing preference for higher-quality, relatively premium products
Price Positioning	Perceived pricing range of a company's products in relation to competitors within the market
Private Consumption	Represents households' and non-profit institutions serving households' final consumption expenditure
Retail/ Retail Market	Retail Market includes the consumer spending on product categories including grocery, fashion, electronics, beauty and personal care, home goods, etc.
Riyadh Tech Valley	It is an investment arm that aims to contribute towards economic growth by developing local technology and localizing job opportunities available in technical and knowledge-based fields
SAGIA	The Kingdom of Saudi Arabia's Government agency promoting and facilitating foreign investment in the Kingdom through licensing, business support, and investment promotion
Saudi Green Initiative	Saudi Green Initiative is an environmental protection, energy transition and sustainability programs which aims at reducing emissions, increasing afforestation and land restoration, and protecting the Kingdom's land and sea
SIDF	The Saudi Industrial Development Fund (SIDF) is a key financial institution in Saudi Arabia, established to support and promote the growth of the industrial sector in alignment with the Kingdom's Vision 2030 objectives
Special Economic Zones	Designated areas offering special economic regulations and incentives to attract foreign investment and promote growth
Spend	The product of the Average Order Value (AOV) and the Frequency of purchases
Thousand Miles	The initiative seeks to facilitate material support, feasibility studies, and asset investment for small and medium enterprises (SMEs) in the industrial and logistics fields
Urban/ Urban Population	Refers to the proportion of a country's population living in Urban areas, as defined by national statistical offices. The data is collected by United Nations Population Division
Vision 2030	A strategic framework aimed at reducing Saudi Arabia's dependence on oil, diversifying its economy, and developing public service sectors such as health, education, infrastructure, recreation, and tourism
World Economic Forum	The World Economic Forum (WEF) is an international organization that works toward global cooperation on the day's major economic and social issues
Young Population	Population that comes under Generation Z and Alpha (currently the age group of 27 years and below)
Young Working Population	Population between age groups between 15-24 who are in the workforce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NICE ONE
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BLOOM

4. THE COMPANY

4.1 Overview of the Company and its Business Activities

Nice One Beauty Digital Marketing Company is a [Saudi joint-stock company] established under commercial registration no. 1010705691 dated 04/08/1438H (corresponding to 30/04/2017G). As listed in the commercial register, the head office of the Company is located in Riyadh. The current share capital of the Company is one hundred and ten million Saudi Riyal (SAR 110,000,000) divided into one hundred and ten million (110,000,000) Ordinary Shares with a fully paid-up nominal value of one Saudi Riyal (SAR 1) per share. Post-capital increase, the Company's share capital will amount to one hundred and fifteen million and five hundred thousand Saudi Riyals (SAR 115,500,000), divided into one hundred and fifteen million and five hundred thousand (115,500,000) Ordinary Shares, with a nominal value of one Saudi Riyal (SAR 1) per Share.

The Company is one of the largest online stores specializing in the sale of beauty and personal care products in the Kingdom. The Company's product offering spans beauty and body care products, contact lenses, perfumes, skin and hair care products, as well as supplements. These products come from both international and local brands, as well as several of the Company's own brands. Over the past three years, the Company has achieved more than 90% of its total sales via its Nice One App, which has been downloaded more than 8 million times since its launch in 2017G, receiving high customer ratings, with over 700,000 reviews and a high customer satisfaction rate, scoring 4.6 out of 5.0 on both the Apple App Store and Google Play Store, as of the date of this Prospectus.

The Company operates a centralized distribution model whereby all products are distributed directly from the Company's main warehouse in Riyadh via its own fleet of vehicles, and the Company also collaborates with various logistics companies to serve its customers throughout the Kingdom. The Company offers same-day delivery in major cities in the central and eastern regions and next-day delivery in other areas.

The Company had a market share of 8.6% in 2023G and among companies specializing in online retail of beauty and personal care products, the Company emerged as a clear leader, capturing a 29% market share. The Company offers a wide range of products, featuring more than 26,000 SKUs during the Financial Year Ended 31 December 2023G. It fulfilled approximately 2.9 million orders, sold 18.0 million units, and achieved an average of 300,000 daily unique visits.

It should be noted that the Company has established two subsidiaries in Egypt and the United Arab Emirates to provide support services therefor.

The Company generated revenue for the year ended 31 December 2023G of SAR 782.4 million, compared to SAR 613.6 million and SAR 449.2 million for the years ended 31 December 2022G and 2021G, respectively. The Company's net profit for the year ended 31 December 2023G was SAR 32.6 million, compared to SAR 16.7 million and SAR 13.5 million for the years ended 31 December 2022G and 2021G, respectively.

The Company generated revenue of SAR 250.1 million for the three months ended 31 March 2024G, compared to SAR 155.1 million for the three months ended 31 March 2023G. The Company's net profit for the three months ended 31 March 2024G was SAR 21.9 million, compared to SAR 8.9 million for the three months ended 31 March 2023G.

As of 31 March 2024G, the total number of employees of the Company and its Subsidiaries was 401 employees.

4.2 Vision and Mission of the Company

4.2.1 Vision

The Company's vision is to be the customer's first choice for care and beauty.

4.2.2 Mission

The Company's mission is to provide an inspiring and exceptional shopping experience with a diverse range of contemporary high quality and competitive value products.

4.3 Competitive Advantages, Strengths and Strategies of the Company

4.3.1 Competitive Advantages and Strengths of the Company

The Company's believes that its principal competitive advantages and strengths are as follows:

4.3.1.1 Market Position and Brand Equity

Since its inception in 2017G, the Company has grown along with Saudi Arabia's rapid digitalization to become one of the leading specialized e-retailers in the Kingdom. In 2023G, the Company fulfilled approximately 2.9 million orders, sold 18.0 million units and achieved an average of 300,000 daily unique visits. The Company today boasts a proven track-record in business, having captured a significant share of the online beauty and personal care market in the Kingdom, achieving a market share of 8.6% in 2023G. Among companies specializing in online retail of beauty and personal care products, the Company has clearly emerged as a leader, securing a 29% share of the e-commerce market. Additionally, the Company has managed to attract more than 1.6 million followers on the most popular social media platforms in the Kingdom, which has significantly contributed to creating a positive brand image and reinforced its position as a leading e-retailer in the Kingdom.

The company believes that its position as a leading national company has significantly contributed to its esteemed brand perception, encapsulating a sense of loyalty and trust among local consumers. This status reflects the Company's commitment to contributing to the Kingdom's ambitions and the overall economic and social landscape, in line with Vision 2030.

The Company's journey from its inception to becoming a leading player in the Kingdom's e-commerce market reflects its strategic and operational excellence and its unwavering commitment to serving its customers. The Company has established a leading market position through its high-value brand, making it well-prepared and capable of achieving further success and expansion, exploring new horizons, and delivering unique value to its customers.

4.3.1.2 Strong Marketing Capabilities Leveraging Deep Expertise in Digital Marketing and Content Creation with Influencers

The Company's marketing capabilities are the primary driver of its business. It has developed competitive marketing strengths, which are among its most significant competitive advantages. The Company benefits from an in-house marketing team, enabling smooth communication and complete control over campaigns and marketing messages related to the products and brands sold thereby. The marketing team mainly consists of national talents who understand the local culture and target consumers, providing an accurate picture of consumer trends and desires. The marketing team specializes in digital campaigns, achieving a high return on investment by using the most effective social media techniques and online platforms. In this context, the Company was one of the first to undertake marketing through its social media influencer partners. For several products, the Company seeks exclusive partnerships with social media influencers, continuously collaborating therewith for the past five (5) years, which has helped to further establish its brand and increase sales across various digital platforms.

The marketing team has adopted an effective marketing strategy by tailoring marketing campaigns according to targeted customer segments, increasing brand awareness through enhanced social media and influencer marketing, and improving marketing capabilities to accommodate seasonal periods. This includes launching the Nice One loyalty and rewards program. The Company relies on diverse marketing channels to promote its products, including social media platforms, partnerships with influencers, television advertisements, and roadside billboard advertising.

The Company has achieved numerous successes in marketing its online platform and products. The number of new customers increased from approximately 130,000 in the first quarter of 2023G to about 206,000 in the first quarter of 2024G. Additionally, around 1.6 million users downloaded the Company's app during 2023G. The cost of acquiring new customers decreased from SAR 189 in the first quarter of 2023G to SAR 121 Saudi Riyals in the first quarter of 2024G.

4.3.1.3 An Integrated Digital Platform Providing an Exceptional User Experience Based on a Massive Database

The Company's e-commerce ecosystem consists of a smartphone application designed and developed by the Company for Apple and Google platforms, as well as a website ("**the Company's Digital Platform**" or "**the Platform**"). The Company's Digital Platform is a key competitive advantage, featuring an attractive interface and a seamless customer experience. The Platform offers customers a comprehensive shopping experience, supported by advanced technological infrastructure and efficient logistics operations. Since 2017G, the application has been downloaded more than 8 million times and has received high ratings from users, with scores of 4.6 out of 5.0 on both the Apple App Store and Google Play Store as of the date of this Prospectus.

The Company has achieved high levels of customer satisfaction, with a satisfaction rate exceeding 90% as of 2023G, based on customer ratings after completing their purchases. The low product return rate, which was approximately 0.3% of the Company's total revenue during the financial year ended 31 December 2023G, and 0.2% of the total revenue during the Three-Month Period Ended 31 March 2024G, further enhances this significant achievement, which is also a direct indicator of the accuracy of the Company's product descriptions, its success in meeting customer requirements, overall satisfaction with the products offered, and the swift delivery of products. These metrics also reflect the effectiveness of the Company's quality and commitment to transparency, significantly contributing to operational efficiency and cost reduction. Low product return rates reduce the logistical and operational burdens associated with managing these processes, thereby enhancing the Company's profitability. Moreover, high customer satisfaction and low product return rates boost brand loyalty and the Company's positive image, which are essential drivers of growth in the competitive e-commerce market.

The Platform also relies on a massive database that includes more than 4 million registered customers. The Company leverages this extensive and unique data set to understand customer behaviors and predict industry trends, aiding in the selection of a diverse range of products, pricing strategies, effective product launch timings, and targeted marketing campaigns. This unique database also supports decision-making and enhances the effectiveness of the Company's strategic functions, representing a competitive advantage that is difficult and costly to replicate. The competitive edge derived from the Company's proprietary database is a significant investment in technology and data analytics capabilities, reinforcing the Company's leadership in data-driven growth. This database allows the Company to implement an effective discount strategy tailored to customer needs.

4.3.1.4 Product Sourcing and Dynamic Sales Strategy

As of the financial year ended 31 December 2023G, the Company sourced 82% of its products from local suppliers, who represent a wide network in the field of beauty and personal care, which enabled the Company to benefit from competitive pricing and maintain profit margins for its products.

The Company leverages its relationships with key suppliers to source a large and diverse range of products, exceeding 28,000 SKUs during the first quarter of FY2024G. These products include local, regional, and international brands, as well as exclusive brands. This assortment meets customer desires and includes a wide range of products such as beauty and body care products, contact lenses, perfumes, skincare and hair care products, and supplements.

The Company also relies on a dynamic sales strategy and an advanced pricing model, enabling it to predict market trends and customer demand by analyzing browsing and search patterns on its app and website. This model helps the Company to select a range of products at appropriate prices, which enhances sales volume and increases the Company's profitability.

4.3.1.5 Extensive and Reliable Supply Chain Infrastructure

The Company's supply chain infrastructure serves as a key competitive advantage, featuring an integrated operational framework that includes owning or leasing warehouses and the Company's own refrigerated transportation fleet, supported by advanced technological systems. This setup allows for effective inventory turnover management and delivery operations.

With a deep understanding of customer needs, the Company controls the entire supply chain, starting from product selection, sourcing, storage, and then transportation to customers either via the Company's fleet or through collaboration with other logistics companies. Additionally, the Company aims to offer same-day delivery in some major cities in the Kingdom and has the capability to ship products across the Kingdom and the GCC countries to meet customer needs and enhance satisfaction, which helps in customer retention.

The Company also aims to improve efficiency, increase operational capacity, and reduce human errors in product delivery by investing in warehouse automation, advanced technologies, and monitoring all stages of the supply chain. Coupled with its commitment to providing exceptional service, these investments significantly contribute to enhancing customer satisfaction and loyalty; as this strategic focus ensures the Company's ability to maintain its leadership in the e-commerce retail sector.

4.3.1.6 Own Brands Catering to Customer Needs and Strong Relationships with Leading International Brands

The Company has strategically expanded its product lineup to include certain exclusive and own brand products, enhancing its competitiveness and market advantage. The revenue from the Company's own brand products increased from SAR 79.7 million in 2021G to SAR 162.2 million in 2023G, with a CAGR of 103.4%. These products align with the needs and desires of local customers, offering high-quality alternatives at competitive prices.

The shift towards higher exclusive and own brand contribution underscores a deliberate strategy to enhance profit margins. These products typically offer higher margins compared to other products due to their production cost nature. This strategic shift is based on the Company's deep market insight and flexible supply chain capabilities, allowing for quick responses to customer demands and effective market gap analysis. Consequently, the increased focus on the Company's own brands not only meets consumer needs by providing high-quality alternatives at competitive prices but also significantly improves the Company's profitability, setting a robust foundation for sustained growth and market leadership.

The Company also prides itself on having strong partnerships with a wide range of leading international brands in the field of beauty and personal care products, enabling it to offer a diverse and high-quality selection of products that meet the needs and desires of its customers. These partnerships allow the Company to exclusively launch some international brand products before they are available in the market, attracting customer interest and increasing sales volume. Participating in joint marketing campaigns with international brands enhances the Company's visibility and credibility in the market and strengthens its supply chain, as well as significantly increases brand recognition and solidifies its market position. As of the first quarter of 2024G, the Company offered more than 1,200 international brands on its platform, compared to approximately 500 international brands in 2021G.

The Company's proprietary database, along with its extensive network of suppliers, enables the continuous and effective introduction and attraction of both its own brands and international brands. The Company has the necessary capabilities to market these products through its expertise in digital marketing, which has positively impacted visitor density and engagement on the Company's Platform.

4.3.1.7 Financial Performance Characterized by Revenue Growth, Profitability, and High Liquidity

The Company has achieved strong financial performance, with a CAGR of 32.0% in revenues from FY2021G to FY2023G, increasing from SAR 449.2 million to SAR 782.4 million during this period. Since its establishment, the Company quickly achieved and maintained profitability, recording a net profit for the year/ period of SAR 32.6 million in the Financial Year Ended 31 December 2023G and SAR 21.9 million in the first quarter of 2024G. The adoption of the Company's own brand strategy and focus on high-margin products and categories have contributed to enhancing profits. Additionally, the Company implemented several initiatives, including cost reductions, particularly in marketing expenses as a percentage of sales, which also led to increased profitability.

4.3.1.8 Ambitious Management Team with High Expertise and a Base of Strategic Shareholders in the Field

The Company is a founder-led success story, propelled by the expertise and vision of a highly experienced management team that boasts significant experience in the field of beauty and personal care products, digital technology, and corporate strategy. The team's commitment to flexibility and a strategic approach that emphasizes fostering a culture of continuous improvement has maintained the company's leading position in the cosmetics and personal care market in the Kingdom.

Supported by distinguished shareholders and a strong corporate governance framework, this experienced team possesses unique insights that shape the Company's strategic direction and facilitate well-informed decision-making for sustainable success.

4.3.2 The Company's Strategy

The Company's principal strategy to grow its business comprises the following:

4.3.2.1 Develop its Own Brands and Enhance Partnerships with International Brands

The Company leverages its unique market position and customer feedback to increase the range of offered products and to expand the offerings of its own brands, targeting in-demand products at competitive prices. The growth of its own brands presents significant opportunities to improve margins, as the categories planned for market introduction form an effective strategy for expanding the Company's market share and increasing its profitability. The Company's focus on its own brands enhances brand visibility, increases traffic on the Platform, and reduces Customer loss Rates.

4.3.2.2 Enhancing Supply Chain Capabilities by Relying on Process Automation and Expansion within the Kingdom

The Company aims to enhance its supply chain capabilities and is diligently working towards that end through a series of important initiatives. The Company focuses on expansion within the Kingdom to better serve customers by extending its reach. The Company's plan includes two main initiatives as follows:

- The Company is working on opening a new warehouse in Riyadh in the third quarter of 2024G, which will significantly increase its storage capacity to 14,500 square meters, compared to 6,152 square meters in the current warehouses.
- Investing in warehouse automation, which will support growth and expansion, increase efficiency, and reduce labor costs.

The project to automate the Company's warehouse in Riyadh involves deploying a range of advanced technologies and devices, contracted with a global company specializing in warehouse automation to implement said integrated automated system. This advanced solution supports growth and expansion plans, enhances efficiency, and reduces labor costs in the warehouse, as the automated system improves order fulfillment processes by efficiently distributing and storing high-demand products and automating the transfer of prepared and packed orders to the shipping area. The key benefits of this automated system include significantly reducing order preparation times and enhancing overall productivity, as well as streamlines logistics operations and minimizes manual handling errors, enabling efficient use of warehouse space, increasing storage capacity, and maximizing order fulfillment. This project aligns with increased customer demands for faster and more accurate order processing, positioning the Company at the forefront of technological innovation and maintaining its competitive edge in the market.

The Company's plan also includes other initiatives as follows:

- Opening a new warehouse in Jeddah, contributing to the Company's efforts towards same-day delivery of products in Jeddah, Mecca, and Taif.
- Expanding the refrigerated transportation fleet in Riyadh and adding a refrigerated transportation fleet in Jeddah.
- Adding new areas to expand same-day delivery service in other regions, particularly the western region, to better meet customer needs and enhance their experience.

4.3.2.3 Continuing to Provide Trending Products and Enhancing Inventory in Line with Customer Needs

To improve conversion rates and attract high-value customers, the Company plans to broaden its inventory and enhance inventory management. These enhancements will allow the Company to better cater to the diverse tastes and preferences of consumers, reinforcing its position as a one-stop-shop for beauty and personal care products.

4.3.2.4 Continued Technological Innovation and Developing the Company's Capabilities in Utilizing Artificial Intelligence Technologies

The Company plans to utilize technological initiatives to enhance operational efficiency and customer experience. This includes initiatives such as:

- the implementation of a Warehouse Management System and automation technologies to improve efficiency in inventory management and order fulfillment;
- utilizing strategies to ensure competitive pricing by leveraging advanced market scanning technologies, offering a diverse range of products at the best prices to increase spending from existing customers, retain them, and attract new customers;
- leveraging AI to offer personalized product suggestions based on customer preferences, enhancing product discovery via a recommendation engine;
- leveraging AI to tailor the shopping experience to individual customer preferences, thereby enhancing engagement and increasing repeat purchases;
- using AI to analyze customer reviews, gaining insights into trends and preferences to improve the product range and marketing thereof;
- implementing a customer loyalty program, where all customers are automatically enrolled, allowing for product personalization and customer engagement, which will help drive increased customer retention, larger average order values and repeat purchases; and
- launching the Company's rewards program, enabling influential customers to contribute to generating additional revenue for the Company.

The Company's delivery management system enhances delivery operations through real-time tracking of shipments and drivers, in addition to having an advanced system for managing returns and cash transactions. The Company's solutions ensure seamless communication between warehouses and financial management to efficiently and effectively manage cash collection. Furthermore, the development of the Warehouse Management System (WMS) and inventory management, order processing, and warehouse operations improvements are supported by advanced analytics for data-driven decision-making. The key benefits of the Company's delivery management system are as follows:

i- Efficient delivery operations management with real-time tracking and optimized delivery processes.

ii- Integration of external logistics.

iii- Improved inventory management to reduce costs and enhance efficiency.

4.3.2.5 Establishing and Expanding Sales Channels

The Company intends to develop a comprehensive shopping experience by opening stores in shopping centers and other traditional retail channels. This expansion into retail aims to enhance the integration between online and offline shopping channels by improving the customer experience and providing them with suitable shopping options. The presence of stores in shopping centers is also expected to significantly boost customer engagement with the brand, thereby increasing sales.

4.3.2.6 Developing Marketing Capabilities to Support the Company's Strategy

The Company places great emphasis on marketing efforts that support its growth in line with its commercial and financial objectives. In this regard, the Company seeks to continue implementing its key initiatives and developing its capabilities and marketing plans as follows:

- **Developing technological innovations and capabilities for marketing systems:** These initiatives include continuing to improve existing systems such as the Customer Relationship Management (CRM) system, by developing and adding technical features that contribute to launching targeted marketing campaigns for specific customer segments. These initiatives also involve leveraging modern technologies (such as AI) in effective marketing campaigns. Please refer to section 4.3.2.4 ("**Continued Technological Innovation and Developing the Company's Capabilities in Utilizing Artificial Intelligence Technologies**").
- **Developing electronic marketing efforts:** This includes applying effective and innovative electronic marketing methods based on available data, which efforts also involve developing content creation with influencers through innovative marketing campaigns that align with the characteristics of the products offered and the targeted customer segments.
- **Attracting and retaining marketing talents:** The Company performs all core marketing activities through an in-house team specializing in content creation, managing electronic marketing campaigns, and handling social media accounts. The Company seeks to attract talents with technical and marketing expertise and a deep understanding of the e-commerce sector, the Company's products, and customer behavior. The Company also aims to retain these talents by providing incentives and rewards that align with marketing plans to contribute effectively to supporting the Company's growth objectives.
- **Continuing to prepare and implement effective marketing campaigns:** The Company prepares an annual marketing plan that is updated periodically throughout the year, which includes preparing various campaigns during yearly seasons (such as holidays and national occasions), as well as creating marketing campaigns during off-season periods to stimulate sales.

The Company continuously monitors the performance of its marketing campaigns based on operational and financial performance indicators to measure the efficiency of these campaigns and utilized marketing channels, striving to enhance their effectiveness and spending efficiency.

4.3.2.7 Developing Human Capabilities and Attracting Talents to Support the Company's Strategy

The Company believes that investing in human resources is an investment in the future, as developing human capabilities enhances operational efficiency and the ability to adapt to market changes, thereby improving innovation and creativity and strengthening the Company's competitive position. The Company considers human capacity development and providing a motivating work environment as essential parts of its overall strategy to achieve excellence and distinction. The Company aims to continue building an outstanding team by consistently investing in employee training and skill development at all levels, contributing effectively to achieving its diverse goals and strategies. Additionally, the Company seeks to attract the best talents in the market, not only to fill vacant positions but to ensure the presence of exceptional expertise that can contribute to innovation and growth.

The Company also endeavors to increase the number of employees with extensive and specialized expertise in the field of developing the Company's own brands. The team focuses on developing said brands in alignment with the Company's strategy.

4.3.2.8 Leveraging Growth Opportunities through Acquisitions of Brands or Other Companies

The Company plans, from time to time and selectively, to study strategic investment opportunities that directly contribute to achieving its strategy of continuous development and growth by increasing its market share, enhancing its technical capabilities, and attracting talents that will strengthen its leadership position.

The Company uses the following criteria in selecting opportunities:

- Targeted Key Sectors: Beauty products, fragrances, and personal care sectors.
- Type of Targeted Investments: Full acquisitions or majority stake acquisitions.
- Performance, Reputation, and Product Quality of the Targeted Company: Along with other criteria determined by the company.
- Geographic Scope: Saudi Arabia and the Gulf countries.

4.4 Overview of the Company and Growth of its Capital

The Company was originally established by Omar Ali Abdulrahman AlOlayan as a single-person establishment named "Bahr Almontajat Trading Est." under commercial registration no. 1010705691 dated 04/08/1438H (corresponding to 30/04/2017G).

On 03/10/1439H (corresponding to 17/06/2018G), the Company was converted from a single-person establishment into a limited liability company named "Bahr Almontajat Trading Company", owned by Omar Ali AlOlayan, Abdulrahman Ibrahim AlOlayan, Abdulrahman Ali AlOlayan and Ali Abdulrahman AlOlayan, with a fully paid-up share capital of one million Saudi Riyals (SAR 1,000,000) divided into one thousand (1,000) Shares with a nominal value of one thousand Saudi Riyal (SAR 1,000) per share.

Upon its transformation into a limited liability company, the Company's shares were distributed as follows:

The Company's ownership structure upon its transformation into a limited liability company on 03/10/1439H (corresponding to 17/06/2018G)

Name	Number of Shares	Per Share Value	Total Share Value (SAR)	Shareholding
Omar Ali AlOlayan	450	1,000	450,000	45.00%
Abdulrahman Ali AlOlayan	450	1,000	450,000	45.00%
Abdulrahman Ibrahim AlOlayan	50	1,000	50,000	5.00%
Ali Abdulrahman AlOlayan	50	1,000	50,000	5.00%
Total	**1,000**	**1,000**	**1,000,000**	**100%**

Source: The Company

On 30/12/1439H (corresponding to 10/09/2018G), Abdulrahman Ibrahim AlOlayan assigned, in exchange for a cash compensation equal to the nominal value of the shares, all his shares in the Company, totaling fifty (50) shares with a total value of fifty thousand Saudi Riyals (SAR 50,000) to Omar Ali AlOlayan. Similarly, Ali Abdulrahman AlOlayan assigned, without compensation, all his shares in the Company, amounting to fifty (50) shares with a total value of fifty thousand Saudi Riyals (SAR 50,000) to Abdulrahman Ali AlOlayan.

The Company's ownership structure as at 30/12/1439H (corresponding to 10/09/2018G)

Name	Number of Shares	Per Share Value	Total Share Value (SAR)	Shareholding
Omar Ali AlOlayan	500	1,000	500,000	50.00%
Abdulrahman Ali AlOlayan	500	1,000	500,000	50.00%
Total	**1,000**	**1,000**	**1,000,000**	**100%**

Source: The Company

On 20/09/1445H (corresponding to 30/03/2024G), the Company's name was changed from Bahr Almontajat Trading Company to Nice One Beauty Digital Marketing Company.

On 04/11/1442H (corresponding to 14/06/2021G), the Company's capital was increased from one million Saudi Riyals (SAR 1,000,000) to one million and sixty-three thousand Saudi Riyals (SAR 1,063,000), divided into one thousand and sixty-three (1,063) Shares with a value of one thousand Saudi Riyals (SAR 1,000) per share paid in cash, following the entry of Wajhat AlHamra for Investment Company. In addition, Abdulrahman Ali AlOlayan assigned, in exchange for an agreed-upon cash compensation, one hundred and eleven (111) of his shares and Omar Ali AlOlayan assigned sixty-nine (69) of his shares to Wajhat AlHamra for Investment Company in exchange for an agreed-upon cash compensation.

The Company's ownership structure as at 04/11/1442H (corresponding to 14/06/2021G)

Name	Number of Shares	Per Share Value	Total Share Value (SAR)	Shareholding
Omar Ali AlOlayan	431	1,000	431,000	40.55%
Abdulrahman Ali AlOlayan	389	1,000	389,000	36.59%
Wajhat AlHamra for Investment Company*	243	1,000	243,000	22.86%
Total	**1,063**	**1,000**	**1,063,000**	**100%**

Source: The Company

* Wajhat AlHamra for Investment Company is fully owned by Namara Investments Company.

On 08/03/1444H (corresponding to 04/10/2022G), Abdulrahman Ali AlOlayan assigned, in exchange for an agreed-upon cash compensation, eleven (11) of his shares in the Company to Wajhat AlHamra for Investment Company.

The Company's ownership structure on 08/03/1444H (corresponding to 04/10/2022G)

Name	Number of Shares	Per Share Value	Total Share Value (SAR)	Shareholding
Omar Ali AlOlayan	431	1,000	431,000	40.55%
Abdulrahman Ali AlOlayan	378	1,000	378,000	35.56%
Wajhat AlHamra for Investment Company*	254	1,000	254,000	23.89%
Total	**1,063**	**1,000**	**1,063,000**	**100%**

Source: The Company

* Wajhat AlHamra for Investment Company is fully owned by Namara Investments Company.

On 15/02/1445H (corresponding to 31/08/2023G), Abdulrahman Ali AlOlayan assigned, in exchange for an agreed-upon cash compensation, twelve (12) of his shares in the Company to Wajhat AlHamra for Investment Company.

The Company's ownership structure on 15/02/1445H (corresponding to 31/08/2023G)

Name	Number of Shares	Per Share Value	Total Share Value (SAR)	Shareholding
Omar Ali AlOlayan	431	1,000	431,000	40.55%
Abdulrahman Ali AlOlayan	366	1,000	366,000	34.43%
Wajhat AlHamra for Investment Company*	266	1,000	266,000	25.02%
Total	**1,063**	**1,000**	**1,063,000**	**100%**

Source: The Company

* Wajhat AlHamra for Investment Company is fully owned by Namara Investments Company.

On 27/10/1445H (corresponding to 06/05/2024G), the Company's capital was increased from one million and sixty-three thousand Saudi Riyals (SAR 1,063,000) to one hundred and ten million Saudi Riyals (110,000,000), divided into one hundred and ten million (110,000,000) Shares with a nominal value of one Saudi Riyal (SAR 1) per share, through the capitalization of SAR 81,801,000 from the retained earnings balance and SAR 27,136,000 from the "**additional capital contribution**" balance. Furthermore, Abdulrahman Ali Abdulrahman AlOlayan and Omar Ali Abdulrahman AlOlayan assigned 842,333 shares equally to Bandar Abdulrahman Abdulaziz AlDhalea, as a new Shareholder in the Company in exchange for cash compensation equal to the nominal value of the shares, and Wajhat AlHamra for Investment Company, without compensation, assigned: (i) 7,399,117 of its shares to Darb AlNomu Investment Company, which became a new shareholder in the Company; (ii) 5,328,519 of its shares to Wajhat AlNomu Company, which became a new shareholder in the Company, and (iii) 7,399,117 of its shares to Tareek Al Nomu Investment Company, which became a new shareholder in the Company.

The Company's ownership structure as at 27/10/1445H (corresponding to 06/05/2024G)*

Name	Number of Shares	Nominal Value (SAR)	Total Share Value (SAR)	Shareholding
Omar Ali AlOlayan	44,179,022	1	44,179,022	40.16%
Abdulrahman Ali AlOlayan	37,452,775	1	27,452,775	34.05%
Wajhat AlHamra for Investment Company**	7,399,117	1	7,399,117	6.73%
Darb AlNomu Investment Company**	7,399,117	1	7,399,117	6.73%
Tareek Al Nomu Investment Company**	7,399,117	1	7,399,117	6.73%
Wajhat AlNomu Investments Company**	5,328,519	1	5,328,519	4.84%
Bandar Abdulrahman AlDhalea	842,333	1	842,333	0.77%
Total	**110,000,000**	**1**	**110,000,000**	**100%**

* The shareholding percentages are rounded to the nearest decimal.

** Wajhat AlHamra for Investment Company, Darb AlNomu Investment Company, Tareek Al Nomu Investment Company, and Wajhat AlNomu Investments Company are fully owned by Namara Investments Company.

Source: The Company

On 01/11/1445H (corresponding to 09/05/2024G), the Company was converted from a limited liability to a closed joint-stock company with a fully paid capital of one hundred and ten million Saudi Riyals (SAR 110,000,000), divided into one hundred and ten million (110,000,000) Ordinary Shares with a nominal value of one Saudi Riyal (SAR 1) per share.

The Company's ownership structure as at 01/11/1445H (corresponding to 09/05/2024G)*

Name	No. of Shares	Nominal Value (SAR)	Total Share Value (SAR)	Shareholding
Omar Ali AlOlayan	44,179,022	1	44,179,022	40.16%
Abdulrahman Ali AlOlayan	37,452,775	1	37,452,775	34.05%
Wajhat AlHamra for Investment Company**	7,399,117	1	7,399,117	6.73%
Darb AlNomu Investment Company**	7,399,117	1	7,399,117	6.73%
Wajhat AlNomu Investments Company**	5,328,519	1	5,328,519	4.84%
Tareek Al Nomu Investment Company**	7,399,117	1	7,399,117	6.73%
Bandar Abdulrahman AlDhalea	842,333	1	842,333	0.77%
Total	**110,000,000**	**1**	**110,000,000**	**100%**

* The shareholding percentages are rounded to the nearest decimal.

** Wajhat AlHamra for Investment Company, Darb AlNomu Investment Company, Tareek Al Nomu Investment Company, and Wajhat AlNomu Investments Company are fully owned by Namara Investments Company.

Source: The Company

On 21/11/1445H (corresponding to 29/05/2024G), the Extraordinary General Assembly approved the increase of the Company's share capital from one hundred and ten million Saudi Riyals (SAR 110,000,000) to one hundred fifteen million and five hundred thousand Saudi Riyals (SAR 115,500,000), divided into one hundred fifteen million and five hundred thousand (115,500,000) Ordinary Shares with a nominal value of one Saudi Riyal (SAR 1) per share, and the offering of five million five hundred thousand (5,500,000) new shares for public subscription.

On 25/11/1445H (corresponding to 02/06/2024G), Wajhat AlNomu Company assigned all of its shares in the Company as follows: 2,664,260 shares to Hisham Sulaiman AlHabib, without compensation; and 2,664,259 shares to Abdulaziz Sulaiman AlHabib, without compensation, both as new Shareholders in the Company. In addition, Wajhat AlHamra assigned 275,000 of its shares in the Company, without compensation, to Hisham Sulaiman AlHabib.

On 22/02/1446H (corresponding to 26/08/2024G), Wajhat AlHamra Company assigned 215,669 of its shares to Hisham Sulaiman AlHabib without compensation, and 195,490 shares to Abdulaziz Sulaiman AlHabib without compensation.

The Company's ownership structure as of date of this Prospectus*

Name	No. of Shares	Nominal Value (SAR)	Total Share Value (SAR)	Shareholding
Omar Ali AlOlayan	44,179,022	1	44,179,022	40.16%
Abdulrahman Ali AlOlayan	37,452,775	1	37,452,775	34.05%
Wajhat AlHamra for Investment Company**	6,712,958	1	6,712,958	6.10%
Darb AlNomu Investment Company**	7,399,117	1	7,399,117	6.73%
Tareek Al Nomu Investment Company**	7,399,117	1	7,399,117	6.73%
Bandar Abdulrahman AlDhalea	842,333	1	842,333	0.77%
Hisham bin Sulaiman AlHabib	3,154,929	1	3,154,929	2.87%
Abdulaziz bin Sulaiman AlHabib	2,859,749	1	2,859,749	2.60%
Total	**110,000,000**	**1**	**110,000,000**	**100%**

* The shareholding percentages are rounded to the nearest decimal.

** Wajhat AlHamra for Investment Company, Darb AlNomu Investment Company, and Tareek Al Nomu Investment Company are fully owned by Namara Investments Company.

Source: The Company

4.5 Key Developments of the Company since Establishment

The following table shows the Company's milestones since its establishment to the date of this Prospectus.

Table (4.1): Key Developments of the Company since Establishment

Year	Milestone
2017G	• Establishing the Company and launching the Nice One application and website after two years of working on studying the market and establishing the infrastructure. • Renting the first warehouse for Nice One with an area of 200 sqm.
2018G	• Renting the second warehouse for Nice One with an area of 1,000 sqm. • Starting the development of Company Own Brands and acquiring the first Exclusive Brand. • Customer base exceeding 100 thousand customers. • Building a technical system to manage the Company's transport fleet.
2019G	• Establishing a platform for collecting and analyzing information and reports, to assist departments in making decisions based on data analysis. • Over 2 million customers downloaded the Company's application. • Expanding warehouses to an area of 2,000 sqm.

Year	Milestone
2020G	• Making a paradigm shift in the infrastructure of the Company's systems, allowing for increased customer uptake, enhanced protection, and improved performance. • Customer base exceeding 500 thousand customers. • Delivering 871,000 orders, with a year-on-year increase of more than 86%.
2021G	• Expanding product portfolio to now include more than 500 brands. • Increasing Company Own Brands to 6 brands. • Namara Investments Company, through its subsidiary, acquired 22.86% of Nice One's shares. • Migrating to an Enterprise Resource Planning system (ERP). • Launching a Same Day Delivery service in Riyadh.
2022G	• Inaugurating the Company's refrigerated transport fleet with more than 30 cars in the city of Riyadh. • Customer base exceeding 1.8 million customers. • Establishing Bahr Al Montajat Trading Company in Egypt to provide support and ancillary services to the Company. • Launching a Same Day Delivery service in the Eastern and Qassim provinces.
2023G	• Expanding brands distributed exclusively by the Company and registered in its name to reach 12 brands. • Buying a warehouse for Nice One with an area of 14,500 sqm. • Number of app downloads exceeding 8 million. • Launching the Company's new strategy to achieve and keep abreast of its growth goals. • Establishing the Nice One Perfumes and Cosmetics Trading Company in the UAE to provide support and ancillary services to the Company.
2024G	• Launching the vitamin product section. • Entering into partnerships with core groups and brands. • Establishing a big data processing infrastructure. • Launching the beta version of the loyalty program and rewards program. • Launching an AI-based service to process customer experience data and share them with the relevant stakeholders. • Size of Company's refrigerated transport fleet exceeding 52 cars in the city of Riyadh.

Source: Company Information

4.6 Overview of Ownership Structure of Company's Subsidiaries

The subsidiaries provide administrative support services to the Company. Currently, they neither conduct any business activity, nor generate any revenue. Below is an overview of the Company's subsidiaries:

4.6.1 Bahr Almontajat General Trading Company

Bahr Almontajat General Trading Company is a limited liability company, with a capital of fifty thousand (50,000) Egyptian pounds (EGP) divided into five hundred (500) shares with a nominal value of one hundred Egyptian pounds (EGP 100) per share. It is registered in the Commercial Register in Egypt under No. 190854 dated 04/08/2022G.

Bahr Almontajat General Trading Company's main activities under its commercial registration include general trading, distribution, and providing general supplies.

The following table shows the ownership structure of Bahr Almontajat General Trading Company as at the date of this Prospectus:

Overview of Ownership Structure of Bahr Almontajat General Trading Company as at the date of this Prospectus

Shareholder Name	Shareholding	Number of Shares
Nice One Beauty Digital Marketing Company	100%	500
Total	**100%**	**500**

Source: The Company

4.6.2 Nice One Perfumes and Cosmetics Trading LLC

Nice One Perfumes and Cosmetics Trading LLC is a limited liability company, with a capital of three hundred thousand (300,000) dirhams divided into three hundred (300) shares with a nominal value of one thousand dirhams (AED 1,000) per share. It is registered in the Commercial Register in the Emirate of Dubai under No. 1149849 dated 04/05/2023G.

The main activities of Nice One Perfumes and Cosmetics Trading LLC under its commercial registration include Perfumes and Cosmetics trading.

The following table shows the structure of Nice One Perfumes and Cosmetics Trading LLC as at the date of this Prospectus:

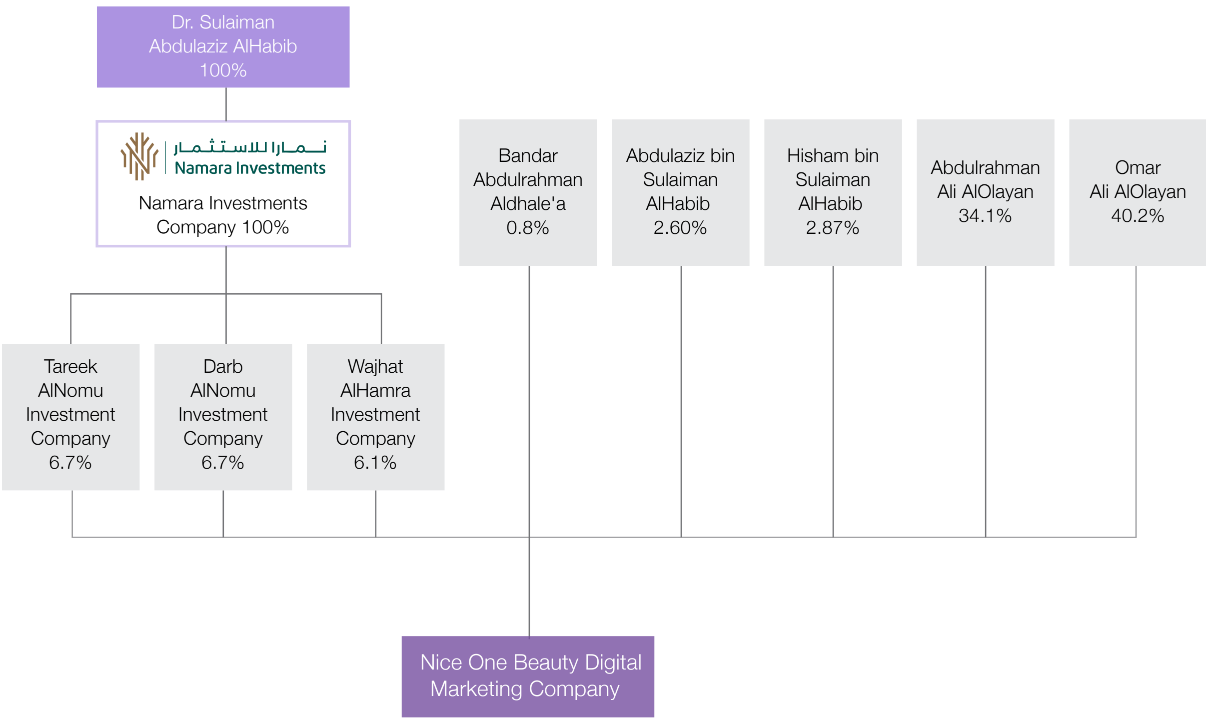
Ownership Structure of Nice One Perfumes and Cosmetics Trading LLC as at the Date of this Prospectus:

Shareholder Name	Shareholding	Number of Shares
Nice One Beauty Digital Marketing Company	100%	300
Total	**100%**	**300**

Source: The Company

4.7 Overview of Shareholders

The following diagram shows the ownership structure of the company:



4.7.1 Wajhat AlHamra for Investment Company

Wajhat AlHamra for Investment Company is a limited liability company, with a capital of twenty-five thousand Saudi Riyals (SAR 25,000), divided into one thousand (1,000) shares with a nominal value of twenty-five Saudi Riyals (SAR 25) per share. It is registered in the Commercial Register of the city of Riyadh under No. 1010689479, dated 12/07/1442H (corresponding to 24/02/2021G).

The main activities of Wajhat AlHamra for Investment Company include own-account investment activities for the respective units (including venture capital companies and investment clubs); purchase and sale of land and real estate, dividing them, and selling them off-plan; and the management and lease of non-residential owned or leased properties.

The following table shows the ownership structure of Wajhat AlHamra for Investment Company:

Ownership Structure of Wajhat AlHamra for Investment Company as at the date of this Prospectus:

Shareholder Name	Shareholding	Number of Shares
Namara Investments Company	100%	1.000
Total	**100%**	**1.000**

Source: The Company

4.7.2 Tareek Al Nomu Investment Company

Tareek Al Nomu Investment Company is a limited liability company, with a capital of twenty-five thousand Saudi Riyals (SAR 25,000), divided into twenty-five thousand (25,000) shares with a nominal value of one Saudi Riyal (SAR 1) per share. It is registered in the Commercial Register of the city of Riyadh under No. 1009021232, dated 19/10/1445H (corresponding to 28/04/2024G).

Tareek Al Nomu Investment Company's main activities include financial service activities, excluding insurance and pension financing not elsewhere classified, and own-account investment activities for the respective units (including venture capital firms and investment clubs).

The following table shows the ownership structure of Tareek Al Nomu Investment Company:

Ownership Structure of Tareek Al Nomu Investment Company as at the date of this Prospectus:

Shareholder Name	Shareholding	Number of Shares
Namara Investments Company	100%	25.000
Total	**100%**	**25.000**

Source: The Company

4.7.3 Darb AlNomu Investment Company

Darb AlNomu Investment Company is a limited liability company, with a capital of twenty-five thousand Saudi Riyals (SAR 25,000), divided into twenty-five thousand (25,000) shares with a nominal value of one Saudi Riyal (SAR 1) per share. It is registered in the Commercial Register of the city of Riyadh under No. 1009021231, dated 19/10/1445H (corresponding to 28/04/2024G).

Tareek AlNomu Investment Company's main activities include financial service activities, excluding insurance and pension financing not elsewhere classified, and own-account investment activities for the respective units (including venture capital firms and investment clubs).

The following table shows the ownership structure of Darb AlNomu Investment Company:

Ownership Structure of Darb AlNomu Investment Company as at the date of this Prospectus:

Shareholder Name	Shareholding	Number of Shares
Namara Investments Company	100%	25.000
Total	**100%**	**25.000**

Source: The Company

4.7.4 Namara Investments Company

Namara Investments Company is a limited liability company, with a capital of five hundred thousand Saudi Riyals (SAR 500,000) divided into five hundred (500) shares with a nominal value of one thousand Saudi Riyals (SAR 1,000) per share. It is registered in the Commercial Register of the city of Riyadh under No. 1010229393, dated 16/02/1428H (corresponding to 06/03/2007G).

Namara Investments Company is the investment holding company owned by Dr. Sulaiman bin Abdulaziz AlHabib. The company owns and manages its own investment portfolio in several areas including equity investments, in addition to private equity investments in several sectors including healthcare services, pharmacies, commercial and residential real estate investments, and technology companies.

Back to Table of Content >

The following table shows the ownership structure of Namara Investments Company:

Ownership Structure of Namara Investments Company as at the date of this Prospectus:

Shareholder Name	Shareholding	Number of Shares
Sulaiman Abdulaziz Sulaiman AlHabib	100%	500
Total	**100%**	**500**

Source: The Company

4.8 Overview of Company's Main Activities

In 2023, the Company ranked as the largest electronic retail beauty and personal care platform in terms of revenues and number of customers in the Kingdom. Its market share reached 8.6%. Moreover, with a 29% market share, the Company was clearly in the lead among beauty and personal care online retailers. The Company offers over 28,000 SKUs, and it processed more than 7.2 million orders in 2023G.

The Company's products include cosmetics, body care supplies, lenses, perfumes, skin and hair care products, and nutritional supplements. These products include more than 1,200 leading international and local brands, and some Own Brands.

Most of the Company's sales are made through the Nice One app, which has been downloaded more than 8 million times since its launch in 2017G and has often received a high ranking by customers. The Company's customer base has witnessed continuous growth, with more than 1.4 million active customers visiting and making transactions through Company's application or website in 2023G.

The Company currently relies on a centralized distribution model through which all products are distributed directly from the Company's main warehouse in Riyadh, using its own transport fleet. Moreover, the Company works with many logistics companies to accommodate for its customers in all regions of the Kingdom. The Company aspires to provide Same Day Delivery in the main cities of the Central and Eastern provinces, and a next-day delivery service in other regions.

4.8.1 Key Performance Indicators

The following table sets forth the Company's key performance operating metrics and are considered Key Performance Indicators by the Directors for the previous three Financial Years and the Three-Month Period Ended 31 March 2024.

Table (4.2): Company's Key Performance Indicators

KPI	Year Ended 31 December 2021G	Year Ended 31 December 2022G	Year Ended 31 December 2023G	Three-month period ended 31 March 2023G	Three-month period ended 31 March 2024G
Revenue (in SAR '000)					
Revenue	449,205	613,631	782,355	155,142	250,053
Growth Rate	-	36.6%	27.5%	-	61.8%
Revenue by Product Category (In SAR '000)					
Cosmetics	156,689	212,942	294,893	62,795	95,768
Perfumes	146,076	203,966	228,431	46,803	60,468
Personal Care Products	119,204	160,504	226,749	38,837	83,622
Wholesales	4,895	5,608	275	-	-
Other	3,217	2,239	55	41	60
Sales Return Provision	0	0	-2,202	0	320
Services	19,124	28,372	34,154	6,666	9,815
Total	**449,205**	**613,631**	**782,355**	**155,142**	**250,053**
Revenue by Brand Categories (In SAR '000)					
International Brands	351,003	470,032	600,767	119,234	196,852
Own Brands	74,183	109,619	149,361	29,242	43,066

KPI	Year Ended 31 December 2021G	Year Ended 31 December 2022G	Year Ended 31 December 2023G	Three-month period ended 31 March 2023G	Three-month period ended 31 March 2024G
Online					
Number of app/website visits (millions)	4.9	16.9	24.2	6.9	10.8
Orders fulfilled (thousands)	1,405	2,040	2,699	504	886
Average Order Value (SAR)	320	301	290	307	282
Total sales (In SAR '000)	430,081	585,259	748,201	148,476	240,237

Source: Company Information

4.8.2 Product Categories

4.8.2.1 Overview

The Company sells through its e-commerce platforms a diverse range of more than 28,000 stock-keeping units (SKUs) from renowned international brands as well as a comprehensive range of brand products distributed exclusively by the Company. The Company offers these products across four different product categories, each comprised of several subcategories: Makeup products (which includes the makeup, nails and lenses subcategories), Perfume products (which includes the local, regional, international, Eastern and Western perfume and home scents subcategories), Care products (which includes the care, devices and vitamins and supplements subcategories), and other products.

From its initial focus on makeup and care products, the Company has built a diversified assortment of products and brands that adapt with the latest market trends and consumer preferences, including the introduction of vitamins and supplements into the Company's product offerings in 2024G. In expanding its product offering, the Company focuses on profitable SKUs, avoiding new products or SKUs that it believes will not be commercially successful.

The Company sources its products from a diverse supplier base, who supply over 1,200 brands and distribute leading international, regional and local product brands (which the Company classifies as "international brand products"). The Company also imports some products directly from a number of international brands under arrangements that grant the Company the exclusive distribution rights of certain products within the Kingdom or agreed GCC countries ("**Brands Distributed Exclusively by the Company**"). The Company has also developed a range of products labelled by the Company's registered brands to offer customers high quality products at competitive prices, which are supplied by reputable international manufacturers.

Table 4.3 below shows the key categories of products that the Company sells, including, in each case, selected brands, products offered, number of suppliers and number of SKUs within each product category:

Table (4.3): Company's Product Categories as at 31 March 2024G

Product Category	Selected Brands
International Brands	
Makeup	Maybelline, Nyx, L'Oreal Paris
Perfume	Dior, YSL
Care	The ordinary, Mielle Organics, Garnier
Other	Forcapil
Brands Distributed Exclusively by the Company and Registered in the Company's Name	
Makeup	Calla makeup, Misauda, Topface
Perfume	Miss Kay, Aroub
Care	Ola Hair, Bodyblenz, Prisca

Source: Company information

The Company also generates revenue from services related to shipping fees and providing advertising services for brands.

4.8.2.2 Makeup

The Company's Makeup product category comprises the makeup, nails and lenses product subcategories, which include the latest innovations in beauty brands.

The Company offers an extensive assortment of products and cosmetics in its makeup product subcategory from a natural, soft look to products used for bold makeup. The product range includes face makeup, eye makeup, lip makeup, eyebrow makeup, contouring, highlighting and also a selection of professional makeup brushes and tools products from international brands such as Maybelline, Nyx, Kiko, Charlotte Tilbury and Nars, as well as from exclusive and own brands such as Calla makeup, Topface and Mesauda.

The nails product subcategory includes a range of nail polishes and accessories, offering colors of different types and textures from international brands such as Essence, Calla Makeup, Norsina, Revolution, Mavala and Glitz, as well as from exclusive and own brands such as Calla makeup and Topface.

In its lenses product subcategory, the Company offers one of the largest collections of contact lenses in the Kingdom from top-quality brands. This includes a variety of colored lenses and prescription lenses, as well as contact lens solutions, from brands such as Lens Me, New Lenses, Anesthesia Lenses, Aderra Lenses and others, as well as from exclusive and own brands such as Beauteous.

Sales of products in the Makeup product category comprised 39.3% and 39.9% of the revenues for the Financial Year Ended 31 December 2023G and the Three-Month Period Ended 31 March 2024G, respectively.

4.8.2.3 Perfume

The Company's Perfume product category comprises the perfume and home scents product subcategories.

The Company's range of perfume products include designer perfumes, niche perfumes, lotions and shower gels, body mists and hair mists from international brands such as Chanel, Givenchy, Versace, Carolina Herrera, Dior, Creed, Burberry, Paco Rabanne, Hugo Boss, Gucci, Lacoste, Yves Saint Laurent, Calvin Klein and others, as well as from Brands Distributed Exclusively by the Company and Registered in the Company's Name such as Aroub.

The home scents product subcategory includes essential oils, oud products, incense holders, aromatic scented candles and scent electric diffusers from international brands such as Trad, Areon, Now, Dize, Luxury, Meltem and Avvana, as well as from exclusively distributed brands such as Luxury, Nice One and Aroub.

Sales of products in the Perfume product category comprised 30.5% and 25.2% of the revenues for the Financial Year Ended 31 December 2023G and the Three-Month Period Ended 31 March 2024G, respectively.

4.8.2.4 Care

The Company's Care product category comprises the care, devices and vitamins and supplements product subcategories.

The Company's range of care products include body care products, skincare products, suncare products and facial, hand and footcare products, as well as body scrubs, body cleansers, body oils and body moisturizers, skin whitening products and deodorants. These include products from international brands such as The Ordinary, Mielle Organics and COSRX, as well as from exclusive and own brands such as Bodyblenz, Qulen and Prisca.

The devices product subcategory includes epilators and female grooming devices, body massagers, portable steam sauna and face derma rollers, ceramic hair brushes, hair dryers, curlers and straighteners from international brands such as Babyliss, Beurer and Braun, as well as from exclusive and own brands such as Ola Hair and Skinlarity.

The Company began offering vitamins and supplements in 2024G. In this subcategory, the Company offers a variety of adult and children's multivitamin and health supplement products from international brands such as Centrum, Vitabiotics and Forcapil.

Sales of products in the Care product category comprised 30.2% and 34.9% of the revenues for the FY23G and the Three-Month Period Ended 31 March 2024G, respectively.

4.8.2.5 Services

In addition to sales of its products, the Company also generates revenue from services related to shipping fees and cash on delivery fees as well as other services related to the sales of corporate coupons. The Company charges its customers service fees for smaller orders, e.g. orders of less than SAR 300 within the Kingdom and international orders less than SAR 500 (increased from SAR 400 prior to 2024G).

4.8.3 Sales Channels

4.8.3.1 Nice One App

The Company's primary sales channel is its Nice One App, which accounted for 95% of the Company sales in the Three-Month Period Ended 31 March 2024G.

The Company launched its 'Nice One' e-commerce platform in conjunction with its 'Nice One' online mobile application in 2017G, offering a broad assortment of beauty and personal care products. As at the date of this Prospectus, the app has been downloaded over 8 million times since its launch in 2017G, and has user ratings of 4.6 (out of 5.0) in the Apple App Store and the Google Play Store.

Designed and continually updated to enhance the customer experience, the app includes features such as easy registration on the platform to obtain a shopping account; quick customer onboarding without requiring immediate registration; landing pages for seasonal campaigns, including Founding Day, Back to School and Ramadan (one of the biggest commercial campaigns); gifting options, choosing from more than 28,000 rotating SKUs across the Company's product categories and subcategories; easy process to add products to shopping cart and proceed to checkout; clear navigation through the checkout process; and a variety of payment options that include Apple Pay, Tamara, Tabby, Visa/MasterCard and cash on delivery.

The Company works with an external infrastructure consultancy firm to help the Company maintain the platform uptime. The Company also partners with cybersecurity agencies to prevent cyber-attacks or other security breaches on the app.

The table below shows the recent performance of the Company's Nice One App:

Table (4.4): Performance of the Nice One App

	Year Ended 31 December 2021G	Year Ended 31 December 2022G	Year Ended 31 December 2023G	Three-month period ended 31 March 2023G	Three-month period ended 31 March 2024G
Number of App downloads (millions)	1.4	1.6	1.6	0.4	0.7
Number of orders placed (thousands)*	1,612.1	2,255.5	2,935.4	553.9	958.0
Number of orders placed on Nice One App (thousands)	1,472.4	2,083.5	2,774.9	520.9	911.2
App orders as a % of total orders placed	91.3%	92.4%	94.5%	94.0%	95.1%

* Number of orders placed: refers to the total number of fulfilled and unfulfilled orders placed by customers.

Source: Company information

4.8.3.2 Website

Although the vast majority of the Company's sales are made via its Nice One app, the Company also offers products via its website, which was also launched in 2017G and offers the same SKUs and purchasing options as the app, as well as a similar checkout experience and payment options. Based on Company estimates, the Company's website is among the most visited in the lifestyle, beauty and cosmetics sector in the Kingdom.

The website had over 17 million visits and fulfilled over 140,000 orders in 2023G. The website was responsible for 8.6%, 7.4%, 5.3%, and 4.9% of sales in the years ended 31 December 2021G, 2022G and 2023G and the Three-Month Period Ended 31 March 2024G, respectively.

4.8.3.3 Stores and Stands

The Company is committed to developing a comprehensive offline experience, including through brick and mortar showrooms and other offline sales channels. Although in the past the Company has from time to time opened short-term pop up stores, often in connection with seasonal events, these have been on a temporary basis. Today, and in addition to its rapid growth in its online markets, the Company also intends to expand its offline presence by establishing brick and mortar stores, showrooms, kiosks and/or stands in shopping malls on permanent basis. The Company believes that this will help it attract the largest number of visitors with the aim of creating a distinctive shopping experience for customers, as well as enhancing the value of the Company and its products from the perspective of existing and potential customers, which will boost the Company's sales on its e-platform and increase its market share, as the Company estimates 82% of its potential market is offline, according to the Market Study.

4.8.4 Information Technology Systems

4.8.4.1 Overview

The Company believes that the success of its business is dependent on the strength, reliability and capabilities of its IT systems. As a result, the Company maintains a policy of using the best solution available in the market for each component of its IT systems.

The Company's IT infrastructure is fully hosted by Amazon Web Services (AWS), which the Company believes has the best practices for designing and operating reliable, secure, efficient, cost-effective, and sustainable systems. As a result, the Company's infrastructure and platforms are resilient and have been able to handle any volume of traffic, achieving a 99% uptime in 2023G.

The flexibility of the Company's infrastructure and systems also supports operational scalability to enable future growth of the business. This is complemented by the flexibility to enable deep integration between solutions and leveraging all insights while ensuring smooth operations.

The IT systems are supported by the Company's technology team, which has significant expertise in the IT field and boasts a distinct culture of agility that the Company believes is an advantage among its competitors. In the past the team has been able to introduce new platform features in a very short time, with full development, testing and launch within a week from the initial request.

The Company's data is stored in multiple regions around the world, and in multiple zones within the regions, mitigating any disaster loss and shutdown risks. The Company also has insurance to cover the scaling cost of a denial-of-service attack on its platforms. Although like many enterprises the Company has been the target of a number of platform attacks, these were not successful, which is a testament of its resilient infrastructure.

4.8.4.2 User Interface

In addition to serving as the Company's primary sales channels, its App and Website also represent the Company's "face" to its customers. Therefore, continuous focus on enhancing user experience when using the Company's App and Website remains one of the Company's top priorities. The Company's IT team plays a pivotal role in maintaining, developing, and investing in its technology to create the best shopping experience for costumers and ensure their continuous satisfaction. This is achieved through various means including by working with best-in-class experts in the user interface (UI) field and always improving and building UI designs that aim to improve the customer experience.

4.8.4.3 Software Architecture

The Company's software architecture is based around the use of microservices, in which each system within the broad IT architecture is isolated and independent from the others. This provides several benefits, including enhancing software management and efficiency, the isolation of systems for single updates and the promotion of scalability and continuity (as one system can be scaled without affecting others). The Company operates microsystems for its content management system, fulfillment system, logistics system, business intelligence (BI) system, and integration system (which will also include integrating the systems with the anticipated automation initiative in the new warehouses currently under construction). In addition, the Company uses Oracle NetSuite ERP integrated with microservices and focused on key data streams. The Company uses Oracle for all financial operations, which ensures transparency and facilitates audit procedures.

4.8.4.4 Business Continuity and Scalability

The Company uses market-leading solutions to ensure business continuity of its infrastructure and key systems (including SMS and payment solutions). As a precautionary measure, the Company also has backup systems for these solutions, but these backups are rarely used due to the absence of any major failures in the company's systems to date. The Company tests these back-up systems every three months. Regarding some key systems, especially payment systems, the Company employs a variety of tools to ensure continuity, including using multiple payment options and backups to protect against disruptions in the user's shopping experience. The Company uses the best solutions available on the market, which allows for scalability. For example, the use of AWS provides the potential for infinite scalability given its infinite storage capacity and its risk mitigation procedures and policies (i.e., establishing hosting locations in separate regions to reduce disaster risk).

4.8.4.5 Data and Personalization

The Company generates and collects a significant amount of data in its day-to-day operations and strives to utilize such data to optimize its services and processes. The Company, through its data-driven teams, analyzes its data regularly, using artificial intelligence (AI) and machine learning to improve its algorithms and find innovative ways to enhance its business, including to understand customer needs and preferences and improve recommendations, as well as to fine-tune its operations and marketing activities, thus enabling the Company to quickly identify and respond to developing trends and/or profitable products in the beauty and care market.

Data is centrally collected and accessible through multiple tools, using multiple visualization options, thus enabling the Company to leverage its customer data to recommend personalized products to customers. Collected data is seamlessly integrated with all Company systems, leading to better data utilization, which has enabled the Company to quickly identify new trends, source the relevant products, launch them and achieve significant sales.

The Company also deploys software that analyzes customer experience and behavior, enabling the Company to identify shortcomings in the customer experience across various channels to help improve and enhance this experience.

4.8.4.6 Digitalization, AI and automation

The Company's IT systems are highly customizable, allowing for the digitalization of multiple processes. Digitalization helps avoid process bottlenecks, leads to fewer errors, and is utilized to maximize efficiency in a number of processes, including discount and coupon approvals, product content and fleet management and delivery assignments. Digitization is an ongoing process and the IT team is constantly seeking opportunities to improve the Company's operations. The Company's digitization, automation and integration capabilities are also illustrated in the Company's ticketing system for customers, where returns, refunds, damages, etc. are all managed within an integrated ticketing system. The same applies to the company's competitive price monitoring tools and product assortment tracking, which track product prices, assortments, and historical data, and generates reports allowing for centralized verification of competitor prices (including time series and transaction feeds). This helps the Company identify peak demand products or popular items on competitor platforms. The Company also utilizes AI for filtering product reviews on its website, enabling swifter and more efficient responses.

4.8.4.7 Future Plans and Investments

The Company currently has a number of additional innovations under development or under study that it believes will further improve the customer experience and provide it with competitive advantages. Some of these include:

- development of augmented reality for customers shopping for makeup products, enhancing and improving their customer experience;
- increased use of AI to assist customers in the product search process and for improved personalization of recommendations;
- further integration of personalization services to the Company's CRM and marketing channels;
- implementation of a loyalty program;
- acquiring ISO 27001;
- application of an implementation management software and automation;
- integration of demand forecasting system; and
- implementation of an automated system based on flexible pricing that allows re-pricing of products.

4.8.5 Cybersecurity

The Company's data and information technology systems are the major assets to ensuring that its operations run smoothly and without any interruptions. The Company establishes and implements comprehensive information protection policies and procedures, including data privacy and security instructions, to ensure consistency and compliance across the Company and to ensure that data privacy and system security are maintained at high levels in order to maintain reliability at all times. It has procedures and technologies in place to prevent and manage disasters at any level of the Company's platform, including penetration testing, multi-factor authentication, code-security standards, environment segregation and access restriction controls to ensure that access to information and systems containing sensitive data is limited to authorized individuals. The Company also ensured compliance with the requirements of the National Cybersecurity Authority and adherence to best practices by developing high security standards and data management policies, which are put in place to mitigate any security breach.

As the Company manages a large portfolio of customer data, the protection of personal data is paramount. The Company seeks to ensure that all customer data are adequately protected from the risks of piracy. The Company regularly invests in the development of systems, infrastructure, and employees.

The Company applies critical security measures to authenticate app and website users, in line with industry best practices. In addition, encryption and masking are implemented to secure all transmitted data via a secure network. Moreover, utilizing security managed services helps protect the Company from cyber-attacks and risks of minimized security. The Company also ensures that cybersecurity policies are followed throughout its organization.

4.8.6 Customer Base and Engagement

4.8.6.1 Customers

The Company's customer base is predominantly female, and has grown steadily since the Company's founding in 2017G, reaching over 1.4 million active customers in 2023G. The largest segment of the Company's customer base in 2023G and the first three months of 2024G were customers in the 18-24 age group. The Company has also seen significant growth in the under 18 segment in recent years. The Company maintains a customer database of 4 million registered customers.

The Company's target market position is in the mass-premium market, as the Company offers a wide range of products including high-end premium brand and discount brand products. Within that space, the Company has built its reputation for customer satisfaction, with a product return rate of 0.3% in 2023G, significantly lower than the industry average. The Company believes that this is due to its ability to deliver a superior customer experience thanks to its end-to-end supply chain, quality assurance and short delivery times – including same day-delivery in Riyadh and other areas through the central and eastern regions.

The Company has also developed a customer loyalty program to further strengthen its relationship with customers, and began implementing this program gradually.

The majority of the Company's sales are made to customers in the central region of the Kingdom, especially Riyadh, where the Company's warehouse is located and where it is able to offer same-day delivery. Revenue in the central region represented 37.9% and 39% of the Company's total revenue in FY2023G and Three-Month Period Ended 31 March 2024G, respectively. The second largest region in terms of revenue for the Company is the Western region[2], with 27.4% and 27% of the Company's total revenue in FY2023G and Three-Month Period Ended 31 March 2024G, respectively, which represents an attractive opportunity for the Company to expand. The Company also has plans to open a warehouse in Jeddah to enable same-day delivery and thereby facilitate further growth in that region.

4.8.6.2 Marketing and Promotional Campaigns

The Company's marketing and promotions are managed by its Marketing Department, which consists of a dedicated in-house team, including copywriters and designers. The marketing strategy aims to achieve a 360-degree presence across billboards, TV Ramadan ads, paid digital ads, social media apps, websites, etc., to help increase brand awareness. The Company recognizes that social media is trending and by far the most cost-effective means of promoting its brands and products, and focuses on the social media platforms that are prevalent in Saudi Arabia, such as Instagram, Snapchat and TikTok. The Company also utilizes online influencers, and believes that it is one of the first companies in the sector to leverage power of influencers on social media in the Kingdom.

2 Western Region sales do not include sales in the Northern and Southern Regions as shown in the industry-related information in the financial statements.

The Company also engages in a range of promotional activities which are scheduled within an annual marketing calendar. These tactical campaigns are typically tailored to specific product categories selected in line with sales objectives. The Company also runs certain large or seasonal campaigns, such as the Beauty Festival, Back to School, Ramadan Festival, White Friday, etc.

The marketing team follows an effective marketing strategy that includes segment-based targeting (i.e. customizing marketing campaigns based on customer segments), brand awareness (i.e. increasing interaction by enhancing engagement on social media and influencer marketing), enhancing seasonal marketing capabilities, and launching new loyalty programs. The Company relies on diverse marketing channels for its products, including social media platforms, influencer partnerships, TV ads, and billboards.

The Company has achieved significant successes in product marketing, with the number of new customers increasing from approximately 130,000 in Q1 2023G to about 200,000 in Q1 2024G. Additionally, approximately 1.6 million users installed the Company's app in 2023G. Customer Churn Rate decreased from 29.4% in 2021G to 26.4% in 2023G, and the cost of gaining new customers decreased from SAR 189 in Q1 2023G to SAR 121 in Q1 2024G.

4.8.7 Suppliers

As at the date of this Prospectus, the Company has more than 1,200 brands supplied by the Company's suppliers. The Company's supplier base is diversified, with no single supplier accounting for more than 11% of the Company's spending on product supplies in the year ended 31 December 2023G. The large and diversified number of suppliers provides the Company with significant flexibility in sourcing the volume and quality of products it requires to meet customer demand. The Company is working to gradually develop its relationship with suppliers from a traditional supplier-customer relationship, to a joint-business-planning relationship, which contributes to the sustainability of a strategic relationship between the parties.

The Company purchases the majority of its products from local Saudi-based suppliers ("**Local Suppliers**") who distribute leading international, regional and local product brands. These Local Suppliers supplied approximately 77.8% by value of all products sold in 2023G.

The Company also imports some products directly from certain international brands ("**Suppliers of Brands Distributed Exclusively by the Company and Registered in the Company's Name**"), such as Mesauda, via exclusivity arrangements with the Company (see Section 12.12.1 ("**Brands**")). These Suppliers of Brands Distributed Exclusively by the Company accounted for approximately 7.7% by value of the products sold in 2023G.

Products of Brands Distributed Exclusively by the Company are sourced directly from international manufacturers ("**Suppliers of Brands Registered in the Company's Name**"), who produce the products exclusively for the Company, which markets the products under its own brands (see Section 12.12.1 ("**Brands**")). These Suppliers of Brands Distributed Exclusively by the Company and Registered in the Company's Name accounted for approximately 14.5% by value of the products sold in 2023G.

The Company leverages its strong relationships with major suppliers and its purchasing power to reduce costs. The Company expects that its continued expansion in the Kingdom will further increase its overall purchasing power and enhance its position to secure exclusive agreements with international companies. The Company also nurtures and cultivates relationships with smaller suppliers, especially those providing local/regional products, which, according to the Company's belief, will lead, in exceptional cases, to higher volumes over the course of the relationship (resulting in better pricing). Given its size, pace of expansion and its knowledge of customer behavior, the Company is in a position to offer suppliers a strategic partnership to mutually grow the business of the Company and the supplier, which enables the Company to negotiate improved purchasing conditions, thereby increasing its margins and competitiveness.

The Company endeavors to strengthen relationships with its suppliers in multiple ways. These include conducting regular meetings with suppliers to align on common goals and strategies; ensuring alignment on marketing activities and promotions; offering transparency by sharing sales data and estimated demand for upcoming periods; providing a platform to introduce new items; and ensuring timely payments to suppliers as per agreed payment terms.

4.8.7.1 Supply Chain Management

Management believes that one of the Company's competitive advantages is its effective supply chain management system, which is tailored to the Company's supply and distribution needs. The Company's supply chain is responsible for handling the flow and distribution of products from the Company's suppliers to its customers and is managed by the following teams:

- The Purchasing Department is responsible for estimating and ordering the products needed from suppliers, as well as for managing contracts and terms with suppliers.
- The Marketing Department supports the Purchasing department in forecasting demand and products needed, using advanced forecasting methodology and a careful monitoring of stock levels in order to ensure an optimal supply of products on hand. This forecasting methodology is based on recent historical data, data related to trends and data related to potential supply difficulties.
- The Finance Department provides support on contracting terms in agreements with suppliers and delivery partners.
- The Operations Department receives and inspects products received from suppliers, and prepares and delivers orders to customers. These orders are prepared at the Company's main warehouse in Riyadh and delivered to customers via the Company's own fleet of delivery vehicles in the Riyadh area, or by third party delivery partners in other parts of the Kingdom (see Section 4.8.9 ("**Distribution Network**")).
- The Customer Service Department is responsible for sharing customer requirements or feedback with all other departments to enable the Company to constantly adapt to customer needs and preferences.

4.8.7.2 Procurement Strategy

The Company aims to provide a comprehensive range of quality products at competitive prices to its customers. Management believes the quality of the Company's suppliers plays a key part in the Company's procurement strategy. The selection of the Company's suppliers for each of the Company's brands is made by designated product category managers, who study trends and the competitive landscape in the market. In some cases, it is the suppliers who reach out directly to the Company in the first instance. New suppliers are subject to a screening process, in which samples of the supplier's product are tested before it is approved for the Company's portfolio.

The Company considers a range of factors in selecting its suppliers, including quality of products, supplier reliability, current market share, pricing, marketing investment and product fit in the Company's merchandise strategy. Following a preliminary assessment of these factors, the Purchasing and Finance departments negotiate key commercial terms including pricing payment terms and rebates. The Company's position as the biggest online seller of beauty, care, and perfume products in the Kingdom provide it with negotiating leverage with suppliers.

The Company regularly reviews its product mix and new product opportunities to respond to changing demands of customers and to provide a broader choice to customers than the Company's competitors. The Company continually seeks to increase the number of SKUs that it offers with a mix of the Company's own brands.

4.8.7.3 Key Suppliers

The Company's top 10 suppliers (based on purchase value) accounted for 65%, 49.0%, 46.0% and 39.0% of the Company's total gross purchases made for the years ended 31 December 2021G, 31 December 2022G, 31 December 2023G, and the Three-Month Period Ended 31 March 2024G, respectively.

The following table provides an overview of the Company's top 10 suppliers for the year ended 31 December 2023G (the "**Key Suppliers**"):

Table (4.5): The Company's top 10 suppliers for the year ended 31 December 2023G

Supplier	Country	Relationship Type	Purchase Value (SAR)	% of total gross purchases
Supplier 1	KSA	Contractual	59,017,177	11.1%
Supplier 2	KSA	Contractual	45,149,703	8.5%
Supplier 3	International	Non-Contractual (Purchase Orders)	28,156,839	5.3%
Supplier 4	KSA	Contractual	18,610,620	3.5%
Supplier 5	KSA	Contractual	15,853,164	3.0%

Supplier	Country	Relationship Type	Purchase Value (SAR)	% of total gross purchases
Supplier 6	KSA	Contractual	15,838,011	3.0%
Supplier 7	KSA	Contractual	15,795,479	3.0%
Supplier 8	KSA	Contractual	15,583,951	2.9%
Supplier 9	International	Non-Contractual (Purchase Orders)	15,107,138	2.8%
Supplier 10	KSA	Contractual	13,384,862	2.5%

Source: Company information

Seven of the Company's Key Suppliers listed in the table above are Local Distributor Suppliers, two are International Brand Suppliers and one is a supplier of automated storage systems which are being installed in the new Riyadh warehouse being constructed by the Company.

4.8.7.4 Description of standard supply terms and distribution arrangements

The company has entered into supply agreements with eight of its Key Suppliers, seven of whom are Local Distributor Suppliers. Each of the product supply agreements with these Key Suppliers, including Local Distributor Suppliers, are based on the Company's supply agreement template, with the exception of the agreement with one Local Distributor Supplier where the Company signed a supply agreement based on the supplier's template, which contains provisions largely similar to those in the Company's agreement template.

Apart from that, for certain products, the Company also negotiates various fees, discounts, and incentives with some suppliers. However, since these fees, discounts, and incentives are agreed upon on a per-product basis, they are generally not included in the terms of the supply agreement.

The supply contracts with Key Suppliers who are Local Distributor Suppliers provide for, among other things:

- supply of product information;
- the terms of trade, such as delivery, return, marketing support and payment;
- licensing of intellectual property rights relating to the products for the purpose of marketing and sale of the products;
- the seller's liability for defective products; and
- term of the contract and termination and renewal rights of the parties.

Two of the Company's Key Suppliers are International Brand Suppliers with whom the Company deals on the basis of purchase orders rather than formal supply agreements and one (1) Key Supplier is a supplier of automated storage systems that are being installed in the new warehouse being constructed by the Company with whom the Company has signed two agreements. For further details on the main terms of supply contracts with Key Suppliers, please refer to Section 12.6.1 ("**Supply Agreements**").

Agreements signed with Company Own Brand Suppliers are generally signed based on the supplier's template. Given that all such suppliers are based internationally, payment terms include advance payments at the time of order, with the balance to be paid in one or two instalments prior to shipping or delivery. Supply agreements with Suppliers of Brands Distributed Exclusively by the Company grant exclusivity to the Company for sale of the products in Saudi Arabia or agreed GCC countries.

The main commercial and payment terms of supply arrangements are usually negotiated by the Company's vendor management team. In most cases, title and ownership of the products pass from the Company's suppliers to the Company upon delivery and receipt of the products at the Company's warehouses. Title to the products remains subject to the Company's returns policy, under which product may be returned for specified reasons, e.g., if there is a quality issue, the product is near expiry or the wrong item was sent. The Company determines the final selling price of the product to the consumers. The Company typically enters into supply contracts with each of its suppliers for a term which varies between three and five years for Company Own Brand Suppliers, and between one and three years for Local Distributor Suppliers. The Company then issues orders for product SKUs pursuant to purchase orders, which are subject to the terms of relevant supply contract.

4.8.8 Brands

4.8.8.1 International Brands

The Company sells products from leading international, regional and local brands with significant market share in their product categories, which the Company classifies as "**international brand products**". These international brand products are sourced from local distributor suppliers and international suppliers. The Company offers international brand products from over 1,200 brands as at 31 March 2024G.

The percentage of the Company's revenues generated by sales of international brand products was 83%, 81%, 80% and 82% for the financial years ended 31 December 2021G, 31 December 2022G and 31 December 2023G and the Three-Month Period Ended 31 March 2024G, respectively.

Key international brands supplied by the Company include those set out in the table below:

Table (4.6): Company's Key International Brands

Product Category	Brand
Cosmetics	Maybelline
	Revolution
	NARS
	Benefit
	L'Oréal
	Bourjois
	Essence
	Kiko Milano
Perfume	YSL
	Dior
	Gucci
	Narciso Rodriguez
Care	Mielle Organics
	The Ordinary
	COSRX
	BEAUTY OF JOSEON
	Garnier
	QV
	Vichy
	Eucerin

Source: Company information

4.8.8.2 Own Brands

The Company also sells a range of international branded products that are not available through Local Distributor Suppliers. These products are not otherwise available in the Saudi market and therefore enhance the Company's product mix. The Company has formed business partnerships directly with these large international brands, including Topface, CALLA Makeup, and Mesauda, and has entered into supply arrangements with these brands that grant the Company the exclusive distribution rights of certain products within the Kingdom or agreed GCC countries. These partnerships enable the Company to access more branded products and increase its portfolio of available SKUs. The Company offered products of Brands Distributed Exclusively by the Company from 15 brands as at 31 March 2024G.

The first Nice One brand was established in 2019G, with the aim of leveraging Nice One's expertise in understanding customer requirements and market trends, as well as capitalize on the significant growth opportunities in the market. Brands Distributed Exclusively by the Company and Registered in the Company's Name are characterized by high profit margins and their appeal to a specific customer base. The Company has recruited a highly experienced team dedicated to creating high-quality, competitively priced own brands and developing products in the best specialized factories. The Company has collaborated with more than 30 production facilities in many countries, including Korea, China, Australia, and Italy. Moreover, the Company has a team dedicated to build an integrated identity for each own brand, as well as creating unique product designs in line with market standards. Sales of Brands Distributed Exclusively by the Company and Registered in the Company's Name have increased at a CAGR of around 43% between FY2021G and FY2023G. The Company currently aims to further expand its own brands.

The Company has also developed a range of products under its own brands to offer customers high quality products at competitive prices. These own brand products are sourced from a range of Own Brand Suppliers, who are reputable international manufacturers. As the owner of these brands, the Company has greater control over pricing and positioning in order to increase its margins and attract customers. The Company markets its own brand products on the same basis as international brand and exclusive brand products, but also implements specific marketing initiatives to promote and increase sales of its own brand products. The Company offered own brand products under 19 brands as at 31 March 2024G.

The percentage of the Company's revenues generated by sales of own brand products was 18%, 20%, 20% and 19% for the financial years ended 31 December 2021G, 31 December 2022G, 31 December 2023G and the Three-Month Period Ended 31 March 2024G, respectively.

A selection of the Company's own brand products is set out in the table below:

Table (4.7): Company's Key Own Brands

Product Category	Brand	Exclusive/Own Brand	Products
Makeup	CALLA Makeup	Own Brand	Makeup
	Topface	Exclusive	Makeup
	The Balm Cosmetics	Exclusive	Makeup
Perfume	Aroub	Own Brand	Perfume
Care	qulen	Own Brand	Devices
	BodyBlendz	Exclusive	Skin care
	Safeeza	Own Brand	Body care
	CRYSTAL	Own Brand	Skin care
	Ola Hair	Devices	
Other	avvana	Own Brand	Home Scents

Source: Company information

4.8.9 Quality Assurance and Control

The Company employs a quality management system to ensure compliance with quality control processes and the suitability of its registered brand products for consumer use, as well as the conformity of international products with the Company's product standards. The Company conducts quality assurance tests on both inbound product supplies and outbound orders and monitors customer reviews for feedback on product quality and value. If a potential issue is identified from customer feedback, the Company will seek a suitable remedy, including withdrawing the product from its portfolio or taking action against the supplier.

Examples of quality standards adopted by the Company:

- The Company applies for Government licenses for suppliers' warehouses to ensure their eligibility for supply, in addition to some important requirements, such as maintaining the appropriate temperatures for the products, as well as ensuring that the transport vehicle is closed and maintains the temperature for storing the products.
- Health and safety standards shall be adhered to, such as the cleanliness and safety of the vehicle at the time of delivery.
- In the case of products with a shelf life of more than one year, no products with a shelf life of less than 12 months as of the date of receipt shall be received. If the product shelf life is one year or less, no products with a shelf life of less than 9 months as of the date of receipt shall be received.
- The authenticity of supplied products shall be ensured, in addition to ensuring that the product matches the original image and barcode. In the event of changing the image or international barcode of a product from what is stated in the purchase order, prior contact shall be made to ensure that the supplied products are authentic and obtained from the parent company's website.
- The products shall be registered with SFDA.

Storage:

- The Company stores the products at a temperature as per the manufacturers' recommendations.
- The Company follows up on customer complaints, if any, on any products. Additionally, the Company re-examines the entire inventory and contacts the supplier to replace those products.
- If recommended by SFDA, products of any batch shall be isolated and their sale shall be stopped.

Shipping:

- The Company ensures the quality of products being shipped, the quality of their packaging, and their conformity in terms of type and quantity to the customer's request.
- The Company conducts random inspections of customer shipments to ensure the quality of the shipment packaging.

Delivery:

- The Company ensures a timely delivery to the correct address.

Return of Products:

- A customer has the right to return the shipment, in part or in full, and shall be compensated according to the Company's exchange and return policy.

4.8.10 Pricing and Discounts

The Company's targets a broad market and aims to price its products competitively rather than at premium or discount prices. The Company's pricing strategy is to offer products at competitive prices to customers, taking into account the positioning of the product and brand in the market, as well as any unique product features. The Company monitors market prices and trends on a weekly basis and implements appropriate adjustments to prices for its products and promotions as and when necessary.

The Company predominantly prices its products targeting a certain margin percentage per product category and subcategory, conducting price elasticity tests to find the equilibrium price for a product and adjusting the pricing of products to account for expiry date of items and age of stock.

As for the Company's pricing strategy, the Company offers various types of discounts such as cross-combination discounts and coupons in order to grow customer loyalty, strengthen customer retention and boost sales. Discounts have increased in recent years, predominantly driven by cross combination discounts in the form of buy-one-get-one-free or buy-two-get-one-free bundle offers within the Cosmetics and Perfume product categories. Coupon discounts are offered to customers primarily through social media influencers and affiliates where the Company can tailor promo codes and coupons for each influencer and affiliate as a marketing effort to attract more customers in the market as part of the Company's reward program.

4.8.11 Distribution Network

4.8.11.1 Overview

The Company's distribution network has been designed to optimize the efficient fulfillment of orders to customers. Towards that end, the Company operates a centralized distribution model whereby all products are distributed directly from the Company's main warehouse in Riyadh via a dedicated fleet of vehicles that enable Same-Day Delivery in some major cities (for orders placed before 2 p.m.).

4.8.11.2 Warehouses

The Company leases a main warehouse in which all products are prepared and packaged supported by three additional warehouses, all located in the Riyadh area.

All orders are fulfilled from the Company's main warehouse and distribution center. This warehouse is responsible for the offloading and storage of branded products supplied by local suppliers and products transferred from the brand warehouse and supplied by suppliers of the Company's own brands, and for the preparation and shipment of orders from the main warehouse. The main warehouse has a surface area of 2,400 m2 and is equipped with tracking systems, inventory systems, and a temperature control system.

The three additional storage warehouses consist of the following:

- a warehouse where products are received and stored from the Company's own brand suppliers, and then transported to the main warehouse, and has a surface area of 1,332 square meters;
- a packaging warehouse, which stores packaging material, and has a surface area of 1,220 square meters; and
- an additional storage warehouse for extra stock, used once the main warehouse is at full capacity, and has a surface area of 1,200 square meters.

The total surface area of the above warehouses is 6,152 square meters.

The Company is also currently constructing a new, larger, fully automated warehouse in Riyadh, with a planned surface area of 14,500 square meters and which is expected to commence operations by the end of 2024G. The Company also has plans to expand into the Western region by opening a warehouse in Jeddah to enable same-day delivery and thereby facilitate further growth in that region. The Company began restoration work at this warehouse, and no governmental or municipal authority notified the Company about such ongoing restoration works.

4.8.11.3 Fleet

The Company's distribution operations are supported by a Company-owned fleet of 52 refrigerated vehicles dedicated to deliveries in Riyadh, which enables the Company to offer same-day delivery in the Riyadh area, although third party delivery companies are also utilized when orders exceed the fleet's capacity. Deliveries outside the Riyadh area are made by reliable third-party delivery partners.

4.9 Employees

As at 31 March 2024G, the Company and its Subsidiaries had 401[3] employees, of whom 107 are Saudi nationals. The following table sets out the distribution of employees per department as at 31 December 2021G, 2022G, and 2023G and Three-Month Period Ended 31 December 2024G.

3 The number of employees includes 60 employees at Bahr Almontajat Trading Company (Egypt Subsidiary).

Back to Table of Content >

Table (4.8): Overview of the Company's Employees:

Department	No. of Employees											
	FY Ended 31 December 2021G			FY Ended 31 December 2022G			FY Ended 31 December 2023G			3MFY24G		
	Total Em-ployees	Saudi Em-ployees	Non-Saudi Employees	Total Em-ployees	Saudi Em-ployees	Non-Saudi Employees	Total Em-ployees	Saudi Em-ployees	Non-Saudi Employees	Total Em-ployees	Saudi Em-ployees	Non-Saudi Employees
Executive Management	3	3	0	4	2	2	9	3	6	7	3	4
Strategy	0	0	0	0	0	0	3	0	3	4	0	4
Human Resources and Administration	8	6	2	10	9	1	16	11	5	18	8	10
Finance	15	8	7	14	6	8	21	9	12	16	5	11
Information Technology	23	5	18	19	4	15	30	4	26	24	3	21
Marketing	23	10	13	35	27	8	57	45	12	113	75	38
Legal	0	0	0	0	0	0	0	0	0	2	2	0
Commercial	10	5	5	75	59	16	74	62	12	18	12	6
Operations	154	2	152	197	2	195	195	2	193	199	2	197
Total	**236**	**39**	**197**	**354**	**109**	**245**	**405**	**136**	**269**	**401**	**110**	**291**

Source: Company information

4.10 Saudization Strategy

The Saudization "**Nitaqat**" program was approved by virtue of the Minister of Labor's resolution No. 4040 issued on 12/10/1432H (corresponding to 10/09/2011G), pursuant to Council of Ministers' resolution No. 50 dated 21/05/1415H (corresponding to 27/10/1994G). The "Nitaqat" program was implemented on 12/10/1432H (corresponding to 10/09/2011G), with the Ministry of Human Resources and Social Development beginning to implement it with an aim to encourage business enterprises to employ Saudi nationals. The "Nitaqat" program evaluates companies' compliance with the Saudization requirements based on specific color-coded categories (Nitaqat), being the platinum category, green category (subdivided into low, middle and high) and red category. A company designated in the platinum category or any of the green categories is deemed to have met Saudization requirements and would therefore be entitled to several benefits, including the ability to obtain and renew work visas or otherwise changing the occupations of its foreign employees (except for professions exclusively reserved for Saudi nationals). Companies in the red category are deemed to be non-compliant with the Saudization requirements and may consequently be subject to administrative measures, including restriction on their ability to renew foreign employees' work visas or completely prohibiting foreign employees from obtaining or renewing work visas.

For further information about the Company's classification under Nitaqat program, please refer to Section 4.9 ("**Employees**") of this Prospectus.

4.11 Business Activities or Assets in Other Jurisdictions

Although the vast majority of the Company's operations and sales take place in the Kingdom, the Company also has offices in Dubai and Egypt that provide support, sales management and marketing services.

4.12 Research and Development

Research and development form an integral part of the Company's growth and innovation strategy. The Company aims to enhance and develop the online shopping experience and offer a comprehensive and innovative range of products to customers.

The Company conducts comprehensive data analysis to understand customer behavior, identify market needs and forecast future trends in the perfumes and cosmetics sector. In addition, the Company aims to improve and develop the user interface, shipping and delivery operations and customer service on its e-platform. It also seeks to benefit from new e-marketing techniques and promote its presence on social media, to raise awareness of its brands and increase sales. Moreover, the Company's objective is to expand its sales through online stores, based on the available information obtained from research and development.

The R&D Department plays an essential role in the cosmetics and personal care sector. By ensuring continuous development and innovation, the Company will be able to meet customer needs and remain at the forefront of the market. The R&D Department works on developing and innovating new products that meet customer requirements and are in line with the latest trends in the beauty sector. This Department also conducts the necessary research to understand market needs, analyze trends and competition and study customer needs (through historic data on sales and fluctuations monitoring), to form a better understanding of their preferences and the products they look for. This Department is as well responsible for creating new product formulations and improving their efficiency and quality, compared to international and local brands in the market. On another hand, the R&D Department studies environmental and social factors to develop environment-friendly products in line with sustainability standards.

Furthermore, the R&D Department conducts research on the currently trending products in the beauty and personal care sector in the world and makes recommendations to the Company's competent teams on the import of products. For this purpose, this Department monitors the latest trends and innovations worldwide and on social media and analyzes their impact on customer needs and requirements. This approach allows the Company to provide a diversified range of products that meet customers' expectations and are in line with the latest trends and standards in the beauty and care sector.

4.13 Support Functions

The Company carries out its business through different departments, namely:

4.13.1 Strategy Department

After recognizing that market dynamics are constantly changing and that predicting developments can be challenging, the Company has started to operate according to short, medium, and long-term plans or strategies, always striving to execute them accurately to achieve its vision. In line therewith, the Strategy Department implements the Company's strategic goals by exploring, reviewing, and managing selected business development opportunities, managing an enhanced portfolio, and ensuring governance to support the company's vision and mission. This approach relies on the Company's data and market information, leveraging the latest trends.

4.13.2 Human Resources and Administrative Affairs Department

The Human Resources Department plays a vital role in securing the success of any organization, ensuring that human resources are one of the most important assets of the Company and are being efficiently and effectively used to reach strategic objectives.

The role of the Human Resources and Administrative Affairs Department encompasses several basic tasks, including human resources planning, which includes determining the Company's manpower needs, analyzing jobs, estimating the appropriate number of employees, developing plans to meet these needs, recruitment and selection, which includes attracting and retaining talent through advertising jobs, conducting interviews, assessing candidates to select the most suitable for vacant positions, training and developing employees skills through continuous training and education programs to increase efficiency and improve performance, managing performance, which includes assessing the employees' performance on a periodic basis, providing feedback, setting clear objectives and developing performance improvement plans, in addition to managing compensations and benefits, which includes setting the payroll and compensation policies and managing incentives and benefits to ensure employees satisfaction and retain them.

As for the Employee Relations Department, it focuses on building positive employee-management relationships, resolving conflicts, and ensuring a healthy and motivating work environment. The Human Resources strategy includes aligning human resources strategies with the Company's general objectives to ensure that the Company is able to achieve its vision and future goals, in addition to ensuring legal compliance, which includes confirming that all HR policies and procedures are in line with local and international laws and regulations, analyzing data and making decisions using HR data for the purpose of analyzing trends and making informed decisions about employee recruitment, performance management, and workforce planning.

4.13.3 Finance Department

The main responsibilities of the Finance Department include the following: developing the business plan; leading the annual budget preparation process and collaborating with Company departments to formulate budgets, conducting core treasury activities such as cash management, liquidity planning, banking operations, and risk tolerance assessments to manage the Company's liquidity, coordinating financial accounting and reporting, managing the evaluation of the Company's financial resources and determining financing structures, identifying capital options and sources, and managing the evaluation of funding needs and structuring potential funding sources. The Department plays a crucial role in strategic transactions that support the Company's sustainable growth, enhancing internal controls across all business sectors to protect assets and reduce risks, ensuring financial regulatory compliance, and adapting business practices to meet regulatory changes. It also maintains internal and external communication with all relevant business partners to ensure smooth business operations, highlights business trends, risks, and opportunities, and provides decision-making assistance for key strategic actions.

4.13.4 Information Technology Department

The IT Department plays a pivotal role in driving the Company's success. It is committed to building and maintaining strong solutions that ensure smooth operations and high efficiency across all departments. In doing so, the IT Department relies on an advanced and powerful infrastructure capable of processing all data and operations and accommodating continuous growth to efficiently ensure business continuity and achieve high levels of security and performance, which will enhance customer confidence and ensure uninterrupted business continuity. As cybersecurity is a key priority, the IT Department implements strict measures to protect IT infrastructure, ensuring systems and data security and safety.

The IT Department provides appropriate solutions to support the different needs of each department. Leveraging the latest techniques and best practices in the sector, the IT Department enables the Company's departments achieve their objectives effectively and efficiently. Moreover, given that data plays an essential role in decision-making and is one of the Company's priorities, this Department collects and secures data and uses the same in advanced data analytics which provide actionable insights stimulating data-based decision-making, to allow the Company better serve its customers and promote its business growth.

Moreover, the Company is dedicated to innovation, sparing no efforts to improve the customer experience through the development of effective portals, including mobile phone applications and websites designed for the purpose of customers' engagement and satisfaction. For further information, please refer to Section 4.8.4 ("**Information Technology Systems**").

4.13.5 Marketing Department

The Marketing Department analyzes customer needs, behaviors and preferences and determines different market categories appropriate for the Company's products and services. This Department sets specific and measurable marketing objectives and identifies the most effective marketing channels to reach the targeted market. It is also responsible for setting the appropriate marketing budget that is compatible with the Company's goals. The marketing team manages various marketing campaigns across different channels, including advertising, public relations, digital and social media marketing, marketing campaigns performance monitoring and results analysis. In addition, the team builds a strong relationship with customers by solving customer problems and responding to their inquiries. Its tasks also include measuring the impact of marketing activities on the Company's goals, determining marketing value in terms of ROI, and submitting regular reports to the Senior Management on marketing activities performance.

4.13.6 Legal Department

The Legal Department provides legal advice on all matters referred thereto by other departments to ensure the legality of the Company's operations and decisions and compliance thereof with applicable laws and regulations. The tasks of this Department include drafting and reviewing decisions and contracts.

4.13.7 Business Affairs Department

The Business Affairs Department is responsible for the Company's financial planning - which includes estimating demand and converting it into sale and purchase plans - and the overall planning of the Company's profits and inventory. This department develops the Company's contractual and commercial framework for purchase operations, planning, categories management and purchase decision-making to ensure sales and profits prospects are met. The Business Affairs Department develops, oversees and implements private brands strategies to increase the Company's profits and brand recognition. The other main tasks of this Department include maintaining good suppliers' relationships (including service level agreements and standard operation procedures), updating business strategy to face market dynamics and changing the regulatory policy to support sustainable business growth.

4.13.8 Operations Department

The Operations Department oversees the physical aspects of the Company's business, playing a crucial role in ensuring customer needs are met in the best possible way. The Company aims to create a healthy environment that fosters complete employee trust in the Company's products, making them standout Company customers. This approach is intended to give employees a positive impression, encouraging maximum productivity and loyalty.

This could not have been achieved without careful planning and a broad vision for the Company's general objectives and specific goals for the operations team, starting from the receiving area to delivering orders to customers in the best possible time and with the highest quality. The Company also effectively and efficiently supports after-sales service, ensuring orders are returned and customers are compensated appropriately, which enhances customer trust in the Company's after-sales services. The Company strives to develop and serve the customer in the best possible ways, always aiming to exceed customer expectations and ensure the highest levels of quality and reliability. These achievements would not have been possible without the efficiency and continuous efforts of the team in managing operational and logistical processes, ensuring the highest customer satisfaction rate and successfully achieving the Company's objectives.

The Operations Department has a strategic objective to manage and monitor the inventory, apply the highest distribution and transport quality criteria, and organize timely and high-quality shipping of customer products.

Supply Chain Management:

- Planning and Sourcing: ensure availability of packaging materials timely to meet customers' needs.
- Inventory Management: monitor inventory and ensure that it is free from non-compliant products.
- Distribution and Transport: organize products shipments and ensure timely and quality delivery to customers.

Quality Management:

- Quality Assurance: verify that products meet specified standards.
- Operations Improvement: analyze operations and make necessary improvements to ensure storage, packaging and shipping efficiency.

Supply Chain Planning:

- Demand Forecasting: use data analysis techniques to ensure sufficient packaging material inventory is available without excess.
- Supplier Management: build strong partnerships with products and services suppliers, to determine and solve any gaps or violations and share the same with suppliers through the Procurement Department to improve suppliers' performance levels.
- Inventory Management System: apply an effective inventory management system to accurately track products.

Internal Operations Improvement:

- IT Use: apply different techniques for the processing, shipping and inventory management to mitigate risks and increase efficiency.
- Logistics Operations Improvement: improve distribution and storage procedures to ensure fast and effective delivery in line with the standards.
- Quality Control System Development: apply strict quality criteria and standards to ensure that all products are up to customers' expectations.

4.14 Business Continuity

There has been no suspension or interruption in the Company's business during the twelve-month (12) period preceding the date of this Prospectus, which would affect or have a significant impact on the Company's financial position, and no material change in the Company, or its business is contemplated as at the date of this Prospectus.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5. ORGANIZATIONAL STRUCTURE AND CORPORATE GOVERNANCE

The organizational structure of the Company consists of the Board of Directors (the "**Board of Directors**" or "**Board**") and the Company Committees; namely the Nomination and Remuneration Committee, the Audit Committee, and the Executive Committee. The Board is ultimately responsible for directing, supervising and general oversight of the Company and its Executive Management team.

The following figure illustrates the organizational structure of the Company, as at the date of this Prospectus.

Exhibit (5.1): The Company's Organizational Structure as at the Date of this Prospectus

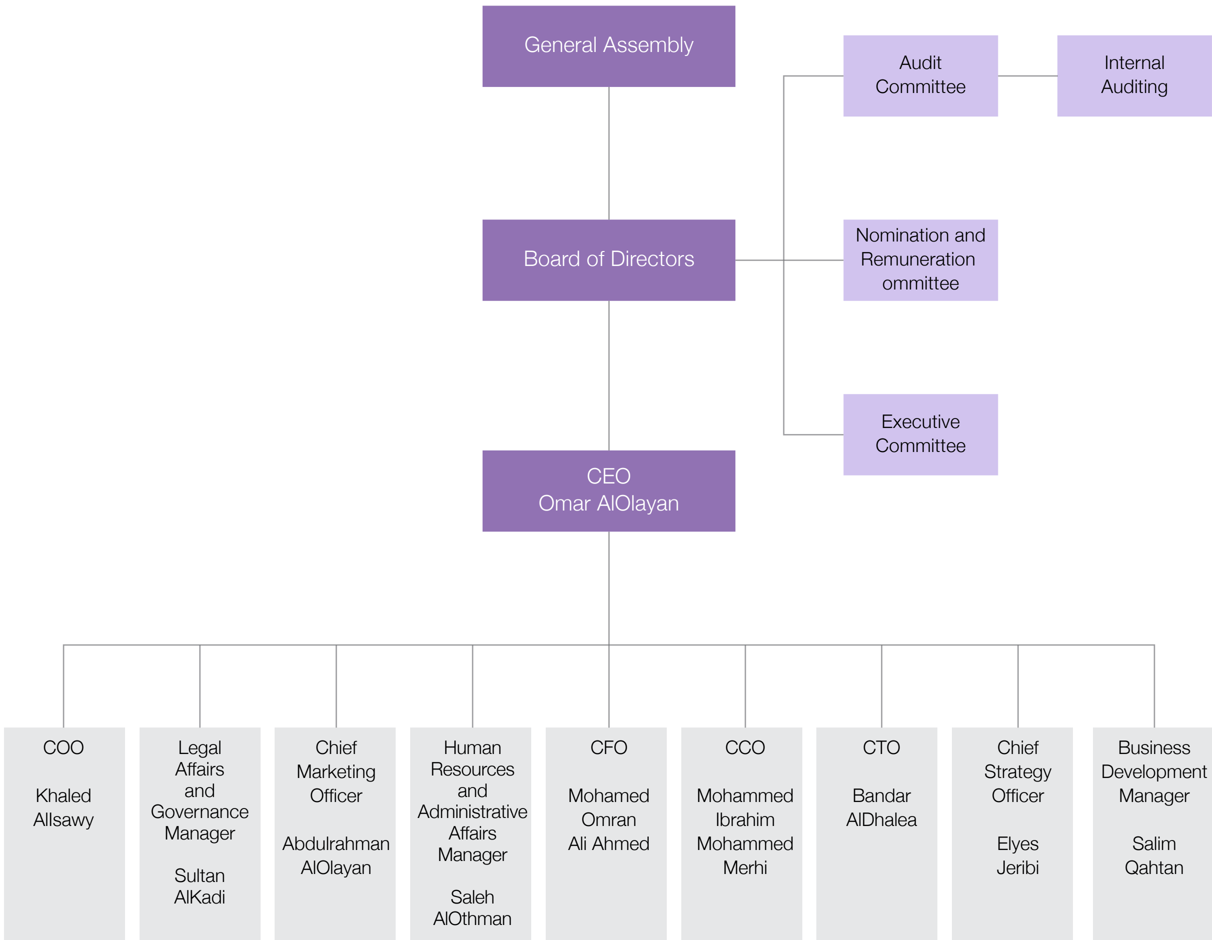

Table (5.1): The Company's Direct Ownership Structure Pre- and Post-Offering:

Shareholder	Pre-Offering			Post-Offering		
	No. of Shares	Nominal Value (SAR)	Direct Ownership*	No. of Shares	Nominal Value (SAR)	Direct Ownership
Omar Ali AlOlayan	44,179,022	1	40.16%	32,471,581	1	28.11%
Abdulrahman Ali AlOlayan	37,452,775	1	34.05%	27,527,790	1	23.83%
Wajhat AlHamra for Investment Company**	6,712,958	1	6.10%	4,934,024	1	4.27%
Darb AlNomu Investment Company**	7,399,117	1	6.73%	5,438,351	1	4.71%
Tareek Al Nomu Investment Company**	7,399,117	1	6.73%	5,438,351	1	4.71%
Bandar Abdulrahman Abdulaziz AlDhalea	842,333	1	0.77%	619,115	1	0.54%
Hisham Sulaiman AlHabib	3,154,929	1	2.87%	2,318,873	1	2.01%
Abdulaziz Sulaiman AlHabib	2,859,749	1	2.60%	2,101,915	1	1.82%
Public (through subscription)***	-	-	-	34,650,000	1	30%
Total	**110,000,000**	**110,000,000**	**100%**	**115,500,000**	**115,500,000**	**100%**

* The shareholding percentages are rounded to the nearest decimal.

** Wajhat AlHamra for Investment Company, Darb AlNomu Investment Company and Tareek Al Nomu Investment Company are all fully owned by Namara Investments Company.

*** Public-owned shares will account for 33.82% of the Company's capital post-offering. They include the shares owned by some current Shareholders (non-Substantial Shareholders) who will be considered as public post offering, in accordance with the Listing Rules.

Source: The Company

5.1 Board Members and Secretary

5.1.1 Composition of the Board of Directors

Under the Company's Bylaws, the Board of Directors shall be comprised of 7 members appointed by the Shareholders Ordinary General Assembly. The Companies Law, the Corporate Governance Regulations, the Company's Bylaws and the Company's Corporate Governance Manual shall define the duties and responsibilities of the Board of Directors. The term of the Board of Directors, including the Chairman is for a maximum of 4 years.

As at the date of this Prospectus, the Board of Directors is comprised of 7 members appointed for a term of no more than four (4) years in accordance with the Bylaws of the Issuer. Shareholders appointed the current Board of Directors on 01/11/1445H (corresponding to 09/05/2024G) for a term of four (4) years starting on 01/11/1445H (corresponding to 09/05/2024G) and ending on 13/12/1449H (corresponding to 08/05/2028G).

The following table sets out the names of Board members and other information related thereto, as at the date of this Prospectus:

Back to Table of Content >

Table (5.2): The Company's Members of the Board of Directors:

No.	Name	Position	Nationality	Status	Date of Appointment	Direct Ownership		Indirect Ownership	
						Pre-Offering	Post-Offering	Pre-Offering	Post-Offering
1	Amr Abdulaziz Abdullah AlJalal	Chairman	Saudi	Non-executive	01/11/1445H (corresponding to 09/05/2024G)	-	-	-	-
2	Abdulrahman Ali AlOlayan	Vice Chairman	Saudi	Executive	01/11/1445H (corresponding to 09/05/2024G)	34.05%	23.83%	-	-
3	Omar Ali Abdulrahman AlOlayan	Member	Saudi	Executive	01/11/1445H (corresponding to 09/05/2024G)	40.16%	28.11%	-	-
4	Prince Mansour bin Saad AlSaud	Member	Saudi	Independent	01/11/1445H (corresponding to 09/05/2024G)	-	-	-	-
5	Abdulaziz Mohammad AlRugaib	Member	Saudi	Independent	01/11/1445H (corresponding to 09/05/2024G)	-	-	-	-
6	Ibrahim Abdulrahman AlSohaibani	Member	Saudi	Independent	01/11/1445H (corresponding to 09/05/2024G)	-	-	-	-
7	Mohammad Ahmed Loughazail	Member	Moroccan	Independent	01/11/1445H (corresponding to 09/05/2024G)	-	-	-	-

Source: The Company

The current Secretary of the Company's Board of Directors is Sultan Salem Ali AlKadi, who does not hold any Shares in the Company, and was appointed to this position pursuant to a Board Resolution dated 20/11/1445H (corresponding to 28/05/2024G). For an overview of the biography of the Board Secretary, please refer to Section 5.1.4 ("**Biographies of the Members and Secretary of the Board**").

5.1.2 Responsibilities of the Board of Directors

The responsibilities of the Chairman, members and Secretary of the Board include the following:

a- Board of Directors

The Company's Board of Directors shall assume the responsibility for supervising the Company's management, bear the main responsibility before the Shareholders and shall work to achieve their interests through directing and controlling the Company's business and affairs. The Board shall act carefully and loyally when managing the Company. The Board of Directors shall be responsible for approving the general strategic approach of the Company and for laying the Company's general policy. The Board shall undertake such responsibility by supervising the Company's management. The Board may authorize committees, bodies, or individuals to exercise some of its powers. In all cases, the Board of Directors may not issue general or unlimited authorizations. Members of the Board of Directors shall be honest, diligent, and serious, at all times, when performing their duties in accordance with the laws governing the Company and shall act, at all times, in accordance with the Company-related policies.

With due consideration to the powers reserved for the Ordinary and Extraordinary General Assemblies, the Board of Directors shall have all powers and authorities to manage the Company's affairs in accordance with the Company's Bylaws and the Company's Corporate Governance Manual and shall have, more specifically, the following responsibilities:

- Laying down the plans, policies, strategies and main objectives of the Company; supervising their implementation and reviewing them periodically; and, ensuring that the human and financial resources required to fulfill them are available, including:
  - Setting a comprehensive strategy for the Company, key business plans and policies and mechanisms of the risk management and review and guide them;
  - Determining the most appropriate capital structure for the Company, its strategies and financial objectives, and approving all kinds of estimated budgets;

  - Setting performance indicators and monitoring the implementation thereof and the overall performance of the Company;
  - Reviewing and approving the organizational and human resources structures of the Company on a periodic basis;
  - Ensuring that the financial and human resources required for achieving the objectives and main plans of the Company are available.
- Setting rules and procedures for internal control and generally overseeing them, including:
  - Developing a written policy to remedy actual and potential conflicts of interest scenarios for each of the Board members, the Executive Management, and the shareholders. This includes misuse of the Company's assets and facilities and the mismanagement resulting from transactions with Related Parties;
  - Ensuring the integrity of the financial and accounting rules, including rules relating to the preparation of financial reports;
  - Ensuring the implementation of appropriate control procedures for risk assessment and management by generally forecasting the risks that the Company may encounter and creating an environment which is aware of the culture of risk management at the Company level and disclosing such risks transparently to the Stakeholders and parties related to the Company;
  - Reviewing the effectiveness of the Company's internal control procedures on an annual basis.
- Setting forth specific and explicit policies, standards and procedures for membership in the Board, without prejudice to the mandatory provisions of the Corporate Governance Regulations and implementing them following approval by the General Assembly.
- Developing a written policy that regulates the relationship with Stakeholders pursuant to the provisions of the Corporate Governance Regulations.
- Setting policies and procedures to ensure the Company's compliance with the laws and regulations and the Company's obligation to disclose material information to shareholders and Stakeholders, and ensuring the compliance of the Executive Management with these policies and procedures.
- Supervising the management of the Company's finances, its cash flows as well as its financial and credit relationships with third parties.
- Providing recommendations to the Extraordinary General Assembly as to what it deems appropriate regarding the following:
  - Increasing or decreasing the share capital of the Company;
  - Dissolving the Company before the end of its term as specified in its bylaws or deciding the continuity of the Company.
- Providing recommendation to the Ordinary General Assembly as to what it deems appropriate regarding:
  - Using the consensual reserve of the Company, if such has not been allocated to a specific purpose by virtue of the Company's Bylaws;
  - Forming additional financial allocations or reserves for the Company;
  - The method of distributing the net profits of the Company.
- Preparing the Company's interim and annual financial statements and approving them before publishing them.
- Preparing the Board report and approving it before publishing it.
- Ensuring the accuracy and integrity of the data and information which must be disclosed pursuant to the applicable policies and systems in respect of disclosure and transparency.
- Developing effective communication channels allowing shareholders to continuously and periodically review the various aspects of the Company's businesses as well as any material developments.
- Forming specialized committees of the Board pursuant to resolutions that shall specify the term, powers and responsibilities of such committees as well as the manner used by the Board to monitor such committees. Such resolutions shall also specify the names of the members and their duties, rights and obligations and shall evaluate the performance and activities of these committees and their members.
- Specifying the types of remunerations granted to the Company's employees, such as fixed remunerations, remunerations linked to performance and remunerations in the form of shares without prejudice to the Regulatory Rules and Procedures issued pursuant to the Companies Law related to Listed Joint Stock Companies.
- Notify the Ordinary General Assembly when convened of the businesses and contracts in which any Board member has a direct or indirect interest; the notification shall include the information provided by the member of the Board as per paragraph (14) of Article 28 of the Corporate Governance Regulations, and shall be accompanied by a special report of the Company's external auditor.

- Leadership and direction.
- Approve the strategic direction and objectives of the Company and monitor its implementation.
- Risk management.
- Establish the internal controls framework and effective monitoring.
- Performance monitoring.
- Reporting of the Company's performance.
- Corporate governance.
- Commitment.
- Commitment to continuously monitor and safeguard the Company's reputation and closely working towards enhancing it.
- Ambassadorial role.
- Executive management arrangements, including:
  - Appoint (and, if necessary, dismiss) the Chief Executive Officer and approve his salary, benefits and terms of employment;
  - Ensure that appropriate policies and systems are in place to recruit, develop, retain and remunerate staff;
  - Monitor and manage potential conflict of interests of management, Board members and shareholders, including potential misuse of corporate assets and abuse in related party transactions;
  - Establish policies regarding the evaluation of the Executive Management of the Company and ensure that appropriate policies regarding the evaluation of other personnel by Executive Management are in place and utilized;
  - Evaluate the overall performance and effectiveness of the Board and decide on matters of corporate governance;
  - Review succession plans and management development programs for Executive Management.
- Reporting, including:
  - Ensure the integrity of the Company's accounting and financial reporting system, including the independent audit, and that appropriate systems of control are in place, in particular, systems for monitoring risk, financial controls, and compliance with the law;
  - Oversee the process of disclosure and communications;
  - Approve the financial statements of the Company and ensure its correctness before they are submitted to the shareholders.
- Board Membership, including:
  - Establish specific and explicit policies, standards and procedures for the membership of the Board of Directors and implement them after approval by the General Assembly.
- Stakeholders, including:
  - Establish a written policy with respect to stakeholders of the Company to protect their rights. In particular, this policy should cover the following:
  - A mechanism to compensate stakeholders in case of a breach their legal rights as so established by the laws and contracts;
  - A mechanism for settling disputes or complaints which may arise between the Company and its stakeholders;
  - Proper mechanisms to establish strong relationships with suppliers and customers and ensure confidentiality of their related information with the Company;
  - Establish professional behavior principles for the Company's management and employees in compliance with professional and behavior standards which should control the relationship with stakeholders. The Board should also establish a mechanism to monitor the implementation of those principles and standards.
- Compliance, including:
  - Establish policies and procedures that ensure compliance with laws and regulations and disclosure of significant information to shareholders, creditors and other stakeholders.

The Board of Directors may delegate one or more of its members or of third parties to undertake a specific action(s) that falls under its powers.

b- Chairman of the Board of Directors

Pursuant to Article 23 of the Company's Bylaws, the Board of Directors shall appoint from among its members a Chairman and a Vice Chairman. It shall not be permissible for a member to occupy jointly the office of the Chairman and any executive position in the Company. The Chairman shall have all the powers set forth under Article 23 of the Company's Bylaws, including mainly the power to represent the Company in its relationship with third parties and before all government entities, companies, individuals, all courts of all levels and classes. Under the Corporate Governance Regulations, the main responsibilities of the Chairman of the Board of Directors shall include the following:

- Ensuring that the Board members obtain complete, clear, accurate and non-misleading information in due course.
- Ensuring that the Board effectively discusses all fundamental issues in due course;
- Encouraging the Board members to effectively perform their duties in order to achieve the interests of the Company;
- Ensuring that there are actual communication channels with shareholders and conveying their opinions to the Board;
- Encouraging constructive relationships and effective participation between the Board and the Executive Management on the one hand, and the Executive, Non-Executive and Independent Directors on the other hand, and creating a culture that encourages constructive criticism;
- Preparing agendas of the Board meetings, taking into consideration any matters raised by Board members or the external auditor and consulting with the Board members and the Chief Executive Officer upon preparing the Board's agenda; and
- Convening periodic meetings with the Non-Executive Directors without the presence of any executive officers of the Company.

c- Vice-Chairman

In the absence of the Chairman, the Vice-Chairman shall assume the duties of the Chairman of the Board of Directors and shall have the powers delegated thereto in writing by the Chairman.

d- Board Secretary

The Board of Directors shall appoint a Secretary selected from among its members or from others, and shall determine his duties, powers and remuneration in the appointment resolution. The Secretary may be dismissed only pursuant to a Board resolution.

The responsibilities of the Board Secretary include the following:

- Ensuring compliance of Board members with the procedures approved by the Board of Directors.
- Documenting the Board meetings and preparing minutes therefor, which shall include the discussions and deliberations taking place during such meetings, as well as the place, date, and times on which such meetings commenced and concluded; recording the decisions of the Board and voting results and retaining them in a special and organized register and including the names of the attendees and any reservations they expressed, if any. Such minutes shall be signed by the Chairman of the meeting, all of the attending members and the Secretary.
- Retaining the reports submitted to the Board and the reports prepared thereby.
- Notifying Board members of the dates of the Board's meetings within sufficient time prior to the date specified for the meeting.
- Presenting the draft meeting minutes to the Directors for their views before signing them.
- Preparing the disclosure record of the Board and Executive Management.
- Providing the Board members with the agenda of the Board meeting and related worksheets, documents and information as well as any additional documents and information related to the topics included in the agenda items, as requested by any Board member.
- Coordinating among the Board members.
- Providing Board members with assistance and consultation.
- Ensuring that the members promptly obtain a complete copy of the meeting minutes, as well as information and documents related to the Company.

e- Managing Director

The Managing Director (if appointed) shall be vested with the powers determined by the Board of Directors and shall carry out the operations as directed by the Board of Directors.

5.1.3 Remuneration of the Members of the Board of Directors

The Company has not entered into any service contracts with any members of the Board of Directors as at the date of this Prospectus. The remuneration of the Board of Directors is set in the Remuneration Policy approved by the General Assembly along with the Company's Corporate Governance Manual on 21/11/1445H (corresponding to 29/05/2024G).

Members of the Board of Directors shall receive their remuneration in accordance with the provisions of the Company's Bylaws and the Corporate Governance Regulations, in a manner that does not conflict with the statutory controls issued in this regard. The members of the Board of Directors have been appointed pursuant to the General Assembly resolutions issued on the dates indicated in Section 5.1.4 ("**Biographies of the Members and Secretary of the Board**"). For further details, please refer to Section 5.4 ("**Remuneration of Board Members and Senior Executives**") hereof.

5.1.4 Biographies of the Members and Secretary of the Board

Overview of the experiences, qualifications, and current and previous positions of each member of the Board of Directors and the Secretary of the Board.

a- Amr Abdulaziz Abdullah AlJalal

Age:	45 years
Nationality:	Saudi
Current Position:	Chairman - Non-Executive Member
Independency:	Non-independent Member
Appointment Date:	09/05/2024G
Academic Qualifications:	• Master of Business Administration (MBA), Rice University at the Jones Graduate School of Business in Houston, Texas, USA, in 2010G. • Bachelor's degree in management information systems, King Fahd University of Petroleum and Minerals in Dhahran, Kingdom of Saudi Arabia, in 2002G.
Current Executive Positions:	• CEO, Namara Investments Company, a limited liability company engaging in the field of direct and indirect investments, since 2020G. • General Manager, Qimam Al Tabadul Investment Company, a limited liability company engaging in the field of direct investments, since 2020G. • General Manager, Saqi Investment Company, a limited liability company engaging in the field of real estate investments, since 2020G. • General Manager, Wajhat Al-Manar Investment Company, a limited liability company engaging in the field of real estate investments, since 2020G. • General Manager, Thabat Business Limited, a limited liability company engaging in the field of investment in financial markets, since 2021G. • General Manager, Wajhat AlHamra for Investment Co, a limited liability company engaging in the field of direct investments, since 2021G. • General Manager, Al Habib Investment Company, a limited liability company engaging in the field of direct investments, since 2021G. • General Manager, Dr. Sulaiman Al Habib Investment Company, a limited liability company engaging in the field of direct investments and financial markets, since 2023G. • General Manager, Darb AlNomu Investment Company, a limited liability company engaging in the field of direct investments, since 2024. • General Manager, GrowthWay Investment Company, a limited liability company engaging in the field of direct investments, since 2024G. • General Manager, Growth Destinations Investment Company, a limited liability company engaging in the field of direct investments, since 2024G.

Previous Executive Positions:	• Managing Director of Private Equity and Investment Banking, Jadwa Investment Company, a closed joint stock company engaging in the field of investment management and providing investment consultations, from 2014G to 2020G. • Vice President, Investment Banking, Saudi Fransi Capital, a closed joint stock company engaging in the field of investment management and providing investment consultations, from 2012G to 2014G. • Director of the Industrial Sector Registration and Listing Unit, Capital Market Authority, a government authority responsible for regulating and supervising the financial market sector in the Kingdom, from 2004G to 2012G. • Credit Banking Officer, Commercial Banking Services Department, Saudi National Bank (formerly known as Samba Financial Group), a listed joint stock company engaging in the field of banking services, from 2002G to 2004G.
Current Memberships:	• Member of the Board of Directors, Morgan Stanley Saudi Arabia Company, a closed joint stock company engaging in the field of providing financial services, since 15 May 2024G. • Chairman of the Nomination and Remuneration Committee, Saudi Investment Recycling Company (SIRC), a closed joint stock company engaging in the field of investment in the processing of recyclable materials, since 2023G. • Member of the Executive Committee, Saudi Investment Recycling Company (SIRC), a closed joint stock company engaging in the field of investment in the processing of recyclable materials, since 2023G. • Member of the Board of Directors, Saudi Investment Recycling Company (SIRC), a closed joint stock company engaging in the field of investment in the processing of recyclable materials, since 2023G. • Member of the Board of Directors, the International Healthcare Company (Whites and Kunooz Pharmacies), a closed joint stock company engaging in the field of pharmacies, since 2023G. • Member of the Board of Directors, of Hamad Mohammed Al Rugaib & Sons Trading Company, a closed joint stock company engaging in the field of retail trade in the furniture and furnishings sector, since 2023G. • Member of the Nomination and Remuneration Committee, Power and Water Utility Company in Jubail and Yanbu (Marafiq), a listed joint stock company engaging in the field of water and electricity supply, since 2022G. • Member of the Investment Committee, Power and Water Utility Company in Jubail and Yanbu (Marafiq), a listed joint stock company engaging in the field of water and electricity supply, since 2022G. • Member of the Board of Directors, Power and Water Utility Company in Jubail and Yanbu (Marafiq), a listed joint stock company engaging in the field of water and electricity supply, since 2022G. • Member of the Board of Directors, Mirak Capital, a closed joint stock company engaging in the field of providing financial services, since 2022G. • Chairman of the Nomination and Remuneration Committee, National Agricultural Development Company (NADEC), a listed joint stock company engaging in the field of food production, since 2021G. • Member of the Executive Committee, National Agricultural Development Company (NADEC), a listed joint stock company engaging in the field of food production, since 2021G. • Member of the Board of Directors, National Agricultural Development Company (NADEC), a listed joint stock company engaging in the field of food production, since 2021G. • Member of the Board of Directors, October Pharma, a joint stock company listed in Egypt engaging in the field of pharmaceutical industries, since 2021G. • Member of the Board of Directors, Hamat Holding Company, a closed joint stock company engaging in the field of building and operating commercial centers, since 2020G. • Chairman of the Investment Committee, Saudi Egyptian Industrial Investment Company, a closed joint stock company in Egypt engaging in the field of industrial investment, since 2018G. • Member of the Board of Directors, Saudi Egyptian Industrial Investment Company, a closed joint stock company in Egypt engaging in the field of industrial investment, since 2018G.
Previous Memberships:	• Member of the Board of Directors, Abdul Mohsen Al Hokair Group for Tourism & Development, a listed joint stock company engaging in the field of tourism and entertainment, from 2021G to 2024G. • Member of the Investment Committee, Saudi Agricultural Livestock Investment Company (SALIC), which is a closed joint stock company engaging in the field of agricultural investment and animal production, from 2014G to 2022G. • Member of the Board of Directors, Venture Capital and Private Equity Association, a Saudi association established under the resolution of the Council of Ministers engaging in the field of venture capital and private equity, from 2019G to 2022G. • Member of the Board of Directors, Fund of Funds Company (Jada), a closed joint stock company engaging in the field of investment, from 2018G to 2021G. • Member of the Investment Committee, Fund of Funds Company (Jada), a closed joint stock company engaging in the field of investment, from 2018G to 2021G.

b- Abdulrahman Ali Abdulrahman AlOlayan

Age:	36 years
Nationality:	Saudi
Current Position:	Vice Chairman - Executive Member
Independency:	Non-independent Member
Appointment Date:	09/05/2024G
Academic Qualifications:	• Master's degree in international management, University of Bridgeport, USA, in 2017G. • Bachelor's degree in English, Qassim University, Kingdom of Saudi Arabia, in 2013G.
Current Executive Positions:	• Chief Marketing Officer, Nice One, a closed joint stock company engaging in the field of retail trade, since 2017G.
Previous Executive Positions:	• Marketing Director, Inoar Company, a limited liability company engaging in the field of retail trade, from 2015G to 2017G. • Senior Marketing Specialist, Inoar Company, a limited liability company engaging in the field of retail trade, from 2013G to 2015G.
Other Current Memberships:	• Member of the Board of Directors, Araya Real Estate Development Company, a limited liability company engaging in the field of real estate development, since 2021G.
Other Previous Memberships:	• Member of the Board of Directors, The Cozy Company, a limited liability company engaging in the field of food and beverages, from 2017G to 2020G. • Member of the Board of Directors, Direct Visa Company, an e-commerce company engaging in the field of tourism, from 2018G to 2021G

c- Omar Ali Abdulrahman AlOlayan

Age:	33 years
Nationality:	Saudi
Current Position:	Board Member - Executive Member
Independency:	Non-independent Member
Appointment Date:	09/05/2024G
Academic Qualifications:	• Bachelor's degree in law, Mustaqbal University, Kingdom of Saudi Arabia, in 2016G.
Current Executive Positions:	• CEO, Nice One, a closed joint stock company engaging in the field of retail trade, since 2017G.
Previous Executive Positions:	N/A
Other Current Memberships:	• Vice Chairman of the Board of Directors, United Nomou Holding Company, a closed joint stock company engaging in the field of innovation, development and manufacturing of brands in the food sector, since 2024G.
Other Previous Memberships:	N/A

d- Prince Mansour bin Saad AlSaud

Age:	41 years
Nationality:	Saudi
Current Position:	Board Member - Non-Executive Member
Independency:	Independent Member
Appointment Date:	09/05/2024G
Academic Qualifications:	• Master of Business Administration (MBA), Brunel University, UK, in 2010G. • Bachelor's degree in industrial engineering, King Saud University, Kingdom of Saudi Arabia, in 2005G.
Current Executive Positions:	• General Manager, Rafah Real Estate Company, a limited liability company engaging in the field of real estate investments, since 2021G. • Assistant Secretary-General, King Faisal Foundation, a charitable foundation with global dimensions engaging in the field of charitable work, since 2016G. • General Manager, Sharat Industries Limited, a limited liability company engaging in the field of metal, silver and gold industries and their derivatives, since 2016G.
Previous Executive Positions:	• Director of the Strategic Planning Department, Saudi Industrial Development Fund, a government fund engaging in the field of financing and developing companies, from 2015G to 2016G. • Director of the Credit Department, Saudi Industrial Development Fund, a government fund engaging in the field of financing and developing companies, from 2010G to 2015G.
Other Current Memberships:	• Vice Chairman of the Board of Directors, Al-Sultan Food Stuff Co., a joint stock company engaging in the field of food and beverages, since 2024G. • Member of the Board of Directors, LBM Company, a limited liability company engaging in the field of food and beverages, since 2021G. • Vice Chairman of the Board of Directors, National Tourism Co., a closed joint stock company engaging in the field of tourism, since 2021G. • Member of the Board of Directors, Al Khozama Investment Company, a closed joint stock company engaging in the field of real estate investments, leasing, and retail activities, since 2021G. • Chairman of the Board of Directors, El Dar Al Arabiya Printing & Publishing, a limited liability company engaging in the field of printing and publishing, since 2019G. • Chairman of the Audit Committee, Al Khozama Investment Company, a closed joint stock company engaging in the field of real estate investments, since 2018G. • Chairman of the Audit Committee, National Tourism Co., a closed joint stock company engaging s in the field of tourism, since 2017G.
Other Previous Memberships:	• Member of the Loans Committee, Saudi Industrial Development Fund, a government fund engaging in the field of financing and developing companies, from 2013G to 2015G. • Member of the Student Fund, Alfaisal University, a non-profit fund engaging in the field of loans and subsidies for university students, from 2016G to 2017G.

e- Abdulaziz Mohammed Hamad AlRugaib

Age:	42 years
Nationality:	Saudi
Current Position:	Board Member -Non-Executive Member
Independency:	Independent Member
Appointment Date:	09/05/2024G
Academic Qualifications:	• Master's degree in chemical engineering, Cornell University, USA, in 2008G. • Bachelor's degree in petroleum engineering, the University of Kansas, USA, in 2005G.

Current Executive Positions:	• Chairman of the Board of Directors, Future Fun Trading Company, a closed joint stock company engaging in the field of entertainment, since 2019G. • Member of the Board of Directors, AlReemah Real Estate Development Company, a closed joint stock company engaging in the field of real estate development, since 2018G. • CEO, Imtiaz Al-Arabia, a closed joint stock company engaging in the field of clothing retail trade, since 2011G. • Managing Director, Imtiaz Al-Arabia, a closed joint stock company engaging in the field of clothing retail trade, since 2011G.
Previous Executive Positions:	• Consultant, Bain & Company, a joint stock company engaging in the field of strategic consulting, from 2009G to 2011G.
Other Current Memberships:	• Member of the Investment Committee, Impact Financial Company, a closed joint stock company engaging in the field of asset management, since 2022G. • Member of the Board of Directors, Hamad Mohammed Al Rugaib & Sons Trading Company, a closed joint stock company engaging in the field of retail trade in the field of furniture and furnishings, since 2018G. • Member of the Executive Committee, Hamad Mohammed Al Rugaib & Sons Trading Company, a closed joint stock company engaging in the field of retail trade in the field of furniture and furnishings, since 2018G. • Member of the Board of Directors, Al Imtiaz Sports Company, a closed joint stock company engaging in the field of sports clubs, since 2018G.
Other Previous Memberships:	• Member of the Board of Directors, Herfy Food Services Company, a public joint stock company engaging in the field of food services, from 2021G to 2024G. • Member of the Executive Committee, Herfy Food Services Company, a public joint stock company engaging in the field of food services, from 2021G to 2024G. • Member of the Board of Directors, National Agricultural Development Company (NADEC), a listed joint stock company engaging s in the field of food production, from 2022G to 2024G. • Member of the Executive Committee, National Agricultural Development Company (NADEC), a listed joint stock company engaging in the field of food production, from 2022G to 2024G. • Member of the Board of Directors, Eyewa Company, a limited liability company engaging in the field of retail trade in the field of optics, from 2019G to 2021G.

f- Ibrahim Abdulrahman Ibrahim AlSohaibani

Age:	44 years
Nationality:	Saudi
Current Position:	Board Member – Non-Executive Member
Independency:	Independent Member
Appointment Date:	09/05/2024G
Academic Qualifications:	• Executive Master of Business Administration (MBA), London Business School, UK, in 2021G. • Bachelor's degree in economics, Imam Muhammad bin Saud Islamic University, Kingdom of Saudi Arabia, in 2014G.
Current Executive Positions:	• Chief Communications and Marketing Officer, Misk Art Institute, a non-profit organization engaging in the field of empowering local artists, since 2023G. • Executive Management Consultant, AlAmar Foods Company, a public joint stock company engaging in the field of providing food and beverages in the Middle East, North Africa and Pakistan, since 2023G. • Executive Management Consultant, The Independent Food Company, a closed joint stock company engaging in the field of providing food and beverages in the Arabian Gulf region, since 2023G. • Executive Management Consultant, Pan Home Company, a limited liability company engaging in the field of furniture and home accessories in the Gulf region and some Arab and Asian countries, since 2020G.

Previous Executive Positions:	• Chief Operating Officer, AlAmar Food Company, a public joint stock company engaging in the field of providing food and beverages in the Middle East, North Africa and Pakistan, from 2018G to 2023G. • General Manager of Marketing and Communications, Al Amar Food Company, a public joint stock company engaging in the field of providing food and beverages in the Middle East, North Africa and Pakistan, from 2014G to 2018G. • CEO, Al-Kubrah Advertisement, a limited liability company engaging in the field of advertising and marketing in the Arabian Gulf region, from 2012G to 2014G. • Vice President of Marketing and Communications, Al Muhaidib Holding Group, a closed joint stock company engaging in several investment fields such as (building materials, contracting, food products and real estate), from 2006G to 2012G.
Other Current Memberships:	• Member of the Board of Directors, Al-Romansiah Company, a closed joint stock company engaging in the field of popular Saudi food, since 2023G. • Member of the Board of Directors, Resal Information Technology, a closed joint stock company engaging in the field of financial technology solutions, since 2021G. • Member of the Board of Directors, Drive7 Automotive Service Company, a closed joint stock company engaging in the field of car accessories and service, since 2020G.
Other Previous Memberships:	• Vice Chairman of the Board of Directors, Franway Consulting Services Company, a limited liability company engaging in the field of consultations related to commercial franchising, from 2018G to 2020G.

g- Mohammad Ahmed Loughazail

Age:	60 years
Nationality:	Moroccan
Current Position:	Board Member – Non-Executive Member
Independency:	Independent Member
Appointment Date:	09/05/2024G
Academic Qualifications:	• Master's degree in Information Systems, the University of Montreal, Canada in 1988G. • Engineering Degree, the National Institute of Statistics and Applied Economics, Morocco in 1984G.
Current Executive Positions:	• Founder and CEO, KEDGE Business School, a limited liability institution engaging in the field of education, since 2019G.
Previous Executive Positions:	• General Manager, Richbond & Simmons Bedding, Home and Hotel Furniture, a limited liability company engaging in the furniture field, from 2021G to 2022G. • Vice President of Business Development, Nahdi Medical Company UAE, a limited liability company engaging in the pharmaceutical field, from 2018G to 2019G. • General Manager of one of the branches, Nahdi Medical Company UAE, a limited liability company engaging in the pharmaceutical field, from 2018G to 2019G. • Vice President of Human Resources and Pharmacy Network Development, Nahdi Medical Company, a listed company engaging in the pharmaceutical field, from 2010 to 2017. • Vice President of Human Resources and Information Systems, Savola Foods Company, a limited liability company engaging in the food field, from 2006G to 2010G. • Director of Information Systems, Procter & Gamble, a joint stock company engaging in the field of consumer goods, from 1990G to 2005G. • Customer Services Manager, Royal Air Maroc, a joint-stock company engaging in the aviation field, from 1989G to 1990G.
Other Current Memberships:	• Member of the Board of Directors, KEDGE Business School, a limited liability institution engaging in the field of education, since 2018G.
Other Previous Memberships:	• Member of the Board of Directors, the French High School in Jeddah, a non-profit organization engaging in the field of education, from 2011G to 2019G. • Member of the Nomination and Remuneration Committee, Nahdi Medical Company, a listed company engaging in the pharmaceutical field, from 2010G to 2017G.

h- Sultan Salim Ali AlQadi (Board Secretary)

Age:	30 years
Nationality:	Saudi
Current Position:	Board Secretary
Appointment Date:	28/05/2024G
Academic Qualifications:	• Bachelor's degree in law, Taibah University, Kingdom of Saudi Arabia, in 2017G.
Current Executive Positions:	• Director of Legal Affairs and Governance, Nice One, a closed joint stock company engaging in the field of retail trade, since 2024G.
Previous Executive Positions:	• Director of Governance and Compliance, Fawaz AlHokair Company (Cenomi Retail), a joint stock company engaging in the field of fashion retail, from 2021G to 2024G. • Secretary of the Executive Committee, Fawaz AlHokair Company (Cenomi Retail), a joint stock company engaging in the field of fashion retail, from 2022G to 2024G. • Senior Governance Officer, Alinma Tokio Marine Co., a joint stock company engaging in the field of insurance, from 2021G to 2021G. • Governance and Shareholder Affairs Officer, Al Yamamah Steel Industries Company, a joint stock company engaging in the field of steel industries, from 2017G to 2020G.
Other Current Memberships:	N/A
Other Previous Memberships:	N/A

5.2 Company and Board Committees

The Board of Directors shall form committees in order to better run the Company. Each Committee shall have its own charter which determines the Committee's roles, powers and responsibilities. The Committees shall periodically hold meetings for the purpose of carrying out the tasks entrusted thereto. These Committees comprise the Nomination and Remuneration Committee, the Audit Committee and the Executive Committee formed by the Board of Directors.

The Charter of the Nomination and Remuneration Committee, and the Charter of the Audit Committee were approved by the General Assembly on 21/11/1445H (corresponding to 29/05/2024G), to be in line with the Corporate Governance Regulations. Moreover, the Charter of the Executive Committee was approved by the Board of Directors on 20/11/1445H (corresponding to 28/05/2024G).

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

5.2.1 Audit Committee

Ensuring that an effective internal control system is in place is one of the responsibilities entrusted to the Board of Directors. The main task of the Audit Committee is to monitor the Company's business and verify the safety and integrity of the Company's reports, financial statements and internal control systems. In particular, the Audit Committee's tasks are to verify the adequacy and effective implementation of the internal control system and to make any recommendations to the Board of Directors that would actuate and develop the system to achieve the Company's objectives. The Committee is also responsible for approving risk management policies and procedures and reviewing risk assessment activities and risk mitigation plans before presenting the same to the Board of Directors. The Committee is responsible for ensuring compliance with the corporate governance rules and practices issued by CMA and the Company's Corporate Governance Manual. The amended Charter of the Audit Committee was approved by the General Assembly on 21/11/1445H (corresponding to 29/05/2024G). The scope of the Committee's work shall include all actions that enable it to fulfil its functions, including:

Financial Reports:

- Examining the Company's interim and annual financial statements before presenting them to the Board and providing its opinion and recommendations thereon to ensure their integrity, fairness and transparency.
- Providing a technical opinion, at the request of the Board of Directors, regarding whether the Board of Directors' report and the Company's financial statements are fair, balanced and understandable and contain information that allows Shareholders and investors to assess the Company's financial position, performance, business model and strategy.
- Examining any important or unusual issues contained in the financial reports.
- Meticulously investigating any issues raised by the Company's CFO or any person assuming their duties or the Company's compliance officer or the external auditor.
- Examining the accounting estimates in respect of material issues contained in the financial reports.
- Examining the accounting policies followed by the Company and providing an opinion and recommendation to the Board of Directors thereon.

Internal Audit:

- Examining and reviewing the Company's internal, financial, and risk management systems.
- Examining the Internal Audit reports and pursuing the implementation of the corrective measures in respect of the notes included therein.
- Monitoring and overseeing the performance and activities of the Internal Auditor and the Company's Internal Audit Department, to ensure the availability of the necessary resources and their effectiveness in performing the assigned tasks and duties.
- Recommending to the Board of Directors the appointment of the head of the Internal Audit Unit or Department, or an internal auditor, and proposing the remuneration thereof.
- Overseeing the Internal Audit activities and reviewing its charter, scope, efficiency, independence, objectivity, performance and work plan. Reviewing with the Internal Auditor the results of the Internal Audit efforts on a quarterly basis, or as deemed necessary, and peruse interim and annual Internal Audit reports.
- Examining the summary of all Internal Audit reports, including management replies and the exceptions noted and pursuing the implementation of corrective measures in respect of the comments included in the Internal Audit report.
- The Audit Committee shall have the final authority to review and approve the annual audit plan and all major changes thereto.

Risk Management:

- Overseeing and enhancing the risk management framework adopted by the Company.
- Identifying and monitoring the key risks faced by the Company, assessing the management of such risks, and aligning risk management activities with the Company's general objectives and policies.
- Ensuring that risks are taken within acceptable limits, taking into consideration the Company's business objectives, size, workload, ratios, and its short-term and long-term outlook.
- Adopting and maintaining written policies and procedures to identify, measure, monitor and control all major risks associated with the Company's operations and objectives.
- Adopting risk management policies and procedures that define the proper stages for approving decisions, as well as other risk management controls, budgets, and restrictions, as well as establishing requirements for risk reporting at the administrative level.
- Receiving the findings of the annual study conducted by the internal auditor regarding the implementation of the Company's risk management policies and procedures and presenting recommendations for changes, if any issues are revealed in connection with management deficiencies or problematic methodologies used for measuring such risks.
- Providing administrative oversight of all prudential reviews, following up on any administrative procedures required within the relevant areas of business, and ensuring that there is room for a more comprehensive and broader analysis of future risks, taking into account trends.
- Conducting a critical assessment of the Company's business strategies and plans from a risk perspective.
- Examining risk assessment and management policies, including the main financial risks faced by the Company and the measures taken by the Company's management to monitor and control these risks.

- Periodically reviewing key risk assessment activities.
- Examining legal claims against the Company.
- Reviewing the Company's business continuity plan.

Auditor:

- Providing recommendations to the Board to nominate external auditors, dismiss them, determine their remunerations, and assess their performance after verifying their independence and reviewing the scope of their work and the terms of their contracts.
- Verifying the independence of the auditor, its objectivity, fairness, and effectiveness of the audit activities, taking into account the relevant rules and standards.
- Reviewing the plan of the Company's external auditor and its activities, and ensuring that it does not provide any technical, administrative or consulting works that are beyond its scope of work and providing its opinion thereon.
- Responding to queries of the Company's external auditor.
- Review the external auditor's reports and its comments on the financial statements, and following up the procedures taken in connection therewith.

Ensuring Compliance:

- Reviewing the findings of the supervisory authorities' reports and ensuring that the Company has taken the necessary measures in that regard.
- Verifying that the Company complies with the relevant laws, regulations, policies and instructions.
- Reviewing the contracts and transactions which are recommended to be concluded between the Company and Related Parties, and presenting comments thereon to the Board of Directors.
- Reporting to the Board any issues it deems necessary to take action thereon, and providing recommendations as to the procedures that should be taken.

Professional Conduct:

Committee members shall practice the following professional conduct and ethical values:

- The Board and Executive Management shall focus on areas of ethical risk, provide guidance to personnel to help them recognize and deal with ethical issues, provide mechanisms to report unethical conduct, and help to foster a culture of honesty and accountability.
- The Company expects each Board member, Executive Management member and employee to act with honesty and integrity, to exercise independent professional judgment and to deter wrongdoing in the conduct of all duties and responsibilities on behalf of the Company.
- Fair dealing.
- Board members, Executive Management and employees should maintain the confidentiality of information entrusted to them by the Company or its customers, except when disclosure is authorized or legally mandated.
- Protection and proper use of Company's assets.
- Record keeping and reporting.
- Compliance with laws, rules and regulations.
- Reporting of illegal or unethical behavior.

The Audit Committee shall consist of at least three (3), and at most, five (5) members to be appointed by the Board of Directors for a period not exceeding four (4) years, provided that the Committee shall include at least one (1) independent member and shall not include any Executive Management members. The Committee shall also include a competent member in financial and accounting affairs.

Subject to the requirements to be met by the members of the Audit Committee, the Committee shall be formed pursuant to a resolution passed by the Board of Directors for a period not exceeding four (4) years, ending by the end of the Board term. The Board shall take the necessary measures to enable the Committee to carry out its functions, including granting the Committee unrestricted access to all data, information, reports, records, correspondences or other matters that the Committee deems important to have access to.

The following members were appointed to the Audit Committee pursuant to a Board resolution on 20/11/1445H (corresponding to 28/05/2024G), and the Audit Committee term ends at the end of the Board of Directors term.

Table (5.3): Members of the Audit Committee

No.	Name	Position
1	Prince Mansour Saad Mohammed AlSaud	Chairman of the Audit Committee
2	Ibrahim Abdulrahman Ibrahim AlSohaibani	Member
3	Abdulaziz Mohammed Abdulaziz AlMujel	Member
4	Mohammed Abdulaziz Abdullah AlJarboa	Member

Source: The Company

The following is a brief overview of the members of the Audit Committee:

a- Prince Mansour Saad Mohammed AlSaud

Please refer to Section 5.1.4 ("**Biographies of the Members and Secretary of the Board**") for further details regarding the experience, and current and previous positions of Prince/ Mansour Saad Mohammed AlSaud.

b- Ibrahim Abdulrahman Ibrahim AlSohaibani

Please refer to Section 5.1.4 ("**Biographies of the Members and Secretary of the Board**") for further details regarding the experience, and current and previous positions of Mr. Ibrahim Abdulrahman Ibrahim AlSohaibani.

c- Abdulaziz Mohammed Abdulaziz AlMujel

Age:	37 years
Nationality:	Saudi
Current Position:	Audit Committee Member
Appointment Date:	28/05/2024G
Academic Qualifications:	• Master of Business Administration (MBA) from the University of Wolverhampton, UK, 2014G. • Higher Diploma in Business Administration from Thompson Rivers University, Canada, 2012G. • Bachelor's degree in Accounting from Imam Mohammad Ibn Saud Islamic University (IMSIU), KSA, 2008G.
Current Executive Positions:	• Executive Director of Internal Audit, Riyadh Development Company, a joint stock company engaging in the field of investment management and real estate development, from 2023G.
Previous Executive Positions:	• Chairman of Internal Audit, Derayah Financial Company, a closed joint stock company engaging in the field of investment management, investment consulting and brokerage, from 2021G until 2023G. • Chairman of Internal Audit, Higher Education Fund, a semi-governmental Saudi fund engaging in the field of diversifying and developing sources of funding for universities, from 2017G until 2021G. • Director of Internal Audit, Nayifat Financing Company, a public joint stock company engaging in the field of providing Sharia-compliant financing solutions for individuals and institutions, from 2014G until 2017G. • Director of the Internal Audit and Risk Department, KPMG Professional Consulting Company, a closed joint stock company engaging in the field of providing audit, review and consulting services, from 2014G until 2014G. • Assistant Accountant, KPMG Professional Consulting Company, a closed joint stock company engaging in the field of providing review, audit and consulting services, from 2008G until 2009G.
Other Current Memberships:	• Member of the Audit Committee, Rasan Information Technology Company, a joint stock company engaging in the field of electronic insurance brokerage, from 2022G. • Member of the Audit and Risk Committee, Ensan Charity Committee for Orphans Care, a non-profit organization engaging in the field of Orphan Care, from 2022G.
Other Previous Memberships:	N/A

d- Mohammed Abdulaziz Abdullah AlJarboa

Age:	34 years
Nationality:	Saudi
Current Position:	Audit Committee Member
Appointment Date:	28/05/2024G
Academic Qualifications:	• Certificate, Certified Public Accountant (CPA), from the American Institute of Certified Public Accountants (AICPA), USA, 2017G. • Certificate, Certified Public Accountant (CPA), from the Saudi Organization for Chartered and Professional Accountants (SOCPA), KSA, 2019G. • Bachelor's degree of Science in Accounting from King Fahd University of Petroleum and Minerals, KSA, 2014G.
Current Executive Positions:	• Vice CFO, since 2019, at Al-Estidama Holding Company, a closed joint stock company engaging in the field of financial and real estate investment, from 2019G.
Previous Executive Positions:	• Director of Financial Reports, NEOM Company, a closed joint stock company engaging in the field of city development, from 2018G until 2019G. • Audit Director, Ernst & Young, a limited liability professional company engaging in the field of providing review, audit and consulting services, from 2023G until 2018G.
Other Current Memberships:	N/A
Other Previous Memberships:	N/A

5.2.2 Nomination and Remuneration Committee

The main function of the Nomination and Remuneration Committee is to determine the policies and procedures related to the nomination of the members of the Board, its committees, and the Executive Team, and to determine the policies and procedures related to their remunerations. The Charter of the Nomination and Remuneration Committee was approved by the General Assembly on 21/11/1445H (corresponding to 29/05/2024G). The Committee's scope of work includes all duties designed to enable it to fulfil its functions, including:

- Identifying qualified individuals to become members of the Board of Directors and submitting recommendations to the Board of Directors regarding the nominations of members of the Board of Directors for the general assembly of shareholders.
- Recommending candidates to the Board of Directors for all the Board committees.
- Supervising the evaluation of the Board of Directors and Executive Management.
- Supervising all matters related to the remuneration of the Board of Directors and Executive Management.
- Periodically reviewing the succession plan of the Board of Directors.
- Evaluating the performance of the Board of Directors.
- Benefits and incentive policy for members of the Executive Management.
- Recruitment, retention and termination policy for members of the Executive Management.
- Incentive schemes.
- Retirement arrangements.
- Framework for the remuneration of Board members.

The Nomination and Remuneration Committee shall consist of at least three (3) members and at most five (5) members appointed by the Company's Board of Directors for a maximum period of four (4) years expiring with the end of the Board of Directors' term. The Nomination and Remuneration Committee term of office shall not exceed the term of the Board of Directors. The membership of a Nomination and Remuneration Committee member, that is also a Board member, ends with the end of such member's term in the Board or by voluntary resignation from the Nomination and Remuneration Committee. The Board may dismiss any member of the Nomination and Remuneration Committee.

Subject to the conditions to be met by the Members of the Nomination and Remuneration Committee, the Board of Directors shall appoint members of the Nomination and Remuneration Committee for a period of four (4) years expiring with the end of the Board of Directors' term. The Board of Directors shall take the necessary measures to enable the Committee to carry out the tasks entrusted thereto, including granting the Committee access to, without any restrictions, all data, information, reports, records, correspondences, or other matters that the Committee deems important to have access to.

The following members were appointed to the Nomination and Remuneration Committee pursuant to a Board Resolution dated 20/11/1445H (corresponding to 28/05/2024G).

Table (5.4): Nomination and Remuneration Committee Members

No.	Name	Position
2	Mohammad Ahmed Loughazail	Chairman of the Committee
3	Amr Abdulaziz Abdullah AlJalal	Member
4	Abdulaziz Mohammad Hamad AlRugaib	Member

Source: The Company

The following is a brief overview of the members of the Nomination and Remuneration Committee:

a- Mohamed Ahmed Laghazayel

Please refer to Section 5.1.4 ("**Biographies of the Members and Secretary of the Board**") for further details regarding the experience, and current and previous positions of Mr. Mohamed Ahmed Laghazayel.

b- Amr Abdulaziz Abdullah AlJalal

Please refer to Section 5.1.4 ("**Biographies of the Members and Secretary of the Board**") for further details regarding the experience, and current and previous positions of Mr. Amr Abdulaziz Abdullah AlJalal.

c- Abdulaziz Mohammad Hamad AlRugaib

Please refer to Section 5.1.4 ("**Biographies of the Members and Secretary of the Board**") for further details regarding the experience, and current and previous positions of Mr. Abdulaziz Mohammad Hamad AlRugaib.

5.2.3 Executive Committee

The Board of Directors shall appoint the members of the Executive Committee, which shall be composed of at least three (3) members and no more than five (5) members. The members of the Committee shall choose from among themselves a Chairman, who shall preside over the Committee meetings. In the event of the Chairman's absence, the Committee shall choose from among its present members a temporary chairman. The member of the Executive Committee shall not be permitted to delegate someone else to attend the Committee's meetings and vote on its decisions. The term of membership in the Executive Committee shall be the same as the term of membership in the Board. The Board shall fill the vacant position in the Committee. The Executive Committee's Charter was approved on 20/11/1445H (corresponding to 28/05/2024G) by the Board of Directors. The Committee's scope of work includes carrying out all the work that enables it to achieve its tasks, as follows:

The Committee's scope of work includes carrying out all the work that enables it to achieve its tasks, as follows:

- Assisting the Board by carrying out the activities and tasks entrusted thereto to streamline the Company's business.
- Holding periodic meetings with the Executive Management to monitor work progress and any related challenges.
- Reviewing and making recommendations to the Board of Directors regarding the objectives, strategy, plans, and purpose (strategic and operational).
- Reviewing the Executive Management KPIs and associated objectives, making recommendations to the Board in this regard, and monitoring the performance of the Management pursuantly.
- Reviewing the CEO's recommendation regarding the Company's strategy, operations, and strategic plan.

- Supervising the implementation of strategic plans to achieve the Company's general purposes.
- Reviewing and making recommendations to the Board of Directors regarding the Company's organizational structure.
- Reviewing the policies and procedures devised by the Executive Management and making recommendations to the Board in this regard.
- Supervising the day-to-day implementation of Board policies.
- Improving and enhancing the technologies and technical support in the Company.
- Managing relationships with Key Suppliers.
- Reviewing operational plans, capital expenditure plans, and other studies or plans that have a material impact on the Company's operations and making recommendations to the Board of Directors regarding the approval thereof.
- Reviewing any general amendments proposed by the Management to any of the existing or new investment principles or guidelines and making recommendations to the Board of Directors thereon.
- Reviewing investments and acquisitions as well as binding offers made in connection with any project, and making any additional changes or revisions to such investments or offers submitted or to be submitted by the Company, based on the authority matrix approved by the Board of Directors.
- Reviewing the annual budget and making recommendations thereon to the Board.
- Submitting reports after each Executive Committee meeting to the Board, including all decisions taken, recommendations issued, and any other relevant matters raised therein.
- The Executive Committee meets prior to each Board meeting to discuss the agenda of the Board.
- The Committee shall be vested with the powers of the Board to carry out and approve the activities entrusted thereto by the Board, with the exception of the following:
  - Adopting the annual budget;
  - Approving periodic and annual financial reports; and
  - Approving the Company's business strategies.
- The Committee shall carry out any other activities as the Board may assign from time to time.

The following members were appointed to the Executive Committee pursuant to a Resolution of the Board of Directors on 20/11/1445H (corresponding to 28/05/2024G).

Table (5.5): Executive Committee Members

No.	Name	Title
1	Amr Abdulaziz Abdullah AlJalal	Chairman of the Executive Committee
2	Omar Ali Abdulrahman AlOlayan	Member
3	Abdulrahman Ali Abdulrahman AlOlayan	Member
4	Mohamed Ahmed Laghazayel	Member

Source: The Company

The following is a brief overview of the members of the Executive Committee:

a- Amr Abdulaziz Abdullah AlJalal

Please refer to Section 5.1.4 ("**Biographies of the Members and Secretary of the Board**") for further details regarding the experience, and current and previous positions of Mr. Amr Abdulaziz Abdullah AlJalal.

b- Omar Ali Abdulrahman AlOlayan

Please refer to Section 5.1.4 ("**Biographies of the Members and Secretary of the Board**") for further details regarding the experience, and current and previous positions of Mr. Omar Ali Abdulrahman AlOlayan.

c- Abdulrahman Ali Abdulrahman AlOlayan

Please refer to Section 5.1.4 ("**Biographies of the Members and Secretary of the Board**") for further details regarding the experience, and current and previous positions of Mr. Abdulrahman Ali Abdulrahman AlOlayan.

d- Mohamed Ahmed Laghazayel

Please refer to Section 5.1.4 ("**Biographies of the Members and Secretary of the Board**") for further details regarding the experience, and current and previous positions of Mr. Mohamed Ahmed Laghazayel.

5.3 Senior Management

5.3.1 Overview of the Executive Management

The Company's Executive Management is comprised of qualified Saudi and non-Saudi members with significant local and international expertise in the E-retail sector. The primary responsibility of the Chief Executive Officer is to manage the Company's business and supervise its performance in line with the objectives and guidance of the Board of Directors and Shareholders.

The Executive Management team of the Company currently consists of ten (10) members, as set out in the table below:

Table (5.6): Executive Management Details

Name	Position	Appointment Date to the Current Position	Nationality	Age	Number of Shares held Pre-Offering	Number of Shares Post-Offering	Direct Ownership Ratios	
							Pre-Offering	Post-Offering
Omar Ali Abdulrahman AlOlayan	Chief Executive Officer	01/01/2017G	Saudi	33 years	44,179,022	32,471,581	40.16%	28.114%
Mohammed Imran Ali Ahmed	Chief Financial Officer	16/05/2022G	Pakistani	44 years	-	-	-	-
Abdulrahman Ali Abdulrahman AlOlayan	Chief Marketing Officer	01/01/2017G	Saudi	35 years	37,452,775	27,527,790	34.05%	23.834%
Elyes Mohammed Khalifa Jeribi	Chief Strategy Officer	01/10/2023G	French	42 years	-	-	-	-
Bandar Abdulrahman Abdulaziz AlDhalea	Chief Technical Officer	01/01/2017G	Saudi	32 years	-	-	-	-
Sultan Salem Ali AlKadi	Legal Affairs and Governance Manager	21/03/2024G	Saudi	30 years	-	-	-	-
Khaled Mahmoud Mohammed Allsawy	Chief Operating Officer	17/09/2019G	Egyptian	53 years	-	-	-	-
Mohammed Ibrahim Mohammed Merhi	Chief Commercial Officer	01/07/2024G	Egyptian	44 years	-	-	-	-
Salim Jamoud Ahmed Qahtan	Business Development Manager	26/08/2018G	Yemeni	36 years	-	-	-	-
Saleh Abdulaziz Saleh AlOthman	Human Resources and Administrative Affairs Manager	19/06/2022G	Saudi	28 years	-	-	-	-

Source: The Company

5.3.2 Biographies of Senior Executives

The following is a brief overview of the experiences, academic qualifications, as well as current and previous positions of each Member of Executive Management:

a- Omar Ali Abdulrahman AlOlayan

Please refer to Section 5.1.4 ("**Biographies of the Members and Secretary of the Board**") for further details regarding the experience, and current and previous positions of Omar Ali Abdulrahman AlOlayan.

b- Mohammed Imran Ali Ahmed

Age:	44 years
Nationality:	Pakistani
Current Position:	CFO
Appointment Date:	16/05/2022G
Academic Qualifications:	• Certified Management Accountant Certificate in Accounting from the Institute of Management Accountants, USA, 2011G. • Certificate of chartered and administrative accountant in chartered accountant from the Institute of Chartered Accountant of Pakistan (ICAP), 2008G. • Bachelor's degree in computers and commerce from the University of the Punjab, Pakistan, 1998G.
Current Executive Positions:	N/A
Previous Executive Positions:	• CFO, Cenomi Retail Company (formerly known as Fawaz AlHokair Retail Trading Company), a joint stock company engaging in the field of retail and e-commerce, from 2019G until 2022G. • CFO, Nesk Group, a limited liability company engaging in the field of retail, from 2009G until 2019G. • Head of Finance, Kamal Osman Jamjoom Company, a limited liability company engaging in the field of retail, from 2009G until 2009G. • Account Executive, Haier Home Appliances Company, a limited liability company engaging in the field of manufacturing and retail, from 2002G until 2005G.
Other Current Memberships:	N/A
Other Previous Memberships:	N/A

c- Abdulrahman Ali Abdulrahman AlOlayan

Please refer to Section 5.1.4 ("**Biographies of the Members and Secretary of the Board**") for further details regarding the experience, and current and previous positions of Abdulrahman Ali Abdulrahman AlOlayan.

d- Elyes Mohammed Khalifa Jeribi

Age:	42 years
Nationality:	French
Current Position:	Chief Strategy Officer
Appointment Date:	01/10/2023G
Academic Qualifications:	• Master of Science degree from Ecole des Mines Paris, France, 2007G. • Master of Science degree from Ecole Polytechnique, Paris, France, 2006G.
Current Executive Positions:	N/A

Previous Executive Positions:	• Senior Vice President, JumiaPay Business Services Company, a limited company engaging in the field of e-commerce and financial technology, from 2021G until 2022G. • CEO, Jumia Tunisia, a limited company engaging in the field of e-commerce and financial technology, from 2017G until 2021G. • CEO, Jumia Algeria, a limited company engaging in the field of digital economy development, from 2017G until 2021G. • Advisor to the Tunisian Minister, Communication Technologies and Digital Economy, in the Ministry of Communication Technologies and Digital Economy of Tunisia, a Tunisian government entity engaging in the field of software and services, from 2015G until 2017G. • Advisor, National Water Company, a joint stock company engaging in the field of providing water and wastewater treatment services, from 2015G until 2015G. • CEO, Linkao Company, a limited liability company engaging in the field of information technology development, from 2012G until 2014G. • Advisor to the Tunisian Minister of Equipment and Transport, Tunisian Ministry of Equipment and Transport, a government entity engaging in the field of infrastructure development in the Tunisian inner regions, from 2011G until 2011G. • Consultant, McKinsey & Company, a joint stock company engaging in the field of strategy consulting, from 2008G until 2010G.
Other Current Memberships:	• Board Member, The EFE Tunisia, which is a part of the EFE Global, a non-for-profit organization engaging in the field of youth training and job opportunities across MENA region, from 2022G. • Board Member, Fondation Tunisie Pour Le Developpement, a non-profit organization engaging in the field of promoting economic development and youth empowerment in Tunisia, from 2020G.
Other Previous Memberships:	• Board Director, Smart Capital, a public joint stock company engaging in the field of venture investment and private equity investment, from 2019G until 2022G. • Chairman of the Jury, Startup Law Committee, a jury appointed by the prime minister engaging in the field of selecting award-winning startups in Tunisia, from 2019G until 2022G.

e- Bandar Abdulrahman Abdulaziz AlDhalea

Age:	32 years
Nationality:	Saudi
Current Position:	Chief Technology Officer
Appointment Date:	01/01/2017G
Academic Qualifications:	• Bachelor of Business Administration (BBA) from Imam Mohammad Ibn Saud Islamic University (IMSIU), KSA, 2017G. • Digital Transformation Course Certificate from the Ministry of Communications and Information Technology, KSA, 2021G.
Current Executive Positions:	N/A
Previous Executive Positions:	• Head of Marketing Department, Change Consulting Institute, a training institute affiliated to the Chamber of Commerce engaging in the fields of management, marketing, accounting, finance, and Commerce, from 2015G until 2015G.
Other Current Memberships:	N/A
Other Previous Memberships:	N/A

f- Sultan Salem Ali AlKadi

Please refer to Section 5.1.4 ("**Biographies of the Members and Secretary of the Board**") for further details regarding the experience, and current and previous positions of Sultan Salem Ali AlKadi.

g- Khaled Mahmoud Mohammed Allsawy

Age:	53 years
Nationality:	Egyptian
Current Position:	Chief Operating Officer
Appointment Date:	17/09/2019G
Academic Qualifications:	• Master of Business Administration (MBA) from Alexandria University, Egypt, 2016G. • Bachelor's degree in commerce from Cairo University, Egypt, 2008G. • Certificate of Certified Supply Chain Analyst International Supply Chain Education Alliance (ISCEA), KSA, 2014G. • Certificate of Certified Warehouse Manager (CWM) from the Council of Saudi Chambers, KSA, 2012G. • Certificate of Kaizen Management Training from the Saudi Chamber of Commerce in cooperation with the Japan Cooperation Center for the Middle East (JCCME), KSA, 2007G. • Certificate of ISO Internal Auditor, from the National Inspection & Technical Testing Company Limited, KSA, 2003G. • Certificate of (ISO 9000) Quality Management System certificate from the National Inspection & Technical Testing Company Limited, KSA, 2002G. • Certificate of ISO Internal Auditor, from the National Inspection & Technical Testing Company Limited, KSA, 2000G. • Certificate of Food Safety Management (HACCP) from the National Inspection & Technical Testing Company Limited, KSA, 2000G.
Current Executive Positions:	N/A
Previous Executive Positions:	• Procurement Consultant, Mace Macro Company, a joint stock company engaging in the field of facilities management, from 2018G until 2019G. • Supply Chain Manager, Jan Burger Company, a limited liability company engaging in the field of food and beverages, from 2015G until 2017G. • Supply Chain Manager, Kabli Holding Company Limited, a limited liability company engaging in the field of food and beverages, from 2009G until 2011G. • Transportation Manager, Halwani Brothers Company, a joint stock company engaging in the field of food and beverages, from 2009G until 2011G. • Factors Operations Manager, Halwani Brothers Company, a joint stock company engaging in the field of food and beverages, from 2007G until 2009G. • Planning Supervisor, Halwani Brothers Company, a joint stock company engaging in the field of food and beverages, from 1996G until 2007G. • Customs Clearance Supervisor, Manal Aleteouy Company, a limited liability company engaging in the field of customs clearance, from 1992G until 1996G.
Other Current Memberships:	N/A
Other Previous Memberships:	N/A

h- Mohammed Ibrahim Mohammed Merhi

Age:	44 years
Nationality:	Egyptian
Current Position:	Chief Commercial Officer
Appointment Date:	01/07/2024G
Academic Qualifications:	• Bachelor's degree in Pharmacy from Alexandria University, Egypt, 2002G. • CPSA Certificate (Certified Professional Strategic Advisor), USA, 2018G. • CPCA Certificate (Certified Professional Category Analyst), USA, 2018G. • Accredited Professional Certificate in Retail Management from the National Retail Federation, Washington, D.C., USA, 2010G.
Current Executive Positions:	Chief Commercial Officer of the Company

Previous Executive Positions:	• Senior Managing Director of the Commercial Department, Al-Nahdi Medical Company, a listed joint stock company, engaging in the field of retail, pharmacy management and medical services, from 2022G until 2024G. • Director of Strategic Planning and Business Excellence Department in Commercial Department, Al-Nahdi Medical Company, a listed joint stock company, engaging in the field of retail, pharmacy management and medical services, from 2019G until 2022G. • Head of the Strategic Planning and Business Excellence Department of in Commercial Department, Al-Nahdi Medical Company, a listed joint stock company, engaging in the field of retail, pharmacy management and medical services, from 2015G until 2019G. • Head of the Commercial Department of personal care items management, Al-Nahdi Medical Company, a listed joint stock company, engaging in the field of retail, pharmacy management and medical services, from 2013G until 2015G. • Director of Personal Care Items, Al-Nahdi Medical Company, a listed joint stock company, engaging in the field of retail, pharmacy management and medical services, from 2010G until 2013G.
Other Current Memberships:	N/A
Other Previous Memberships:	N/A

i- Salim Jamoud Ahmed Qahtan

Age:	36 years
Nationality:	Yemeni
Current Position:	Business Development Manager
Appointment Date:	26/08/2018G
Academic Qualifications:	• Bachelor's degree in Statistics and Information Systems from Taiz University, Yemen, 2011G. • Diploma in Accounting from the National University of Yemen, 2010G.
Current Executive Positions:	N/A
Previous Executive Positions:	• Head of Accounts, Bahr AlMontajat Trading Company, a limited liability company engaging in the field of retail trade of cosmetics, perfumes, incense and skin care, from 2020G until 2022G. • Procurement Accountant, Bahr Almontajat Trading Company, a limited liability company engaging in the field of retail trade of cosmetics, perfumes, incense and skin care, from 2018G until 2020G. • General Accountant, Luxury Treasures Foundation, a commercial foundation engaging in the field of wholesale of luxury and cosmetics, perfumes, incense and skin care, from 2013G until 2018G.
Other Current Memberships:	N/A
Other Previous Memberships:	N/A

j- Saleh Abdulaziz Saleh AlOthman

Age:	28 years
Nationality:	Saudi
Current Position:	Human Resources and Administrative Affairs Manager
Appointment Date:	19/06/2022G
Academic Qualifications:	• Higher Diploma in Human Resources Management from Al-Majmaah University, KSA, 2022G. • Bachelor's degree in Translation (English Language) from Qassim University, KSA, 2020G.
Current Executive Positions:	N/A
Previous Executive Positions:	• Human Resources Manager, AlRaed Saudi Club, a semi-governmental entity affiliated to the Ministry of Sports engaging in the field of sports, from 2020G until 2022G.
Other Current Memberships:	N/A
Other Previous Memberships:	N/A

5.3.3 Employment Contracts with Senior Executives

The Company concluded employment contracts with nine (9) of the Executive Management members of the Company. These contracts stipulate their salaries and bonuses according to their qualifications and experience and include a number of benefits such as a monthly transportation allowance, housing allowance, or both. These contracts are renewable and subject to the Saudi Labor Law.

The table below shows the main details of employment contracts with Senior Executives.

Table (5.7): Summary of Employment Contracts with the Company's Executive Management Members*

No.	Name	Position	Appointment Date	Contract Date	Contract Termination Date
1.	Omar Ali Abdulrahman AlOlayan	Chief Executive Officer	09/05/2024G	15/04/2021G	Unspecified period begins from the date of the Senior Executive's direct employment on 01/01/2017G.
2.	Mohammed Imran Ali Ahmed	Chief Financial Officer	16/05/2022G	21/06/2022G	The contract period is one year starting from 27/06/2023G and ending on 26/06/2024G.
3.	Abdulrahman Ali Abdulrahman AlOlayan	Chief Marketing Officer	09/05/2024G	01/01/2017G	Unspecified period begins from the date of the Senior Executive's direct employment on 01/01/2017G.
4.	Elyes Mohammed Khalifa Jeribi	Chief Strategy Officer	02/10/2023G	14/02/2024G	The contract period is one year starting from 02/10/2023G and ending on 01/10/2024G.
5.	Bandar Abdulrahman Abdulaziz AlDhalea	Chief Technical Officer	01/01/2017G	05/01/2021G	Unspecified period begins from the date of the Senior Executive's direct employment on 01/01/2017G.
6.	Sultan Salem Ali AlKadi	Legal Affairs and Governance Manager	21/03/2024G	24/03/2024G	Unspecified period begins from the date of the Senior Executive's direct employment on 21/03/2024G.
7.	Khaled Mahmoud Mohammed Allsawy	Chief Operating Officer	17/09/2019G	10/03/2024G	The contract period is one year starting from 17/09/2023G and ending on 16/09/2024G.
8.	Mohammed Ibrahim Mohammed Merhi	Chief Commercial Officer	01/07/2024G	24/07/2024G	The contract period is one year starting on 24/07/2024G and ending on 23/07/2025G.-
9.	Salim Jamoud Ahmed Qahtan	Business Development Manager	26/08/2018G	13/04/2023G	The contract period is one year starting on 15/04/2024G and ending on 14/04/2025G.
10.	Saleh Abdulaziz Saleh AlOthman	Human Resources and Administrative Affairs Manager	17/10/2023G	18/06/2024G	The contract period is two years, starting from 19/06/2022G and ending on 18/06/2024G. It is renewable for one or similar periods.

* It should be noted that the date of appointment refers to the date of appointment to the position and the date of the contract refers to the date stated in an employment contract.

Source: The Company

5.4 Remuneration of Board Members and Senior Executives

Subject to the Company's Bylaws, remunerations of the Board of Directors shall be determined by the Ordinary General Assembly in accordance with the relevant official decisions and instructions issued by the Ministry of Commerce, and within the provisions of the Companies Law and any other relevant supplementary laws. The attendance and transportation allowances shall be determined by the Board according to the applicable laws, decisions, and instructions applicable in the Kingdom, as determined by the competent authorities.

Pursuant to the Company's Bylaws, neither the Directors nor the Senior Executives have the authority to vote on their remuneration or indemnities. The remuneration of Senior Executives shall be determined by virtue of each respective employment contract in accordance with the Company's remuneration policy.

Furthermore, neither the Directors nor the Senior Executives have powers to borrow from the Company or to vote on a contract or an arrangement in which they have a material interest.

It should be noted that no in-kind benefits have been paid to the Board members and Senior Executives. The following table shows the remunerations of the Board of Directors and the top five Senior Executives (including the CEO and the CFO) for the financial years ended 31 December 2021G, 31 December 2022G and 31 December 2023G.

Table (5.8): Remuneration of Board Members and Senior Executives

SAR	Financial Year Ended 31 December			Three-month Period Ended 31 March
	FY2021G	FY2022G	FY2023G	FY2024G
Board Members	-	-	-	-
Committee Members	-	-	-	-
Senior Executives (5 employees)	8,468,331	9,120,842	10,113,285	4,845,292

Source: The Company

5.5 Corporate Governance

The key sources of corporate governance for the Company are the Corporate Governance Regulations issued by the CMA, certain provisions of the Companies Law, and corporate governance best practices in the Kingdom.

The framework under the Corporate Governance Regulations regulates the various relationships between the Board, Executive Directors, Shareholders and other stakeholders, by establishing rules and procedures to facilitate decision-making processes with the objective of protecting the rights of Shareholders and other stakeholders and promoting the values of credibility, fairness, competitiveness, and transparency in the Company's conduct on the Exchange and in the business environment.

The Corporate Governance Regulations, which entail the implementation of a clear and transparent disclosure process, ensure that the Board acts in the best interests of the Shareholders and presents a clear and fair view of the financial condition of the Company and the results of its operations.

The Company's policy is to adopt high standards of corporate governance. On 21/11/1445H (corresponding to 29/05/2024G), the General Assembly approved the Corporate Governance Manual and policies, the Audit Committee Charter and the Nomination and Remuneration Committee Charter in line with the Corporate Governance Regulations.

5.5.1 Key Corporate Governance Requirements

The key corporate governance requirements that the Company complies with are set out in the Corporate Governance Regulations. These cover the following broad areas:

- General shareholder rights (Articles 4 to 9);
- Rights relating to General Assembly Meetings (Articles 10 to 15);
- The Board of Directors: formation, responsibilities, competencies, procedures, and training (Articles 16 to 39);
- Conflicts of interest (Articles 40 to 46);
- Company Committees (Articles 47 to 69); and

Internal controls, external Auditors, company reports and policies, and various other matters (Articles 70 to 95).

5.5.2 Corporate Governance Manual and Internal Charters

On 20/11/1445H (corresponding to 28/05/2024G), the Board of Directors approved the Corporate Governance Manual of the Company and the following amended internal charters, which were also approved by the Company's Ordinary General Assembly on 21/11/1445H (corresponding to 29/05/2024G):

- Board of Directors guidelines;
- Board of Directors operations;
- Audit Committee Charter;
- Nomination and Remuneration Committee Charter;

- Executive Committee Charter;
- Code of Conduct and Ethics;
- Disclosure and Transparency Policy;
- Conflicts of Interest and Competing Business Policy;
- Remuneration Policy;
- Whistleblowing Policy;
- Dividend Distribution Policy;
- Risk Management Policy;
- Stakeholder Relation Policy;
- Policies, standards and procedures for membership of the Board of Directors; and
- Internal Control Regulations.

5.5.3 Corporate Governance Compliance

The members of the Board of Directors declare that the Company is currently complying with the majority of the Corporate Governance Regulations and will fully comply with the Corporate Governance Regulations from the date of Listing.

In particular, four (4) members of the Company's Board of Directors, which currently consists of seven (7) Directors, are independent Directors. In addition, the Shareholders adopted the cumulative voting method in relation to the appointment of Directors. This method of voting gives each Shareholder voting rights equivalent to the number of Shares he/she holds. Each Shareholder has the right to use all of his/her voting rights for one nominee or to divide his/her voting rights between his/her selected nominees without any duplication of votes.

Pursuant to the provisions of the Corporate Governance Regulations, the Board of Directors formed the Audit Committee on 20/11/1445H (corresponding to 28/05/2024G). The Audit Committee consists of four (4) non-executive members. The Board of Directors also formed the Nomination and Remuneration Committee on 20/11/1445H (corresponding to 28/05/2024G). The Nomination and Remuneration Committee consists of three (3) members. The Extraordinary General Assembly of the Company approved the charters of the Audit Committee and the Nomination and Remuneration Committee in its session held on 21/11/1445H (corresponding to 29/05/2024G).

Furthermore, the Company has put in place measures to comply with provisions that deal with conflicts of interest and competing interests (Article 71 of the Companies Law, Article 12 of the Implementing Regulations to the Companies Law, and Articles 42 and 44 of the Corporate Governance Regulations).

Pursuant to the Corporate Governance Regulations, each Board Member is prohibited from voting on a decision taken by the Board or the General Assembly with respect to transactions and contracts that are executed for the Company's account, if he/she has a direct or indirect interest in those transactions or contracts (Article 42(a-2)). The Companies Law sets out similar requirements to the effect that a Director, without prior authorization from the Ordinary General Assembly, may not have any direct or indirect interest in transactions or contracts made for the account of the Company. The Director also has an obligation to inform the Board of Directors of any personal interest he may have in such transactions or contracts and may not participate in voting on resolutions to be adopted in this respect by the Board of Directors or Shareholder Assemblies. The Chairman of the Board of Directors must inform the General Assembly of any transactions and contracts in which any Director has a direct or indirect personal interest and accompany that with a special report from the Company's external Auditor.

The Corporate Governance Regulations also provide that if a Board Member wishes to engage in a business that may compete with the Company or any of its activities, he/she must notify the Board of any project that could compete with the Company's business and abstain from voting on the related decision in the Board and General Assembly meetings. The Chairman of the Board must also inform the Ordinary General Assembly of the competing businesses in which the Board Member proposes to be engaged; and the prior authorization of the Company's General Assembly must be obtained for the Board Member to engage in the competing business. The Companies Law sets out similar requirements.

The Company currently complies with the mandatory governance requirements that apply to Saudi public joint stock companies, excluding some provisions mandatory only with respect to listed companies, with which the Company is not currently in compliance as the Company's Shares are not currently listed on the Exchange, as follows:

- Paragraph (A) of Article 8 relating to the announcement on Tadawul's website about the information of candidates for membership of the Board of Directors upon publishing or inviting for the General Assembly's meeting.
- Paragraph (B) of Article 8 relating to limiting the voting of the General Assembly to candidates whose information is announced pursuant to Paragraph (A) of Article (8).
- Paragraph (D) of Article 13 relating to the publication of the invitation to the General Assembly on Tadawul and the Company's websites.
- Paragraph (C) of Article 14 relating to the availability of information concerning the items of the General Assembly of Shareholders through Tadawul and the Company's websites, and obtaining information related to the items on the General Assembly's agenda, especially the report of the Board of Directors, the Auditor, the financial statements, and the Audit Committee report.
- Paragraph (E) of Article 15 relating to the announcement to the public and notification to CMA and Tadawul of the results of the General Assembly immediately after its conclusion.
- Paragraph (D) of Article 17 relating to notifying CMA of the Directors' names and their membership status within five (5) business days of the commencement date of the Board's term, or from the date of their appointment, whichever is sooner, as well as any changes that may affect their membership within five (5) business days of the occurrence of such changes.
- Article 54 relating to the Audit Committee convening periodically, provided that at least four meetings are held during the Company's financial year.
- Article 65 relating to the publication of the Company's announcement of nomination for Board membership on the Company and Tadawul's websites to invite persons wishing to run for Board membership, provided that the nomination period shall continue for at least a month from the date of the announcement.

5.6 Conflict of Interests

Neither the Company's Bylaws nor any of the Company's internal regulations and policies grant any Director or the CEO the power to vote on any contract or proposal in which he has a direct or indirect interest, in accordance with Article 71 of the Companies Law, which states that a Member of the Board shall not have any direct or indirect interest in the transactions and contracts conducted on behalf of Company, except with the authorization of the Ordinary General Assembly, and in accordance with the controls set forth by the competent authority.

Pursuant to said Article, a Board Member must inform the Board of Directors of any personal interest he may have in the transactions and contracts made on behalf of the Company. The Chairman of the Board of Directors shall inform the General Assembly, when it convenes, of the transactions and contracts in which any Board Member has a personal interest. Such communication shall be accompanied by a special report from the Auditor. Such declaration must be recorded in the minutes of the Board meeting, and the interested member shall not participate in voting on the resolution to be adopted in this respect.

Based on the foregoing, the Directors undertake to comply with the following:

- Complying with the provisions of Articles 27, 71, and 72 of the Companies Law and the provisions of Chapter Six of Part Three of the Corporate Governance Regulations.
- Refraining from voting on General Assembly resolutions pertaining to contracts entered into with the Company where the Director has a direct or indirect interest in such contract.
- Avoiding participating in any business that competes with that of the Company, unless such member has authorization from the Ordinary General Assembly.
- All future Related Party transactions shall be made on an arm's length basis in accordance with the terms of the Related Party Transactions Policy.

5.7 Direct and Indirect Interest of Directors, Board Secretary, and Senior Executives

With the exception of the membership of the Chairman of the Board of Directors of the Company in the Global Healthcare Company Board of Directors (Whites and Kunooz pharmacies), which is a competitor of the Company (for further information, please refer to Section 2.1.36 "**Risks Related to the Participation of Board Members in Business Competing for the Company's Business**" of this Prospectus) The Board of Directors declares that there is no conflict of interest for any of the Board Members, Executive Management, Board Secretary, Senior Executives, nor any of their Relatives, and that they do not hold direct or indirect interests in the shares and debt instruments of the Company and its subsidiaries, if any, or otherwise any interest in another matter that may affect the operations of the Company, except as disclosed in Section 12.9 ("**Transactions and Contracts with Related Parties**") of this Prospectus. All transactions are conducted on an arm's length basis. Additionally, as at the date of this Prospectus, the Board of Directors are not engaging in any similar or competing activities to the Company's through their memberships in the boards of other companies.

5.8 Employees

5.8.1 Employee Shares

There is no Employee Share Scheme.

5.9 Events of Bankruptcy and Insolvency Involving the Directors

As at the date of this Prospectus, there are no bankruptcy events involving the Directors, Executive Management, or the Secretary. There have also been no events of bankruptcy, within the last five years, of any company in which any of the Directors, Executive Management, or the Secretary held an administrative or supervisory position (for more details, please refer to Section 11 ("**Declarations**") of this Prospectus).


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6. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND OPERATING RESULTS

6.1 Introduction

The Management Discussion and Analysis section of Nice One Beauty Digital Marketing Company (the "**Company**") and its subsidiaries (collectively referred to in this section as the "**Group**") provides an analytical presentation of the Group's operating performance and financial position during the financial years ending on 31 December 2021G, 2022G, 2023G, and the three-month periods ended on 31 March 2023G and 2024G. This section and the accompanying notes have been prepared based on the Company's audited consolidated financial statements for the financial year ended 31 December 2023G which includes the comparative financial information as at and for the year ended 31 December 2022G, and the Company's audited financial statements for the year ended 31 December 2021G, and the Company's unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2024G which includes the comparative financial information for the three-month period ended 31 March 2023G.

The Company's audited financial statements for the financial years ended 31 December 2021G and 31 December 2022G, and the Company's audited consolidated financial statements for the financial year ended 31 December 2023G, and their supplementary notes which are presented in other sections of this Prospectus, have been prepared in accordance with the International Financial Reporting Standards ("**IFRS**") 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**"); collectively referred as (International Financial Reporting Standards endorsed in the Kingdom of Saudi Arabia) and were audited by Ernst & Young Professional Services (the "**Auditor**"). The Company's unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2024G and their supplementary notes have been prepared in accordance with IAS 34 – Interim Financial Reporting 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**") and have been reviewed by the Auditor. The Company's audited financial statements for the financial years ended 31 December 2021G and 31 December 2022G, the audited consolidated financial statements for the financial year ended 31 December 2023G and the unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2024G are collectively, referred to as "**Financial Statements**". The Financial Statements are contained in Section 19 - " **Financial Statements and Auditor's Report**" of this Prospectus.

Neither Ernst & Young Professional Services nor any of its subsidiaries, employees (working with the team on providing services to the Company) or any of their relatives owns any shares, stakes, or interest of any kind in the Group that might affect its independence as of the date of issuance of the audited consolidated financial statements. As of the date of this Prospectus, Ernst & Young Professional Services has provided it written consent to indicate in this Prospectus its role as an independent auditor for the Group's financial statements for the fiscal years ending on 31 December 2021G, 2022G, and 2023G, and it has not withdrawn that approval as of the date of issuance of this Prospectus.

All figures in this section have been rounded to the nearest thousand Saudi riyals unless otherwise stated, and numbers and percentages have been rounded to the nearest decimal place. Therefore, the sum of these numbers may differ from what is shown in the tables.

The Company has issued its statutory financial statements for the year ending 31 December 2021G, which were prepared in accordance with International Financial Reporting Standard for Small and Medium-Sized Entities ("**IFRS for SMEs**") issued by the International Accounting Standards Board ("**IASB**"), that is 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**") (collectively referred to as "**IFRS for SMEs as endorsed in KSA**"). On 25 July 2022G, the partners appointed internal financial advisors to go for initial IPO activities. For the IPO purposes, they opted to prepare the financial statements for the year ending 31 December 2021G under IFRS as endorsed in the Kingdom of Saudi Arabia. The financial statements for the year ended 31 December 2021G are the first financial statements the Company has prepared in accordance with IFRS as endorsed in the Kingdom of Saudi Arabia.

Accordingly, the financial information for the financial year ended on 31 December 2021G was derived from the Company's audited financial statements for the financial year ending on 31 December 2021G, which have been prepared in accordance with International Financial Reporting Standards endorsed in the Kingdom of Saudi Arabia. Unless disclosed otherwise, the financial information for the financial year ended on 31 December 2022G was derived from the comparative financial information presented in the Company's audited consolidated financial statements for the financial year ending on 31 December 2023G. The financial information for the three-month period ended 31 March 2023G was derived from the comparative financial information presented in the Company's unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2024G.

This section may include statements of a forward-looking nature relating to the future capabilities of the Group, based on management's plans and expectations regarding the Group's growth, results of operations and financial position as well as the risks and uncertainties associated therewith. The Group's actual results may differ materially from the expected results as a result of many factors, risks and future events, including those discussed in this section of the Prospectus or elsewhere, in particular Section 2- "**Risk Factors**" of this Prospectus.

6.2 Key Factors Affecting the Group's Operations

Below is a discussion of the key factors that have affected, or are expected to affect, the Group's business, financial position, and operational results. These factors are based on the current information available to the Company and may not include all factors that could influence the Group's business (for more information, please refer to Section 2 - "**Risk Factors**" and the "**Important Notice**" Section on page (i) of this Prospectus).

6.2.1 Economic Conditions

The Company's business can be significantly impacted by economic conditions in the Kingdom. Any fluctuations in individual income levels could directly influence consumer spending on non-essential goods, such as Cosmetics and Personal Care products. Additionally, economic growth rates and unemployment levels are key factors, as they affect purchasing power and overall consumer confidence. A strong economy is a crucial driver for increased spending on beauty and personal care products. Conversely, economic recessions may lead to a decline in sales as consumers shift their priorities.

6.2.2 Regulatory Factors

Government regulations and policies play a pivotal role in the Cosmetics and Personal Care sector. Compliance with health and safety standards is essential to operating within this sector, and any changes to these regulations can affect the range of products offered and business practices. Moreover, import and export restrictions, as well as increases in customs duties, can impact the cost and availability of products for the Company.

6.2.3 Political Stability

Political stability in the Kingdom provides a favorable environment for business operations. Government support for e-commerce initiatives can facilitate the growth and expansion of this market. However, geopolitical events and international relations can influence trade policies and import/export regulations, thereby affecting product availability and costs.

6.2.4 Technological Developments

Technological advancements, improvements in payment systems, and innovations in logistics can enhance customer experience and operational efficiency. However, these advancements also bring challenges, such as cybersecurity threats and concerns over data privacy. The Company's operations and platform uptime may be disrupted due to a technological failure or cyber-attack. Additionally, the consumer database maintained by the Company is at risk of privacy breaches.

6.2.5 Digital Infrastructure

The digital infrastructure in the Kingdom, including the availability and widespread use of high-speed internet, is a key factor for online retailers. A well-developed digital infrastructure enables customers to access and navigate e-commerce platforms smoothly. The performance of electronic payment systems also plays a role in facilitating secure online transactions, as their efficiency directly impacts the speed and reliability of completing such transactions. Any disruptions in this digital infrastructure could negatively affect the Company's business performance.

6.2.6 Market Competition

The Cosmetics and Personal Care market in the Kingdom is dynamic, with both international and local brands competing for market share. The presence of well-known competitors can influence the Company's pricing strategies, marketing campaigns, and product innovation. The Company will strive to differentiate itself by offering unique value propositions, such as private-label brands and superior customer service, to stand out among competitors. However, understanding competitor movements and their impact on the market is crucial to the Company's success and growth.

6.2.7 Consumer Behavior

Shifts in consumer preferences and desires in the beauty and personal care market, such as increased demand for organic and natural products or the avoidance of premium-priced items, may require the Company to quickly adapt its product offerings. Consumers are also influenced by social media influencers, which can affect their preferences. Such changes may necessitate rapid adjustments to the Company's offerings, potentially impacting its business trajectory.

6.2.8 Cultural and Social Factors

Cultural values influence consumer purchasing behaviors in the Cosmetics and Personal Care industry. Social trends, such as an increasing focus on health and self-care, can drive demand for certain categories of beauty and personal care products. Demographic shifts, including population growth and changes in age distribution, also affect market dynamics. The growing expatriate population in Saudi Arabia continues to influence demand dynamics. The Company must stay attuned to these cultural and social factors and adjust its marketing strategies and product offerings to meet the evolving needs of its target segments.

6.2.9 Supply Chain Factors

Efficient supply chain management plays a crucial role in the Cosmetics and Personal Care industry. The availability and cost of raw materials, as well as the availability and cost of final products offered, can directly impact pricing strategies and product availability in the market. These factors significantly influence the ability to meet demand and maintain stable prices. Reliable logistics and delivery services are essential for timely order fulfillment, positively affecting customer satisfaction and repeat purchases. Global supply chain disruptions, such as those caused by natural disasters or political instability, can severely impact inventory levels and operating costs.

6.2.10 Seasonal Factors

The Company is subject to seasonal fluctuations in revenue. For instance, product sales tend to increase during Ramadan and in November due to special promotional offers. The Company's ability to manage increased demand during peak seasons, ensure consistent product availability, maintain customer service levels, and uphold product quality during these times can directly influence customer experience and loyalty. Therefore, seasonal fluctuations are a factor that may affect the Company's business, financial position, and operational results.

6.3 Directors' Declaration for Financial Statements

1- The Board of Directors declare that the financial information contained in this section is extracted without material modifications and is presented in accordance with the Company's audited financial statements for the year ended on 31 December 2021G and the audited consolidated financial statements for the year ended on 31 December 2023G, which have been prepared in accordance with International Financial Reporting Standards endorsed in the Kingdom of Saudi Arabia and the Company's unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2024G, and their supplementary notes have been prepared in accordance with IAS 34 – Interim Financial Reporting as endorsed in the Kingdom of Saudi Arabia (Saudi Arabia) and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

2- The Board of Directors declare that the Group has sufficient working capital for a period of at least 12 months immediately following the date of publication of the Prospectus.

3- The Board of Directors declare that there has been no material negative change in the financial and commercial position of the Group during the three (3) years immediately preceding the date of submitting the application for registration and offering the securities subject to 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, except for what is mentioned in this section or any other section of this Prospectus, in particular the factors mentioned in Section 2 - "**Risk Factors**" of this Prospectus.

4- The Board of Directors declare that the Group does not have any property, including contractual securities or other assets, the value of which is subject to fluctuations or whose value is difficult to ascertain, which would significantly affect the assessment of the financial position, except for financial instruments at fair value through profit or loss, which were disclosed in Section 6-6-2 "**Statement of Financial Position**" of this Prospectus.

5- The Board of Directors declare that the Group have not granted any commissions, discounts, brokerage fees, or any non-monetary compensation during the three (3) years immediately preceding the date of submitting the application for registration and offering of securities subject to this Prospectus, in connection with the issuance or offering any securities to any of the members of the Board of Directors, senior executives, those presenting or offering securities, or experts who received any of these payments or benefits.

6- Other than what was stated in Section 6-6-2-4-1 "**Long-term borrowings**" of this Prospectus, the members of the Board of Directors declare that the Group does not have any loans or other indebtedness, including overdrafts from bank accounts, obligations under acceptance, acceptance credit or lease purchase obligations, whether covered by a personal guarantee, not covered by a personal guarantee, secured by a mortgage, or not secured by a mortgage.

7- Other than what is stated in Sections 6-2 "**Key Factors Affecting the Group's Operations**" and 2 – "**Risk Factors**" of this Prospectus, the Group does not have any information about any governmental, economic, financial, monetary, or political policies or any other factors that have influenced or may influence or could materially affect (directly or indirectly) operations.

8- The Board of Directors declare that there is no intention of making any fundamental change to the nature of the Group's activities.

9- The Board of Directors confirm that the Group's operations have not been discontinued in a way that could have a significant impact on the Group's financial position during the past twelve months.

10- The Board of Directors declare that the share capital of the Group and its subsidiaries is not subject to any option right.

11- Other than what was stated in Section 6-6-2 "**Statement of Financial Position**" of this Prospectus, the Board of Directors declare that the Group do not have any contingent liabilities or guarantees as of the date of this Prospectus.

12- Other than what is stated in Section 6-6-2-4-1 "**Long-term borrowings**" of this Prospectus, the Board of Directors declare that the properties of the Group are not subject to any mortgages, rights or charges as of the date of this Prospectus.

13- The Board of Directors declare that The Group has provided comprehensive details in this section of all fixed assets and investments, including where applicable any contractual financial securities or other assets, which may be subject to fluctuations in value or may be difficult to estimate;

14- Other than what is stated in Section 6-6-2-4-1 "**Long-term borrowings**", the Board of Directors declare that the Group has not issued debt instruments, term loans, secured or unsecured mortgages, whether current, issued, or approved but not issued.

15- The Board of Directors declare that there was no reservation in the auditor's report on the issuer's financial statements for any of the three (3) financial years immediately preceding the date of submitting the application for registration and offering the securities subject to this Prospectus.

16- The Board of Directors declare that there has been no material change in the accounting policies of the issuer during the three (3) financial years immediately preceding the date of this Prospectus.

17- The Board of Directors declare that there has been no material amendment to the audited consolidated financial statements announced for any of the three (3) financial years immediately preceding the date of this Prospectus.

18- The Board of directors declare that there has been no restructuring in the Group in the three financial years directly preceding the date of this Prospectus.

19- Save as disclosed in this Prospectus, neither the members of the Board of Directors nor any of their relatives have any shares or interest of any kind in the issuer or any of its subsidiaries.

6.4 Group Overview

Nice One Beauty Digital Marketing Company (formerly: Product Sea Trading Company) (the "Company") is a Closed Joint stock Company registered in Riyadh; Kingdom of Saudi Arabia under Commercial Registration numbered 1010705691 dated 4 Shabaan 1438H (corresponding to 30 April 2017). The registered address of the Company is: P.O 5497, Riyadh 51422, Kingdom of Saudi Arabia. The Company is engaged in the retail business of perfumes, cosmetics, soap and incense. The Company is practicing its activities through the following branches:

Branch	Registration No.	Registration Date
Product Sea for Accessories Warehouse	1010947279	27 Jumada Al-Alkhirah 1439H (corresponding to 15 March 2018G)
Product Sea for Operation & Maintenance	1010581040	23 Ramadan 1440H (corresponding to 28 May 2019G)
Product Sea for Trading - Alsala	1010591825	21 Dhu Al-Hijjah 1440H (corresponding to 22 August 2019G)

Source: Company's audited consolidated financial statements for the financial year ended 31 December 2023G and the unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2024G.

The company has the following subsidiaries.

Subsidiary	Relationship	Country of incorporation	Effective ownership				Principle activity
			2021G	2022G	2023G	31 March 2024G	
Bahr AlMontajat General Trading Co.	Subsidiary	Egypt	-	100%	100%	100%	Retail business of perfumes, cosmetics, soap and incense
Niceone Perfumes and Cosmetic Trading LLC	Subsidiary	UAE	-	-	100%	100%	Retail business of perfumes, cosmetics, soap and incense

Source: Company's audited consolidated financial statements for the financial year ended 31 December 2023G and the unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2024G.

Both subsidiaries are still in start-up phase and are yet to start commercial operations and on that basis these subsidiaries were not considered as material subsidiaries. In 2022G, the financial statements of the Egyptian subsidiary mentioned above were not consolidated within the Company's financial statements. Therefore, the comparative figures in the financial statements were not consolidated for materiality considerations.

6.5 Basis of preparation and material accounting policy information

6.5.1 Basis of preparation

6.5.1.1 Statement of compliance

The audited financial statements for the financial years ending on 31 December 2021G and 31 December 2022G, and the audited consolidated financial statements for the financial year ending on 31 December 2023G, and their supplementary notes which are presented in other sections of this Prospectus, have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"); collectively referred as (International Financial Reporting Standards endorsed in the Kingdom of Saudi Arabia). The unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2024G and their supplementary notes have been prepared in accordance with IAS 34 – Interim Financial Reporting as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

6.5.1.2 Basis of measurement

The financial statements are prepared under the historical cost convention except for:

i- lease liabilities; and

ii- employee benefits obligation identified at present value of future obligations using projected credit unit method

6.5.1.3 Functional and presentation currency

Save as otherwise indicated, the Financial Statements are presented in Saudi Arabian Riyal ("SAR"), which is also the Company's functional currency.

6.5.1.4 Basis of consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group.

When necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interest;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

The interim condensed consolidated financial statements comprise the interim condensed consolidated financial statements of Nice One Beauty Digital Marketing Company (formerly: Product Sea Trading Company) and its subsidiaries. The interim condensed consolidated financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. When necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

a- Subsidiaries

Subsidiaries are entities that are controlled by the Group. To meet the definition of control, all three of the following criteria must be met:

- i- the Group has power over an entity;
- ii- the Group has exposure, or rights, to variable returns from its involvement with the entity; and
- iii- the Group has the ability to use its power over the entity to affect the amount of the entity's returns.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group.

b- Transactions eliminated on consolidation

All intra-group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

6.5.2 Use of accounting estimates, judgments and assumptions

6.5.2.1 Critical accounting estimated 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 difference in the carrying amounts of assets and liabilities within the next financial period, are presented below. The Group used these assumptions and estimates on the basis available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of inventories

Inventories are held at the lower of cost and net realizable value. When inventories become old, slow moving or obsolete, an estimate is made of their net realizable 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 is applied according to the inventory type and the degree of aging or obsolescence, based on historical selling prices. This valuation requires us to make judgments, based on currently available information, about likely methods of disposition, such as through sales to individual customers, returns to product vendors, or liquidations, and expected recoverable values of each disposition category.

Long-term assumptions for employee benefits

Employee benefits obligations represent obligations that will be settled in the future and require assumptions to project obligations. Management is required to make further assumptions regarding variables such as discount rates, rate of salary increase, mortality rates, employment turnover, and future healthcare costs. Periodically, management of the Group consults with external actuaries regarding these assumptions. Changes in key assumptions can have a significant impact on the projected benefit obligations and/or periodic employee-defined benefit costs incurred.

Provisions

By their nature, provisions are dependent upon estimates and assessments of whether the criteria for recognition have been met, including estimates of the probability of cash outflows. Provisions for litigation are based on an estimate of the costs, taking into account legal advice and other information presently available. Provisions for termination benefits and exit costs, if any, also involve management's judgment in estimating the expected cash outflows for other exit costs. Provisions for uncertain liabilities involve management's best estimate of whether cash outflows are probable.

Useful lives of property and equipment and intangible assets

The Group'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. The Group periodically reviews estimated useful lives and the depreciation method to ensure that the method and period of depreciation and amortization charges are consistent with the expected pattern of economic benefits derived from these assets.

Estimating the incremental borrowing rate

The Group 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 Group 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 Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the stand-alone credit rating).

Provision for expected credit losses

The Group reviews its accounts receivable at each reporting date to assess whether a provision for expected credit losses should be recorded in the consolidated statement of comprehensive income. In particular, judgement by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provision.

6.5.2.2 Judgement

The following critical judgments have the most significant effect on the amounts recognized in the financial statements:

Determining the lease term of contracts with extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within control.

Defined benefit plans

The cost of the defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates, and future pension increases. Due to the complexities involved in the valuation 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.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high-quality corporate bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases are based on expected future inflation rates for the respective countries.

Satisfaction of performance obligation

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognizing revenue. Based on the contractual terms and conditions, the Group retains the risks until the goods are delivered to the customer and after the return period has expired (if any). The Group does not take responsibility for the product subsequent to delivery and after the return period has expired and has no control over what the customer intends to do with it. Thus, the performance obligation is satisfied at a point in time upon delivery with an estimate of potential returns from customers.

Revenue recognition - Estimating variable consideration for returns

The Group estimates variable considerations to be included in the transaction price for the sale of goods with rights of return. If the transaction price includes a variable amount, the transaction price is estimated and recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The Group updates its assessment of expected returns, and the refund liabilities are adjusted accordingly. Estimates of expected returns are sensitive to changes in circumstances and the Group's past experience regarding returns may not be representative of customers' actual returns in the future.

Zakat

A provision for zakat is estimated at the end of each reporting period in accordance with the regulations of the ZATCA and on a yearly basis zakat is submitted to the ZATCA. Differences, if any, at the finalization of final assessments are accounted for when such amounts are determined.

6.5.3 Material accounting policy information

Foreign currencies

Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (the "functional currency"). The Group's financial statements are presented in Saudi Riyals ("SAR"), which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into SAR at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the statement of profit or loss and other comprehensive income. Translation of non-monetary items depends on whether they are recognized at historical cost or at fair value. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary assets that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of 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 consolidated statement of comprehensive income).

Current and non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Group 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 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. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized 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

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

For the purpose of fair value disclosure, the Group 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.

Revenue from contracts with customers

The Group is in the online e-commerce business of trading perfumes, cosmetics, soap, and incense and other ancillary services to support online commerce business.

a- Revenue from contracts with customers for sale of goods and services

Step 1. Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3. Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5. Recognize revenue when (or as) the entity satisfies a performance obligation.

The Group satisfies a performance obligation and recognizes revenue over time if one of the following criteria is met:

1- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or

2- The Group's performance creates or enhances an asset that the customer controls as it is created or enhanced; or

3- The Group's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance completed to date.

For performance obligations where none of the above conditions are met, revenue is recognized at the point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised goods or services, it creates a contract asset/receivable based on the amount of consideration that is conditional on the payment. Where the amount of consideration received from a customer exceeds the amount of revenue recognized this gives rise to a contract liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty.

The Group assesses its revenue arrangements against specific criteria to determine if it is acting as a principal or agent.

The Group has concluded that it is acting as a principal in its revenue arrangement from the supply of goods purchased upfront directly from suppliers.

b- Revenue from the sale of goods

Revenue is measured based on the amount of consideration that we expect to receive, reduced by estimates for return allowances, promotional discounts, and rebates. Revenue also excludes any amounts collected on behalf of third parties, including value-added tax.

Revenue from the sale of goods is recognized at the point in time upon delivery of goods to customers subject to the adjustment for the right of return.

The Group 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 for the sale of goods, the Group considers the effects of variable consideration.

Transactions are settled by debit cards, credit cards, and cash on delivery basis.

c- 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 recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers with a right to return the goods within a specified period. The rights of return give rise to variable consideration.

d- Right of return asset

The general terms of the Group's sales provide the customers with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognizes a return liability. A right of return asset for the inventory (and corresponding adjustment to the cost of sales) is also recognized for the right to recover products from customers.

There are no other variable considerations affecting the revenue recognition of the Group.

e- Revenue from the sale of services

The Group earns delivery revenue on orders below a particular threshold. The thresholds are dynamic in nature and vary from geography to geography. This revenue is recognized on delivery of goods to the customer.

f- Assets and liabilities arising from rights of return

1- **Right of return assets**

A right-of-return asset is recognized for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods and any potential decreases in value. The Group updates the measurement of the asset to adjust for any revisions to the expected level of returns and any additional decreases in the value of the returned products.

2- **Refund liabilities**

A refund liability is recognized for the obligation to refund some or all of the consideration received (or receivable) from a customer. The Group's refund liabilities arise from customers' right of return. The liability is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

Value added tax

Revenue, expenses, and assets are recognized net of the amount of Value added tax, except:

- When the Value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the Sales Tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of Value added tax included.

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

Expenses

All expenses are recognized on an accrual basis.

Cost of revenue

Cost of revenue primarily consists of the purchase price of goods net of any discounts, inbound shipping costs, distribution, logistics, and related costs. Shipping costs to receive products from our suppliers are included in our inventory and recognized as the cost of goods sold upon sale of products to our customers. Cost of revenue also includes provisions for obsolete items and deficiency between net realizable value and cost. Distribution, logistics, and related costs primarily consist of the manpower charges, and any other related costs.

General and administrative expenses

General and administrative expenses primarily consist of payroll and related expenses; facilities and equipment, such as depreciation expense and rent (short-term and low value); professional fees and litigation costs; and other general corporate costs for corporate functions, including accounting, finance, tax, legal, and human resources, warranty, among others. General and administrative expenses include expenses not specifically part of direct cost. Allocations between general and administrative expenses and direct cost, when required, are made on a consistent basis.

Finance costs

Finance costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

Finance costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds. The interest expense on a lease is included in finance costs and recognized using the effective interest method over the lease term.

Other income

Other income is recognized when earned.

Zakat

Zakat is reported to ZATCA in KSA. Zakat is provided on an accrual basis and is computed and charged based on the zakat base as per the regulations related to the zakat provision when the final assessments are obtained from the ZATCA.

Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost includes all amounts necessary to bring the asset to the present condition and location to be ready for its intended use by management. Such costs include the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects (qualifying assets), if the recognition criteria are met, and costs incurred during the commissioning period, net of proceeds from the sale of trial production. Capital work in progress is stated at cost, net of accumulated impairment losses, if any.

When parts of property and equipment are significant in cost in comparison to the total cost of the item, and where such parts/ components have a useful life different from the other parts and are required to be replaced at different intervals, the Group shall recognize such parts as individual components of the asset with specific useful lives and depreciate them accordingly. All other repair and maintenance costs are recognized in the statement of profit or loss and other comprehensive income as incurred.

Depreciation is calculated from the date the item of property and equipment is available for its intended use or in respect of self-constructed assets from the date such assets are completed and ready for the intended use. Land and assets under construction, which are not ready for their intended use, are not depreciated.

Depreciation on assets is calculated on a straight-line basis over the useful life of the asset as follows:

Table (6.1): Depreciation years

Category of property and equipment	Years
Vehicles	5
Leasehold improvements	4
Furniture and fixtures	5
Computers	4
Office equipment	4
Metal shelves	4
Machinery and equipment	4

Source: Audited consolidated financial statements for the financial year ended 31 December 2023G.

The assets' residual values, useful lives, and methods of depreciation are reviewed and adjusted prospectively if appropriate, at each reporting date.

An item of property and equipment and any significant component initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on the disposal of retired, sold, or otherwise derecognized property and equipment are determined by comparing the proceeds with the carrying amount of the asset and are recognized within "other income" in the consolidated statement of comprehensive income. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Capital work in progress is stated at cost until construction or installation is complete. Upon the completion of construction or installation, the cost of such assets together with costs directly attributable to construction or installation, including capitalized borrowing costs, are transferred to the respective class of assets. No depreciation is charged on capital work in progress.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in the statement of profit or loss and other comprehensive income in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. Amortization is calculated from the date when the intangible assets are available for their intended use. It is calculated on a straight-line basis over the useful life of the asset. The useful life of software is 5 years.

An intangible asset is derecognized 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 upon 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 and other comprehensive income.

Impairment of non-financial assets

The Group 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 Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU fair value less costs to sell and its value-in-use and 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. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount. In assessing the value-in-use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

The Group's impairment calculation is based on detailed budgets and forecast calculations which are prepared separately for each of the Group's CGU's to which the individual asset is allocated. These budgets and forecast calculations generally cover a five-year period. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the budget period.

Impairment losses of continuing operations are recognized in the consolidated statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

For assets other than those mentioned above, an assessment is made at each financial year-end as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized 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 recognized. This reversal is limited such that the recoverable amount does not exceed what the carrying amount would have been, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of comprehensive income.

Financial instruments

Recognition and initial measurement

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

A financial instrument is recognized in the statement of financial position when the Group becomes a party to the contractual provisions of the financial instrument.

A financial instrument is measured initially at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue.

Financial assets

Classification of financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost, fair value through other comprehensive income ('FVOCI') or FVTPL.

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

b- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

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

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-to-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

Subsequent measurement

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses are recognized in the statement of profit or loss and other comprehensive income.

Financial assets at amortized cost are subsequently measured at amortized cost using the effective interest rate ("EIR") method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment losses are recognized in the statement of profit or loss and other comprehensive income. Any gain or loss on derecognition is recognized in the statement of profit or loss and other comprehensive income.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the EIR method, foreign exchange gains and losses, and impairment are recognized in the statement of profit or loss and other comprehensive income. Other net gains and losses are recognized in the statement of profit or loss and other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss and other comprehensive income unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in the other comprehensive income and are never reclassified to profit or loss.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial 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 derecognized (i.e., removed from the Group's statement of financial position) when: the rights to receive cash flows from the asset have expired or the Group 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 Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group 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 Group continues to recognize the transferred asset to the extent of its continuing involvement.

In that case, the Group 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 Group 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 Group could be required to repay.

Impairment of financial assets

The Group recognizes an allowance 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 Group 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.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs.

Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group 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 provision rates are based on days past due for groupings of various customer segments that have similar loss patterns based on customer types and ratings.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

Financial liabilities

Initial recognition and measurement

The Group classifies its financial liabilities as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

Subsequent measurement

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the EIR method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or canceled 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 recognized in profit or loss.

Offsetting

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 recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Inventories

Inventories are measured at lower of cost and net realizable value. The cost of inventories is based on the weighted average cost method and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Goods-in-transit and rights under arrangements to be paid for by the Group's customers are presented as inventory as the rights and obligations relating to the inventories have been transferred to the Group.

Cash and cash equivalent

Cash and cash equivalents include cash on hand and bank balances.

Trade receivables

Most sales are made on the basis of normal credit terms, and the trade receivables do not bear interest. If credit was extended over the normal terms, trade receivable are measured at amortized cost using effective interest rate. At the end of each financial period, the Group recognizes an allowance for expected credit losses ("ECL") based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate, and any impairment loss is recognized in the profit or loss directly in the statement of comprehensive income.

Trade payable

Trade payables represent liabilities for goods and services provided to the Group prior to the end of the period which are not settled yet.

Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

Provisions

Provisions are recognized when the Group 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 recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item 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-Zakat rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating leaves, airfare, and allowances that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled. The liabilities are presented under accounts payable, accruals, and others in the statement of financial position.

Employee benefits obligation

The Group's primary defined benefit plan is an end-of-service lump-sum benefits plan.

The benefit liability recognized in the statement of financial position is the present value of the Defined Benefit Obligation ("DBO") at the reporting date. The plan is unfunded, which means the Group pays benefits as they fall due when employees leave service.

The DBO is re-measured on a periodic basis by independent actuaries using the projected unit credit method.

The present value of the DBO is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms approximating to the terms of the related obligation.

The rate used to discount post-employment benefit obligations is determined by reference to market yields at the statement of financial position date on high-quality corporate bonds. In the absence of deep markets of such bonds, the market yields on Government Bonds is used.

The DBO also depends on the assumptions for future salary increases and the rate at which employees are expected to leave. The Group has assumed salaries will increase at a rate of 5% above the discount rate, in order to provide stability to the OCI account. Employee withdrawal rates are very high but can change quickly from year to year. The Group has therefore assumed updates this assumption from year to year as new experience develops.

The net interest cost is calculated by applying the discount rate to the net balance of the DBO. This cost is included in employees' salaries and other benefits expense in the statement of profit or loss and other comprehensive income. Re-measurement gains and losses arising from changes in actuarial assumptions are recognized in the period in which they occur in OCI. Changes in the present value of the DBO resulting from plan amendments or curtailments are recognized immediately in the statement of profit or loss and other comprehensive income as past service costs.

Current and past service costs related to end-of-service benefits and unwinding of the liability at discount rates used are recognized immediately in the statement of profit or loss and other comprehensive income. Any changes in net liability due to actuarial valuations and changes in assumptions are taken as re-measurement in OCI.

The actuarial valuation process takes into consideration the provisions of the Saudi Arabian Labor and Workmen Law as well as the Group's policy.

Statutory reserve

The Group sets aside 10% of its net income each year as a statutory reserve until the reserve equals 30% of the share capital. This has been achieved, the Group has therefore discontinued this transfer. This reserve is not available for distribution.

Withholding tax

Withholding tax liability is created either while expense booking or at the time payment of services in accordance with tax law applicable to the countries applicable tax laws. Withholding tax liability are then discharged to the government.

Dividends

Dividend distribution to the Group's partners is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Group's partners.

Leases

The Group assesses whether a contract contains a lease, at inception of the contract. For all such lease arrangements the Group recognizes 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 Group recognizes 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 recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized 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.

Lease liabilities

At the commencement date of the lease, the Group recognizes 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 Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group 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.

Lease terms include options to extend or terminate the lease when it is reasonably certain that the Group will exercise that option. The Group generally considers the economic life of the right-of-use assets to be comparable to the useful life of similar owned assets. The Group's leases generally do not provide a residual guarantee.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term (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 that are considered of low value (i.e., below SAR 20,000). Lease payments on short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

6.5.3.1 New and amended standards and interpretations

The Group 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 Group has not early adopted any other standard, interpretation, or amendment that has been issued but is not yet effective.

Following amendments apply for the first time in 2023G, but do not have an impact on the financial statements of the group.

IFRS 17 Insurance Contracts

In May 2017G, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance.

Contracts covering recognition and measurement, presentation, and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts that was issued in 2005G. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance, and reinsurance), 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 an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, 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

These amendments had no impact on the financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates and 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 material impact on the financial statements of the Group.

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 material impact on the financial statements of the Group.

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.

In periods in which Pillar Two legislation is (substantively) enacted but not yet effective, the amendment requires disclosure of known or reasonably estimable information that helps users of financial statements understand the entity's exposure arising from Pillar Two income taxes, including both qualitative and quantitative information about its exposure to Pillar Two income taxes at the end of the reporting period. For example:

a- Qualitative information such as how an entity is affected by Pillar Two legislation and the main jurisdictions in which exposures to Pillar Two income taxes might exist, and

b- Quantitative information such as:

  - An indication of the proportion of an entity's profits that might be subject to Pillar Two income taxes and the average effective tax rate applicable to those profits; or
  - An indication of how the entity's overall effective tax rate would have changed if Pillar Two legislation had been effective.

Once the legislation is effective, additional disclosures are required for the current tax expense related to Pillar Two income taxes. The 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 material impact on the financial statements of the Group.

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 Judgement provide guidance and examples to help entities apply materiality judgments 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 had no material impact on the financial statements of the Group.

New standard issues, standard issued but not yet effective.

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, 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 recognize 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 be 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 Group is currently assessing the impact of this amendment.

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
- 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 2023G and must be applied retrospectively. The Group is currently assessing the impact of this amendment.

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 will need to be disclosed.

The Group is currently assessing the impact of this amendment.

6.6 Results of Operations for the Financial Years ending 31 December 2021G, 2022G and 2023G

6.6.1 Statement of Comprehensive Income Data

The following table summarizes the statement comprehensive income data for the three years ended 31 December 2021G, 2022G and 2023G and for the three-month periods ended 31 March 2023G and 2024G:

Table (6.2): Statement of Comprehensive Income data

SAR in 000s	Year ended 31 December 2021G	Year ended 31 December 2022G	Year ended 31 December 2023G	Var. 2021G-2022G	Var. 2022G-2023G	CAGR2021G-2023G	Three-month period ended 31 March 2023G (Unaudited)	Three-month period ended 31 March 2024G (Unaudited)	Var. 31 March 2023G-31 March 2024G
Revenue	449,205	613,631	782,355	36.6%	27.5%	32.0%	155,142	250,053	61.2%
Cost of revenue*	(292,320)	(451,918)	(565,800)	54.6%	25.2%	39.1%	(108,103)	(178,953)	65.5%
Gross profit	**156,886**	**161,714**	**216,555**	**3.1%**	**33.9%**	**17.5%**	**47,039**	**71,099**	**51.1%**
Selling and marketing expenses	(110,802)	(111,209)	(144,093)	0.4%	29.6%	14.0%	(30,118)	(35,317)	17.3%
General and administrative expenses	(28,980)	(29,120)	(36,710)	0.5%	26.1%	12.5%	(7,710)	(11,900)	54.3%

SAR in 000s	Year ended 31 December 2021G	Year ended 31 December 2022G	Year ended 31 December 2023G	Var. 2021G-2022G	Var. 2022G-2023G	CAGR2021G-2023G	Three-month period ended 31 March 2023G (Unaudited)	Three-month period ended 31 March 2024G (Unaudited)	Var. 31 March 2023G-31 March 2024G
Operating profit	**17,104**	**21,384**	**35,752**	**25.0%**	**67.2%**	**44.6%**	**9,211**	**23,882**	**159.3%**
Finance costs	(773)	(2,332)	(3,126)	201.5%	34.1%	101.%	(800)	(1,068)	33.4%
Other income	489	82	2,999	(83.1%)	3.557,3%	147.6%	1,218	34	(97.2%)
Share of loss from a subsidiary	(1,447)	-	-	NA	NA	NA	-	-	NA
Profit before zakat	**15,372**	**19,135**	**35,624**	**24.5%**	**86.2%**	**52.2%**	**9,629**	**22,848**	**137.3%**
Zakat expense	(1,860)	(2,403)	(3,000)	29.2%	24.8%	27.0%	(750)	(950)	26.7%
Net profit for the year/period	**13,512**	**16,732**	**32,624**	**23.8%**	**95.0%**	**55.4%**	**8,879**	**21,898**	**146.6%**
Other comprehensive loss									
Re-measurement loss of employees' terminal benefits	(295)	(481)	(435)	63.0%	(9.5%)	21.4%	-	-	-
Total comprehensive income for the year/period	**13,217**	**16,251**	**32,190**	**23.0%**	**98.1%**	**56.1%**	**8,879**	**21,898**	**146.6%**

Source: Company's audited financial statements for the financial year ended 31 December 2021G and the audited consolidated financial statements for the financial year ended 31 December 2023G and the unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2024G, and Management information.

* This line item was labelled as "Cost of sales" in the Company's audited financial statements for the financial year ended 31 December 2021G and the audited consolidated financial statements for the financial year ended 31 December 2023G.

Table (6.3): Key Performance Indicators

	Year ended 31 December 2021G (Management information)	Year ended 31 December 2022G (Management information)	Year ended 31 December 2023G (Management information)	Var. 2021G-2022G	Var. 2022G-2023G	CAGR2021G-2023G	Three-month period ended 31 March 2023G (Management information)	Three-month period ended 31 March 2024G (Management information)	Var. 31 March 2023G-31 March 2024G
	As a % of revenue			**Percentage points**			**As a % of revenue**		**Percentage points**
Cost of revenue	65.1%	73.6%	72.3%	8.6	(1.3)	7.2	69.7%	71.6%	1.9
Gross profit margin (1)	34.9%	26.4%	27.7%	(8.6)	1.3	(7.2)	30.3%	28.4%	(1.9)
Selling and marketing expenses (2)	24.7%	18.1%	18.4%	(6.5)	0.3	(6.2)	19.4%	14.1%	(5.3)

	Year ended 31 December 2021G (Management information)	Year ended 31 December 2022G (Management information)	Year ended 31 December 2023G (Management information)	Var. 2021G-2022G	Var. 2022G-2023G	CAGR2021G-2023G	Three-month period ended 31 March 2023G (Management information)	Three-month period ended 31 March 2024G (Management information)	Var. 31 March 2023G-31 March 2024G
General and administrative expenses (3)	6.5%	4.7%	4.7%	(1.7)	(0.1)	(1.8)	5.0%	4.8%	(0.2)
Operating profit margin (4)	3.8%	3.5%	4.6%	(0.3)	1.1	0.8	5.9%	9.6%	3.6
Net profit margin for the year/ period (5)	3.0%	2.7%	4.2%	(0.3)	1.4	1.2	5.7%	8.8%	3.0

Source: Management information.

(1) Gross profit margin is defined as gross profit for the year (period) / revenue for the year (Period). Commencing 2022G, Management reclassified shipping and deliveries expenses from selling and marketing expenses to cost of revenue. Accordingly, gross profit margin decreased from 34.9% in 2021G to 26.4% in 2022G.

(2) Selling and marketing expenses as a % of revenue is calculated as selling and marketing expenses for the year (period) / revenue for the year (period)

(3) General and administrative expenses as a % of revenue is calculated as general and administrative expenses for the year (period) / revenue for the year (period)

(4) Operating profit margin is defined as operating profit for the year (period) / revenue for the year (period)

(5) Net profit margin for the year (period) is defined as net profit for the year (period) / revenue for the year (period)

The Group is an online retailer that offers, through its digital platforms and online website, makeup, perfume, and care products amongst others. The Group's performance is largely driven by the following factors:

- digital investment in the platform, including the digital channels and the online website;
- the relationship with its suppliers and the broad selection of product offerings; and
- the exclusively owned brands, private label products and other international brands.

Nice One offers various payment methods for customers, primarily through Visa/Mada and Apple Pay in addition to buy-now-pay-later (BNPL) methods and cash-on-delivery through delivery service providers.

Orders are fulfilled and packed at the Group's warehouse located in Riyadh. The orders are then delivered to customers either through the Group's own fleet or via logistics companies (delivery service providers). Additionally, the Management monitors customer activity across sales channels to continuously enhance the customer experience and improve the online platform.

Revenue

Revenue is recognized when orders are delivered. Revenues have historically been primarily driven by the sale of makeup, perfumes, care, and other product categories, in addition to service fees associated with the orders made by customers. Service fees are primarily related to delivery charges for customer orders and cash-on-delivery fees charged on orders made through cash-on-delivery as a payment option.

Revenue increased by 36.6% from SAR 449.2 million in 2021G to SAR 613.6 million in 2022G due to an increase in the number of orders by 45.2% from 1.4 million orders to 2.0 million orders, which was also a result of the increase in the number of customers who ordered throughout the year from 903 thousand customers to 1.2 million customers, coupled with the increase in the average number of orders per customer by 13.8% from 1.6 orders in 2021G to 1.8 orders in 2022G following the increase in advertising expenditure and improved marketing efficiency, in addition to the introduction of new stock keeping units (SKU) which resulted in higher customer attraction. The growth in revenue was distributed across all key product groups as follows:

- Makeup products revenue increased by 35.9% from SAR 156.7 million in 2021G to SAR 212.9 million in 2022G;
- Perfume products revenue increased by 39.6% from SAR 146.1 million in 2021G to SAR 204.0 million in 2022G; and
- Care products revenue increased by 34.6% from SAR 119.6 million in 2021G to SAR 160.5 million in 2022G.

The increase in revenue was offset by a decrease in the average order value per customer by 5.9% from SAR 319.6 in 2021G to SAR 300.8 in 2022G as a result of the addition of stock keeping units (SKU) that increased from 19.1 thousand units in 2021G to 22.2 thousand in 2022G and adding new products of different sizes and relatively lower selling prices to the product mix, in line with the Group's strategy to enhance revenue, in addition to the increase in average number of orders per customer from 1.6 in 2021G to 1.8 in 2022G. These measures are part of the Group's strategy to develop and diversify its products, in addition to discounts, which impacted the average selling price per unit during the same period. Despite the decrease in the average order value, the overall increase in the number of orders has resulted in revenue growth as mentioned earlier.

Furthermore, revenue increased by 27.5% from SAR 613.6 million in 2022G to SAR 782.4 million in 2023G following the change in sales mix and the increase in number of orders by 32.3% from 2.0 million to 2.7 million orders as a result of the increase in the number of customers from 1.2 million customers to 1.5 million customers due to the increased spending on advertising coupled with the introduction of new stock keeping units (SKU) which resulted in higher customer attraction. The growth in revenue was distributed across all key product groups as follows:

- Makeup products revenue increased by 38.5% from SAR 212.9 million in 2022G to SAR 294.9 million in 2023G;
- Perfume products revenue increased by 12.0% from SAR 204.0 million in 2022G to SAR 228.4 million in 2023G; and
- Care products revenue increased by 41.3% from SAR 160.5 million in 2022G to SAR 226.7 million in 2023G.

The increase in revenue was offset by a decrease in the average order value per customer by 3.6% from SAR 300.8 in 2022G to SAR 289.8 in 2023G in line with the change in the sales mix, as Management continued adding new stock keeping units (SKU) that increased from 22.2 thousand units in 2022G to 26.4 thousand units in 2023G and adding new products of different sizes and relatively lower selling prices to the product mix, as part of the Group's strategy to improve and diversify the product mix, coupled with discounts, which impacted the average selling price per unit during the same period. Despite the decrease in the average order value, the overall increase in the number of orders has resulted in revenue growth as mentioned earlier.

For the three-month period ended 31 March 2024G, revenue increased by 61.2% from SAR 155.1 million in the three-month period ended 31 March 2023G to SAR 250.1 million in the three-month period ended 31 March 2024G due to the increase in number of orders by 75.7% from 504.7 thousand orders to 886.8 thousand orders which was also a result of the increase in the number of customers from 424 thousand customers to 710 thousand customers over the same period due to the increased spending on advertising coupled with the introduction of new stock keeping units (SKU) which resulted in higher customer attraction. The growth in revenue was distributed across all key product groups as follows:

- Makeup products revenue increased by 52.5% from SAR 62.8 million in the three-month period ended 31 March 2023G to SAR 95.8 million in the three-month period ended 31 March 2024G;
- Perfume products revenue increased by 29.2% from SAR 46.8 million in the three-month period ended 31 March 2023G to SAR 60.5 million in the three-month period ended 31 March 2024G; and
- Care products revenue increased by 115.3% from SAR 38.8 million in the three-month period ended 31 March 2023G to SAR 83.6 million in the three-month period ended 31 March 2024G.

It is worth noting that during the three-month period ended 31 March 2024G, approximately 20 days of Ramadan coincided with March 2024G, compared to 10 days in March 2023G. Ramadan is considered a seasonal month that positively impacts the Group's revenue, leading to an increase in revenue during the same period. This was offset by the decrease in the average order value per customer by 8.3% from SAR 307.8 million in the three-month period ended 31 March 2023G to SAR 282.0 million in the three-month period ended 31 March 2024G in line with the change in the sales mix, as Management continued adding new stock keeping units (SKU) that increased from 26.4 thousand units in the three-month period ended 31 March 2023G to 28.1 thousand units in the three-month period ended 31 March 2024G and adding new products of different sizes and relatively lower selling prices to the product mix, as part of the Group's strategy to improve and diversify the product mix, coupled with discounts, which impacted the average selling price per unit during the same period. Despite the decrease in the average order value, the overall increase in the number of orders has resulted in revenue growth as mentioned earlier. It is also important to note that the average order value slightly decreased from SAR 289.8 in 2023G to SAR 282.0 in the three-month period ended 31 March 2024G.

Cost of revenue

Cost of revenue comprised mainly of the cost of goods sold after cost adjustments, shipping and deliveries, distribution, logistics, and other related costs. These accounted for 99.4% of cost of revenue in 2021G, 98.2% in 2022G, 97.9% in 2023G, 98.3% in the three-month period ended 31 March 2023G, and 98.6% in the three-month period ended 31 March 2024G. Shipping costs for receiving products from suppliers are included in inventory and are recognized as cost of revenue when the products are sold to customers. The cost of revenue also includes provisions for obsolete items and any shortfall between net realizable value and cost. Distribution, logistics, and related costs primarily consist of employee costs and any other associated expenses.

Cost of revenue increased by 54.6% from SAR 292.3 million in 2021G to SAR 451.9 million in 2022G mainly due to an increase in the direct cost of goods by 52.7% from SAR 290.7 million in 2021G to SAR 443.8 million in 2022G as a result of the increase in orders procured from suppliers in line with the overall growth in the business, in addition to the reclassification of shipping and deliveries expenses amounting to SAR 33.7 million from selling and marketing expenses in 2021G to the cost of revenue in 2022G.

Cost of revenue increased by 25.2% from SAR 451.9 million in 2022G to SAR 565.8 million in 2023G as a result of the increase in orders procured from suppliers in line with the overall growth in the business, driven by the higher number of orders during the period. In addition, provision for obsolete items increased by 53.0% from SAR 3.3 million in 2022G to SAR 4.6 million in 2023G (it is worth noting that inventory write offs amounted to SAR 3.7 million in 2023G, whereby SAR 1.4 million was already provided for during the period, and SAR 2.3 million was directly recognized under cost of revenue) in line with the Group's inventory provisioning policy (for further details on the inventory provisioning policy, refer to Section 6-6-2-2 "**Current Assets**" of this Prospectus).

Cost of revenue increased by 65.5% from SAR 108.1 million in the three-month period ended 31 March 2023G to SAR 179.0 million in the three-month period ended 31 March 2024G as a result of the increase in orders procured from suppliers in line with the overall growth in the business, driven by the higher number of orders during the period. In addition, provision for obsolete items increased by 33.5% from SAR 1 million in the three-month period ended 31 March 2023G to SAR 1.3 million in the three-month period ended 31 March 2024G in line with the Group's inventory provisioning policy.

Gross profit

Commencing 2022G, the Group reclassified shipping and deliveries expenses from selling and marketing expenses to cost of revenue. This is primarily due to the matching principle between delivery revenue (classified under service revenue) and the expenses related to this revenue, such as shipping and delivery costs whereby the majority of this cost was associated with marketing expenses as part of promotional campaigns before 2022G. Consequently, the gross profit margin decreased from 34.9% in 2021G to 26.4% in 2022G.

Despite the reclassification of shipping and deliveries expenses amounting to SAR 33.7 million from selling and marketing expenses to cost of revenue in 2022G, gross profit increased by 3.1% from SAR 156.9 million in 2021G to SAR 161.7 million in 2022G, driven by a 36.6% increase in revenue from SAR 449.2 million in 2021G to SAR 613.6 million in 2022G, as a result of a 45.2% increase in the number of orders from 1.4 million orders to 2.0 million orders. The reclassification of shipping and deliveries expenses impacted the gross profit margin, which decreased from 34.9% in 2021G to 26.4% in 2022G.

Gross profit increased by 33.9% from SAR 161.7 million in 2022G to SAR 216.6 million in 2023G driven by a 27.5% increase in revenue from SAR 613.6 million in 2022G to SAR 782.4 million in 2023G. This growth was a result of a 32.3% increase in the number of orders from 2.0 million orders to 2.7 million orders, coupled with a change in the sales mix due to a 36.3% increase in the Group's exclusive brands revenue during the same period. It is worth noting that, due to the increase in volumes sold during this period, the Group updated its purchasing strategy and imported products from key suppliers at competitive prices.

This was offset by an increase in the provisions for obsolete items by 53.0% from SAR 3.3 million in 2022G to SAR 5.0 million in 2023G. Additionally, write off of damaged and expired products amounted to SAR 4.6 million in 2023G (The Group has written off SAR 3.7 million during 2023G from existing provision. The Group has another inventory write-off of SAR 2.3 million that was direct write off through the consolidated statement of comprehensive income. The charge for the inventory provision was SAR 5 million in 2023G).

Gross profit increased by 51.1% from SAR 47.0 million in the three-month period ended 31 March 2023G to SAR 71.1 million in the three-month period ended 31 March 2024G driven by a 61.2% increase in revenue from SAR 155.1 million in the three-month period ended 31 March 2023G to SAR 250.1 million in the three-month period ended 31 March 2024G, as a result of improved marketing efficiency and a 75.7% increase in the number of orders from 504.7 thousand orders to 886.8 thousand orders during the period.

This was offset by a 33.5% increase in provision for obsolete items from SAR 951 thousand in the three-month period ended 31 March 2023G to SAR 1.3 million in the three-month period ended 31 March 2024. The gross profit margin decreased from 30.3% in the three-month period ended 31 March 2023G to 28.4% in the three-month period ended 31 March 2024G. Despite the decline in gross profit margin during the same period, the gross profit margin increased from 27.7% in 2023G to 28.4% in the three-month period ended 31 March 2024G.

It is worth noting that, as part of the Group's strategy to improve profit margins, the Group has ensured an increase in the contribution of its exclusively owned brands to revenue, as these products typically have higher profit margins compared to other brands. The contribution of exclusively owned brands to revenue increased from 17.4% in 2021G to 18.9% in 2022G, and further to 19.9% in the 2023G. Moreover, the contribution of exclusively owned brands to revenue amounted to 19.7% in the three-month period ended 31 March 2023G and 18.0% in the three-month period ended 31 March 2024G.

Selling and marketing expenses

Selling and marketing expenses primarily comprise of advertisements, sales commissions, bank charges and withholding tax amongst others. Advertisements expenses accounted for the largest portion of selling and marketing expenses, accounting for 56.0% in 2021G, 87.5% in 2022G, 87.4% in 2023G, 90.0% in the three-month period ended 31 March 2023G, and 83.9% in the three-month period ended 31 March 2024G.

Selling and marketing expenses increased by 0.4% from SAR 110.8 million in 2021G to SAR 111.2 million in 2022G primarily due to the increased spending on advertising through (i) influencers which are based on contracts with monthly payments and affiliates which offer coupons to customers which resulted in an increase in advertisement campaign expenses from SAR 62.0 million to SAR 97.3 million during the same period, and (ii) BNPL fees paid on payment options offered to customers commencing 2022G. Despite this increase, selling and marketing expenses as a percentage of revenue decreased from 24.7% in 2021G to 18.1% in 2022G due to the reclassification of shipping and deliveries expenses, amounting to SAR 33.7 million in 2021G, from selling and marketing expenses to the cost of revenue in the 2022G, in addition to increasing efficiency in promotional expenses and customer lifetime value (the average profits (or revenues) achieved by the Group from one customer throughout the period) and the overall increase in revenues.

Selling and marketing expenses increased by 29.6% from SAR 111.2 million in 2022G to SAR 144.1 million in 2023G due to the increase in advertisements expenses by SAR 28.6 million, driven by further increases in spending on advertising through digital marketing, influencers and affiliates, as well as increases in BNPL fees paid in line with the increased contribution of BNPL to revenue from 34.6% in 2022G to 37.2% in 2023G. Despite this increase, selling and marketing expenses slightly increased as a percentage of revenue from 18.1% in 2022G to 18.4% in 2023G.

Selling and marketing expenses increased by 17.3% from SAR 30.1 million in the three-month period ended 31 March 2023G to SAR 35.3 million in the three-month period ended 31 March 2024G due to (i) BNPL fees paid on payment options offered to customers in line with the increased contribution of BNPL to revenue from 24.1% in the three-month period ended 31 March 2023G to 41.6% in the three-month period ended 31 March 2024G, and the increases in spending on advertising through digital marketing, influencers and affiliates, (ii) the increase in sales commission by 127.6% from SAR 1.1 million in the three-month period ended 31 March 2023G to SAR 2.4 million in the three-month period ended 31 March 2024G due to increased reliance on affiliate coupons in comparison to influencers, and (iii) the increase in payment gateway fees, which amounted to SAR 1.4 million in the three-month period ended 31 March 2024G. Despite this increase, selling and marketing expenses as a percentage of revenue decreased from 19.4% in the three-month period ended 31 March 2023G to 14.1% in the three-month period ended 31 March 2024G due to increased efficiency in promotional expenses and customer lifetime value, along with overall increase in revenue.

General and administrative expenses

General and administrative expenses comprise mainly salaries, wages and other benefits, governmental and legal fees, depreciation of right-of-use-assets, depreciation on property and equipment, amortization and insurance among other general and administrative expenses.

General and administrative expenses increased by 0.5% from SAR 29.0 million in 2021G to SAR 29.1 million in 2022G mainly driven by the increase in salaries, wages and other benefits by 9.9% from SAR 17.4 million in 2021G to SAR 19.1 million in 2022G on the back of an increase in average compensation packages during the same period. This was offset by a decrease in the provisions for doubtful debts which amounted to SAR 736 thousand in 2021G driven by the reclassification of the provision under selling and marketing expenses in 2022G and 2023G as this provision is related to receivable balances from companies (wholesale sales).

General and administrative expenses increased by 26.1% from SAR 29.1 million in 2022G to SAR 36.7 million in 2023G mainly driven by (i) the increase in professional fees by SAR 3.3 million related to the initial public offering consultancy fees and (ii) retail booth rents by SAR 1.0 million related to booths in malls and other venues to market the Group's exclusively owned brands, (iii) increase in salaries, wages and other benefits by SAR 1.1 million, (iv) increase in depreciation expenses in relation to leasehold improvements of the head office and additions related to warehouses.

General and administrative expenses increased by 54.3% from SAR 7.7 million in the three-month period ended 31 March 2023G to SAR 11.9 million in the three-month period ended 31 March 2024G mainly driven by (i) the increase in governmental and legal fees by SAR 1.5 million related to the VAT, Zakat and with-holding tax consultancy fees (ii) the increase in salaries, wages and other benefits by SAR 1.3 million (iii) the increase in retail booth rents by SAR 183 thousand related to booths in malls and other venues to market the Group's exclusively owned brands, (iv) the increase in depreciation expenses in relation to leasehold improvements of the head office and additions related to warehouses.

Finance costs

Finance cost mainly relates to financing costs on bank borrowings and financing costs on lease liabilities.

The Group had outstanding long-term and short-term borrowings amounting to SAR 18.4 million and SAR 23.3 million as at 31 December 2023G, respectively. The non-current portion of these borrowings amounted to SAR 13.2 million, and the current portion amounted to SAR 28.5 million as at 31 December 2023G, and the non-current portion of these borrowings amounted to SAR 11.8 million, and the current portion amounted to SAR 40.2 million as at 31 March 2024G. The short- and long-term loans include an interest rate of SAIBOR + margin.

The long-term borrowing relates to one medium-term loan obtained from Al Rajhi Bank during 2022G amounting to SAR 27.1 million for financing the construction of a new warehouse in the Central region. The loan is due for repayment on 20 equal quarterly instalments of SAR 1.3 million each, with the last instalment due in May 2027G. The loan includes the following financial covenants: (i) debt service coverage ratio of not less than 1.20 (ii) related party balances not to exceed SAR 10 million, and (iii) leverage ratio of 2x. It is worth noting that the land on which the new warehouse will be constructed in Riyadh city (and what has been or will be constructed on it) is mortgaged in favor of Al Rajhi Development Company as a guarantee to fulfill the debt provided by Al Rajhi Bank under Al Rajhi Facility Agreement.

The short-term borrowings include 2 facilities:

- During 2022G, the Group obtained a short-term credit facility from Al Rajhi Bank amounting to SAR 35.0 million for financing working capital purposes. The outstanding balance of this facility amounted to SAR 14.4 million as at 31 December 2023G and SAR 21.9 million as at 31 March 2024G. The facility has a maturity period of less than one year.
- During 2023G, the Group obtained a short-term credit facility from Al Awwal Bank (formerly SAB) amounting to SAR 8.9 million for financing working capital purposes. The outstanding balance of this facility amounted to SAR 8.9 million as at 31 December 2023G. During the three-month period 31 March 2024G, the Group increased the short-term credit facility from Al Awwal Bank (formerly SAB) from SAR 8.9 million to SAR 13.0 million which was outstanding as at 31 March 2024G. The facility has a maturity period of less than one year.

Finance costs increased by 201.5% from SAR 773 thousand in 2021G to SAR 2.3 million in 2022G, owing to the increase in financing costs on bank borrowings resulting from the short-term borrowings from Al Rajhi Bank obtained to finance working capital.

Finance costs increased by 34.1% from SAR 2.3 million in 2022G to SAR 3.1 million in 2023G, driven by the increase in financing costs on bank borrowings resulting from the short-term borrowings from Al Awwal Bank (formerly SAB) and Al Rajhi Bank obtained to finance working capital, as well as an increase in financing costs on lease liabilities.

Finance costs increased by 33.4% from SAR 800 thousand in the three-month period ended 31 March 2023G to SAR 1.1 million in the three-month period ended 31 March 2024G due to an increase in financing costs on bank borrowings resulting from the short-term borrowings from Al Awwal Bank (formerly SAB) and Al Rajhi Bank obtained to finance working capital, as well as an increase in financing costs on lease liabilities.

Other income

Other income comprises mainly gain on disposal of fixed assets, gain on disposal on lease liability extinguishment, foreign exchange loss amongst other miscellaneous losses.

Other income decreased by 83.1% from SAR 489 thousand in 2021G to SAR 82 thousand in 2022G mainly due to the reclassification of share of loss from a subsidiary amounting to SAR 433 thousand to other income in 2022G related to the Group's share in Zahra Aster Cosmetics Company that was disposed of in 2022G.

Other income increased by 3,536.4% from SAR 82 thousand in 2022G to SAR 3.0 million in 2023G, mainly driven by the gain on disposal of fixed assets amounting to SAR 2.3 million which related to the sale of three land plots that were purchased by the Group for marketing purposes. The Group purchased four adjacent land plots for marketing purposes of which three plots were disposed of in 2023G and one plot was disposed of later during the three-month period ended 31 March 2024G as a result of the change in the Group's plan relating to these lands. In addition, other income included a gain on disposal on lease liability extinguishment amounting to SAR 350 thousand, and other miscellaneous income amounting to SAR 881 thousand in 2023G. This was offset by foreign exchange losses amounting to SAR 519 thousand in 2023G primarily related to purchases made in Euros and UAE Dirhams.

Other income decreased by 97.2% from SAR 1.2 million in the three-month period ended 31 March 2023G to SAR 34 thousand in the three-month period ended 31 March 2024G primarily due to an adjustment of SR 1.2 million relating to right of use assets in other miscellaneous income in the three-month period ended 31 March 2023G.

Share of loss from subsidiary

Share of loss from a subsidiary relates to the share of loss from Zahra Aster Cosmetics Company, which was a subsidiary the Group disposed of during 2021G whose share of loss amounted to SAR 1.4 million in 2021G. Share of loss from a subsidiary amounting to SAR 433 thousand was reclassified to other income in 2022G.

Zakat expense

Zakat expense increased by 29.2% from SAR 1.9 million in 2021G to SAR 2.4 million in 2022G and further by 24.8% to SAR 3.0 million in 2023G in line with the increase in the Group's profit and Zakat base across the period. Zakat expense amounted to SAR 750 thousand in the three-month period ended 31 March 2023G and SAR 950 thousand in the three-month period ended 31 March 2024G.

Net profit for the year/period

Net profit for the year increased by 23.8% from SAR 13.5 million in 2021G to SAR 16.7 million in 2022G driven by a 3.1% increase in gross profit from SAR 156.9 million in 2021G to SAR 161.7 million in 2022G on the back of a 36.6% growth in revenue from SAR 449.2 million in 2021G to SAR 613.6 million in 2022G which resulted from a 45.2% increase in the number of orders from 1.4 million orders to 2.0 million orders, and a change in the sales mix following a 36.3% increase in the Group's exclusive brands revenue during the same period. This was offset by a 0.4% increase in selling and marketing expenses from SAR 110.8 million in 2021G to SAR 111.2 million in 2022G, as well as a 201.5% increase in finance costs from SAR 773 thousand in 2021G to SAR 2.3 million in 2022G. As a result, the net profit margin decreased from 3.0% in 2021G to 2.7% in 2022G.

Net profit for the year increased by 95.0% from SAR 16.7 million in 2022G to SAR 32.6 million in 2023G driven by a 33.9% increase in gross profit from SAR 161.7 million in 2022G to SAR 216.6 million in 2023G, which was the result of a 27.5% growth in revenue from SAR 613.6 million in 2022G to SAR 782.4 million in 2023G, primarily due to a 32.3% increase in the number of orders from 2.0 million orders to 2.7 million orders. This was offset by a 29.6% increase in selling and marketing expenses from SAR 111.2 million in 2022G to SAR 144.1 million in 2023G and a 26.1% increase in general and administrative expenses from SAR 29.1 million in 2022G to SAR 36.7 million in 2023G. As a result, the net profit margin increased from 2.7% in 2022G to 4.2% in 2023G.

Net profit for the period increased by 146.6% from SAR 8.9 million in the three-month period ended 31 March 2023G to SAR 21.9 million in the three-month period ended 31 March 2024G, driven by a 51.1% increase in gross profit from SAR 47.0 million in the three-month period ended 31 March 2023G to SAR 71.1 million in the three-month period ended 31 March 2024G, on the back of a 61.2% increase in revenue from SAR 155.1 million in the three-month period ended 31 March 2023G to SAR 250.1 million in the three-month period ended 31 March 2024G, resulting from a 75.7% increase in the number of orders from 504.7 thousand to 886.8 thousand. This was offset by a 17.3% increase in selling and marketing expenses from SAR 30.1 million in the three-month period ended 31 March 2023G to SAR 35.3 million in the three-month period ended 31 March 2024G, and a 54.3% increase in general and administrative expenses from SAR 7.7 million in the three-month period ended 31 March 2023G to SAR 11.9 million in the three-month period ended 31 March 2024G. As a result, the net profit margin for the period increased from 5.7% in the three-month period ended 31 March 2023G to 8.8% in the three-month period ended 31 March 2024G. It is worth noting that the net profit margin increased from 4.2% in 2023G to 8.8% in the three-month period ended 31 March 2024G.

6.6.1.1 Revenue

6.6.1.1.1 Revenue

The following table summarizes the revenue for the three years ended 31 December 2021G, 2022G and 2023G and the three-month periods ended 31 March 2023G and 2024G:

Table (6.4): Revenue

SAR in 000s	Year ended 31 December 2021G (Management information)	Year ended 31 December 2022G	Year ended 31 December 2023G	Var. 2021G-2022G	Var. 2022G-2023G	CAGR2021G-2023G	Three-month period ended 31 March 2023G (Unaudited)	Three-month period ended 31 March 2024G (Unaudited)	Var. 31 March 2023G-31 March 2024G
Revenue from sales of goods	430,081	585,259	748,201	36.1%	27.8%	31.9%	148,476	240,237	61.8%
Revenue from sales of service	19,124	28,373	34,154	48.4%	20.4%	33.6%	6,666	9,815	47.2%
Total	**449,205**	**613,631**	**782,355**	**36.6%**	**27.5%**	**32.0%**	**155,142**	**250,053**	**61.2%**

Source: Company's audited consolidated financial statements for the financial year ended 31 December 2023G and the unaudited interim condensed consolidated financial statements for the three-month periods ended 31 March 2024G, and Management information.

Revenue is recognized when the orders are delivered. Revenue has historically been primarily driven by the sale of makeup, perfumes, care, and other product categories, in addition to service fees associated to the orders made by customers. Service fees are primarily related to delivery charges for customer orders and cash-on-delivery fees charged on orders made by customers opting for cash-on-delivery as a payment option.

Revenue from sales of goods

Revenue from sales of goods consist mainly of revenue from the sale of makeup, perfumes, care, and other product categories.

Revenue from sales of goods increased by 36.1% from SAR 430.1 million in 2021G to SAR 585.3 million in 2022G driven by an increase in the number of orders by 45.2% from 1.4 million orders to 2.0 million orders resulting from the increase in the number of customers from 903 thousand customers to 1.2 million customers during the same period coupled with the increase in the average number of orders per customer from 1.6 in 2021G to 1.8 in 2022G, following the Group's efforts in improving the procurement process through supplier negotiations and enhanced commercial terms, in addition to the introduction of new stock keeping units (SKU) which resulted in more customer attraction. The growth in revenue was distributed across all main product categories. The increase was offset by a decrease in the average order value per customer by 5.9% from SAR 319.6 in 2021G to SAR 300.8 in 2022G as a result of the addition of stock keeping units (SKU) that increased from 19.1 thousand units in 2021G to 22.2 thousand in 2022G and adding new products of different sizes and relatively lower selling-prices to the product mix, in line with the Group's strategy to change the sales mix, in addition to the increase in average number of orders per customer from 1.6 in 2021G to 1.8 in 2022G. These steps and measures are part of the Group's strategy to develop and diversify its products, in addition to discounts, which impacted the average selling price per unit during the same period.

Revenue from sales of goods increased by 27.8% from SAR 585.3 million in 2022G to SAR 748.2 million in 2023G following the change in sales mix and the increase in number of orders by 32.3% from 2.0 million to 2.7 million orders as a result of the increase in the number of unique customers from 1.2 million customers to 1.5 million customers due to the increased spending on advertising coupled with the introduction of new stock keeping units (SKU) which resulted in more customer attraction. The growth in revenue was distributed across all main product categories. The increase was offset by the decrease in the average order value per customer by 3.6% from SAR 300.8 in 2022G to SAR 289.8 in 2023G in line with the change in the sales mix, as Management continued adding new stock keeping units (SKU) that increased from 22.2 thousand units in 2022G to 26.4 thousand units in 2023G and adding new products of different sizes and relatively lower selling-prices to the product mix, as part of the Group's strategy to improve and diversify the product mix, coupled with discounts, which impacted the average selling price per unit during the same period.

Revenue from sales of goods increased by 61.8% from SAR 148.5 million in the three-month period ended 31 March 2023G to SAR 240.2 million in the three-month period ended 31 March 2024G due to the increase in number of orders by 75.7% from 504.7 thousand orders to 886.8 thousand order during the period which was also a result of the increase in the number of customers from 424.3 thousand customers to 710.3 thousand customers over the same period due to the increased spending on advertising coupled with the introduction of new stock keeping units (SKU) which resulted in more customer attraction. The growth in revenue was distributed across all main product categories. It is worth noting that during the three-month period ended 31 March 2024G, approximately 20 days of Ramadan coincided with March 2024G, compared to 10 days in March 2023G. Ramadan is considered a seasonal month that positively impacts the Group's revenue, leading to an increase in revenue during the same period. This was offset by the decrease in the average order value per customer by 8.3% from SAR 307.8 in the three-month period ended 31 March 2023G to SAR 282.0 in the three-month period ended 31 March 2024G in line with the change in the sales mix, as Management continued adding new stock keeping units (SKU) that increased from 26.4 thousand units in the three-month period ended 31 March 2023G to 28.1 thousand units in the three-month period ended 31 March 2024G and adding new products of different sizes and relatively lower selling-prices to the product mix, as part of the Group's strategy to improve and diversify the product mix, coupled with discounts, which impacted the average selling price per unit during the same period.

Revenue from sales of service

Services mainly comprise sales of service related to shipping/delivery fees and cash-on-delivery fees. The Group currently charges its customers service fees for orders below SAR 300 within KSA, depending on the customer category, and payment method, while international orders' customers are charged for orders below SAR 500. The Group recognizes services revenue when shipments are successfully received by customers.

Revenue from the sales of service increased by 48.4% from SAR 19.1 million in 2021G to SAR 28.4 million in 2022G due to the increase in the number of orders during the period. Revenue from the sales of service increased by 20.4% from SAR 28.4 million in 2022G to SAR 34.2 million in the 2023G, and by 47.2% from SAR 6.7 million in the three-month period ended 31 March 2023G to SAR 9.8 million in the three-month period ended 31 March 2024G due to the continued increase in the number of orders during the period.

6.6.1.1.2 Revenue by product category

The following table summarizes the revenue by product category for the three years ended 31 December 2021G, 2022G and 2023G and the three-month periods ended 31 March 2023G and 2024G:

Table (6.5): Revenue by product category

SAR in 000s	Year ended 31 December 2021G (Management information)	Year ended 31 December 2022G (Management information)	Year ended 31 December 2023G (Management information)	Var. 2021G-2022G	Var. 2022G-2023G	CAGR2021G-2023G	Three-month period ended 31 March 2023G (Management information)	Three-month period ended 31 March 2024G (Management information)	Var. 31 March 2023G-31 March 2024G
Makeup	156,689	212,942	294,893	35.9%	38.5%	37.2%	62,795	95,768	52.5%
Perfume	146,076	203,966	228,431	39.6%	12.0%	25.1%	46,803	60,468	29.2%
Care	119,204	160,504	226,749	34.6%	41.3%	37.9%	38,838	83,622	115.3%
B2B	4,895	5,608	275	14.6%	(95.1%)	(76.3%)	-	-	N/A
Others	3,217	2,239	55	(30.4%)	(97.5%)	(86.9%)	41	12	(71.0%)
Sales return provision	-	-	(2,202)	N/A	N/A	N/A	-	320	N/A
Revenue from sales of goods	**430,081**	**585,259**	**748,201**	**36.1%**	**27.8%**	**31.9%**	**148,476**	**240,237**	**61.8%**
Revenue from sales of service	**19,124**	**28,373**	**34,154**	**48.4%**	**20.4%**	**33.6%**	**6,666**	**9,815**	**47.2%**
Total	**449,205**	**613,631**	**782,355**	**36.6%**	**27.5%**	**32.0%**	**155,142**	**250,053**	**61.2%**

Source: Management information.

Table (6.6): As a percentage of revenue

	Year ended 31 December 2021G (Management information)	Year ended 31 December 2022G (Management information)	Year ended 31 December 2023G (Management information)	Var. 2021G-2022G	Var. 2022G-2023G	CAGR2021G-2023G	Three-month period ended 31 March 2023G (Management information)	Three-month period ended 31 March 2024G (Management information)	Var. 31 March 2023G-31 March 2024G
	As a % of revenue			**Percentage points**			**As a % of revenue**		**Percentage points**
Makeup	34.9%	34.7%	37.7%	(0.2)	3.0	2.8	40.5%	38.3%	(2.2)
Perfume	32.5%	33.2%	29.2%	0.7	(4.0)	(3.3)	30.2%	24.2%	(6.0)
Care	26.5%	26.2%	29.0%	(0.4)	2.8	2.4	25.0%	33.4%	8.4
B2B	1.1%	0.9%	0.0%	(0.2)	(0.9)	(1.1)	0.0%		
Others	0.7%	0.4%	0.0%	(0.3)	(0.4)	(0.7)	0.0%	0.0%	(0.0)
Sales returns provision	0.0%	0.0%	(0.3%)	0.0	(0.3)	(0.3)	0.0%	0.1%	0.1
Revenue from sales of goods	**95.7%**	**95.4%**	**95.6%**	**(0.3)**	**0.2**	**(0.1)**	**95.7%**	**96.1%**	**0.4**
Revenue from sales of service	**4.3%**	**4.6%**	**4.4%**	**0.3**	**(0.2)**	**0.1**	**4.3%**	**3.9%**	**(0.4)**
Total	**100.0%**	**100.0%**	**100.0%**	**0.0**	**0.0**	**0.0**	**100.0%**	**100.0%**	**0.0**

Source: Management information.

Table (6.7): Revenue from sales of goods by brand

SAR in 000s	Year ended 31 December 2021G (Management information)	Year ended 31 December 2022G (Management information)	Year ended 31 December 2023G (Management information)	Var. 2021G-2022G	Var. 2022G-2023G	CAGR2021G-2023G	Three-month period ended 31 March 2023G (Management information)	Three-month period ended 31 March 2024G (Management information)	Var. 31 March 2023G-31 March 2024G
Other brands	351,003	470,032	600,767	33.9%	27.8%	30.8%	119,234	196,852	65.1%
Exclusive brands	74,183	109,619	149,361	47.8%	36.3%	41.9%	29,242	43,066	47.3%
Revenue by brand sales	**425,186**	**579,651**	**750,128**	**36.3%**	**29.4%**	**32.8%**	**148,476**	**239,918**	**61.6%**
B2B	4,895	5,608	275	14.6%	(95.1%)	(76.3%)	-	-	NA
Sales return provision	-	-	(2,202)	NA	NA	NA	-	320	NA
Revenue from sales of goods	**430,081**	**585,259**	**748,201**	**36.1%**	**27.8%**	**31.9%**	**148,476**	**240,237**	**61.8%**
Revenue from sales of service	**19,124**	**28,373**	**34,154**	**48.4%**	**20.4%**	**33.6%**	**6,666**	**9,815**	**47.2%**
Total	**449,205**	**613,631**	**782,355**	**36.6%**	**27.5%**	**32.0%**	**155,142**	**250,053**	**61.2%**
	As a % of revenue by brand sales			**Percentage points**			**As a % of revenue by brand sales**		**Percentage points**
Other brands	82.6%	81.1%	80.1%	(1.5)	(1.0)	(2.5)	80.3%	82.0%	1.7
Exclusive brands	17.4%	18.9%	19.9%	1.5	1.0	2.5	19.7%	18.0%	(1.7)
Total	**100.0%**	**100.0%**	**100.0%**	**0.0**	**0.0**	**0.0**	**100.0%**	**100.0%**	**0.0**

Source: Management information.

Table (6.8): Key performance indicators

	Year ended 31 December 2021G (Management information)	Year ended 31 December 2022G (Management information)	Year ended 31 December 2023G (Management information)	Var. 2021G-2022G	Var. 2022G-2023G	CAGR2021G-2023G	Three-month period ended 31 March 2023G (Management information)	Three-month period ended 31 March 2024G (Management information)	Var. 31 March 2023G-31 March 2024G
Quantities sold (thousand units)									
Makeup	4,048	6,831	9,985	68.7%	46.2%	57.1%	1,827	3,207	75.6%
Perfume	980	1,270	1,438	29.5%	13.2%	21.1%	286	397	38.6%
Care	2,396	3,749	6,059	56.5%	61.6%	59.0%	1,042	2,212	112.2%
Others	73	124	465	70.5%	273.4%	152.3%	5	0	(94.5%)
Total	7,497	11,974	17,968	59.7%	50.1%	54.8%	3,161	5,819	84.1%
Average selling price per unit (SAR)									
Makeup	38.7	31.2	29.5	(19.5%)	(5.3%)	(12.6%)	34.3	29.9	(13.1%)
Perfume	149.0	160.6	158.9	7.8%	(1.1%)	3.3%	163.4	152.3	(6.8%)
Care	49.8	42.8	37.4	(13.9%)	(12.6%)	(13.3%)	37.3	37.8	1.5%

	Year ended 31 December 2021G (Management information)	Year ended 31 December 2022G (Management information)	Year ended 31 December 2023G (Management information)	Var. 2021G-2022G	Var. 2022G-2023G	CAGR2021G-2023G	Three-month period ended 31 March 2023G (Management information)	Three-month period ended 31 March 2024G (Management information)	Var. 31 March 2023G-31 March 2024G
Number of customers [(1)]									
Recurring	329,772	568,943	819,775	72.5%	44.1%	57.7%	294,187	504,185	71.4%
New	573,684	583,837	643,841	1.80%	10.3%	5.9%	130,145	206,087	58.4%
Total	903,456	1,152,780	1,463,616	27.6%	27.0%	27.3%	424,322	710,272	67.4%
Number of churned customers [(2)]									
Total	95,296	188,460	292,609	97.8%	55.3%	75.2%	49,330	73,620	49.2%
Churn rate (2)									
Total	29.4%	29.1%	26.4%	(0.3)	(2.7)	(3.0)	27.0%	24.2%	(2.8)
Number of orders									
Placed	1,612,136	2,255,500	2,935,397	39.9%	30.1%	34.9%	553,928	957,970	72.9%
Delivered	1,405,442	2,040,173	2,699,446	45.2%	32.3%	38.6%	504,720	886,771	75.7%
Average number of orders per customer [(3)]									
Total	1.6	1.8	1.8	13.8%	4.2%	8.9%	1.2	1.2	5.0%
Average order value per customer (SAR) [(3)]									
Total	319.6	300.8	289.8	(5.9%)	(3.6%)	(4.8%)	307.4	282.0	(8.3%)
Average quantity sold per order delivered [(3)]									
Total	5.3	5.9	6.7	10.0%	13.4%	11.7%	6.3	6.6	4.8%
Number of application downloads									
Total	1,423,072	1,619,429	1,605,160	13.8%	(0.9%)	6.2%	396,640	671,161	69.2%

Source: Management information.

(1) Number of customers: represent the unduplicated/unique number of customers who have made at least one order throughout the year/period.

(2) Number of churned customers/churn rate: represent the number of customers who have not placed a single order in the past 2 years (churned user). Churn rates is the percentage of how many churned customers with respect to the total number of customers who have or have not placed an order over the same period.

(3) The average number of orders was calculated based on the number of orders delivered for the financial years ended 31 December 2021G, 2022G, and 2023G. The average number of orders for the three-month periods ended 31 March 2023G and 2024G was calculated based on a three-month period only.

Revenue is measured based on the amount of consideration that management expects to receive, less estimates of return allowances, promotional discounts and rebates, which primarily include package discounts and offers (for example, "buy-one-get-one-free" discounts) and coupon discounts offered through promotional companies which primarily represents coupons through social media influencers along with wallet discounts and loyalty programs. The Group's revenue is presented net of all types of discounts.

The overall increase in the number of orders and, consequently, the Group's revenue is attributed to the increase in the number of customers, which increased by 27.6% from 903 thousand customers in 2021G to 1.2 million customers in 2022G, and then by 27.0% to 1.5 million customers in 2023G. Similarly, the number of customers increased by 67.4% from 424.3 thousand customers in the three-month period ended 31 March 2023G to 710.3 thousand customers in the three-month period ended 31 March 2024G.

The increase in the number of customers during the aforementioned periods was due to (1) the increase in the number of recurring customers by 72.5% from 330 thousand customers in 2021G to 569 thousand customers in 2022G and then by 44.1% to 820 thousand customers in 2023G. Similarly, the number of recurring customers increased by 71.4% from 294 thousand customers in the three-month period ended 31 March 2023G to 504 thousand customers in the three-month period ended 31 March 2024G; (2) the increase in the number of new customers by 1.8% from 574 thousand customers in 2021G to 584 thousand customers in 2022G and then by 10.3% to 644 thousand customers in 2023G. Similarly, the number of new customers increased by 58.4% from 130 thousand customers in the three-month period ended 31 March 2023G to 206 thousand customers in the three-month period ended 31 March 2024G. The contribution from new customers to revenue amounted to 53.9% in 2021G, 41.8% in 2022G, 35.6% in 2023G, and 27.1% and 26.7% in the three-month periods ended 31 March 2023G and 2024G, respectively. The decrease in the contribution of new customers to revenue was driven by the overall growth of the total number of customers.

This increase in the number of customers was coupled by a decrease in the customer churn rate from 29.4% in 2021G to 29.1% in 2022G, then to 26.4% in 2023G, and further to 24.2% during the three-month period ended 31 March 2024G, reflecting the improvement in customer lifetime value and the enhancement of the Group's customer patterns over the period.

The overall increase in revenue by 36.6% from SAR 449.2 million in 2021G to SAR 613.6 million in 2022G is driven by an increase in the number of orders by 45.2% from 1.4 million orders to 2.0 million orders resulting from the increase in the number of customers from 903 thousand customers to 1.2 million customers during the same period coupled with the increase in the average number of orders per customer from 1.6 in 2021G to 1.8 in 2022G. This was offset by a decrease in the average order value per customer by 5.9% from SAR 319.6 in 2021G to SAR 300.8 in 2022G as a result of the addition of stock keeping units (SKU) that increased from 19.1 thousand units in 2021G to 22.2 thousand in 2022G and adding new products of different sizes and relatively lower selling-prices to the product mix as part of the Group's strategy to develop and diversify its products, in addition to discounts.

Similarly, revenue increased by 27.5% from SAR 613.6 million in 2022G to SAR 782.4 million in 2023G on the back of the increase in number of orders by 32.3% from 2.0 million to 2.7 million orders as a result of the increase in the number of customers from 1.2 million customers to 1.5 million customers coupled with the stabilization of the average number of orders per customer at 1.8 orders during the period. This was offset by the decrease in the average order value by customer by 3.6% from SAR 300.8 in 2022G to SAR 289.8 in 2023G in line with the change in the sales mix, as Management continued adding new stock keeping units (SKU) that increased from 22.2 thousand units in 2022G to 26.4 thousand units in 2023G and adding new products of different sizes and relatively lower selling-prices to the product mix, as part of the Group's strategy to improve and diversify the product mix, in addition to the increase in the contribution to revenue and discounts from the sale of care products which impacted the average order value during the period.

Revenue increased by 61.2% from SAR 155.1 million in the three-month period ended 31 March 2023G to SAR 250.1 million in the three-month period ended 31 March 2024G due to the increase in number of orders by 75.7% from 300.8 orders to 289.8 orders in the period which was also a result of the increase in the number of customers from 424.3 thousand customers to 710.3 thousand customers over the same period coupled with the relative stabilization of the average number of orders per customer at 1.2 orders during the period. This was offset by the decrease in the average order value per customer by 8.3% from SAR 307.8 in the three-month period ended 31 March 2023G to SAR 282.0 in the three-month period ended 31 March 2024G, as Management continued adding new stock keeping units (SKU) that increased from 26.4 thousand units in the three-month period ended 31 March 2023G to 28.1 thousand units in the three-month period ended 31 March 2024G and adding new products of different sizes and relatively lower selling-prices to the product mix, which impacted the average selling price per unit during the same period. It is worth noting that the average order value decreased slightly from SAR 289.8 in the three-month period ended 31 March 2023G to SAR 282.0 in the three-month period ended 31 March 2024G.

Makeup

Makeup product revenue related to the sale of makeup products, nail products, and lenses products. The Group has invested in exclusive brands for makeup products and introduced new brands to increase profitability, as exclusive brands are associated with higher margins when compared to other international and non-exclusive brands.

Makeup revenue increased by 35.9% from SAR 156.7 million in 2021G to SAR 212.9 million in 2022G primarily due to the increase in number of customers and orders and an increase in quantities sold by 68.7% from 4.1 million units to 6.8 million units over the same period. This was partly offset by the decrease in average selling price per unit from SAR 38.7 in 2021G to SAR 31.2 in 2022G largely due to the introduction of new stock keeping units (SKU) which increased from 4.7 thousand units in 2021G to 5.3 thousand units in 2022G, and adding new products of different sizes and relatively lower selling-prices to the product mix, in line with the Group's strategy to enhance the sales mix. These steps and measures are part of the Group's strategy to develop and diversify its products, in addition to discounts, which impacted the average selling price per unit during the same period.

Makeup revenue increased by 38.5% from SAR 212.9 million in 2022G to SAR 294.9 million in 2023G mainly driven by the exclusive brands as their revenue increased by 73.2% from SAR 61.9 million in 2022G to SAR 105.4 million in 2023G. This was witnessed through primarily an increase in quantities sold which increased by 46.2% from 6.8 million units in 2022G to 10.0 million units in 2023G, which was slightly offset by the decrease in average selling price per unit from SAR 31.2 in 2022G to SAR 29.5 in 2023G as the Group continued with the introduction of new stock keeping units (SKU) that increased from 5.3 thousand units in 2022G to 5.8 thousand units in 2023G and adding new products of different sizes and relatively lower selling-prices to the product mix, in line with the Group's strategy to enhance makeup products, in addition to discounts, which impacted the average selling price per unit during the same period.

Makeup revenue increased by 52.5% from SAR 62.8 million in the three-month period ended 31 March 2023G to SAR 95.8 million in the three-month period ended 31 March 2024G primarily due to the increased number of customers and orders and an increase in quantities sold by 75.6% from 1.8 million units to 3.2 million units over the same period. This was partly offset by the decrease in average selling price per unit from SAR 34.4 in the three-month period ended 31 March 2023G to SAR 29.9 in the three-month period ended 31 March 2023G as the Group continued with the introduction of new stock keeping units (SKU) that increased from 5.8 thousand units in 2022G to 5.9 thousand units in 2023G and adding new products of different sizes and relatively lower selling-prices to the product mix, in line with the Group's strategy to enhance makeup products, in addition to discounts, which impacted the average selling price per unit during the same period.

Perfume

Perfumes comprises of both international and local perfumes as well as body perfumes and home scents. The Group has a wide range of perfume brands supplied from international brands. It is worth noting that there are more than 11.7 thousand perfume stock keeping units (SKU) sold on the platform, giving customers a wide range of options.

Perfumes revenue increased by 39.6% from SAR 146.1 million in 2021G to SAR 204.0 million in 2022G as the Group managed to increase the number of perfume stock keeping units (SKU) significantly in 2022G to enrich the product offering which increased from 6.9 thousand units in 2021G to 8.4 thousand units in 2022G. As a result, the quantities sold increased by 29.5% from 980 thousand units in 2021G to 1.3 million units in 2022G coupled with an increase in average selling price per unit from SAR 149.0 to SAR 160.6 due to the price increase over the same period. In addition, the Group has released a privately labelled brand which grew by 9.4% in 2022G.

Perfumes revenue increased by 12.0% from SAR 204.0 million in 2022G to SAR 228.4 million in 2023G as the Group managed to increase the number of perfume stock keeping units (SKU) significantly in 2023G which increased from 8.4 thousand in 2022G to 10.5 thousand in 2023G. The increase in revenue is also due to the increase in quantities sold by 13.2% from 1.3 million units in 2022G to 1.4 million units in 2023G, which was partly offset by a slight decline in average selling price per unit from SAR 160.6 to SAR 158.9 over the period.

Perfumes revenue increased by 29.2% from SAR 46.8 million in the three-month period ended 31 March 2023G to SAR 60.5 million in the three-month period ended 31 March 2024G as the Group managed to increase the number of perfume stock keeping units (SKU) significantly during the three-month period ended 31 March 2024G which increased from 10.5 thousand units in the three-month period ended 31 March 2023G to 11.7 thousand units in the three-month period ended 31 March 2024G. The increase in revenue is also due to the continuous increase in quantities sold which increased by 38.6% from 286 thousand units in the three-month period ended 31 March 2023G to 397 thousand units in the three-month period ended 31 March 2024G, this was partly offset by a decline in average selling price from SAR 163.4 in the three-month period ended 31 March 2023G to SAR 152.3 in the three-month period ended 31 March 2024G.

Care

Care products include skin care products, hair care products, and personal care devices. The Group offers both international brands in addition to exclusive brands associated with higher profit margins.

Care revenue increased by 34.6% from SAR 119.2 million in 2021G to SAR 160.5 million in 2022G mainly due to the increase in quantities sold by 56.5% from 2.4 million units in 2021G to 3.7 million units in 2022G. This was partially offset by a decline in average selling price per unit from SAR 49.8 in 2021G to SAR 42.8 in 2022G due to the decrease in sale of devices as a percentage of care revenue, coupled with the introduction of new stock keeping units (SKU) which increased from 3.7 thousand units in 2021G to 4.6 thousand units in 2022G and the addition of new products with different sizes and relatively lower average selling prices within care products as part of the Group's product development and diversification strategy.

Care revenue increased by 41.3% from SAR 160.5 million in 2022G to SAR 226.7 million in 2023G primarily driven by the addition of a wide range of stock keeping units (SKU) and products in this category which has translated to an increase in the quantities sold by 61.6% from 3.7 million units in 2022G to 6.1 million units in 2023G. However, this also came on the back of a decrease in average selling prices per unit which declined from SAR 42.8 to SAR 37.4 over the same period mainly driven by a decrease in sale of devices as a percentage of care revenue, in addition, the Group continued to introduce new stock keeping units (SKU) that increased from 4.6 thousand in 2022G to 6.3 thousand in 2023G and add new products of different sizes and relatively lower prices to the product mix as a part of the Group's product development and diversification strategy.

Care revenue increased by 115.3% from SAR 38.8 million in the three-month period ended 31 March 2023G to SAR 83.6 million in the three-month period ended 31 March 2024G in line with the continuous introduction of stock keeping units (SKU) which increased from 6.3 thousand units in the three-month period ended 31 March 2023G to 6.6 thousand units in the three-month period ended 31 March 2024G, and addition of products which has translated to an increase in the quantities sold by 112.2% from 1.0 million units in the three-month period ended 31 March 2023G to 2.2 million units in the three-month period ended 31 March 2024G. Average selling prices increased slightly from SAR 37.3 in the three-month period ended 31 March 2023G to SAR 37.8 in the three-month period ended 31 March 2024G.

B2B

B2B revenue pertained mainly to product sales to companies and wholesalers which were discontinued in 2023G. B2B revenue amounted to SAR 4.9 million in 2021G and SAR 5.6 million in 2022G, then decreased to SAR 275 thousand in 2023G in line with the gradual discontinuation of B2B revenue during 2023G which were completely discontinued in 2023G to focus efforts on customer/consumer orders as part of the Group's strategy.

Others

Others mainly comprise home accessories and other non-core products sold on the platform. In line with the development of the Group's strategy, the Group decided to discontinue the categories within other products and focus on the key product categories offered.

Accordingly, others revenue decreased by 30.4% from SAR 3.2 million in 2021G to SAR 2.2 million in 2022G and further by 97.5% to SAR 55 thousand in 2023G. Others revenue amounted to SAR41 thousand in the three-month period ended 31 March 2023G and SAR 60 thousand in the three-month period ended 31 March 2024G.

Sales return provision

Based on the contractual terms and conditions of the product sales, the Group retains the risks until the goods are delivered to the customer and after the return period has expired (if any). The Group does not take responsibility for the product subsequent to delivery and after the return period has expired and has no control over what the customer intends to do with it. Thus, the performance obligation is satisfied at a point in time upon delivery with an estimate of potential returns from customers.

The Group's sales return policy dictates that customers can return products within a period of 14 days provided that the products (specifically for cosmetics, perfumes, and care products) have not been opened or used by the customer. Devices purchased can also be returned provided they have not been opened or used and are also in their original condition. It is worth noting that the percentage of returns from the Group's revenue amounted to 0.3% in 2023G.

Prior to 2023G, the Group recorded the returned sales in the subsequent month or within the respective month of the sale (within the permissible return period of 14 days), accordingly, most of the sales returns were netted off from the sales of the respective reporting period. In 2023G, the Group recorded a provision amounting to SAR 2.2 million based on the actual returns that occurred post year end (i.e. during 2024G) that were related to 2023G. It is worth noting that commencing 2024G, the Group has started provisioning for sales return on a quarterly basis to account for sales returns that might happen post cut off for each respective quarter.

The provision for sales returns liabilities amounted to SAR 1.9 million as at the end of the three-month period ended March 31 2024G. These returns were identified in April 2024G and on this basis a reversal of provision for sales returns of SAR 320 thousand was recorded by the Company during the three-month period ended March 31, 2024G.

Back to Table of Content >

Revenue from sales of service

Services mainly comprise sales of service related to shipping/delivery fees and cash-on-delivery fees. The Group currently charges its customers service fees for orders below SAR 300 within KSA, depending on the customer category, and payment method, while international orders' customers are charged for orders below SAR 500. The Group recognizes services revenue when shipments are successfully received by customers.

Revenue from the sales of service increased by 48.4% from SAR 19.1 million in 2021G to SAR 28.4 million in 2022G due to the increase in the number of orders during the period. Revenue from the sales of service increased by 20.4% from SAR 28.4 million in 2022G to SAR 34.2 million in the 2023G, and by 47.2% from SAR 6.7 million in the three-month period ended 31 March 2023G to SAR 9.8 million in the three-month period ended 31 March 2024G due to the continued increase in the number of orders during the period.

6.6.1.1.3 Revenue by payment method

The following table summarizes the revenue by payment method for the three years ended 31 December 2021G, 2022G and 2023G and the three-month periods ended 31 March 2023G and 2024G:

Table (6.9): Revenue by payment method

SAR in 000s	Year ended 31 December 2021G (Management information)	Year ended 31 December 2022G (Management information)	Year ended 31 December 2023G (Management information)	Var. 2021G-2022G	Var. 2022G-2023G	CAGR2021G-2023G	Three-month period ended 31 March 2023G (Management information)	Three-month period ended 31 March 2024G (Management information)	Var. 31 March 2023G-31 March 2024G
Online payments	255,299	293,027	377,688	14.8%	28.9%	21.6%	93,114	107,207	15.1%
Buy now pay later (BNPL)	71,481	212,082	291,354	196.7%	37.4%	101.9%	37,282	104,019	179.0%
Cash on delivery	122,425	108,522	113,312	(11.4%)	4.4%	(3.8%)	24,746	38,827	56.9%
Total	**449,205**	**613,631**	**782,355**	**36.6%**	**27.5%**	**32.0%**	**155,142**	**250,053**	**61.2%**

Source: Management information.

Table (6.10): As a percentage of revenue

	Year ended 31 December 2021G (Management information)	Year ended 31 December 2022G (Management information)	Year ended 31 December 2023G (Management information)	Var. 2021G-2022G	Var. 2022G-2023G	CAGR2021G-2023G	Three-month period ended 31 March 2023G (Management information)	Three-month period ended 31 March 2024G (Management information)	Var. 31 March 2023G-31 March 2024G
	As a % of revenue			**Percentage points**			**As a % of revenue**		**Percentage points**
Online payments	56.8%	47.8%	48.3%	(9.1)	0.5	(8.6)	60.0%	42.9%	(17.1)
Buy now pay later (BNPL)	15.9%	34.6%	37.2%	18.6	2.7	21.3	24.0%	41.6%	17.6
Cash on delivery	27.3%	17.7%	14.5%	(9.6)	(3.2)	(12.8)	16.0%	15.5%	(0.4)
Total	**100.0%**	**100.0%**	**100.0%**	**-**	**-**	**-**	**100.0%**	**100.0%**	**-**

Source: Management information.

The Group offers various payment methods for customers, primarily through Visa/Mada and Apple Pay in addition to buy-now-pay-later (BNPL) methods and cash-on-delivery through delivery service providers.

The introduction of the Buy-Now-Pay-Later (BNPL) service in 2021G led to a shift in customer payment methods, which were predominantly online payments and cash on delivery (accounting for 56.8% and 27.3% of revenue in 2021G, respectively). The contribution of the BNPL service to revenue gradually increased from 15.9% in 2021G to 34.6% in 2022G and then to 37.2% in 2023G and further to 41.6% in the three-month period ended 31 March 2024G. This growth was also driven by the addition of more BNPL providers at the beginning of 2024G. As a result, the contribution of (1) cash on delivery to revenue decreased from 27.3% in 2021G to 17.7% in 2022G and then to 14.5% in 2023G and 15.5% in the three-month period ended 31 March 2024G, and (2) online payments to revenue decreased from 56.8% in 2021G to approximately 48% in each of 2022G and 2023G and then to 42.9% in the three-month period ended 31 March 2024G.

6.6.1.1.4 Revenue by geographical area

The following table summarizes the revenue by geographical area for the three years ended 31 December 2021G, 2022G and 2023G and the three-month periods ended 31 March 2023G and 2024G:

Table (6.11): Revenue by geographical area

SAR in 000s	Year ended 31 December 2021G	Year ended 31 December 2022G	Year ended 31 December 2023G	Var. 2021G-2022G	Var. 2022G-2023G	CAGR2021G-2023G	Three-month period ended 31 March 2023G (Unaudited)	Three-month period ended 31 March 2024G (Unaudited)	Var. 31 March 2023G-31 March 2024G
Central region	182,355	246,172	296,764	35.0%	20.6%	27.6%	58,701	92,009	56.7%
Western region*	188,989	272,056	348,708	44.0%	28.2%	35.8%	70,801	114,787	62.1%
Eastern region	57,595	76,207	104,041	32.3%	36.5%	34.4%	21,402	33,566	56.8%
Kingdom of Saudi Arabia	428,939	594,435	749,513	38.6%	26.1%	32.2%	150,903	240,363	59.3%
GCC countries	20,266	19,196	32,842	(5.3%)	71.1%	27.3%	4,239	9,690	128.6%
Total	**449,205**	**613,631**	**782,355**	**36.6%**	**27.5%**	**32.0%**	**155,142**	**250,053**	**61.2%**

Source: Company's audited financial statements for the financial year ended 31 December 2021G, the audited consolidated financial statements for the financial year ended 31 December 2023G and the unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2024G, and Management information.

* Western region revenue includes revenue of the Northern region and the Southern region.

Table (6.12): As a percentage of revenue

	Year ended 31 December 2021G (Management information)	Year ended 31 December 2022G (Management information)	Year ended 31 December 2023G (Management information)	Var. 2021G-2022G	Var. 2022G-2023G	CAGR2021G-2023G	Three-month period ended 31 March 2023G (Management information)	Three-month period ended 31 March 2024G (Management information)	Var. 31 March 2023G-31 March 2024G
	As a % of revenue			**Percentage points**			**As a % of revenue**		**Percentage points**
Central region	40.6%	40.1%	37.9%	(0.5)	(2.2)	(2.7)	37.8%	36.8%	(1.0)
Western region	42.1%	44.3%	44.6%	2.3	0.2	2.5	45.6%	45.9%	0.3
Eastern region	12.8%	12.4%	13.3%	(0.4)	0.9	0.5	13.8%	13.4%	(0.4)
Kingdom of Saudi Arabia	**95.5%**	**96.9%**	**95.8%**	**1.4**	**(1.1)**	**0.3**	**97.3%**	**96.1%**	**(1.1)**
GCC countries	4.5%	3.1%	4.2%	(1.4)	1.1	(0.3)	2.7%	3.9%	1.1

Source: Management information.

The Group's revenue is concentrated within the Kingdom of Saudi Arabia, as Saudi Arabia's revenue represented 95.5%, 96.9%, 95.8%, and 96.1% of the Group's revenue in 2021G, 2022G, and 2023G, and in the three-month period ended 31 March 2024G, respectively. The Group also expanded to GCC countries in line with the increase in demand for the Group's products in the GCC, as GCC countries' revenue represented 4.5%, 3.1%, 4.2%, and 3.9% of the Group's revenue in 2021G, 2022G, and 2023G, and in the three-month period ended 31 March 2024G, respectively.

Revenue from the Central and Eastern regions, which are mostly executed within the same day, account for c. 50% of the Group's revenue. Revenue from the Riyadh region accounted for 32.0%, 31.4%, 29.8%, and 27.9% of local revenue in 2021G, 2022G, 2023G, and the three-month period ended 31 March 2024G, as it is the region where most of the targeted customers are located, considering it is the capital of the Kingdom of Saudi Arabia. Furthermore, the Group made additional advertising and marketing efforts through online advertising, influencers, and digital marketing to boost revenue. The sales made in the major cities of the Central and Eastern regions are predominantly characterized by same-day delivery.

Revenue from the Western region (which includes revenue from the Northern and Southern regions) accounted on average for 44% of revenue during 2021G, 2022G, and 2023G and increased to contribute 45.9% of revenue in the three-month period ended 31 March 2024G following advertising and marketing efforts coupled with the expansion of the Group's operations in these regions.

The Group's revenue grew across the GCC countries driven by orders made from Oman, United Arab Emirates, Kuwait, Bahrain and Qatar. This is witnessed as GCC revenue increased at a CAGR of 27.3% over the 2021G-2023G period and by 128.6% from SAR 4.2 million in the three-month period ended 31 March 2023G to SAR 9.7 million in the three-month period ended on 31 March 2024G.

6.6.1.2 Cost of revenue

The following table summarizes the cost of revenue for the three years ended 31 December 2021G, 2022G and 2023G and the three-month periods ended 31 March 2023G and 2024G:

Table (6.13): Cost of revenue

SAR in 000s	Year ended 31 December 2021G (Management information)	Year ended 31 December 2022G (Management information)	Year ended 31 December 2023G (Management information)	Var. 2021G-2022G	Var. 2022G-2023G	CAGR2021G-2023G	Three-month period ended 31 March 2023G (Management information)	Three-month period ended 31 March 2024G (Management information)	Var. 31 March 2023G-31 March 2024G
Direct cost of goods	290,695	443,830	553,667	52.7%	24.7%	38.0%	106,249	176,463	66.1%
Provision for obsolete inventory	-	3,279	5,017	N/A	53.0%	N/A	951	1,270	33.5%
Inventory write-off	-	-	2,295	N/A	N/A	N/A	-	-	N/A
Depreciation on right-of-use-assets	870	1,468	2,266	68.7%	54.4%	61.4%	313	553	76.7%
Depreciation on property and equipment	737	1,053	1,399	42.8%	32.9%	37.7%	321	326	1.7%
Customs	-	2,203	389	N/A	(82.3%)	N/A	211	89	(57.6%)
Others	18	86	767	390.7%	793.0%	562.0%	59	252	327.6%
Total	**292,320**	**451,918**	**565,800**	**54.6%**	**25.2%**	**39.1%**	**108,103**	**178,953**	**65.5%**

Source: Management information.

Cost of revenue increased by 54.6% from SAR 292.3 million in 2021G to SAR 451.9 million in 2022G mainly due to an increase in the direct cost of goods by 52.7% from SAR 290.7 million in 2021G to SAR 443.8 million in 2022G as a result of the increase in orders procured from suppliers in line with the overall growth in the business, in addition to the reclassification of shipping and deliveries expenses amounting to SAR 33.7 million from selling and marketing expenses in 2021G to the cost of revenue in 2022G.

Cost of revenue increased by 25.2% from SAR 451.9 million in 2022G to SAR 565.8 million in 2023G as a result of the increase in orders procured from suppliers in line with the overall growth in the business, driven by the higher number of orders during the period. In addition, provision for obsolete items increased by 53.0% from SAR 3.3 million in 2022G to SAR 5.0 million in 2023G (it is worth noting that inventory write offs amounted to SAR 3.7 million in 2023G, whereby SAR 1.4 million was already provided for during the period, and SAR 2.3 million was directly recognized under cost of revenue) in line with the Group's inventory provisioning policy (for further details on the inventory provisioning policy, refer to Section 6-6-2-2 "**Current Assets**" of this Prospectus).

Cost of revenue increased by 65.5% from SAR 108.1 million in the three-month period ended 31 March 2023G to SAR 179.0 million in the three-month period ended 31 March 2024G as a result of the increase in orders procured from suppliers in line with the overall growth in the business, driven by the higher number of orders during the period. In addition, provision for obsolete items increased by 33.5% from SAR 1 million in the three-month period ended 31 March 2023G to SAR 1.3 million in the three-month period ended 31 March 2024G in line with the Group's inventory provisioning policy.

Direct cost of goods

Direct cost of goods primarily includes the cost of products purchased from suppliers, which consist of makeup products, perfumes, and care products, as well as shipping and delivery expenses, salaries, wages and other employee related expenses, and packaging costs.

Direct cost of goods increased by 52.7% from SAR 290.7 million in 2021G to SAR 443.8 million in 2022G due to the increase in the number of products purchased from suppliers in line with the increasing demand from customers during the period.

Direct cost of goods increased by 24.7% from SAR 443.8 million in 2022G to SAR 553.7 million in 2023G driven by the continuous increase in the number of products purchased from suppliers in line with the increasing demand from customers.

Direct cost of goods increased by 66.1% from SAR 106.2 million in the three-month period ended 31 March 2023G to SAR 176.5 million in the three-month period ended 31 March 2024G due to the continued increase in the number of products purchased from suppliers in line with the increasing demand from customers.

For further information on supplier information, refer to Section 12-6-2 "**Details of the Company's Agreements with Key Suppliers**" of this Prospectus.

Provision for obsolete inventory

Provision for obsolete inventory relates to provisions booked during the year primarily as a result of products demurrage and products approaching expiry. The inventory provisioning policy dictates that for slow-moving inventory, the Group should record a provision for inventory in line with the Group's policy (for more details about the inventory provisioning policy, see Section 6-6-2-2 "**Current Assets**" of this Prospectus).

Provision for obsolete inventory increased from nil in 2021G to SAR 3.3 million in 2022G, as the Group did not adopt any inventory provisioning policies and hence account for any provisions prior to 2022G.

Provision for obsolete inventory increased by 53.0% from SAR 3.3 million in 2022G to SAR 5.0 million in 2023G, in line with the provisioning policy and the aging of the inventory items.

Provision for obsolete inventory increased by 33.5% from SAR 951 thousand in the three-month period ended 31 March 2023G to SAR 1.3 million in the three-month period ended 31 March 2024G, in line with the provisioning policy and the aging of the inventory items.

Inventory write-off

Inventory write-off mainly relates to the write-off of damaged and expired products.

Inventory write-off cost amounting to SAR 2.3 million in 2023G, mainly relates to damaged inventories of 2022G inventory count that was not recorded in 2022G as the inventory count was performed in January 2023G (it is worth noting that the total inventory write offs amounted to SAR 3.7 million in 2023G, whereby SAR 1.4 million was already provided for during the period, and SAR 2.3 million was directly recognized under cost of revenue).

Depreciation on right-of-use-assets

Depreciation on right-of-use-assets mainly related to the depreciation of delivery vehicles, warehouses lease contracts, and head office lease contracts.

Depreciation on right-of-use-assets increased by 68.7% from SAR 870 thousand in 2021G to SAR 1.5 million in 2022G and increased further by 54.4% to SAR 2.3 million in 2023G, and by 76.7% from SAR 313 thousand in the three-month period ended 31 March 2023G to SAR 553 thousand in the three-month period ended 31 March 2024G due to the additions of leased warehouses to accommodate the growth in operations and head office lease contracts.

Depreciation on property and equipment

Depreciation on property and equipment mainly related to leasehold improvement on properties, office equipment, and delivery vehicles.

Depreciation on property and equipment increased by 42.8% from SAR 737 thousand in 2021G to SAR 1.1 million in 2022G and increased further by 32.9% to SAR 1.4 million in 2023G, and by 1.7% from SAR 321 thousand in the three-month period ended 31 March 2023G to SAR 326 thousand in the three-month period ended 31 March 2024G due to the additions mainly related to leasehold improvements related to the leased warehouses and head office.

Customs

Customs are related to internationally procured products. The Group commenced allocating the customs costs to product costs in 2022G rather than expensing it as part of overheads, in line with best practices.

Customs decreased by 82.3% from SAR 2.2 million in 2022G to SAR 389 thousand in 2023G as the Group commenced allocating the customs costs to product costs in 2022G rather than expensing it as part of overheads.

Customs amounted to SAR 211 thousand and SAR 89 thousand in the three-month periods ended 31 March 2023G and 31 March 2024G, respectively.

Others

Others comprise miscellaneous expenses related mainly to the maintenance services provided by the landlords owning the land of the leased warehouses and employee accommodation and are paid once at the beginning of the lease terms.

Others costs increased by 390.7% from SAR 18 thousand in 2021G to SAR 86 thousand in 2022G and then by 793.0% to SAR 767 thousand in 2023G, and by 327.6% from SAR 59 thousand in the three-month period ended 31 March 2023G to SAR 252 thousand in the three-month period ended 31 March 2024G driven by rental expenses related to operational staff which is expensed given that the accommodation costs are generally short term in nature.

6.6.1.3 Selling and marketing expenses

The following table summarizes the selling and marketing expenses for the three years ended 31 December 2021G, 2022G and 2023G and the three-month periods ended 31 March 2023G and 2024G:

Table (6.14): Selling and marketing expenses

SAR in 000s	Year ended 31 December 2021G	Year ended 31 December 2022G	Year ended 31 December 2023G	Var. 2021G-2022G	Var. 2022G-2023G	CA-GR2021G-2023G	Three-month period ended 31 March 2023G (Unaudited)	Three-month period ended 31 March 2024G (Unaudited)	Var. 31 March 2023G-31 March 2024G
Advertisement	62,021	97,265	125,895	56.8%	29.4%	42.5%	27,110	29,648	9.4%
Sales commission	6,655	2,971	5,089	(55.4%)	71.3%	(12.6%)	1,058	2,407	127.6%
Bank charges	4,212	4,501	4,088	6.9%	(9.2%)	(1.5%)	867	145	(83.3%)
Withholding tax	1,781	2,865	3,531	60.8%	23.2%	40.8%	672	718	6.8%
Shipping and deliveries	33,749	-	-	(100.0%)	N/A	N/A	-	-	N/A
Salaries and other employee -related costs	2,261	-	-	(100.0%)	N/A	N/A	-	-	N/A
Provision for doubtful debts	-	1,502	(369)	N/A	(124.6%)	N/A	-	-	N/A
Others	122	2,105	5,860	1629.2%	178.3%	593.7%	411	2,400	484.0%
Total	**110,802**	**111,209**	**144,093**	**0.4%**	**29.6%**	**14.0%**	**30,118**	**35,317**	**17.3%**

Source: Company's audited financial statements for the financial year ended 31 December 2021G, the audited consolidated financial statements for the financial year ended 31 December 2023G and the unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2024G, and Management information.

Table (6.15): As a percentage of revenue

	Year ended 31 December 2021G (Management information)	Year ended 31 December 2022G (Management information)	Year ended 31 December 2023G (Management information)	Var. 2021G-2022G	Var. 2022G-2023G	CA-GR2021G-2023G	Three-month period ended 31 March 2023G (Management information)	Three-month period ended 31 March 2024G (Management information)	Var. 31 March 2023G-31 March 2024G
	As a % of revenue			**Percentage points**			**As a % of revenue**		**Percentage points**
Advertisement	13.8%	15.9%	16.1%	2.0	0.2	2.3	17.5%	11.9%	(5.6)
Sales commission	1.5%	0.5%	0.7%	(1.0)	0.2	(0.8)	0.7%	1.0%	0.3
Bank charges	0.9%	0.7%	0.5%	(0.2)	(0.2)	(0.4)	0.6%	0.1%	(0.5)
Withholding tax	0.4%	0.5%	0.5%	0.1	(0.0)	0.1	0.4%	0.3%	(0.1)
Shipping and deliveries	7.5%	0.0%	0.0%	(7.5)	0.0	(7.5)	0.0%	0.0%	0.0
Salaries and other employee -related costs	0.5%	0.0%	0.0%	(0.5)	0.0	(0.5)	0.0%	0.0%	0.0
Provision for doubtful debts	0.0%	0.2%	0.0%	0.2	0.3	0.0	0.0%	0.0%	0.0
Others	0.0%	0.3%	0.7%	0.3	0.4	0.7	0.3%	1.0%	0.7
Total	**24.7%**	**18.1%**	**18.4%**	**(6.5)**	**0.0**	**(6.2)**	**19.4%**	**14.1%**	**(5.3)**

Source: Management information.

Selling and marketing expenses increased by 0.4% from SAR 110.8 million in 2021G to SAR 111.2 million in 2022G primarily due to the increased spending on advertising through (i) influencers which are based on contracts with monthly payments and affiliates which offer coupons to customers which resulted in an increase in advertisement campaign expenses from SAR 62.0 million to SAR 97.3 million during the same period, and (ii) BNPL fees paid on payment options offered to customers commencing 2022G. Despite this increase, selling and marketing expenses as a percentage of revenue decreased from 24.7% in 2021G to 18.1% in 2022G due to the reclassification of shipping and deliveries expenses, amounting to SAR 33.7 million in 2021G, from selling and marketing expenses to the cost of revenue in the 2022G, in addition to increasing efficiency in promotional expenses and customer lifetime value (the average profits (or revenues) achieved by the Group from one customer throughout the period) and the overall increase in revenues.

Selling and marketing expenses increased by 29.6% from SAR 111.2 million in 2022G to SAR 144.1 million in 2023G due to the increase in advertisements expenses by SAR 28.6 million, driven by further increases in spending on advertising through digital marketing, influencers and affiliates, as well as increases in BNPL fees paid in line with the increased contribution of BNPL to revenue from 34.6% in 2022G to 37.2% in 2023G. Despite this increase, selling and marketing expenses slightly increased as a percentage of revenue from 18.1% in 2022G to 18.4% in 2023G.

Selling and marketing expenses increased by 17.3% from SAR 30.1 million in the three-month period ended 31 March 2023G to SAR 35.3 million in the three-month period ended 31 March 2024G due to (i) BNPL fees paid on payment options offered to customers in line with the increased contribution of BNPL to revenue from 24.1% in the three-month period ended 31 March 2023G to 41.6% in the three-month period ended 31 March 2024G, and the increases in spending on advertising through digital marketing, influencers and affiliates, (ii) the increase in sales commission by 127.6% from SAR 1.1 million in the three-month period ended 31 March 2023G to SAR 2.4 million in the three-month period ended 31 March 2024G due to increased reliance on affiliate coupons in comparison to influencers, and (iii) the increase in payment gateway fees, which amounted to SAR 1.4 million in the three-month period ended 31 March 2024G. Despite this increase, selling and marketing expenses as a percentage of revenue decreased from 19.4% in the three-month period ended 31 March 2023G to 14.1% in the three-month period ended 31 March 2024G due to increased efficiency in promotional expenses and customer lifetime value, along with overall increase in revenue.

Advertisement

Advertisement pertains to the Group's spending on advertising for brand recognition through influencers, affiliates, and digital marketing through social media and billboards.

Advertisement expenses increased by 56.8% from SAR 62.0 million in 2021G to SAR 97.3 million in 2022G driven by the material spending on marketing campaigns through (i) influencers which are based on contracts with monthly payments and affiliates which offer coupons to customers which resulted in an increase in advertisement expenses from SAR 62.0 million to SAR 97.3 million during the same period, and (ii) BNPL fees paid on payment options offered to customers, which was introduced in 2022G, among other marketing tools. Accordingly, advertisement expenses as a percentage of revenue increased from 13.8% in 2021G to 15.9% in 2022G.

Advertisement expenses increased by 29.4% from SAR 97.3 million in 2022G to SAR 125.9 million in 2023G, as a result of the continuous spending on advertising by SAR 24.7 million through influencers on social media channels and advertising campaigns through digital channels, in addition to the increase in expenses related to BNPL fees in line with the increased contribution of BNPL to revenue from 34.6% in 2022G to 37.3% in 2023G. Despite this increase, advertising expenses as a percentage of revenue increased slightly from 15.9% in 2022G to 16.1% in 2023G due to the growth in the Group's revenue.

Advertisement expenses increased by 9.4% from SAR 27.1 million in the three-month period ended 31 March 2023G to SAR 29.6 million in the three-month period ended 31 March 2024G due to the increase in BNPL fees paid in line with the increased contribution to the Group's revenue from BNPL payment method from 24.1% in the three-month period ended 31 March 2023G to 41.6% in the three-month period ended 31 March 2024G, in addition to the increased spending on advertising by SAR 381 thousand.

Sales commission

Sales commission relates to affiliates commission which is based on sales generated through affiliate coupons.

Sales commission decreased by 55.4% from SAR 6.7 million in 2021G to SAR 3.0 million in 2022G due to a change in the commission scheme for affiliate companies from a fixed commission rate based on the total number of customers to a variable commission rate between recurring and new customers, coupled with an increase in revenue through promotional companies. This increase was accompanied by the overall growth in revenue and consequently, the sales commission as a percentage of revenue decreased from 1.5% in 2021G to 0.5% in 2022G.

Sales commission increased by 71.3% from SAR 3.0 million in 2022G to SAR 5.1 million in 2023G due to the decreased reliance and contribution of affiliate companies through affiliate coupons in 2023G, compared to the reliance on advertising through influencers on social media channels. Accordingly, sales commissions increased as a percentage of revenue from 0.5% in 2022G to 0.7% in 2023G.

Sales commission increased by 127.6% from SAR 1.1 million in the three-month period ended 31 March 2023G to SR 2.4 million in the three-month period ended 31 March 2024G due to increased reliance on affiliate coupons in comparison to influencers. As a result, sales commissions increased as a percentage of revenue from 0.7% in the three-month period ended 31 March 2023G to 1.0% in the three-month period ended 31 March 2024G.

Bank charges

Bank charges include charges by banks on day-to-day operations and transactions made by customers, in addition to payment gateway fees paid on online payment portals including Mada and Apple Pay.

Bank charges increased by 6.9% from SAR 4.2 million in 2021G to SAR 4.5 million in 2022G as the Group's operations and revenue grew during 2022G. Bank charges slightly decreased by 9.2% from SAR 4.5 million in 2022G to SR 4.1 million in 2023G. Bank charges decreased by 83.3% from SAR 867 thousand in the three-month period ended 31 March 2023G to SAR 145 thousand in the three-month period ended 31 March 2024G primarily due to the reclassification of payment gateway fees amounting to SR 1.4 million in the three-month period ended 31 March 2024G to other expenses within selling and marketing expenses.

Withholding tax

Withholding tax represent 5% incremental expenses paid on top of fee payments to social media and digital platforms during campaigns, as the Group pays the 5% withholding tax as an increment to the total government costs.

Withholding tax increased by 60.8% from SAR 1.8 million in 2021G to SAR 2.9 million in 2022G then by 23.2% to SAR 3.5 million in 2023G. Withholding taxes also increased by 6.8% from SAR 672 thousand in the three-month period ended 31 March 2023G to SAR 718 thousand in the three-month period ended 31 March 2024G driven by the increase in advertising campaigns on social media channels and digital platforms.

Shipping and deliveries

Shipping and deliveries amounted to SAR 33.7 million in 2021G and were reclassified to cost of revenue in 2022G and 2023G. This is mainly due to the matching principle between delivery revenue (classified as service revenue) and expenses related to these revenues, i.e. shipping and delivery expenses, as the majority of these costs were related to marketing costs as part of promotional campaigns prior to 2022G.

Provisions for doubtful debts

Provisions for doubtful debts represent the expected credit loss (ECL) on bad debts primarily related to the outstanding balance due mainly from wholesale customers after negotiations with these customers relating to the outstanding dues and the delayed payment terms which resulted in a settlement agreement that required the reported provisions.

Provisions for doubtful debts amounted to SAR 736 thousand in 2021G and were recorded under general and administrative expenses. These were reclassified to selling and marketing expenses in 2022G and 2023G.

Provisions for doubtful debts amounted to SAR 2.9 million as at 31 December 2022G, as a result of a provision of SAR 1.5 million recorded in 2022G. Provisions for doubtful debts decreased to SAR 2.5 million as at 31 December 2023G due to improved collections of outstanding balances mainly related to outstanding wholesale customers after the discontinuation of such sales. Accordingly, the Group recorded a reversal amounting to SAR 369 thousand in 2023G.

As at 31 March 2024G, provisions for doubtful debts amounted to SAR 2.9 million resulting from a provision of SAR 369 thousand recorded in the three-month period ended 31 March 2024G. Provisions for doubtful debts was reclassified from selling and marketing expenses to general and administrative expenses during the three-month period ended 31 March 2024G.

For more information on the details of the movement in the provision for expected credit losses on accounts receivable, please refer to Section 6-6-2-2-2 ("**Trade Receivables**") of this Prospectus.

Salaries and other employee related costs

Salaries and other employee related costs recorded under Selling and Marketing expenses relate to B2B sales department salaries.

Salaries and other employee related costs recorded under Selling and Marketing expenses amounted to SAR 2.3 million in 2021G, and decreased to nil in 2022G and 2023G as the department was terminated after the discontinuing of B2B sales.

Others

Others mainly comprise computer software & license expenses, stationary & printouts, and design fee, amongst others.

Other expenses increased by 1,629.2% from SAR 122 thousand in 2021G to SAR 2.1 million in 2022G mainly driven by the reclassification of computer software & license expenses related to cloud platforms and subscriptions for messages and calls, as well as data analytics software from general and administrative expenses to selling and marketing expenses.

Other expenses increased by 178.3% from SAR 2.1 million in 2022G to SAR 5.9 million in 2023G primarily due to an increase in computer software & license expenses by SAR 3.8 million related to increased calls and messages subscriptions.

Others increased by 484.0% from SAR 411 thousand in the three-month period ended 31 March 2023G to SAR 2.4 million in the three-month period ended 31 March 2024G due to payment gateway fees amounting to SAR 1.4 million which were reclassified from bank charges to other expenses during the three-month period ended 31 March 2024G.

6.6.1.4 General and administrative expenses

The following table summarizes the general and administrative expenses for the three years ended 31 December 2021G, 2022G and 2023G and the three-month periods ended 31 March 2023G and 2024G:

Table (6.16): General and administrative expenses

SAR in 000s	Year ended 31 December 2021G	Year ended 31 December 2022G	Year ended 31 December 2023G	Var. 2021G-2022G	Var. 2022G-2023G	CA-GR2021G-2023G	Three-month period ended 31 March 2023G (Unaudited)	Three-month period ended 31 March 2024G (Unaudited)	Var. 31 March 2023G-31 March 2024G
Salaries, wages and other benefits	17,362	19,080	20,171	9.9%	5.7%	7.8%	4,472	5,753	28.6%
Professional fees	1,159	1,613	4,955	39.2%	207.2%	106.8%	-	-	N/A
Governmental and legal fees	3,836	3,107	3,592	(19.0%)	15.6%	(3.2%)	1,287	2,837	120.5%
Depreciation on right of use assets	838	985	1,511	17.5%	53.4%	34.3%	470	369	(21.5%)
Insurance	479	1,026	1,105	114.4%	7.7%	52.0%	265	398	50.2%
Employees' benefits liability	756	925	1,093	22.3%	18.2%	20.2%	353	539	52.5%
Amortization of intangible assets	-	301	459	N/A	52.5%	N/A	108	105	(2.4%)
Depreciation on property and equipment	492	702	933	42.8%	32.9%	37.3%	214	217	1.7%
Provision for doubtful debts	736	-	-	(100.0%)	N/A	N/A	-	369	N/A
Others	3,323	1,382	2,891	(58.4%)	109.3%	(6.7%)	542	1,313	142.4%
Total	**28,980**	**29,120**	**36,710**	**0.5%**	**26.1%**	**12.5%**	**7,710**	**11,900**	**54.3%**

Source: Company's audited financial statements for the financial year ended 31 December 2021G, the audited consolidated financial statements for the financial year ended 31 December 2023G and the unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2024G, and Management information.

Table (6.17): As a percentage of revenue

	Year ended 31 December 2021G (Management information)	Year ended 31 December 2022G (Management information)	Year ended 31 December 2023G (Management information)	Var. 2021G-2022G	Var. 2022G-2023G	CAGR2021G-2023G	Three-month period ended 31 March 2023G (Management information)	Three-month period ended 31 March 2024G (Management information)	Var. 31 March 2023G-31 March 2024G
	As a % of revenue			Percentage points			As a % of revenue		Percentage points
Salaries, wages and other benefits	3.9%	3.1%	2.6%	(0.8)	(0.5)	(1.3)	2.9%	2.3%	(0.6)
Professional fees	0.3%	0.3%	0.6%	0.0	0.4	0.4	0.0%	0.0%	0.0
Governmental and legal fees	0.9%	0.5%	0.5%	(0.3)	(0.0)	(0.4)	0.8%	1.1%	0.3
Depreciation on right of use assets	0.2%	0.2%	0.2%	(0.0)	0.0	0.0	0.3%	0.1%	(0.2)
Insurance	0.1%	0.2%	0.1%	0.1	(0.0)	0.0	0.2%	0.2%	(0.0)
Employees' benefits liability	0.2%	0.2%	0.1%	(0.0)	(0.0)	(0.0)	0.2%	0.2%	(0.0)
Amortization of intangible assets	0.0%	0.0%	0.1%	0.0	0.0	0.1	0.1%	0.0%	(0.0)
Depreciation on property and equipment	0.1%	0.1%	0.1%	0.0	0.0	0.0	0.1%	0.1%	(0.1)
Provision for doubtful debts	0.2%	0.0%	0.0%	(0.2)	0.0	(0.2)	0.0%	0.1%	0.1
Others	0.7%	0.2%	0.4%	(0.5)	0.1	(0.4)	0.3%	0.5%	0.2
Total	**6.5%**	**4.7%**	**4.7%**	**(1.7)**	**(0.1)**	**(1.8)**	**5.0%**	**4.8%**	**(0.2)**

Source: Management information.

General and administrative expenses increased by 0.5% from SAR 29.0 million in 2021G to SAR 29.1 million in 2022G mainly driven by the increase in salaries, wages and other benefits by 9.9% from SAR 17.4 million in 2021G to SAR 19.1 million in 2022G on the back of an increase in average compensation packages during the same period. This was offset by a decrease in the provisions for doubtful debts which amounted to SAR 736 thousand in 2021G driven by the reclassification of the provision under selling and marketing expenses in 2022G and 2023G as this provision is related to receivable balances from companies (wholesale sales).

General and administrative expenses increased by 26.1% from SAR 29.1 million in 2022G to SAR 36.7 million in 2023G mainly driven by (i) the increase in governmental and legal fees by SAR 3.3 million related to the initial public offering consultancy fees and (ii) retail booth rents by SAR 1.0 million related to booths in malls and other venues to market the Group's exclusively owned brands, (iii) increase in salaries, wages and other benefits by SAR 1.1 million, (iv) increase in depreciation expenses in relation to leasehold improvements of the head office and additions related to warehouses.

General and administrative expenses increased by 54.3% from SAR 7.7 million in the three-month period ended 31 March 2023G to SAR 11.9 million in the three-month period ended 31 March 2024G mainly driven by (i) the increase in governmental and legal fees by SAR 1.6 million related to the initial public offering consultancy fees (ii) the increase in salaries, wages and other benefits by SAR 1.3 million (iii) the increase in retail booth rents by SAR 183 thousand related to booths in malls and other venues to market the Group's exclusively owned brands, (iv) the increase in depreciation expenses in relation to leasehold improvements of the head office and additions related to warehouses.

Salaries, wages and other benefits

Salaries, wages and other benefits consist of basic salaries, housing allowances, and transportation allowances amongst other allowances.

Salaries, wages and other benefits increased by 9.9% from SAR 17.4 million in 2021G to SAR 19.1 million in 2022G, primarily on the back of an increase in average monthly salary during the same period.

Salaries, wages and other benefits increased by 5.7% from SAR 19.1 million in 2022G to SAR 20.2 million driven by the increase in headcount from 196 employees in 2022G to 230 employees in 2023G to accommodate for the growth in the Group's operations.

Salaries, wages and other benefits increased by 28.6% from SAR 4.5 million in the three-month period ended 31 March 2023G to SAR 5.8 million in the three-month period ended 31 March 2024G due to the increase in headcount from 214 employees during the three-month period ended 31 March 2023G to 241 employees in the three-month period ended 31 March 2024G to accommodate for the growth in the Group's operations.

Professional fees

Professional fees relate primarily to audit expenses and miscellaneous consulting expenses.

Professional fees increased by 39.2% from SAR 1.2 million in 2021G to SAR 1.6 million in 2022G due to the reclassification of consulting expenses from other expenses to professional fees.

Professional fees increased by 207.2% from SAR 1.6 million in 2022G to SAR 5.0 million in 2023G primarily driven by the initial public offering related costs.

Professional fees were reclassified to government and legal fees in the three-month periods ended 31 March 2023G and 2024G.

Governmental and legal fees

Governmental and legal fees mainly relate to social insurance, residency fees and professional services fees related to audit expenses and miscellaneous consulting expenses, which were reclassified to governmental and legal fees during the three-month periods ended 31 March 2023G and 2024G.

Governmental and legal fees decreased by 19.0% from SAR 3.8 million in 2021G to SAR 3.1 million in 2022G as the Governmental and legal fees for 2021G included withholding taxes amounting to SAR 787 thousand which were reclassified to selling and marketing expenses in 2022G.

Governmental and legal fees increased by 15.6% from SAR 3.1 million in 2022G to SAR 3.6 million in 2023G mainly driven by the increase in social insurance and residency fees.

Governmental and legal fees increased by 120.5% from SAR 1.3 million in the three-month period ended 31 March 2023G to SAR 2.8 million in the three-month period ended 31 March 2024G by SAR 1.5 million related to the VAT, Zakat and with-holding tax consultancy fees..

Depreciation on right of-use assets

Depreciation on right of-use assets is related to the amortization of right-of-use assets mainly warehouse lease contracts and head office lease contracts.

Depreciation on right-of-use assets increased by 17.5% from SAR 838 thousand in 2021G to SAR 985 thousand in 2022G, and further by 53.4% to SAR 1.5 million in 2023G mainly driven by the additions related to warehouses lease contracts coupled with head office leases to expand supply chain and accommodate the growing demand.

Depreciation on right-of-use-assets amounted to SAR 470 thousand in the three-month period ended 31 March 2023G and SAR 369 thousand in the three-month period ended 31 March 2024G.

Insurance

Insurance pertains to employee's medical insurance, fire insurance covering property and goods in warehouses, and vehicles insurance.

Insurance expenses increased by 114.4% from SAR 479 thousand in 2021G to SAR 1.0 million in 2022G due to an increase in medical insurance from SAR 454 thousand in 2021G to SAR 793 thousand in 2022G, coupled with the increase in fire insurance amounting to SAR 230 thousand.

Insurance expenses increased by 7.7% from SAR 1.0 million in 2022G to SAR 1.1 million in 2023G primarily due to the increase in total employee headcount from 326 employees in 2022G to 384 employees in 2023G, coupled with the increase in insurance prices.

Insurance expenses increased by 50.2% from SAR 265 thousand in the three-month period ended 31 March 2023G to SAR 398 thousand in the three-month period ended 31 March 2024G primarily due to the increase in total employee headcount from 357 employees in the three-month period ended 31 March 2023G to 401 employees in the three-month period ended 31 March 2024G, coupled with the increase in insurance premiums.

Employees' benefits liability

Employees' benefits liability mainly relates to end of services compensation program for employees.

Employees' benefits liability expense increased by 22.3% from SAR 756 thousand in 2021G to SAR 925 thousand in 2022G and further by 18.2% to SAR 1.1 million in 2023G, and by 52.5% from SAR 353 thousand in the three-month period ended 31 March 2023G to SAR 539 thousand in the three-month period ended 31 March 2024G, as the compensation liability increases on annual basis in-line with employees' tenor, coupled with the overall increase in employee headcount over the historical period.

Amortization of intangible assets

Amortization of intangible assets pertains to the amortization of the Group's enterprise resource planning (ERP) system (Oracle) and the legacy system used by the Group (Onyx), as well as the private labels.

Amortization of intangible assets amounted to SAR 301 thousand in 2022G and SAR 459 thousand in 2023G, and SAR 108 thousand in the three-month period ending on 31 March 2023G and SAR 105 thousand in the three-month period ending on 31 March 2024G.

Depreciation on property and equipment

Depreciation on property and equipment relates mainly to leasehold improvements, furniture and fixtures, and vehicles.

Depreciation on property and equipment increased by 42.8% from SAR 492 thousand in 2021G to SAR 702 thousand in 2022G and further by 32.9% to SAR 933 thousand in 2023G, and by 1.7% from SAR 214 thousand in the three-month period ended 31 March 2023G to SAR217 thousand in the three-month period ended 31 March 2024G mainly driven by the additions related to leasehold improvements of warehouses and the head office, in addition to the additions related to furniture and fixtures.

Provisions for doubtful debts

Provisions for doubtful debts pertains to the provision for expected credit losses on accounts receivable from businesses and companies (wholesale sales).

Provisions for doubtful debts amounted to SAR 736 thousand in 2021G and were reclassified to selling and marketing expenses in 2022G and 2023G.

Provisions for doubtful debts which amounted to SAR 369 thousand in the three-month period ended 31 March 2024G, were reclassified from selling and marketing expenses to general and administrative expenses during the three-month period ended 31 March 2024G.

Others

Others mainly comprise retail booth rent for the purpose of marketing the Group's private labels during certain periods such as seasons and holidays, and withholding tax and electricity expenses, amongst others.

Other expenses decreased by 58.4% from SAR 3.3 million in 2021G to SAR 1.4 million in 2022G as consultancy and legal fees have been reclassified to governmental and legal fees within general and administrative expenses.

Other expenses increased by 109.3% from SAR 1.4 million in 2022G to SAR 2.9 million in 2023G primarily due to an increase in retail booth rental expenses by SAR 1.0 million in various malls and venues to market the Group's private labels. These were subsequently closed by the end of the year as they were no longer needed.

Other expenses increased by 142.3% from SAR 542 thousand in the three-month period ended 31 March 2023G to SAR 1.3 million in the three-month period ended 31 March 2024G due to an increase in retail booth rental expenses by SAR 183 thousand in various malls and venues to market the Group's private labels, coupled with the increase in other miscellaneous expenses.

6.6.1.5 Finance cost

The following table summarizes the finance cost for the three years ended 31 December 2021G, 2022G and 2023G and the three-month periods ended 31 March 2023G and 2024G:

Table (6.18): Finance cost

SAR in 000s	Year ended 31 December 2021G	Year ended 31 December 2022G	Year ended 31 December 2023G	Var. 2021G-2022G	Var. 2022G-2023G	CAGR2021G-2023G	Three-month period ended 31 March 2023G (Management information)	Three-month period ended 31 March 2024G (Management information)	Var. 31 March 2023G-31 March 2024G
Financing costs on bank borrowing	268	1,409	2,074	426.2%	47.1%	178.3%	674	820	21.6%
Financing costs on lease liabilities	506	923	1,052	82.5%	14.1%	44.3%	126	248	96.6%
Total	**773**	**2,332**	**3,126**	**201.5%**	**34.1%**	**101.0%**	**800**	**1,068**	**33.4%**

Source: Company's audited financial statements for the financial year ended 31 December 2021G and the audited consolidated financial statements for the financial year ended 31 December 2023G, and Management information.

Finance cost mainly relates to financing costs on bank borrowings and financing costs on lease liabilities.

The Group had outstanding long-term and short-term borrowings amounting to SAR 18.4 million and SAR 23.3 million as at 31 December 2023G, respectively. The non-current portion of these borrowings amounted to SAR 13.2 million, and the current portion amounted to SAR 28.5 million as at 31 December 2023G, and the non-current portion of these borrowings amounted to SAR 14.3 million, and the current portion amounted to SAR 37.7 million as at 31 March 2024G. The short- and long-term loans include an interest rate of SAIBOR + margin.

The long-term borrowing relates to one medium-term loan obtained from Al Rajhi Bank during 2022G amounting to SAR 27.1 million for financing the construction of a new warehouse in the Central region. The loan is due for repayment on 20 equal quarterly instalments of SAR 1.4 million each, with the last instalment due in May 2027G. The loan includes the following financial covenants: (i) debt service coverage ratio of not less than 1.20 (ii) related party balances not to exceed SAR 10 million, and (iii) leverage ratio of 2x. It is worth noting that the land on which the new warehouse will be constructed in Riyadh city (and what has been or will be constructed on it) is mortgaged in favor of Al Rajhi Development Company as a guarantee to fulfill the debt provided by Al Rajhi Bank under Al Rajhi Facility Agreement.

The short-term borrowings include 2 facilities:

- During 2022G, the Group obtained a short-term credit facility from Al Rajhi Bank amounting to SAR 35.0 million for financing working capital purposes. The outstanding balance of this facility amounted to SAR 14.4 million as at 31 December 2023G and SAR 21.9 million as at 31 March 2024G. The facility has a maturity period of less than one year.
- During 2023G, the Group obtained a short-term credit facility from Al Awwal Bank (formerly SAB) amounting to SAR 8.9 million for financing working capital purposes. The outstanding balance of this facility amounted to SAR 8.9 million as at 31 December 2023G. During the three-month period 31 March 2024G, the Group increased the short-term credit facility from Al Awwal Bank (formerly SAB) from SAR 8.9 million to SAR 13.0 million which was outstanding as at 31 March 2024G. The facility has a maturity period of less than one year.

Finance costs increased by 201.5% from SAR 773 thousand in 2021G to SAR 2.3 million in 2022G, owing to the increase in financing costs on bank borrowings resulting from the short-term borrowings from Al Rajhi Bank obtained to finance working capital.

Finance costs increased by 34.1% from SAR 2.3 million in 2022G to SAR 3.1 million in 2023G, driven by the increase in financing costs on bank borrowings resulting from the short-term borrowings from Al Awwal Bank (formerly SAB) and Al Rajhi Bank obtained to finance working capital, as well as an increase in financing costs on lease liabilities.

Finance costs increased by 33.4% from SAR 800 thousand in the three-month period ended 31 March 2023G to SAR 1.1 million in the three-month period ended 31 March 2024G due to an increase in financing costs on bank borrowings resulting from the short-term borrowings from Al Awwal Bank (formerly SAB) and Al Rajhi Bank obtained to finance working capital, as well as an increase in financing costs on lease liabilities.

For more information on the details of the loans, please refer to Section 6-2 "**Loans and borrowings**" and Section 12-10 "**Credit Facilities and Loans**" of this Prospectus.

6.6.1.6 Other Income

The following table summarizes the other income for the three years ended 31 December 2021G, 2022G and 2023G and the three-month periods ended 31 March 2023G and 2024G:

Table (6.19): Other income

SAR in 000s	Year ended 31 December 2021G	Year ended 31 December 2022G	Year ended 31 December 2023G	Var. 2021G-2022G	Var. 2022G-2023G	CAGR2021G-2023G	Three-month period ended 31 March 2023G (Management information)	Three-month period ended 31 March 2024G (Management information)	Var. 31 March 2023G-31 March 2024G
Gain on disposal of fixed assets	-	-	2,287	N/A	N/A	N/A	-	(96)	N/A
Gains on disposal on lease liability extinguishment	-	237	350	N/A	47.7%	N/A	57	-	N/A
Exchange loss	-	-	-	N/A	N/A	N/A	(72)	(94)	29.6%
Share of loss from a subsidiary	-	(433)	-	N/A	(100.0%)	N/A	-	-	N/A
others	489	278	362	(43.1%)	30.1%	(14.0%)	1,233	224	N/A
Total	**489**	**82**	**2,999**	**(83.1%)**	**3536.4%**	**147.6%**	**1,218**	**34**	**(97.2%)**

Source: Company's audited financial statements for the financial year ended 31 December 2021G and the audited consolidated financial statements for the financial year ended 31 December 2023G, and Management information.

Other income comprises mainly gain on disposal of fixed assets, gain on disposal on lease liability extinguishment, foreign exchange loss amongst other miscellaneous losses.

Other income decreased by 83.1% from SAR 489 thousand in 2021G to SAR 82 thousand in 2022G mainly due to the reclassification of share of loss from a subsidiary amounting to SAR 433 thousand to other income in 2022G related to the Group's share in Zahra Aster Cosmetics Company that was disposed of in 2022G.

Other income increased by 3,536.4% from SAR 82 thousand in 2022G to SAR 3.0 million in 2023G, mainly driven by the gain on disposal of fixed assets amounting to SAR 2.3 million which related to the sale of three land plots that were purchased by the Group for marketing purposes. The Group purchased four adjacent land plots for marketing purposes of which three plots were disposed of in 2023G and one plot was disposed of later during the three-month period ended 31 March 2024G as a result of the change in the Group's plan relating to these lands. In addition, other income included a gain on disposal on lease liability extinguishment amounting to SAR 350 thousand, and other miscellaneous income amounting to SAR 881 thousand in 2023G. This was offset by foreign exchange losses amounting to SAR 519 thousand in 2023G primarily related to purchases made in Euros and UAE Dirhams.

Other income decreased by 97.2% from SAR 1.2 million in the three-month period ended 31 March 2023G to SAR 34 thousand in the three-month period ended 31 March 2024G primarily due to an adjustment of SR 1.2 million relating to right of use assets in other miscellaneous income in the three-month period ended 31 March 2023G.

6.6.1.7 Net profit for the year/period and other comprehensive income

The following table summarizes the net profit and other comprehensive income for the three years ended 31 December 2021G, 2022G and 2023G and the three-month periods ended 31 March 2023G and 2024G:

Table (6.20): Net profit and other comprehensive income

SAR in 000s	Year ended 31 December 2021G	Year ended 31 December 2022G	Year ended 31 December 2023G	Var. 2021G-2022G	Var. 2022G-2023G	CA-GR2021G-2023G	Three-month period ended 31 March 2023G (Unaudited)	Three-month period ended 31 March 2024G (Unaudited)	Var. 31 March 2023G-31 March 2024G
Operating profit	17,104	21,384	35,752	25.0%	67.2%	44.6%	9,211	23,882	159.3%
Finance costs	(773)	(2,332)	(3,126)	201.5%	34.1%	101.%	(800)	(1,068)	33.4%
Other income	489	82	2,999	(83.1%)	3.557,3%	147.6%	1,218	34	(97.2%)
Share of loss from subsidiary	(1,447)	-	-	(100.0%)	NA	NA	-	-	NA
Profit before zakat	**15,372**	**19,135**	**35,624**	**24.5%**	**86.2%**	**52.2%**	**9,629**	**22,848**	**137.3%**
Zakat expense	(1,860)	(2,403)	(3,000)	29.2%	24.8%	27.0%	(750)	(950)	26.7%
Net profit for the year/period	**13,512**	**16,732**	**32,624**	**23.8%**	**95.0%**	**55.4%**	**8,879**	**21,898**	**146.6%**
Other comprehensive loss									
Re-measurement loss of employees' terminal benefits	(295)	(481)	(435)	63.0%	(9.5%)	21.4%	-	-	-
Total comprehensive income for the year/period	13,217	16,251	32,190	23.0%	98.1%	56.1%	8,879	21,898	146.6%
Net profit margin for the year/ period	3.0%	2.7%	4.2%	(0.3)	1.4	1.2	5.7%	8.8%	3.0

Source: Company's audited financial statements for the financial year ended 31 December 2021G, the audited consolidated financial statements for the financial year ended 31 December 2023G and the unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2024G, and Management information.

Net profit for the year / period

Net profit for the year increased by 23.8% from SAR 13.5 million in 2021G to SAR 16.7 million in 2022G driven by a 3.1% increase in gross profit from SAR 156.9 million in 2021G to SAR 161.7 million in 2022G on the back of a 36.6% growth in revenue from SAR 449.2 million in 2021G to SAR 613.6 million in 2022G which resulted from a 45.2% increase in the number of orders from 1.4 million orders to 2.0 million orders, and a change in the sales mix following a 36.3% increase in the Group's exclusive brands revenue during the same period. This was offset by a 0.4% increase in selling and marketing expenses from SAR 110.8 million in 2021G to SAR 111.2 million in 2022G, as well as a 201.5% increase in finance costs from SAR 773 thousand in 2021G to SAR 2.3 million in 2022G. As a result, the net profit margin decreased from 3.0% in 2021G to 2.7% in 2022G.

Net profit for the year increased by 95.0% from SAR 16.7 million in 2022G to SAR 32.6 million in 2023G driven by a 33.9% increase in gross profit from SAR 161.7 million in 2022G to SAR 216.6 million in 2023G, which was the result of a 27.5% growth in revenue from SAR 613.6 million in 2022G to SAR 782.4 million in 2023G, primarily due to a 32.3% increase in the number of orders from 2.0 million orders to 2.7 million orders. This was offset by a 29.6% increase in selling and marketing expenses from SAR 111.2 million in 2022G to SAR 144.1 million in 2023G and a 26.1% increase in general and administrative expenses from SAR 29.1 million in 2022G to SAR 36.7 million in 2023G. As a result, the net profit margin increased from 2.7% in 2022G to 4.2% in 2023G.

Net profit for the period increased by 146.6% from SAR 8.9 million in the three-month period ended 31 March 2023G to SAR 21.9 million in the three-month period ended 31 March 2024G, driven by a 51.1% increase in gross profit from SAR 47.0 million in the three-month period ended 31 March 2023G to SAR 71.1 million in the three-month period ended 31 March 2024G, on the back of a 61.2% increase in revenue from SAR 155.1 million in the three-month period ended 31 March 2023G to SAR 250.1 million in the three-month period ended 31 March 2024G, resulting from a 75.7% increase in the number of orders from 504.7 thousand to 886.8 thousand. This was offset by a 17.3% increase in selling and marketing expenses from SAR 30.1 million in the three-month period ended 31 March 2023G to SAR 35.3 million in the three-month period ended 31 March 2024G, and a 54.3% increase in general and administrative expenses from SAR 7.7 million in the three-month period ended 31 March 2023G to SAR 11.9 million in the three-month period ended 31 March 2024G. As a result, the net profit margin for the period increased from 5.7% in the three-month period ended 31 March 2023G to 8.8% in the three-month period ended 31 March 2024G. It is worth noting that the net profit margin increased from 4.2% in 2023G to 8.8% in the three-month period ended 31 March 2024G.

Re-measurements loss of employees' terminal benefits

The Group grants end-of-service benefits (benefit plan) to its employees taking into consideration the local labor law requirements in the Kingdom of Saudi Arabia. The benefit provided by this benefit plan is a lump sum based on the employees' final salaries and allowance and their cumulative years of service at the date of the termination of employment. The benefit liability recognized in the consolidated statement of financial position in respect of defined benefit end of-service plan is the present value of the defined benefit obligation ("DBO") at the reporting date. The DBO is calculated periodically by qualified actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using yields on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Re-measurements loss of employees' terminal benefits amounted to SAR 295 thousand in 2021G, SAR 481 thousand in 2022G, and SAR 435 thousand in 2023G, as the loss from re-measurement of employees' terminal benefits varies on an annual basis in line with employees' years of service, along with the overall change in the number of employees during the period.

Back to Table of Content >

6.6.2 Statement of Financial Position Data

The following table summarizes the statement of financial position data as at 31 December 2021G, 2022G, and 2023G and 31 March 2024G:

Table (6.21): Statement of financial position data

SAR in 000s	31 December 2021G	31 December 2022G	31 December 2023G	Var. 2021G-2022G	Var. 2022G-2023G	CAGR2021G-2023G	31 March 2024G (Unaudited)	Var. 31 December 2023G-31 March 2024G
Assets								
Non-current assets								
Property and equipment	9,980	53,647	62,972	437.5%	17.4%	151.2%	66,086	4.9%
Intangible assets	524	1,025	1,422	95.6%	38.8%	64.8%	1,482	4.2%
Right-of-use assets	5,915	9,608	11,583	62.5%	20.5%	39.9%	10,660	(8.0%)
Total non-current assets	**16,418**	**64,280**	**75,977**	**291.5%**	**18.2%**	**115.1%**	**78,228**	**3.0%**
Current assets								
Inventories	93,003	147,725	150,785	58.8%	2.1%	27.3%	158,043	4.8%
Trade receivables	18,054	14,031	18,872	(22.3%)	34.5%	2.2%	29,430	55.9%
Prepayments, advances and other receivables	23,850	16,820	33,898	(29.5%)	101.5%	19.2%	43,306	27.8%
Amounts due from related parties	15,287	-	-	(100.0%)	N/A	NA	-	N/A
Cash and bank balances	27,566	46,680	69,705	69.3%	49.3%	59.0%	94,657	35.8%
Total current assets	**177,760**	**225,256**	**273,260**	**26.7%**	**21.3%**	**24.0%**	**325,436**	**19.1%**
Total assets	**194,178**	**289,536**	**349,238**	**49.1%**	**20.6%**	**34.1%**	**403,664**	**15.6%**
Equity and liabilities								
Equity								
Share capital	1,063	1,063	1,063	0.0%	0.0%	0.0%	1,063	0.0%
Statutory reserve	319	319	319	0.0%	0.0%	0.0%	319	0.0%
Retained earnings	52,111	59,963	84,153	15.1%	40.3%	27.1%	106,051	26.0%
Additional contribution to capital	27,136	27,136	27,136	0.0%	0.0%	0.0%	27,136	0.0%
Total equity	**80,629**	**88,481**	**112,671**	**9.7%**	**27.3%**	**18.2%**	**134,569**	**19.4%**
Non-current liabilities								
Long term borrowings	4,428	16,970	13,158	283.3%	(22.5%)	72.4%	11,842	(10.0%)
Lease liabilities	4,750	7,133	8,009	50.2%	12.3%	29.9%	7,660	(4.4%)
Employees' Terminal benefit*	2,368	3,411	4,729	44.1%	38.6%	41.3%	5,221	10.4%
Total non-current liabilities	**11,545**	**27,514**	**25,896**	**138.3%**	**(5.9%)**	**49.8%**	**24.723**	**(4.5%)**
Current liabilities								
Current portion long term borrowings	2,820	4,999	5,263	77.2%	5.3%	36.6%	5,263	0.0%
Current portion of lease liabilities	1,623	2,540	3,282	56.5%	29.2%	42.2%	3,115	(5.1%)

SAR in 000s	31 December 2021G	31 December 2022G	31 December 2023G	Var. 2021G-2022G	Var. 2022G-2023G	CAGR2021G-2023G	31 March 2024G (Unaudited)	Var. 31 December 2023G-31 March 2024G
Trade payables, accruals and other payables	90,337	135,397	168,200	49.9%	24.2%	36.5%	197,482	17.4%
Short term borrowings	3,678	24,149	23,258	556.6%	(3.7%)	151.5%	34,894	50.0%
Provision for losses from investment in an unconsolidated subsidiary	1,447	-	-	N/A	N/A	N/A	-	N/A
Zakat provision	2,098	1,962	2,667	(6.5%)	35.9%	12.7%	3,617	35.6%
Dividend payable	-	4,494	8,000	N/A	78.0%	N/A	-	(100.0%)
Total current liabilities	**102,004**	**173,541**	**210,671**	**70.1%**	**21.4%**	**43.7%**	**244,372**	**16.0%**
Total liabilities	**113,549**	**201,055**	**236,567**	**77.1%**	**17.7%**	**44.3%**	**269,095**	**13.7%**
Total equity and liabilities	**194,179**	**289,536**	**349,238**	**49.1%**	**20.6%**	**34.1%**	**403,664**	**15.6%**

Source: Company's audited financial statements for the financial year ended 31 December 2021G, the audited consolidated financial statements for the financial year ended 31 December 2023G and the unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2024G, and Management information.

* This line item was labelled as "Employees' defined benefit liability" in the Company's unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2024G.

Table (6.22): Key Performance Indicators

Key Performance Indicators (KPIs)	31 December 2021G	31 December 2022G	31 December 2023G	Var. 2021G-2022G	Var. 2022G-2023G	CAGR2021G-2023G	31 March 2024G (Unaudited)	Var. 31 December 2023G-31 March 2024G
Days inventory outstanding (DIO) (1)	97	112	110	15	(2)	13	89	(21)
Days sales outstanding (DSO) (2)	29	21	17	(8)	(4)	(12)	17	-
Days payable outstanding (DPO) (3)	127	94	98	(33)	4	(29)	89	(9)
Cash conversion cycle (CCC) (4)	0	39	30	39	(9)	30	17	(13)
Percentage					**Percentage points**		**Percentage**	**Percentage points**
Return on assets (ROA) (5)	7.4%	6.8%	10.1%	(0.6)	3.3	2.7	12.0%	1.9
Return on equity (ROE) (6)	22.1%	19.8%	32.4%	(2.3)	12.6	10.3	36.9%	4.5

Source: Management information.

(1) DIO (days) is calculated using average inventories / cost of goods sold * 365 days for 31-Dec-21, 22 and 23 (91 days for 31-Mar-24).

(2) DSO (days) is calculated using average gross trade receivables / cash on delivery & BNPL revenue * 365 days for 31-Dec-21, 22 and 23 (91 days for 31-Mar-24).

(3) DPO (days) is calculated using average trade payables / cost of goods sold * 365 days for 31-Dec-21, 22 and 23 (91 days for 31-Mar-24).

(4) CCC (days) is calculated based on the sum of DSO and DIO, less DPO.

(5) ROA for 31-Dec-2021G, 2022G and 2023G is calculated using net profit for the year / average total assets for the year (calculated as sum of the previous and current year-end balances and divided by 2). ROA for the periods ended 31 March 2023G and 31 March 2024G is calculated using last twelve months net profit/ average total assets for the period (calculated as sum of the previous year-end and current period-end balances and divided by 2). .

(6) ROE for 31-Dec-2021G, 2022G and 2023G is calculated using net profit for the year / average total equity for the year (calculated as sum of the previous and current year-end balances and divided by 2). ROE for the periods ended 31 March 2023G and 31 March 2024G is calculated using last twelve months net profit/ average total assets for the period (calculated as sum of the previous year-end and current period-end balances and divided by 2)..

Assets

Non-current assets

Non-current assets mainly include property and equipment, intangible assets, and right-of-use assets.

Non-current assets increased from SAR 16.4 million as at 31 December 2021G to SAR 64.3 million as at 31 December 2022G as a result of an increase in property and equipment by SAR 43.7 million driven by capex amounting to SAR 45.4 million mainly in relation to a land addition of 14,500 square meters in the Central region for the new warehouse amounting to SAR 35.5 million, and an increase in right-of-use assets by SAR 3.7 million mainly in relation to additions of delivery vehicles by SAR4.3 million and warehouse leases related to area increases of the existing warehouses by SAR 2.5 million.

Non-current assets increased from SAR 64.3 million as at 31 December 2022G to SAR 76.0 million as at 31 December 2023G mainly due to:

- An increase in property and equipment by SAR 9.3 million mainly driven by the capital work in progress amounting to SAR 18.1 million related to the new warehouse being built as the Group is undergoing enhancements on the warehouse to comply with the requirements of the new automation system such as adding shelves for storage purposes and safety systems in offices and main facades, amongst others. This was partially offset by the disposals of SAR 9.5 million of land which represented four land plots that were purchased by the Group, out of which three land plots were disposed of in 2023G and one land plot has been subsequently disposed of during the three-month period ended 31 March 2024G as the Group has changed its plans.
- An increase in right-of-use assets by SAR 2.0 million mainly driven by additional warehouse leases amounting to SAR 2.1 million related to further area increases (which will be eliminated with the completion of the new warehouse), as well as additions to the head office lease by SAR 3.0 million also related to area increases in the head office from 796 sqm to 1,096 sqm during the same period. The increase in right of use assets was also driven by remeasurement adjustment amounting to SAR 1.5 million related to recalculations and adjustments of right of use assets and lease liabilities based on the expected cash outflows and contract terms.

Non-current assets increased from SAR 76.0 million as at 31 December 2023G to SAR 78.2 million as at 31 March 2024G following the increase in property and equipment by SAR 3.1 million mainly driven by the capital work in progress amounting to SAR 6.8 million related to the new warehouse. This was partially offset by the disposal of a land plot amounting to SAR 3.2 million

Current asset

Current assets mainly include inventories, trade receivables, prepayments, advances and other receivables, amounts due from related parties, and cash and bank balances.

Current assets increased from SAR 177.8 million as at 31 December 2021G to SAR 225.3 million as at 31 December 2022G mainly due to the increase in inventory balance by SAR 54.7 million in line with the ramp up in revenue and as the Group maintains higher stock levels to meet customer demand, in addition to an increase in cash and bank balances by SAR 19.1 million in line with the growth in the Group's operations. This was partially offset by a decrease in the amounts due from related parties by SAR 15.3 million following the settlement of balances with related parties during 2022G, and prepayments, advances, and other receivables by SAR 7.0 million primarily due to the decrease in advances to suppliers by SAR 6.6 million as a portion of advances to suppliers was reclassified to goods in transit on the basis that the goods had been shipped by the suppliers as at 31 December 2022G.

Current assets increased from SAR 225.3 million as at 31 December 2022G to SAR 273.3 million as at 31 December 2023G mainly due to the increase in cash and bank balances by SAR 23.0 million line with the growth in the Group's operations, and prepayments, advances, and other receivables by SAR 17.0 million as a result of an increase in advances to suppliers driven by the increasing numbers of suppliers in line with the overall increase in product offerings and stock keeping units (SKU) as part of the Group's product development and diversification strategy. In addition, trade receivables balance increased by SAR 4.8 million driven by the increase in receivables from third party delivery partners and BNPL service providers in line with the growth in operations.

Current assets increased from SAR 273.3 million as at 31 December 2023G to SAR 325.4 million as at 31 March 2024G mainly due to the increase in cash and bank balances by SAR 25.0 million line with the growth in the Group's operations, and prepayments, advances, and other receivables by SAR 9.4 million mainly driven by an increase in prepaid expenses. Trade receivables balance increased by SAR 10.6 million driven by the growth in operations which in turn resulted in an increase in receivables from third party delivery partners and BNPL service providers.

Equity and liabilities

Equity

Equity mainly comprises retained earnings, statutory reserve, share capital and additional contribution to capital.

Total Equity increased from SAR 80.6 million as at 31 December 2021G to SAR 88.5 million as at 31 December 2022G due to an increase in retained earnings by SAR 7.9 million in line with the profits achieved during 2022G.

Total Equity increased from SAR 88.5 million as at 31 December 2022G to SAR 112.7 million as at 31 December 2023G due to an increase in retained earnings by SAR 24.2 million in line with the profits achieved during 2023G.

Total Equity increased from SAR 112.7 million as at 31 December 2023G to SAR 134.6 million as at 31 March 2024G due to an increase in retained earnings by SAR 21.9 million in line with the profits achieved in the three-month period ended 31 March 2024G.

Non-current liabilities

Non-current liabilities include long-term borrowings, lease liabilities, and employees' terminal benefit.

Non-current liabilities increased from SAR 11.5 million as at 31 December 2021G to SAR 27.5 million as at 31 December 2022G mainly due to the increase in long-term borrowings by SAR 12.5 million as a result of a loan obtained from Al Rajhi Bank during 2022G to finance the construction of the new warehouse in Riyadh city, and an increase in lease liabilities by SAR 2.4 million due to the increase in number of vehicles lease contracts from 18 vehicles to 54 vehicles during the period coupled with additions on warehouses and head office lease contracts to accommodate for the growth in operations, and an increase in employees' terminal benefit by SAR 1.0 million in line with the overall increase in employee headcount.

Non-current liabilities decreased from SAR 27.5 million as at 31 December 2022G to SAR 25.9 million as at 31 December 2023G as a result of the decrease in long-term borrowings by SAR 3.8 million as a result of the partial settlement of the annual installments in accordance with the agreement concluded with Al Rajhi Bank. This was offset by an increase in the employees' terminal benefit by SAR 1.3 million due to the overall increase in total employee headcount, and lease liabilities by SAR 876 thousand due to the increasing lease contracts to warehouses and head office lease contracts to accommodate for the growth in operations.

Non-current liabilities decreased from SAR 25.9 million as at 31 December 2023G to SAR 24.7 million as at 31 March 2024G as a result of the decrease in long-term borrowings by SAR 1.3 million as a result of the partial settlement of the annual installments in accordance with the agreement concluded with Al Rajhi Bank coupled with the decrease in lease liabilities by SAR 349 thousand due to the payment of lease instalments.

Current liabilities

Current liabilities include trade payables, accruals and other payables, current portion of long-term borrowings, short term borrowings, current portion of lease liabilities, provision for losses from investment in an unconsolidated subsidiary, zakat provision, and dividends payable.

Current liabilities increased from SAR 102.0 million as at 31 December 2021G to SAR 173.5 million as at 31 December 2022G, mainly as a result of (1) the increase in trade payables, accruals and other payables by SAR 45.1 million driven by the increase in purchases to accommodate for the growth in operations coupled with the introduction of new suppliers in connection with the new stock keeping units (SKU) introduced, (2) increase in short-term borrowings by SAR 20.5 million as the Group obtained a short-term credit facility from Al Rajhi Bank amounting to SAR 35.0 million to finance working capital, (3) and increase in dividends payable by SAR 4.5 million in relation to 2022G.

Current liabilities increased from SAR 173.5 million as at 31 December 2022G to SAR 210.7 million as at 31 December 2023G mainly due to the increase in trade payables, accruals and other payables by SAR 32.8 million driven by the continuous increase in purchases to accommodate for the growth in operations coupled with the introduction of new suppliers in connection with the new stock keeping units (SKU) introduced, and the increase in dividends payable by SAR 8.0 million in relation to 2023G.

Current liabilities increased from SAR 210.7 million as at 31 December 2023G to SAR 244.4 million as at 31 March 2024G mainly as a result of the increase in trade payables, accruals and other payables by SAR 29.3 million driven by the continuous increase in purchases to accommodate for the growth in operations coupled with the introduction of new suppliers in connection with the new stock keeping units (SKU) introduced.

6.6.2.1 Non-Current Assets

The following table summarizes the non-current assets as at 31 December 2021G, 2022G, and 2023G and 31 March 2024G:

Table (6.23): Non-current assets

SAR in 000s	31 December 2021G	31 December 2022G	31 December 2023G	Var. 2021G-2022G	Var. 2022G-2023G	CAGR2021G-2023G	31 March 2024G (Unaudited)	Var. 31 December 2023G-31 March 2024G
Property and equipment	9,980	53,647	62,972	437.5%	17.4%	151.2%	66,086	4.9%
Intangible assets	524	1,025	1,422	95.6%	38.8%	64.8%	1,482	4.2%
Right-of-use assets	5,915	9,608	11,583	62.5%	20.5%	39.9%	10,660	(8.0%)
Total	**16,418**	**64,280**	**75,977**	**291.5%**	**18.2%**	**115.1%**	**78,228**	**3.0%**

Source: Company's audited financial statements for the financial year ended 31 December 2021G, the audited consolidated financial statements for the financial year ended 31 December 2023G and the unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2024G, and Management information.

Property and equipment

Property and equipment include land mainly related to the new warehouse in the Central region, capital work in progress also related to the new warehouse, in addition to leasehold improvements related to the existing warehouses and head office, and motor vehicles amongst others.

Property and equipment increased from SAR 10.0 million as at 31 December 2021G to SAR 53.6 million as at 31 December 2022G driven by capex amounting to SAR 45.4 million mainly in relation to a land addition of 14,500 square meters in the Central region for the new warehouse amounting to SAR 35.5 million. The Group is undergoing enhancements on the warehouse to comply with the requirements of the new automation system such as adding shelves for storage purposes and safety systems in offices and main facades, amongst others.

Property and equipment increased from SAR 53.6 million as at 31 December 2022G to SAR 63.0 million as at 31 December 2023G mainly driven by the capital work in progress amounting to SAR 18.2 million related to the new warehouse being built as the Group is undergoing enhancements on the warehouse to comply with the requirements of the new automation system such as adding shelves for storage purposes and safety systems in offices and main facades, amongst others. This was partially offset by the disposals of land amounting to SAR 9.5 million which represented four land plots that were purchased by the Group, of which three land plots were disposed of in 2023G and one land plot has been subsequently disposed of during the three-month period ended 31 March 2024G as the Group has changed its plans.

Property and equipment increased from SAR 63.0 million as at 31 December 2023G to SAR 66.1 million as at 31 March 2024G mainly driven by the capital work in progress amounting to SAR 6.8 million related to the new warehouse. This was partially offset by the disposal of a land plot amounting to SAR 3.2 million during the three-month period ended 31 March 2024G.

Property and equipment is depreciated on a straight-line basis over the useful life of the assets. The Group capitalizes costs associated with capital work in progress until construction or installation is complete with direct costs attributable to the capital work in progress, including capitalized borrowing costs, are transferred to the respective asset class. As for the new warehouse, the life span of the new warehouse will be between 10 to 20 years based on each relevant asset class.

Intangible assets

Intangible assets pertain to software in connection with the Oracle ERP and the legacy system used by the Group (Onyx), in addition to the Group's private labels.

The Group's intangible assets are recorded at the fair value cost of the acquired asset at the date of acquisition. Intangible assets such as the capitalized software, is amortized on a straight-line basis over 5 years.

Intangible assets increased from SAR 524 thousand as at 31 December 2021G to SAR 1.0 million as at 31 December 2022G driven by the capitalization of ongoing expenses incurred related to the implementation of Oracle ERP amounting to SAR 802 thousand, offset by amortization of intangible assets amounting to SAR 301 thousand.

Intangible assets increased from SAR 1.0 million as at 31 December 2022G to SAR 1.4 million as at 31 December 2023G attributable to additional capitalized Oracle ERP expenses amounting to SAR 344 thousand and private label additions of SAR 514 thousand, offset by amortization of intangible assets amounting to SAR 459 thousand during FY2023G.

Intangible assets increased from SAR 1.4 million as at 31 December 2023G to SAR 1.5 million as at 31 March 2024G driven by capitalized Oracle ERP expenses amounting to SAR 128 thousand and private label additions of SAR 37 thousand, offset by amortization of intangible assets amounting to SAR 105 thousand during Three-Month Period Ended 31 March 2024G.

Right-of-use assets

Right of use assets comprise the lease of the head office in Riyadh, vehicles used for delivery of orders to customers, in addition to the warehouses used for daily business operations and order fulfilment.

Right of use assets are recognized from the commencement of the date of the lease for the underlying asset with the costs recognized including the amount of lease liabilities recognized in addition to any initial direct costs incurred to attain the underlying leased asset, in addition to any lease payments made at or prior to the date of commencement of the lease.

Right of use assets increased from SAR 5.9 million as at 31 December 2021G to SAR 9.6 million as at 31 December 2022G mainly in relation to additions of delivery vehicles for order deliveries amounting to SAR 4.3 million and warehouse leases related to area increases of the existing warehouses amounting to SAR 2.5 million, this was partially offset by amortization expense amounting to SAR 2.5 million during FY2022G.

Right of use assets increased from SAR 9.6 million as at 31 December 2022G to SAR 11.6 million as at 31 December 2023G mainly driven by additional warehouses leases amounting to SAR 2.1 million related to further area increases (which will be terminated with the completion of the new warehouse), as well as additions to head office lease amounting to SAR 3.0 million also related to area increases in the head office from 796 square meters to 1,096 square meters during the same period. The increase in right of use assets was also driven by remeasurement adjustment of SAR 1.5 million related to recalculations and adjustments of right of use assets and lease liabilities based on the expected cash outflows and contract terms, which was offset by disposals amounting to SAR 2.7 million also related to the same recalculation and adjustments.

Right-of-use assets decreased from SAR 11.6 million as at 31 December 2023G to SAR 10.7 million as at 31 March 2024G mainly due to the amortization expense amounting to SAR 922 thousand during the three-month period ended 31 March 2024G.

6.6.2.1.1 Property and Equipment

The following table summarizes the property and equipment as at 31 December 2021G, 2022G, and 2023G and 31 March 2024G:

Table (6.24): Property and equipment

SAR in 000s	31 December 2021G	31 December 2022G	31 December 2023G	Var. 2021G-2022G	Var. 2022G-2023G	CAGR2021G-2023G	31 March 2024G (Management information)	Var. 31 December 2023G-31 March 2024G
Land	6,335	48,120	38,618	659.6%	(19.7%)	146.9%	35,450	(8.2%)
Leasehold improvements	1,106	2,424	3,748	119.2%	54.6%	84.1%	3,424	(8.7%)
Furniture and fixture*	262	664	615	153.4%	(7.4%)	53.2%	581	(5.4%)
Computer and software	291	656	872	125.4%	32.9%	73.1%	906	3.8%
Office equipment*	0	-	-	N/A	N/A	N/A	-	N/A

Back to Table of Content >

SAR in 000s	31 December 2021G	31 December 2022G	31 December 2023G	Var. 2021G-2022G	Var. 2022G-2023G	CAGR2021G-2023G	31 March 2024G (Management information)	Var. 31 December 2023G-31 March 2024G
Motor vehicles	668	1,104	826	65.3%	(25.2%)	11.2%	663	(19.7%)
Equipment and tools	1,318	678	132	(48.6%)	(80.5%)	(68.4%)	109	(16.8%)
Capital work in progress	-	-	18,161	N/A	N/A	N/A	24,952	37.4%
Total	**9,980**	**53,647**	**62,972**	**437.5%**	**17.4%**	**151.2%**	**66,086**	**4.9%**

Source: Company's audited financial statements for the financial year ended 31 December 2021G and the audited consolidated financial statements for the financial year ended 31 December 2023G, and Management information.

* The net book value of office equipment amounted to SAR 1 as at 31 December 2021G and was included in furniture and fixtures commencing from the financial year 2022G.

Table (6.25): Additions to property and equipment

SAR in 000s	Year ended 31 December 2021G	Year ended 31 December 2022G	Year ended 31 December 2023G	Var. 2021G-2022G	Var. 2022G-2023G	CAGR2021G-2023G	Three-month period ended 31 March 2024G (Management information)	Var. 31 December 2023G-31 March 2024G
Land	6,335	41,785	-	559.6%	(100.0%)	N/A	-	N/A
Leasehold improvements	1,167	1,797	2,371	54.0%	31.9%	42.5%	9	(99.6%)
Furniture and fixture*	73	609	186	734.2%	(69.5%)	59.6%	11	(94.3%)
Computer and software	158	596	442	277.2%	(25.8%)	67.3%	111	(74.9%)
Office equipment*	-	-	-	N/A	N/A	N/A	-	N/A
Motor vehicles	382	628	-	64.4%	(100.0%)	N/A	-	N/A
Equipment and tools	348	6	-	(98.3%)	(100.0%)	N/A	-	N/A
Capital work in progress	-	-	18,161	N/A	N/A	N/A	6,790	(62.6%)
Total	**8,463**	**45,422**	**21,160**	**436.7%**	**(53.4%)**	**58.1%**	**6,921**	**(67.3%)**

Source: Company's audited financial statements for the financial year ended 31 December 2021G and the audited consolidated financial statements for the financial year ended 31 December 2023G, and Management information.

* There were no additions to office equipment during the financial year 2021G, and additions to office equipment were included in furniture and fixtures commencing from the financial year 2022G.

Table (6.26): Depreciation on property and equipment

SAR in 000s	Year ended 31 December 2021G	Year ended 31 December 2022G	Year ended 31 December 2023G	Var. 2021G-2022G	Var. 2022G-2023G	CAGR2021G-2023G	Three-month period ended 31 March 2024G (Management information)	Var. 31 December 2023G-31 March 2024G	Depreciation rate of property and equipment as of 31 March 2024
Leasehold improvements	136	616	1,662	352.9%	169.8%	249.6%	1,996	20.1%	63.2%
Furniture and fixture*	341	568	803	66.8%	41.4%	53.5%	847	5.5%	40.7%
Computer and software	787	1,018	1,243	29.4%	22.1%	25.7%	1,321	6.2%	40.7%
Office equipment*	20	-	-	(100.0%)	N/A	N/A	-	N/A	N/A
Motor vehicles	453	645	923	42.4%	43.1%	42.7%	805	(12.8%)	45.2%
Equipment and tools	1,264	1,909	2,456	51.0%	28.7%	39.4%	2,478	0.9%	4.2%
Total	**3,001**	**4,756**	**7,088**	**58.5%**	**49.0%**	**53.7%**	**7,446**	**5.1%**	**N/A**

Source: Company's audited financial statements for the financial year ended 31 December 2021G and the audited consolidated financial statements for the financial year ended 31 December 2023G, and Management information.

* The accumulated depreciation of office equipment and was included in furniture and fixtures commencing from the financial year 2022G.

Property and equipment include land mainly related to the new warehouse in the Central region, capital work in progress also related to the new warehouse, in addition to leasehold improvements related to the existing warehouses and head office, and motor vehicles amongst others.

Property and equipment increased from SAR 10.0 million as at 31 December 2021G to SAR 53.6 million as at 31 December 2022G driven by capex amounting to SAR 45.4 million mainly in relation to a land addition of 14,500 square meters in the Central region for the new warehouse amounting to SAR 35.5 million. The Group is undergoing enhancements on the warehouse to comply with the requirements of the new automation system such as adding shelves for storage purposes and safety systems in offices and main facades, amongst others.

Property and equipment increased from SAR 53.6 million as at 31 December 2022G to SAR 63.0 million as at 31 December 2023G mainly driven by the capital work in progress amounting to SAR 18.2 million related to the new warehouse being built as the Group is undergoing enhancements on the warehouse to comply with the requirements of the new automation system such as adding shelves for storage purposes and safety systems in offices and main facades, amongst others. This was partially offset by the disposals of land amounting to SAR 9.5 million which represented four land plots that were purchased by the Group, of which three land plots were disposed of in 2023G and one land plot has been subsequently disposed of during the three-month period ended 31 March 2024G as the Group has changed its plans.

Property and equipment increased from SAR 63.0 million as at 31 December 2023G to SAR 66.1 million as at 31 March 2024G mainly driven by the capital work in progress amounting to SAR 6.8 million related to the new warehouse. This was partially offset by the disposal of a land plot amounting to SAR 3.2 million during the three-month period ended 31 March 2024G.

Property and equipment is depreciated on a straight-line basis over the useful life of the assets. The Group capitalizes costs associated with capital work in progress until construction or installation is complete with direct costs attributable to the capital work in progress, including capitalized borrowing costs, are transferred to the respective asset class. As for the new warehouse, the life span of the new warehouse will be between 10 to 20 years based on each relevant asset class.

The Group has commitments and contingencies which include capital commitments amounting to SAR 12.2 million as at 31 March 2024G related to capital work in progress primarily for the construction of the new warehouse in Riyadh, refurbishment to the Riyadh head office, and the set-up of an office in Dubai, United Arab Emirates.

The Group's net book value of vehicles amounted to SAR 667.8 thousand as at 31 December 2021G, SAR 1.1 million as at 31 December 2022G, SAR 825.8 thousand as at 31 December 2023G and SAR 662.8 thousand as at 31 March 2024G. This included motor vehicles that are registered in the name of a partner and not registered in the Group's name, which amounted to SAR 223.0 thousand as at 31 December 2021G, SAR 166.8 thousand as at 31 December 2022G, SAR 110.5 thousand as at 31 December 2023G and were disposed of during Three-Month Period Ended 31 March 2024G.

It should be noted that, other than the additions to land, capital works in progress, and additions to leasehold improvements for warehouses and the head office, which were mentioned above, there are no other material additions to property and equipment other than the usual annual additions as part of the Group's normal business and operations requirements. On this basis, changes in the net book value of the remaining asset classes (such as furniture, equipment, computers, equipment, and tools) are either the result of additions to the assets or the result of annual depreciation.

The Board of Directors declare that the properties of the Group are not subject to any mortgages, rights or charges as of the date of this Prospectus other than what is declared in Section No. 6-6-2-4-1 "**Long-term borrowings**" of this Prospectus.

6.6.2.1.2 Intangible Assets

The following table summarizes the intangible assets as at 31 December 2021G, 2022G, and 2023G and 31 March 2024G:

Table (6.27): Intangible assets

SAR in 000s	Year ended 31 December 2021G	Year ended 31 December 2022G	Year ended 31 December 2023G	Var. 2021G-2022G	Var. 2022G-2023G	CAGR2021G-2023G	Three-month period ended 31 March 2024G (Management information)	Var. 31 December 2023G-31 March 2024G
Balance at the beginning of the year/period	464	524	1,025	12.8%	95.6%	48.6%	1,422	38.8%
Additions during the year/period	249	802	857	222.1%	6.9%	85,5%	165	(80.8%)
Amortization during the year/period	(189)	(301)	(459)	58.9%	52.5%	55.7%	(105)	(77.1%)
Balance at the end of the year/period	**524**	**1,025**	**1,422**	**95.6%**	**38.8%**	**64.8%**	**1,482**	**4.2%**

Source: Company's audited financial statements for the financial year ended 31 December 2021G and the audited consolidated financial statements for the financial year ended 31 December 2023G, and Management information.

Intangible assets pertain to software in connection with the Oracle ERP and the legacy system used by the Group (Onyx), in addition to the Group's private labels.

The Group's intangible assets are recorded at the fair value cost of the acquired asset at the date of acquisition. Intangible assets such as the capitalized software, is amortized on a straight-line basis over 5 years.

Intangible assets increased from SAR 524 thousand as at 31 December 2021G to SAR 1.0 million as at 31 December 2022G driven by the capitalization of ongoing expenses incurred related to the implementation of Oracle ERP amounting to SAR 802 thousand, offset by amortization of intangible assets amounting to SAR 301 thousand.

Intangible assets increased from SAR 1.0 million as at 31 December 2022G to SAR 1.4 million as at 31 December 2023G attributable to additional capitalized Oracle ERP expenses amounting to SAR 344 thousand and private label additions of SAR 514 thousand, offset by amortization of intangible assets amounting to SAR 459 thousand in FY2023G.

Intangible assets increased from SAR 1.4 million as at 31 December 2023G to SAR 1.5 million as at 31 March 2024G driven by capitalized Oracle ERP expenses amounting to SAR 128 thousand and private label additions of SAR 37 thousand, offset by amortization of intangible assets amounting to SAR 105 thousand during Three-Month Period Ended 31 March 2024G.

6.6.2.1.3 Right-of-Use Assets

The following table summarizes the right-of-use assets as at 31 December 2021G, 2022G, and 2023G and 31 March 2024G:

Table (6.28): Right-of-use assets

SAR in 000s	Year ended 31 December 2021G	Year ended 31 December 2022G	Year ended 31 December 2023G	Var. 2021G-2022G	Var. 2022G-2023G	CAGR2021G-2023G	Three-month period ended 31 March 2024G (Management information)	Var. 31 December 2023G-31 March 2024G
As at the beginning of the year/period	4,050	5,915	9,609	46.0%	62.5%	54.0%	11,583	20.5%
Remeasurement during the year/period	-	-	1,466	N/A	N/A	N/A	-	N/A
Additions during the year/period	3,572	6,812	6,962	90.7%	32.8%	59.2%	-	N/A
Eliminations during the year/period	-	(666)	(2,678)	N/A	615.1%	N/A	-	N/A
Charged during the year/period	(1,707)	(2,452)	(3,776)	43.6%	54.0%	48.7%	(922)	(75.6%)
Balance at the end of the year/period	**5,915**	**9,609**	**11,583**	**62.5%**	**20.5%**	**39.9%**	**10,660**	**(8.0%)**

Source: Company's audited financial statements for the financial year ended 31 December 2021G and the audited consolidated financial statements for the financial year ended 31 December 2023G, and Management information.

Right of use assets comprise the lease of the head office in Riyadh, vehicles used for delivery of orders to customers, in addition to the warehouses used for daily business operations and order fulfilment.

Right of use assets are recognized from the commencement of the date of the lease for the underlying asset with the costs recognized including the amount of lease liabilities recognized in addition to any initial direct costs incurred to attain the underlying leased asset, in addition to any lease payments made at or prior to the date of commencement of the lease.

Right of use assets increased from SAR 5.9 million as at 31 December 2021G to SAR 9.6 million as at 31 December 2022G mainly in relation to additions of delivery vehicles for order deliveries amounting to SAR 4.3 million and warehouse leases related to area increases of the existing warehouses amounting to SAR 2.5 million, this was partially offset by amortization expense amounting to SAR 2.5 million during the period.

Right of use assets increased from SAR 9.6 million as at 31 December 2022G to SAR 11.6 million as at 31 December 2023G mainly driven by additional warehouses leases amounting to SAR 2.1 million related to further area increases (which will be terminated with the completion of the new warehouse), as well as additions to head office lease amounting to SAR 3.0 million also related to area increases in the head office from 796 square meters to 1,096 square meters during the same period. The increase in right of use assets was also driven by additions adjustment of SAR 1.5 million related to recalculations and adjustments of right of use assets and lease liabilities based on the expected cash outflows and contract terms, which was offset by disposals amounting to SAR 2.7 million also related to the same recalculation and adjustments.

Right-of-use assets decreased from SAR 11.6 million as at 31 December 2023G to SAR 10.7 million as at 31 March 2024G mainly due to the amortization expense amounting to SAR 922 thousand during the three-month period ended 31 March 2024G.

6.6.2.2 Current Assets

The following table summarizes the current assets as at 31 December 2021G, 2022G, and 2023G and 31 March 2024G:

Table (6.29): Current assets

SAR in 000s	31 December 2021G	31 December 2022G	31 December 2023G	Var. 2021G-2022G	Var. 2022G-2023G	CAGR2021G-2023G	31 March 2024G (Unaudited)	Var. 31 December 2023G-31 March 2024G
Current assets								
Inventories	93,003	147,725	150,785	58.8%	2.1%	27.3%	158,043	4.8%
Trade receivables	18,054	14,031	18,872	(22.3%)	34.5%	2.2%	29,430	55.9%
Prepayments, advances and other receivables	23,850	16,820	33,898	(29.5%)	101.5%	19.2%	43,306	27.8%
Amounts due from related parties	15,287	-	-	(100.0%)	N/A	N/A	-	N/A
Cash and bank balances	27,566	46,680	69,705	69.3%	49.3%	59.0%	94,657	35.8%
Total	**177,760**	**225,256**	**273,260**	**26.7%**	**21.3%**	**24.0%**	**325,436**	**19.1%**

Source: Company's audited financial statements for the financial year ended 31 December 2021G, the audited consolidated financial statements for the financial year ended 31 December 2023G and the unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2024G, and Management information.

Inventories

Inventories mainly comprised of goods for sale (makeup, perfume, care) and packaging material net of provisions for obsolete items.

The Group follows the first in first out method (FIFO) for inventory management, in coherence with a first expiry first out approach to avoid the risk of slow-moving inventory. It is worth noting that the Group has the option to return excess inventory with some of the suppliers.

Inventories increased from SAR 93.0 million as at 31 December 2021G to SAR 147.7 million as at 31 December 2022G in line with the ramp up in revenue and as the Group maintains higher stock levels to accommodate for the increasing demand accompanied by the introduction of new stock keeping units (SKU) and new products to the product mix, in line with the Group's product development and diversification strategy.

Inventories increased from SAR 147.7 million as at 31 December 2022G to SAR 150.8 million as at 31 December 2023G in line with the ramp up in revenue and as the Group maintains higher stock levels to meet customer demands.

Inventories increased from SAR 150.8 million as at 31 December 2023G to SAR 158.0 million as at 31 March 2024G due to the continued increase in purchases to accommodate for the growth in demand from customers.

Trade receivables

Trade receivables mainly related to third party delivery partners (such as Aramex and SMSA) made through the cash-on-delivery payment channel, BNPL revenue on the pay-later options provided to customers which were added during 2022G, and included balances related to B2B revenue, which were discontinued in 2023G.

Trade receivables decreased from SAR 18.1 million as at 31 December 2021G to SAR 14.0 million as at 31 December 2022G largely due to the discontinuing of the B2B channel and the provisioning of the outstanding dues from the respective customers, in addition to the increase in the allowance for ECL on receivables related to the outstanding balance due mainly from B2B customers after negotiations with these customers relating to the outstanding dues and the delayed payment terms which resulted in a settlement agreement and additional provisions amounting to SAR 1.5 million in 2022G.

Trade receivables increased from SAR 14.0 million as at 31 December 2022G to SAR 18.9 million as at 31 December 2023G driven by the growth in operations which in turn resulted in an increase in receivables from third party delivery partners and BNPL service providers. This was in addition to the decrease in the allowance for ECL to SAR 2.5 million as at 31 December 2023G due to improved collections of outstanding balances mainly related to outstanding B2B customers and hence a reversal of provision for doubtful debts of SAR 369 thousand in 2023G.

Trade receivables increased from SAR 18.9 million as at 31 December 2023G to SAR 29.4 million as at 31 March 2024G as a result of the increase in receivables from third party delivery partners and BNPL service providers in line with the growth in commercial operations.

Prepayments, advances and other receivables

Prepayments, advances, and other receivables mainly comprises of advances to suppliers, and prepaid expenses mainly related to prepaid advertising, marketing and packaging, and unbilled revenues related to other companies' reward points (which was reclassified as at 31 December 2022G onwards to trade receivables) amongst others.

Prepayments, advances, and other receivables decreased from SAR 23.8 million as at 31 December 2021G to SAR 16.8 million as at 31 December 2022G primarily due to the decrease in advances to suppliers by SAR 6.6 million as a portion of advances to suppliers was reclassified to goods in transit on the basis that the goods had been shipped by the suppliers as at 31 December 2022G.

Prepayments, advances, and other receivables increased from SAR 16.8 million as at 31 December 2022G to SAR 33.9 million as at 31 December 2023G mainly driven by an increase in advances to suppliers by SAR 13.1 million in line with the overall increase in product offerings and stock keeping units (SKU) and the increase in prepaid expenses by SAR 808 thousand mainly related to prepaid packaging expenses.

Prepayments, advances, and other receivables increased from SAR 33.9 million as at 31 December 2023G to SAR 43.3 million as at 31 March 2024G driven by an increase in prepaid expenses by SAR 9.4 million as at 31 March 2024G in addition to guarantees amounting to SAR 670 thousand as at 31 March 2024G provided to the Chamber of Commerce in relation to a campaign launched by the Group during the month of Ramadan. This was partially offset by decrease in employee receivables by SAR 597 thousand during the same period.

Amounts due from related parties

Amounts due from related parties mainly related to balances due from shareholders and amounted to SAR 15.3 million as at 31 December 2021G. The balances were subsequently settled and balances due from related parties amounted to nil as at 31 December 2022G and 2023G and 31 March 2024G.

Cash and bank balances

Cash and bank balances relate mainly to cash on hand and cash at banks.

Cash and bank balances increased from SAR 27.6 million as at 31 December 2021G to SAR 46.7 million as at 31 December 2022G, then to SAR 69.7 million as at 31 December 2023G, and further to SAR 94.7 million as at 31 March 2024G in line with the growth in the Group's operations during 2022G and 2023G and during the three-month period ended 31 March 2024G.

6.6.2.2.1 Inventories

The following table summarizes the inventory as at 31 December 2021G, 2022G, and 2023G and 31 March 2024G:

Table (6.30): Inventories

SAR in 000s	31 December 2021G	31 December 2022G	31 December 2023G	Var. 2021G-2022G	Var. 2022G-2023G	CAGR2021G-2023G	31 March 2024G (Unaudited)	Var. 31 December 2023G-31 March 2024G
Goods for sale	90,322	128,807	149,035	42.6%	15.7%	28.5%	154,063	3.4%
Goods in transit	-	17,192	-	N/A	(100.0%)	N/A	-	N/A
Packaging material	2,682	5,004	6,357	86.6%	27.0%	54.0%	9,857	55.0%
Provision for obsolete items	-	(3,279)	(4,608)	N/A	40.5%	N/A	(5,877)	27.6%
Total	**93,003**	**147,725**	**150,785**	**58.8%**	**2.1%**	**27.3%**	**158,043**	**4.8%**
DIO (1)	97	112	110	15	(2)	13	89	(21)

Source: Company's audited financial statements for the financial year ended 31 December 2021G, the audited consolidated financial statements for the financial year ended 31 December 2023G and the unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2024G, and Management information.

(1) DIO (days) is calculated using average inventories / cost of goods sold * 365 days for 31-Dec-21, 22 and 23 (91 days for 31-Mar-24).

Table (6.31): Goods for sale inventory ageing as at 31 December 2023G

SAR in 000s	Current	6-12 months	12-18 months	18-24 months	More than 24 months	31 December 2023G (Management information)
Total	**114,290**	**23,150**	**7,440**	**1,391**	**2,764**	**149,035**

Source: Management information.

Table (6.32): Goods for sale inventory ageing as a percentage of each product's balance as at 31 December 2023G

Percentage	Current	6-12 months	12-18 months	18-24 months	More than 24 months	31 December 2023G (Management information)
Makeup	69.6%	23.1%	6.5%	0.2%	0.6%	100.0%
Care	77.4%	12.6%	5.1%	1.8%	3.2%	100.0%
Perfume	90.7%	4.8%	1.9%	1.2%	1.4%	100.0%
Others	60.6%	6.3%	4.5%	0.0%	28.6%	100.0%
Total	**76.7%**	**15.5%**	**5.0%**	**0.9%**	**1.9%**	**100.0%**

Source: Management information.

Table (6.33): Goods for sale inventory ageing as at 31 March 2024G

SAR in 000s	Current	6-12 months	12-18 months	18-24 months	More than 24 months	31 March 2024G (Management information)
Total	**117,555**	**18,092**	**11,138**	**4,129**	**3,150**	**154,063**

Source: Management information.

Table (6.34): Goods for sale inventory ageing as a percentage of each product's balance as at 31 March 2024G

Percentage	Current	6-12 months	12-18 months	18-24 months	More than 24 months	31 December 2023G (Management information)
Makeup	66.9%	18.7%	10.1%	3.7%	0.7%	100.0%
Care	84.7%	5.3%	5.5%	1.3%	3.2%	100.0%
Perfume	87.4%	5.4%	2.1%	2.8%	2.3%	100.0%
Others	63.6%	4.3%	1.2%	4.1%	26.9%	100.0%
Total	**76.3%**	**11.7%**	**7.2%**	**2.7%**	**2.0%**	**100.0%**

Source: Management information.

Inventories mainly comprised of goods for sale (makeup, perfume, care) and packaging material net of provisions for obsolete items.

The Group follows the first in first out method (FIFO) for inventory management, in coherence with a first expiry first out approach to avoid the risk of slow-moving inventory. It is worth noting that the Group has the option to return excess inventory with some of the suppliers.

Inventories increased from SAR 93.0 million as at 31 December 2021G to SAR 147.7 million as at 31 December 2022G in line with the ramp up in revenue and as the Group maintains higher stock levels to accommodate for the increasing demand accompanied by the introduction of new stock keeping units (SKU) and new products to the product mix, in line with the Group's product development and diversification strategy.

Inventories increased from SAR 147.7 million as at 31 December 2022G to SAR 150.8 million as at 31 December 2023G in line with the ramp up in revenue and as the Group maintains higher stock levels to meet customer demands.

Inventories increased from SAR 150.8 million as at 31 December 2023G to SAR 158.0 million as at 31 March 2024G due to the continued increase in purchases to accommodate for the growth in demand from customers.

DIO increased from 97 days as at 31 December 2021G to 112 days as at 31 December 2022G and 110 days as at 31 December 2023G driven by the Group's increased focus on exclusive brands which are procured internationally, and which generally require larger shipment quantities to maintain shipping costs. DIO decreased to 89 days as at 31 March 2024G in line with the general increase in quantities sold during the period (most notably perfume revenue which grew by 24.2% in the three-month period ended 31 March 2024G compared to three-month period ended 31 March 2023G).

Goods for sale

Goods for sale comprised makeup products, perfumes and care products which include the Group's exclusive brands and other brands. Goods for sale are procured either from wholesalers and/or direct agreements with the brands. It is worth noting that the Group has been recently focused on securing exclusivity agreements directly with the brands.

Locally procured products are maintained at a three-month stock cover level and are purchased in small quantities to cover three months of sales to avoid overstocking slow-moving products, while internationally procured products are purchased in bulk and maintained at a six to nine months stock cover level to reduce the shipping costs associated with internationally procured products.

Goods for sale increased from SAR 90.3 million as at 31 December 2021G to SAR 128.8 million as at 31 December 2022G in line with the ramp up in revenue and as the Group maintains higher stock levels to meet customer demands, coupled with the introduction of new stock keeping units (SKU) and new products to the product mix.

Goods for sale increased from SAR 128.8 million as at 31 December 2022G to SAR 149.0 million as at 31 December 2023G driven by the increase in purchases to accommodate for the growth in demand from customers, mainly makeup and care products, coupled with the introduction of new stock keeping units (SKU) and new products to the product mix.

Goods for sale increased from SAR 149.0 million as at 31 December 2023G to SAR 154.1 million as at 31 March 2024G driven by the increase in purchases to accommodate for the growth in demand from customers, mainly makeup and care products, coupled with the introduction of new stock keeping units (SKU) and new products to the product mix. This was partially offset by the decrease in perfume balance in line with the growth in revenue during the period.

Goods in transit

Goods in transit mainly included products that were yet to be received at the Group's warehouses at the cut-off period.

Goods in transit amounted to SAR 17.2 million as at 31 December 2022G, as part of the advance payments made to suppliers were reclassified to goods in transit on the basis that the goods had been shipped by suppliers as at 31 December 2022G.

Packaging material

Packaging materials include materials used to package customer orders.

Packaging materials increased from SAR 2.7 million as at 31 December 2021G to SAR 5.0 million as at 31 December 2022G then to SAR 6.4 million as at 31 December 2023G and further to SAR 9.9 million as at 31 March 2024G, in line with the increase in customer orders during the same period.

Provision for obsolete items

Provisions for obsolete items relate to provisions booked during the year/period for slow moving and obsolete products that are approaching expiry. The Group adopted a formal provisioning policy whereby the Group records a provision for slow moving inventory as follows:

Table (6.35): Provision for obsolete items policy

Percentage	0-12 months	12-18 months	18-24 months	More than 24 months
Makeup and care	0%	25%	50%	100%
Perfumes and devices	0%	15%	30%	80%

Source: Management information.

Table (6.36): Movement in the provision for obsolete items

SAR in 000s	Year ended 31 December 2021G	Year ended 31 December 2022G	Year ended 31 December 2023G	Var. 2021G-2022G	Var. 2022G-2023G	CAGR2021G-2023G	Three-month period ended 31 March 2024G (Unaudited)	Var. 31 December 2023G-31 March 2024G
Balance at the beginning of the year/period	N/A	-	3,279	N/A	N/A	N/A	4,608	40.5%
Charge for the year/period	N/A	3,279	5,017	N/A	53.0%	N/A	1,270	(74.7%)
Write offs	N/A	-	(3,688)	N/A	N/A	N/A	-	0.0%
Balance at the end of the year/period	**-**	**3,279**	**4,608**	**N/A**	**40.5%**	**N/A**	**5,877**	**27.6%**

Source: Company's audited financial statements for the financial year ended 31 December 2021G, the audited consolidated financial statements for the financial year ended 31 December 2023G and the unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2024G, and Management information.

Provisions for obsolete items increased from nil as at 31 December 2021G to SAR 3.3 million as at 31 December 2022G and SAR 4.6 million as at 31 December 2023G then to SAR 5.9 million as at 31 March 2024G driven by additional provisions formed as per the Group's provision policy and aging of inventory. The Group has recorded an additional provision amounting to SAR 500 thousand in 2023G to account for any additional potential exposure. Prior to 2022G, the Group has not recorded any provisions as management was of the view that given the ramp up of the operations which was at early stages in 2021G, no provisions were needed. It worth noting that the Group has the option to return excess inventory with some suppliers.

6.6.2.2.2 Trade receivables

The following table summarizes the trade receivables as at 31 December 2021G, 2022G, and 2023G and 31 March 2024G:

Table (6.37): Trade receivables

SAR in 000s	31 December 2021G	31 December 2022G	31 December 2023G	Var. 2021G-2022G	Var. 2022G-2023G	CAGR2021G-2023G	31 March 2024G (Unaudited)	Var. 31 December 2023G-31 March 2024G
Trade receivables	19,469	16,948	21,420	(13.0%)	26.4%	4.9%	32,347	51.0%
Less: Allowance for expected credit losses	(1,415)	(2,917)	(2,548)	106.1%	(12.6%)	34.2%	(2,917)	14.5%
Total	**18,054**	**14,031**	**18,872**	**(22.3%)**	**34.5%**	**2.2%**	**29,430**	**55.9%**
DSO [(1)]	29	21	17	(8)	(4)	(12)	17	-

Source: Company's audited financial statements for the financial year ended 31 December 2021G, the audited consolidated financial statements for the financial year ended 31 December 2023G and the unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2024G, and Management information.

(1) DSO (days) is calculated using average gross trade receivables / cash on delivery & BNPL revenue * 365 days for 31-Dec-21, 22 and 23 (91 days for 31-Mar-24).

Table (6.38): Trade receivables by third party

SAR in 000s	31 December 2021G (Management information)	31 December 2022G (Management information)	31 December 2023G (Management information)	Var. 2021G-2022G	Var. 2022G-2023G	CAGR2021G-2023G	31 March 2024G (Management information)	Var. 31 December 2023G-31 March 2024G
Third party 1	3,450	1,935	4,991	(43.9%)	157.9%	20.3%	6,716	34.6%
Third party 2	817	1,881	3,741	130.4%	98.8%	114.0%	6,091	62.8%
Third party 3	-	-	-	NA	NA	NA	5,889	NA
Third party 4	7,860	3,830	4,891	(51.3%)	27.7%	(21.1%)	1,936	(60.4%)
Others	7,343	9,302	7,797	26.7%	(16.2%)	3.0%	11,715	50.2%
Total	**19,469**	**16,948**	**21,420**	**(13.0%)**	**26.4%**	**4.9%**	**32,347**	**51.0%**

Source: Management information.

Table (6.39): Allowance for expected credit losses

SAR in 000s	Year ended 31 December 2021G	Year ended 31 December 2022G	Year ended 31 December 2023G	Var. 2021G-2022G	Var. 2022G-2023G	CAGR2021G-2023G	Three-month period ended 31 March 2024G (Unaudited)	Var. 31 December 2023G-31 March 2024G
Balance at the beginning of the year/period	679	1,415	2,917	108.5%	106.1%	107.3%	2,548	(12.6%)
Charge/ (reversal)	736	1,502	(369)	103.9%	(124.6%)	N/A	369	(200.0%)
Balance at the end of the year/period	**1,415**	**2,917**	**2,548**	**106.1%**	**(12.6%)**	**34.2%**	**2,917**	**14.5%**

Source: Company's audited financial statements for the financial year ended 31 December 2021G, the audited consolidated financial statements for the financial year ended 31 December 2023G and the unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2024G, and Management information.

Table (6.40): Trade receivables ageing as at 31 December 2023G

SAR in 000s	Current	31-120 days	121-360 days	More than 360 days *	31 December 2023G (Management information)
Total	**18,350**	**-**	**120**	**2,949**	**21,420**

Source: Management information.

* Outstanding balances for more than 360 days related to corporate balances resulting from wholesale revenue which were discontinued in 2023G.

Table (6.41): Trade receivables ageing as at 31 March 2024G

SAR in 000s	Current	31-120 days	121-360 days	More than 360 days *	31 March 2024G (Management information)
Total	**28,044**	**1,387**	**-**	**2,917**	**32,347**

Source: Management information.

* Outstanding balances for more than 360 days related to corporate balances resulting from wholesale revenue which were discontinued in 2023G.

Trade receivables mainly related to third party delivery partners (such as Aramex and SMSA) made through the cash-on-delivery payment channel, BNPL revenue on the pay-later options provided to customers which were added during 2022G. The trade receivables balance as at 31 December 2021G included balances related to B2B revenue, which were discontinued in 2023G.

The Group receives weekly payments and performs weekly reconciliations with its BNPL service providers. The number of monthly payments by service provider might vary between three to four payments per month with reconciliations being performed on a monthly basis.

Management provides for its outstanding receivables using the ECL calculation in accordance with IFRS 9 which is done on an annual basis.

Trade receivables decreased from SAR 18.1 million as at 31 December 2021G to SAR 14.0 million as at 31 December 2022G largely due to the discontinuing of the B2B channel and the provisioning of the outstanding dues from the respective customers, in addition to the increase in the allowance for ECL on receivables related to the outstanding balance due mainly from B2B customers after negotiations with these customers relating to the outstanding dues and the delayed payment terms which resulted in a settlement agreement and additional provisions amounting to SAR 1.5 million in 2022G.

Trade receivables increased from SAR 14.0 million as at 31 December 2022G to SAR 18.9 million as at 31 December 2023G driven by the growth in operations which in turn resulted in an increase in receivables from third party delivery partners and BNPL service providers. This was in addition to the decrease in the allowance for ECL to SAR 2.5 million as at 31 December 2023G due to improved collections of outstanding balances mainly related to outstanding B2B customers and hence a reversal in the provision for doubtful debts of SAR 369 thousand in 2023G.

Trade receivables increased from SAR 18.9 million as at 31 December 2023G to SAR 29.4 million as at 31 March 2024G as a result of the increase in receivables from third party delivery partners and BNPL service providers in line with the growth in commercial operations coupled with the increase in contribution of BNPL revenue to revenue over the period. Allowance for expected credit losses increased from SAR 2.5 million as at 31 December 2023G to SAR 2.9 million as at 31 March 2024G following the booking of provisions amounting to SAR 369 thousand related to wholesale balances that were deemed doubtful as at 31 March 2024G.

6.6.2.2.3 Prepayments, advances and other receivables

The following table summarizes the prepayments, advances and other receivables as at 31 December 2021G, 2022G, and 2023G and 31 March 2024G:

Table (6.42): Prepayments, advances and other receivables

SAR in 000s	31 December 2021G	31 December 2022G	31 December 2023G	Var. 2021G-2022G	Var. 2022G-2023G	CAGR2021G-2023G	31 March 2024G (Unaudited)	Var. 31 December 2023G-31 March 2024G
Advances to suppliers	16,861	10,295	23,378	(38.9%)	127.1%	17.8%	23,189	(0.8%)
Prepaid expenses	2,770	4,732	5,541	70.9%	17.1%	41.4%	14,974	170.3%
Unbilled revenue	3,468	-	-	(100.0%)	N/A		-	N/A
Employee receivables	446	1,418	3,088	218.2%	117.7%	163.2%	2,490	(19.3%)
Refundable deposits	306	374	467	22.2%	24.8%	23.5%	467	0.0%
Other receivables	-	1	1,425	N/A	111342.7%	N/A	2,186	53.4%
Total	**23,850**	**16,820**	**33,898**	**(29.5%)**	**101.5%**	**19.2%**	**43,306**	**27.8%**

Source: Company's audited financial statements for the financial year ended 31 December 2021G, the audited consolidated financial statements for the financial year ended 31 December 2023G and the unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2024G, and Management information.

Prepayments, advances, and other receivables mainly comprises of advances to suppliers, and prepaid expenses mainly related to prepaid advertising, marketing and packaging, and unbilled revenues related to other companies' reward points (which was reclassified as at 31 December 2022G onwards to trade receivables) amongst others.

Prepayments, advances, and other receivables decreased from SAR 23.8 million as at 31 December 2021G to SAR 16.8 million as at 31 December 2022G primarily due to the decrease in advances to suppliers by SAR 6.6 million as a portion of advances to suppliers was reclassified to goods in transit on the basis that the goods had been shipped by the suppliers as at 31 December 2022G.

Prepayments, advances, and other receivables increased from SAR 16.8 million as at 31 December 2022G to SAR 33.9 million as at 31 December 2023G mainly driven by an increase in advances to suppliers by SAR 13.1 million in line with the overall increase in product offerings and stock keeping units (SKU) and the increase in prepaid expenses by SAR 808 thousand mainly related to prepaid packaging expenses.

Prepayments, advances, and other receivables increased from SAR 33.9 million as at 31 December 2023G to SAR 43.3 million as at 31 March 2024G driven by an increase in prepaid expenses by SAR 9.4 million as at 31 March 2024G in addition to guarantees amounting to SAR 670 thousand as at 31 March 2024G provided to the Chamber of Commerce in relation to a campaign launched by the Group during the month of Ramadan. This was partially offset by decrease in employee receivables by SAR 597 thousand during the same period.

Advances to suppliers

Advances to suppliers mainly relate to advance payments to local and international suppliers for the procurement of products. International product suppliers are paid in advance in full over two payments, the first at the point of ordering and the second when goods are ready for shipment. Local suppliers are generally not paid in advance, except for suppliers offering highly demanded products or to attain higher discounts if offered by the supplier.

Advances to suppliers decreased from SAR 16.9 million as at 31 December 2021G to SAR 10.3 million as at 31 December 2022G due to the reclassification of a portion of advances to suppliers (mainly related to international suppliers) to goods in transit on the basis that the goods had been shipped by the suppliers as at 31 December 2022G.

Advances to suppliers increased from SAR 10.3 million as at 31 December 2022G to SAR 23.4 million as at 31 December 2023G driven by the overall increase in product offerings and stock keeping units (SKU) in line with the Group's strategy to improve and diversify its products. Moreover, the Group made an advance payment of SAR 2.9 million for an advertising agency for a marketing campaign during the same period.

Advances to suppliers decreased from SAR 23.4 million as at 31 December 2023G to SAR 23.1 million as at 31 March 2024G.

Prepaid expenses

Prepaid expenses mainly comprise of prepaid advertising and marketing expenses and prepaid packaging expenses amongst others.

Prepaid expenses increased from SAR 2.8 million as at 31 December 2021G to SAR 4.7 million as at 31 December 2022G mainly due to the increase in prepaid advertising and marketing by SAR 2.1 million.

Prepaid expenses increased from SAR 4.7 million as at 31 December 2022G to SAR 5.5 million as at 31 December 2023G as no prepaid expenses were recorded in relation to packaging costs as at the end of 2021G and 2022G (i.e. as at 31 December 2021G and 31 December 2022G) unlike in 2023G where prepaid expenses were recorded in relation to packaging costs depending on the consumption by the Company, and software licenses related to the Group's ERP amounting to SAR 680 thousand, partially offset by a decrease in prepaid advertising and marketing expenses by SAR 2.1 million.

Prepaid expenses increased from SAR 5.5 million as at 31 December 2023G to SAR 15.0 million as at 31 March 2024G primarily driven by an increase in prepaid advertising and marketing expenses by SAR 11.8 million. This was partially offset by a decrease in prepaid packaging by SAR 2.0 million as at 31 December 2023G as a result of the reclassification of prepaid packaging from prepaid expenses to inventory as at 31 March 2024G.

Unbilled revenue

Unbilled revenue relates to accrued revenue from sales largely through telecom company wallets, which represents purchases made through loyalty points that are yet to be collected from the telecom operator.

Unbilled revenue amounted to SAR 3.5 million as at 31 December 2021G and was reclassified to trade receivables commencing from 31 December 2022G.

Employee receivables

Employee receivables represent employee petty cash and employee salary advances.

Employee receivables increased from SAR 446 thousand as at 31 December 2021G to SAR 1.4 million as at 31 December 2022G driven by the increase in funds provided to employees for the daily operations by SAR 718 thousand. This is in addition to the increase in employee advances by SAR 255 thousand.

Employee receivables increased from SAR 1.4 million as at 31 December 2022G to SAR 3.1 million as at 31 December 2023G due to an increase in petty cash provided to employees for the daily operations by SAR 212 thousand coupled with the increase in employee salary advances by SAR 1.5 million, primarily due to the overall increase in headcount and hence the demand from employees for advances.

Employee receivables decreased from SAR 3.1 million as at 31 December 2023G to SAR 2.5 million as at 31 March 2024G primarily due to a decrease in employee salary advances by SAR 691 thousand which was partially offset by an increase in petty cash by SAR 93 thousand.

Refundable deposits

Refundable deposits represent deposits as a collateral to secure lease contracts which are payable upon termination of contracts primarily in relation to housing apartment leases.

Refundable deposits amounted to SAR 306 thousand as at 31 December 2021G, SAR 374 thousand as at 31 December 2022G and SAR 467 thousand as at 31 December 2023G and as at 31 March 2024G.

Other receivables

Other receivables mainly related to the sales return provision and guarantees amongst other miscellaneous receivables.

Other receivables amounted to SAR 1 thousand as at 31 December 2022G and SAR 1.4 million as at 31 December 2023G. This balance relates to the sales return provision recorded in 2023G. The Group recorded a SAR 2.2 million sales return provision within the income statement in 2023G, in addition to the related cost of sales being recorded within cost of goods sold adjustments amounting to SAR 1.4 million during the same period.

Other receivables increased from SAR 1.4 million as at 31 December 2023G to SAR 2.2 million as at 31 March 2024G mainly driven by a guarantee amounting to SAR 670 thousand as at 31 March 2024G provided to the Chamber of Commerce in relation to a campaign launched by the Group in the month of Ramadan.

6.6.2.2.4 Amounts due from related parties

The following table summarizes the transactions with related parties for the three years ended 31 December 2021G, 2022G and 2023G and the three-month periods ended 31 March 2023G and 2024G:

Table (6.43): Transactions with related parties

SAR in 000s	Nature of transaction	Year ended 31 December 2021G	Year ended 31 December 2022G	Year ended 31 December 2023G	Three-month period ended 31 March 2024G (Unaudited)
Mr. Abdul Rahman Ali Abdul Rahman Alolayan	Transfer of a land	-	3,167	3,496	-
	Withdrawals	13,500	-	-	-
	Finance	3,167	-	-	-
	Salaries and benefits	3,000	-	-	-
Mr. Omar Abdul Rahman Ali Abdul Rahman Alolayan	Transfer of a land	-	3,167	-	-
	Withdrawals	13,500	-	-	-
	Finance	3,167	-	-	-
	Salaries and benefits	3,000	-	-	-
Zahret Astar for Cosmetics Company	Finance	1,733	-	-	-
	Sales	1,581	118	-	-
Bahr Al Montajat General Trading Co. Egypt	Payment	-	-	1,230	376
Nice one Perfume and Cosmetics Trading LLC	Payment	-	-	343	212
International Leadership Establishment	Payments on behalf	201	-	-	-

Source: Company's audited financial statements for the financial year ended 31 December 2021G, the audited consolidated financial statements for the financial year ended 31 December 2023G and the unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2024G, and Management information.

The following table summarizes the amounts due from related parties as at 31 December 2021G, 2022G, and 2023G and 31 March 2024G:

Table (6.44): Amounts due from related parties

SAR in 000s	31 December 2021G	31 December 2022G	31 December 2023G	Var. 2021G-2022G	Var. 2022G-2023G	CAGR2021G-2023G	31 March 2024G (Unaudited)	Var. 31 December 2023G-31 March 2024G
Amounts due from related parties	15,287	-	-	(100.0%)	N/A	NA	-	N/A
Total	**15,287**	**-**	**-**	**(100.0%)**	**N/A**	**NA**	**-**	**N/A**

Source: Company's audited financial statements for the financial year ended 31 December 2021G, the audited consolidated financial statements for the financial year ended 31 December 2023G and the unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2024G, and Management information.

The Group deals with related parties as part of its normal operations. Related parties include partners, members of the Board of Directors, senior executive management personnel, and entities that are controlled by or significantly influenced by these parties, and that are under common ownership. Transactions are conducted under terms agreed upon by the Group's management.

Amounts due from related parties related mainly to balances due from shareholders and amounted to SAR 15.3 million as at 31 December 2021G. The balances were subsequently settled.

6.6.2.2.5 Cash and bank balances

The following table summarizes the cash and bank balances as at 31 December 2021G, 2022G, and 2023G and 31 March 2024G:

Table (6.45): Cash and bank balances

SAR in 000s	31 December 2021G	31 December 2022G	31 December 2023G	Var. 2021G-2022G	Var. 2022G-2023G	CAGR2021G-2023G	31 March 2024G (Unaudited)	Var. 31 December 2023G-31 March 2024G
Bank current accounts	27,553	46,547	69,378	68.9%	49.0%	58.7%	93,922	35.4%
Cash on hand	13	133	327	895.6%	146.5%	395.4%	734	124.4%
Total	**27,566**	**46,680**	**69,706**	**69.3%**	**49.3%**	**59.0%**	**94,657**	**35.8%**

Source: Company's audited financial statements for the financial year ended 31 December 2021G, the audited consolidated financial statements for the financial year ended 31 December 2023G and the unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2024G, and Management information.

Cash and bank balances relate mainly to cash on hand and cash at banks.

Cash and bank balances increased from SAR 27.6 million as at 31 December 2021G to SAR 46.7 million as at 31 December 2022G then to SAR 69.7 million as at 31 December 2023G, and further to SAR 94.7 million as at 31 March 2024G in line with the growth in the Group's operations during 2022G and 2023G and during the three-month period ended 31 March 2024G.

6.6.2.3 Equity

The following table summarizes the equity as at 31 December 2021G, 2022G, and 2023G and 31 March 2024G:

Table (6.46): Equity

SAR in 000s	31 December 2021G	31 December 2022G	31 December 2023G	Var. 2021G-2022G	Var. 2022G-2023G	CAGR2021G-2023G	31 March 2024G (Unaudited)	Var. 31 December 2023G-31 March 2024G
Share capital	1,063	1,063	1,063	0.0%	0.0%	0.0%	1,063	0.0%
Statutory reserve	319	319	319	0.0%	0.0%	0.0%	319	0.0%
Retained earnings	52,111	59,963	84,153	15.1%	40.3%	27.1%	106,051	26.0%
Additional contribution to capital	27,136	27,136	27,136	0.0%	0.0%	0.0%	27,136	0.0%
Total	**80,629**	**88,481**	**112,671**	**9.7%**	**27.3%**	**18.2%**	**134,569**	**19.4%**

Source: Company's audited financial statements for the financial year ended 31 December 2021G, the audited consolidated financial statements for the financial year ended 31 December 2023G and the unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2024G, and Management information.

Table (6.47): Share capital as 31 December 2023G and 31 March 2024G

Shareholders	Number of shares	Nominal value	Contribution percentage	Value (SAR)
Omar Ali Alolayan	431	1,000	40.55%	431,000
Abdulrahman Ali Alolayan	366	1,000	34.43%	366,000
Wagehat Al Hamraa for Investment Company*	266	1,000	25.02%	266,000
Total**	**1,063**	**1,000**	**100.0%**	**1,063,000**

Source: Company's audited consolidated financial statements for the financial year ended 31 December 2023G and the unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2024G.

* Wagehat Al Hamraa for Investment Company is fully owned by Namara investment Company.

** Share capital presented in the table above does not reflect the current share capital.

Equity mainly comprises retained earnings, statutory reserve, share capital and additional contribution to capital.

In accordance with the Saudi Arabian Regulations for Companies, the Company must set aside 10% of its net income each year as statutory reserve until reserve equals to 30% of the share capital. The Group sets aside 10% of its net income each year as statutory reserve, since this has been achieved, the Group has therefore discontinued this transfer. This reserve is not available for distribution.

Share capital consists of 1,063 shares with each share amounting to SAR 1,000. As at 31 December 2023G, the share capital amounted to SAR 1,063.0 thousand and is divided as follows: Omar Ali Al Olayan (40.55%), Abdulrahman Ali Al Olayan (34.43%), and Wagehat Al Hamraa for Investment Company (25.02%).

Additional contribution to capital amounted to SAR 27.1 million as at 31 December 2021G, 2022G, and 2023G and is divided as follows: Omar Ali Al Olayan (SAR 11.0 million), Abdulrahman Ali Al Olayan (SAR 9.9 million), and Wagehat Al Hamraa for Investment Company (SAR 6.2 million).

It is worth noting that on 04/11/1442 AH (corresponding to 06/14/2021G), the Company's capital was increased from SAR 1,000 thousand to SAR 1,063 thousand, divided into one thousand and sixty-three (1,063) shares, worth SAR 1.0 thousand per share in cash, following the inclusion of Wagehat Al Hamraa for Investment Company as a partner in the Company. Abdulrahman Ali Al-Olayan also waived part of his shares, amounting to one hundred and eleven (111) shares, and Omar Ali Al-Olayan waived part of his shares, amounting to sixty-nine (69) shares, to Wagehat Al Hamraa for Investment Company.

Total Equity increased from SAR 80.6 million as at 31 December 2021G to SAR 88.5 million as at 31 December 2022G due to an increase in retained earnings by SAR 7.9 million in line with the profits achieved during 2022G.

Total Equity increased from SAR 88.5 million as at 31 December 2022G to SAR 112.7 million as at 31 December 2023G due to an increase in retained earnings by SAR 24.2 million in line with the profits achieved during 2023G.

Total Equity increased from SAR 112.7 million as at 31 December 2023G to SAR 134.6 million as at 31 March 2024G due to an increase in retained earnings by SAR 21.9 million in line with the profits achieved in the three-month period ended 31 March 2024G.

6.6.2.4 Non-Current Liabilities

The following table summarizes the non-current liabilities as at 31 December 2021G, 2022G, and 2023G and 31 March 2024G:

Table (6.48): Non-current liabilities

SAR in 000s	31 December 2021G	31 December 2022G	31 December 2023G	Var. 2021G-2022G	Var. 2022G-2023G	CAGR2021G-2023G	31 March 2024G (Unaudited)	Var. 31 December 2023G-31 March 2024G
Long term borrowings	4,428	16,970	13,158	283.3%	(22.5%)	72.4%	11,842	(10.0%)
Lease liabilities	4,750	7,133	8,009	50.2%	12.3%	29.9%	7,660	(4.4%)
employees' terminal benefit	2,368	3,411	4,729	44.1%	38.6%	41.3%	5,221	10.4%
Total non-current liabilities	**11,545**	**27,514**	**25,896**	**138.3%**	**(5.9%)**	**49.8%**	**24,723**	**(4.5%)**

Source: Company's audited financial statements for the financial year ended 31 December 2021G, the audited consolidated financial statements for the financial year ended 31 December 2023G and the unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2024G, and Management information.

Long term borrowings

Long term borrowing relates to one medium term loan obtained from Al Rajhi Bank during 2022G amounting to SAR 27.1 million for financing the construction of a new warehouse in the Central region. The loan is due for repayment on 20 equal quarterly instalments of SAR 1.4 million each, with the last instalment due in May 2027G.

Long-term borrowings increased from SAR 4.4 million as at 31 December 2021G to SAR 17.0 million as at 31 December 2022G as a result of a loan obtained from Al Rajhi Bank in 2022G to finance the construction of the new warehouse in Riyadh.

Long-term borrowings decreased from SAR 17.0 million as at 31 December 2022G to SAR 13.2 million as at 31 December 2023G due to the settlement of part of the annual installments in accordance with the agreement with Al Rajhi Bank.

Long-term borrowings decreased from SAR 13.2 million as at 31 December 2023G to SAR 11.8 million as at 31 March 2024G due to the settlement of part of the annual installments in accordance with the agreement with Al Rajhi Bank.

Lease liabilities

Lease liabilities mainly included lease to own contracts for delivery vehicles, and lease contracts for warehouse leases, and the Riyadh head office lease.

Lease liabilities increased from SAR 4.7 million as at 31 December 2021G to SAR 7.1 million as at 31 December 2022G and then further to SAR 8.0 million as at 31 December 2023G due to the increasing vehicles lease to own contracts from 18 vehicles to 54 vehicles during the period, in addition to warehouses and head office lease contracts in line with the growth in operations. Lease liabilities decreased to SAR 7.7 million as at 31 March 2024G due to the payment of lease instalments.

Employees' terminal benefit

Employees' employees' terminal benefit relates to the estimated gratuity to employees upon termination.

Employee terminal benefits increased from SAR 2.4 million as at 31 December 2021G to SAR 3.4 million as at 31 December 2022G to SAR 4.7 million as at 31 December 2023G and further to SAR 5.2 million as at 31 March 2024G as the compensation increase on an annual basis in line with the employee length of service, coupled with the overall increase in total employee headcount during the period.

6.6.2.4.1 Long-term borrowings

The following table summarizes the long-term borrowings as at 31 December 2021G, 2022G, and 2023G and 31 March 2024G:

Table (6.49): Long-term borrowings

SAR in 000s	31 December 2021G (Management information)	31 December 2022G (Management information)	31 December 2023G (Management information)	Var. 2021G-2022G	Var. 2022G-2023G	CAGR2021G-2023G	31 March 2024G (Management information)	Var. 31 December 2023G-31 March 2024G
Al Rajhi Bank (Medium-term loan)	-	16,970	13,158	N/A	(22.5%)	N/A	11,842	8.8%
Al Rajhi Bank (Tawaruq)	67	-	-	(100.0%)	N/A	N/A	-	N/A
Deutsche Gulf Finance	4,361	-	-	(100.0%)	N/A	N/A	-	N/A
Non-current portion	**4,428**	**16,970**	**13,158**	**283.3%**	**(22.5%)**	**72.4%**	**11,842**	**(-10%)**
Al Rajhi Bank (Medium-term loan)	-	4,999	5,263	N/A	5.3%	N/A	5,263	(47.0%)
Al Rajhi Bank (Short-term loan)	-	24,149	14,354	N/A	(40.6%)	N/A	21,920	52.7%
Al Awwal Bank (formerly SAB) (Short-term loan)	-	-	8,904	N/A	N/A	N/A	12,974	45.7%
Al Rajhi Bank (Tawaruq)	2,820	-	-	(100.0%)	N/A	N/A	-	N/A
Riyad Bank	3,678	-	-	(100.0%)	N/A	N/A	-	N/A
Current portion	**6,498**	**29,148**	**28,521**	**348.6%**	**(2.2%)**	**109.5%**	**40,157**	**32.1%**
Total borrowings	**10,926**	**46,118**	**41,679**	**322.1%**	**(9.6%)**	**95.3%**	**51,999**	**24.8%**

Source: Management information.

Table (6.50): Long term borrowings details as at 31 December 2023G and 31 March 2024G

<table>
<tr><th>Bank</th><th>Purpose</th><th>Type</th><th>Date</th><th>Tenor</th><th>Pay-ment</th><th>Interest</th><th>Amount (SAR in thousand)</th><th>Balance as at 31 December 2023G (SAR in 000s)</th><th>Balance as at 31 March 2024G (SAR in 000s)</th></tr>
<tr><td>Al Rajhi Bank</td><td>Capital expenditure financing</td><td>MTL</td><td>9-Oct-22</td><td>60 months</td><td>20 Qtrs.</td><td>SAIBOR + margin</td><td>27,121</td><td>18,421</td><td>17,105</td></tr>
<tr><td>Al Rajhi Bank</td><td>Working capital financing</td><td>STL</td><td>20-Aug-23</td><td>6 months</td><td>Bullet pmt</td><td>SAIBOR + margin</td><td>35,000</td><td>14,354</td><td>-</td></tr>
<tr><td>Al Awwal Bank (formerly SAB)</td><td>Working capital financing</td><td>STL</td><td>3-Oct-23</td><td>6 months</td><td>Bullet pmt</td><td>SAIBOR + margin</td><td>5,280</td><td rowspan="8">8,904</td><td rowspan="8">12,974</td></tr>
<tr><td>Al Awwal Bank (formerly SAB)</td><td>Working capital financing</td><td>STL</td><td>17-Oct-23</td><td>6 months</td><td>Bullet pmt</td><td>SAIBOR + margin</td><td>799</td></tr>
<tr><td>Al Awwal Bank (formerly SAB)</td><td>Working capital financing</td><td>STL</td><td>31-Oct-23</td><td>6 months</td><td>Bullet pmt</td><td>SAIBOR + margin</td><td>828</td></tr>
<tr><td>Al Awwal Bank (formerly SAB)</td><td>Working capital financing</td><td>STL</td><td>7-Nov-23</td><td>6 months</td><td>Bullet pmt</td><td>SAIBOR + margin</td><td>1,021</td></tr>
<tr><td>Al Awwal Bank (formerly SAB)</td><td>Working capital financing</td><td>STL</td><td>14-Nov-23</td><td>6 months</td><td>Bullet pmt</td><td>SAIBOR + margin</td><td>976</td></tr>
<tr><td>Al Awwal Bank (formerly SAB)</td><td>Working capital financing</td><td>STL</td><td>30-Jan-24</td><td>6 months</td><td>Bullet pmt</td><td>SAIBOR + margin</td><td>5,034</td></tr>
<tr><td>Al Awwal Bank (formerly SAB)</td><td>Working capital financing</td><td>STL</td><td>31-Jan-24</td><td>6 months</td><td>Bullet pmt</td><td>SAIBOR + margin</td><td>3,256</td></tr>
<tr><td>Al Awwal Bank (formerly SAB)</td><td>Working capital financing</td><td>STL</td><td>14-Feb-24</td><td>6 months</td><td>Bullet pmt</td><td>SAIBOR + margin</td><td>1,060</td></tr>
<tr><td>Al Rajhi Bank</td><td>Working capital financing</td><td>STL</td><td>26-Feb-24</td><td>6 months</td><td>Bullet pmt</td><td>SAIBOR + margin</td><td>21,920</td><td>-</td><td>21,920</td></tr>
<tr><td>Total</td><td></td><td></td><td></td><td></td><td></td><td></td><td>71,025</td><td>41,679</td><td>51,999</td></tr>
</table>

Source: Management information.

The Group had outstanding long-term and short-term borrowings amounting to SAR 18.4 million and SAR 23.3 million as at 31 December 2023G, respectively. The non-current portion of these borrowings amounted to SAR 13.2 million, and the current portion amounted to SAR 28.5 million as at 31 December 2023G, and the non-current portion of these borrowings amounted to SAR 14.3 million, and the current portion amounted to SAR 40.2 million as at 31 March 2024G. The short- and long-term borrowings include an interest rate of SAIBOR + margin.

The long-term borrowing relates to one medium-term loan obtained from Al Rajhi Bank during 2022G amounting to SAR 27.1 million for financing the construction of a new warehouse in the Central region. The loan is due for repayment on 20 equal quarterly instalments of SAR 1.4 million each, with the last instalment due in May 2027G. The loan includes the following financial covenants: (i) debt service coverage ratio of not less than 1.20 (ii) related party balances not to exceed SAR 10 million, and (iii) leverage ratio of 2x. It is worth noting that the land on which the new warehouse will be constructed in Riyadh city (and what has been or will be constructed on it) is mortgaged in favor of Al Rajhi Development Company as a guarantee to fulfill the debt provided by Al Rajhi Bank under Al Rajhi Facility Agreement.

The short-term borrowings include 2 facilities:

- During 2022G, the Group obtained a short-term credit facility from Al Rajhi Bank amounting to SAR 35.0 million for financing working capital purposes. The outstanding balance of this facility amounted to SAR 14.4 million as at 31 December 2023G and SAR 21.9 million as at 31 March 2024G. The facility has a maturity period of less than one year.
- During 2023G, the Group obtained a short-term credit facility from Al Awwal Bank (formerly SAB) amounting to SAR 8.9 million for financing working capital purposes. The outstanding balance of this facility amounted to SAR 8.9 million as at 31 December 2023G. During the three-month period 31 March 2024G, the Group increased the short-term credit facility from Al Awwal Bank (formerly SAB) from SAR 8.9 million to SAR 13.0 million which was outstanding as at 31 March 2024G. The facility has a maturity period of less than one year.

6.6.2.4.2 Lease liabilities

The following table summarizes the lease liabilities as at 31 December 2021G, 2022G, and 2023G and 31 March 2024G:

Table (6.51): Lease liabilities

SAR in 000s	Year ended 31 December 2021G	Year ended 31 December 2022G	Year ended 31 December 2023G	Var. 2021G-2022G	Var. 2022G-2023G	CA-GR2021G-2023G	Three-month period ended 31 March 2024G (Management information)	Var. 31 December 2023G-31 March 2024G
At the beginning of the year /period	4,484	6,373	9,673	42.1%	51.8%	46.9%	11,291	16.7%
Remeasurement	-	-	1,466	N/A	N/A	N/A	-	(100.0%)
Additions	3,572	6,576	6,962	84.1%	5.9%	39.6%	-	(100.0%)
Accretion of interest	506	923	1,052	82.5%	14.1%	44.3%	248	(76.4%)
Derecognition of lease liability	-	(903)	(2,663)	N/A	195.0%	N/A	-	(100.0%)
Payments	(2,188)	(3,295)	(5,200)	50.6%	57.8%	54.1%	(764)	(85.3%)
At the end of the year/period	**6,373**	**9,673**	**11,291**	**51.8%**	**16.7%**	**33.1%**	**10,774**	**(4.6%)**
Non-current portion of lease liabilities	**4,750**	**7,133**	**8,081**	**50.2%**	**12.3%**	**29.8%**	**7,660**	**(4.4%)**
Current portion of lease liabilities	**1,623**	**2,540**	**3,282**	**56.5%**	**29.2%**	**42.2%**	**3,115**	**(5.1%)**
Total	**6,373**	**9,673**	**11,291**	**51.8%**	**16.7%**	**33.1%**	**10,774**	**(4.6%)**

Source: Company's audited financial statements for the financial year ended 31 December 2021G and the audited consolidated financial statements for the financial year ended 31 December 2023G, and Management information.

Lease liabilities mainly included lease to own contracts for delivery vehicles, and lease contracts for warehouse leases, and the Riyadh head office lease.

Total Lease liabilities increased from SAR 6.4 million as at 31 December 2021G to SAR 9.7 million as at 31 December 2022G and then further to SAR 11.3 million as at 31 December 2023G due to the increasing vehicles lease contracts from 18 vehicles to 54 vehicles during the period, in addition to warehouses and head office lease contracts to accommodate for the growth in operations.

Total Lease liabilities decreased from SAR 11.3 million as at 31 December 2023G to SAR 7.7 million as at 31 March 2024G due to the payment of lease instalments.

6.6.2.4.3 Employees' terminal benefit

The following table summarizes the employees' terminal benefit as at 31 December 2021G, 2022G, and 2023G and 31 March 2024G:

Table (6.52): Employees' terminal benefit

SAR in 000s	Year ended 31 December 2021G	Year ended 31 December 2022G	Year ended 31 December 2023G	Var. 2021G-2022G	Var. 2022G-2023G	CAGR2021G-2023G	Three-month period ended 31 March 2024G (Management information)	Var. 31 December 2023G-31 March 2024G
Net liability at the beginning of the year /period	1,377	2,368	3,411	72.0%	44.1%	57.4%	4,729	38.6%
Current service cost	722	850	942	17.8%	10.9%	14.3%	539	(42.8%)
Interest cost	35	75	151	116.3%	100.3%	108.1%	-	(100.0%)
Benefits paid	(60)	(363)	(210)	500.1%	(42.1%)	86.4%	(47)	(77.8%)
Actuarial losses	295	481	435	63.0%	(9.5%)	21.4%	-	(100.0%)
Net liability at the end of the year /period	**2,368**	**3,411**	**4,729**	**44.1%**	**38.6%**	**41.3%**	**5,221**	**10.4%**

Source: Company's audited financial statements for the financial year ended 31 December 2021G and the audited consolidated financial statements for the financial year ended 31 December 2023G, and Management information.

Employees' terminal benefit relates to the estimated gratuity to employees upon termination.

Employee terminal benefits increased from SAR 2.4 million as at 31 December 2021G to SAR 3.4 million as at 31 December 2022G to SAR 4.7 million as at 31 December 2023G and further to SAR 5.2 million as at 31 March 2024G as the compensation increase on an annual basis in line with the employee length of service, coupled with the overall increase in total employee headcount during the period.

6.6.2.5 Current Liabilities

The following table summarizes current liabilities as at 31 December 2021G, 2022G, and 2023G and 31 March 2024G:

Table (6.53): Current liabilities

SAR in 000s	31 December 2021G	31 December 2022G	31 December 2023G	Var. 2021G-2022G	Var. 2022G-2023G	CAGR2021G-2023G	31 March 2024G (Unaudited)	Var. 31 December 2023G-31 March 2024G
Current portion long term borrowings *	2,820	4,999	5,263	77.2%	5.3%	36.6%	5,263	0.0%
Current portion of lease liabilities *	1,623	2,540	3,282	56.5%	29.2%	42.2%	3,115	(5.1%)
Trade payables, accruals and other payables	90,337	135,397	168,200	49.9%	24.2%	36.5%	197,482	17.4%
Short term borrowings *	3,678	24,149	23,258	556.6%	(3.7%)	151.5%	34,894	50.0%
Provision for losses from investment in an unconsolidated subsidiary	1,447	-	-	N/A	N/A	N/A	-	N/A
Zakat provision	2,098	1,962	2,667	(6.5%)	35.9%	12.7%	3,617	35.6%
Dividend payable	-	4,494	8,000	N/A	78.0%	N/A	-	(100.0%)
Total	**102,004**	**173,541**	**210,671**	**70.1%**	**21.4%**	**43.7%**	**244,372**	**16.0%**

Source: Company's audited financial statements for the financial year ended 31 December 2021G, the audited consolidated financial statements for the financial year ended 31 December 2023G and the unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2024G, and Management information.

* The current portion of long-term borrowings and lease liabilities, and short-term borrowings have been discussed under non-current liabilities.

Trade payables, accruals and other payables

Trade payables, accruals, and other payables mainly consists of trade payables and included balances payable mainly to products suppliers among other payable balances.

Trade payables, accruals and other payables increased from SAR 90.3 million as at 31 December 2021G to SAR 135.4 million as at 31 December 2022G driven by the increase in purchases in line with the increase in revenue and orders coupled with the introduction of new suppliers in connection with the new stock keeping units (SKU) introduced.

Trade payables, accruals and other payables increased from SAR 135.4 million as at 31 December 2022G to SAR 168.2 million as at 31 December 2023G driven by the continued increase in purchases in line with the increase in revenue and orders coupled with the introduction of new suppliers in connection with the new stock keeping units (SKU) introduced.

Trade payables increased from SAR 168.2 million as at 31 December 2023G to SAR 197.5 million as at 31 March 2024G driven by the continued increase in purchases in line with the increase in revenue and orders coupled with the introduction of new suppliers in connection with the new stock keeping units (SKU) introduced.

Provision for losses from investment in an unconsolidated subsidiary

Provisions for losses from investment in an unconsolidated subsidiary relates to the share of loss from Zahra Aster Cosmetics Company which was disposed of during 2022G. The provision for losses amounted to SAR 1.4 million as at 31 December 2021G.

Zakat provision

Zakat provision amounted to SAR 2.1 million as at 31 December 2021G and SAR 2.0 million as at 31 December 2022G and SAR 2.7 million as at 31 December 2023G and SAR 3.6 million as at 31 March 2024G driven by the movement in zakatable base over the historical period.

All Zakat returns up to year 2022G have been filed by the Company on a self-assessment basis under the Zakat law and the related implementing regulations. No Zakat assessments have been issued by ZATCA as at the date of this Prospectus.

Dividends payable

Dividends payable increased from nil as at 31 December 2021G to SAR 4.5 million as at 31 December 2022G related to dividends for the financial year 2022G.

Dividends payable increased from SAR 4.5 million as at 31 December 2022G to SAR 8.0 million as at 31 December 2023G related to dividends for the financial year 2023G.

6.6.2.5.1 Trade payables, accruals and other payables

The following table summarizes the trade payables, accruals and other payables as at 31 December 2021G, 2022G, and 2023G and 31 March 2024G:

Table (6.54): Trade payables, accruals and other payables

SAR in 000s	31 December 2021G	31 December 2022G	31 December 2023G	Var. 2021G-2022G	Var. 2022G-2023G	CAGR2021G-2023G	31 March 2024G (Unaudited)	Var. 31 December 2023G-31 March 2024G
Trade payables	82,960	118,472	145,908	42.8%	23.2%	32.6%	163,010	11.7%
Shipping expenses payable	3,428	5,920	6,186	72.7%	4.5%	34.3%	7,479	20.9%
Accrued expenses *	-	3,984	8,416	N/A	111.2%	N/A	14,836	76.3%
VAT payable	1,183	6,126	3,760	417.9%	(38.6%)	78.3%	6,547	74.1%
Refund liability	-	-	2,202	N/A	N/A	N/A	1,883	(14.5%)
Accrued salaries *	1,031	-	-	(100.0%)	N/A	N/A	-	N/A

SAR in 000s	31 December 2021G	31 December 2022G	31 December 2023G	Var. 2021G-2022G	Var. 2022G-2023G	CAGR2021G-2023G	31 March 2024G (Unaudited)	Var. 31 December 2023G-31 March 2024G
Accrued leave encashment *	893	-	-	(100.0%)	N/A	N/A	-	N/A
Withholding tax payable *	283	-	-	(100.0%)	N/A	N/A	-	N/A
Other payables	560	895	1,729	59.9%	93.1%	75.7%	3,727	115.6%
Total	**90,337**	**135,397**	**168,200**	**49.9%**	**24.2%**	**36.5%**	**197,482**	**17.4%**
DPO (1)	127	94	98	(33)	4	(29)	89	(9)

Source: Company's audited financial statements for the financial year ended 31 December 2021G, the audited consolidated financial statements for the financial year ended 31 December 2023G and the unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2024G, and Management information.

* Accrued salaries, accrued leave encashment and withholding tax payable are included in accrued expenses as of 31 December 2022G and 2023G, and 31 March 2024G.

(1) DPO (days) is calculated using average trade payables / cost of goods sold * 365 days for 31-Dec-21, 22 and 23 (91 days for 31-Mar-24).

Table (6.55): Trade payables ageing as at 31 December 2023G

SAR in 000s	Current	0-30 days	30-60 days	60-90 days	90-120 days	More than 120 days	31 December 2023G (Management information)
Total	**12,879**	**45,288**	**43,720**	**31,392**	**3,714**	**8,914**	**145,908**

Source: Management information.

Table (6.56): Trade payables ageing as at 31 March 2024G

SAR in 000s	Current	0-30 days	30-60 days	60-90 days	90-120 days	More than 120 days	31 March 2024G (Management information)
Total	**13,330**	**64,397**	**23,133**	**23,419**	**25,682**	**13,048**	**163,010**

Source: Management information.

Trade payables

Trade payables included balances payable mainly to products suppliers amongst other supplier payables. The Group's transactions and purchases with its key suppliers are governed by agreements which state the terms of business between both parties and are typically renewed on an annual basis. The Group's top 5 suppliers (calculated based on purchase value) accounted for 36% and 31% of total purchases in 2022G and 2023G, respectively, with the largest perfumes supplier accounting for 13.3% and 11.1% in 2022G and 2023G, respectively. It is worth noting that despite this concentration, this has been on a declining trend driven by diversification of products, agencies, and suppliers that the Group has engaged with in the fiscal year 2023G compared to previous years.

Trade payables increased from SAR 83.0 million as at 31 December 2021G to SAR 118.5 million as at 31 December 2022G driven by the increase in purchases in line with the increase in revenue and orders coupled with the introduction of new suppliers in connection with the new stock keeping units (SKU) introduced.

Trade payables increased from SAR 118.5 million as at 31 December 2022G to SAR 145.9 million as at 31 December 2023G driven by continued the increase in purchases in line with the increase in revenue and orders coupled with the introduction of new suppliers in connection with the new stock keeping units (SKU) introduced.

Trade payables increased from SAR 145.9 million as at 31 December 2023G to SAR 163.0 million as at 31 March 2024G driven by continued the increase in purchases in line with the increase in revenue and orders coupled with the introduction of new suppliers in connection with the new stock keeping units (SKU) introduced.

It worth noting that the payment terms with suppliers generally range between 30 to 60 days, however, the DPO for the top suppliers ranged between 100 to 150 days as at 31 December 2023G driven by the purchases before the month of November (to meet the required quantities ahead of the annual November promotions and the month of Ramadan, which fell within the three-month period ended 31 March 2024G). This impacted the DPO at year-end, which deviated from the yearly average that generally falls within the agreed payment terms with suppliers. However, Management confirms that despite the difference between the contractual payment terms and the actual payment cycle, the Group did not have any financial/legal implications primarily due to the long outstanding relationship with its key suppliers. DPO decreased from 127 days as at 31 December 2021G to 94 days as at 31 December 2022G, then increased to 98 days as at 31 December 2023G in line with the increase in revenue and orders coupled with the introduction of new suppliers in connection with the new stock keeping units (SKU) introduced. DPO further decreased to 89 days as at 31 March 2024G due to the partial settlement of key supplier balances during the period.

Shipping expenses payable

Shipping expenses payable relates to shipping delivery services provided by third parties.

Shipping expenses payable increased from SAR 3.4 million as at 31 December 2021G to SAR 5.9 million as at 31 December 2022G driven by the increase in orders delivered by the service providers and hence an increase in the related payable balances..

Shipping expenses payable increased from SAR 5.9 million as at 31 December 2022G to SAR 6.2 million as at 31 December 2023G driven by the increase in orders delivered by the service providers and hence an increase in the related payable balances.

Shipping expenses payable increased from SAR 6.2 million as at 31 December 2023G to SAR 7.5 million as at 31 March 2024G driven by the increase in orders delivered by the service providers and hence an increase in the related payable balances.

Accrued expenses

Accrued expenses mainly comprised accrued employee vacations and marketing expenses amongst others.

Accrued expenses increased from SAR 4.0 million as at 31 December 2022G to SAR 8.4 million as at 31 December 2023G and to SAR 14.8 million as at 31 March 2024G primarily driven by an increase in accrued purchases that are yet to be invoiced by suppliers by SAR 2.5 million as at 31 December 2023G and further by SAR 5.5 million as at 31 March 2024G.

VAT payable

VAT payable increased from SAR 1.2 million as at 31 December 2021G to SAR 6.1 million as at 31 December 2022G as VAT payables were inflated as at 31 December 2022G due to the inclusion of invoices related to the periods November 2022G and December 2022G.

VAT payable decreased from SAR 6.1 million as at 31 December 2022G to SAR 3.8 million as at 31 December 2023G as the balance due decreased to normal levels partially offset by the growth in revenue during the same period which resulted in higher VAT payables.

VAT payables increased form SAR 3.8 million as at 31 December 2023G to SAR 6.5 million as at 31 March 2024G driven by the growth in the Group's revenue.

Refund liability

Prior to 2023G, the Group recorded sales returns either within the relevant sales month or as a discount from the following month's sales if the return occurred later in the month (not exceeding 14 days). During 2023G, the Group recorded refund liability amounting to SAR 2.2 million based on actual returns that occurred in early 2024G, primarily related to returns from December 2023G sales. It is worth noting that the return rate was 0.3% of the Group's revenue in 2023G. Additionally, at the start of 2024G, the Group began establishing a provision for sales return liabilities on a quarterly basis to account for the probability of return that may occur following the quarterly financial statements. This provision amounted to SAR 1.9 million as at 31 March 2024G.

In January 2024G, the Group reversed the sales return provision accounted for during 2023G which amounted to SAR 2.2 million. In addition, the Company accounted the sales returns recorded in the three-month period ended 31 March 2024 in the month of April 2024G, which amounted to SAR 1.9 million. This has resulted in a net reversal of the provision amounting to SAR 320 thousand in the three-month period ended 31 March 2024G.

Accrued salaries and accrued leave encashment and withholding tax payable

The balance of accrued salaries and accrued leave encashment and withholding tax payable amounted to SAR 1.0 million, SAR 893 thousand, and SAR 283 thousand as at 31 December 2021G, respectively.

Accrued salaries and accrued leave encashment and withholding tax payable are included in accrued expenses as at 31 December 2022G and 2023G and 31 March 2024.

Other payables

Other payables mainly comprised accrued taxes, audit fees, bank interest, and deferred revenue, amongst others.

Other payables increased from SAR 560 thousand as at 31 December 2021G to SAR 895 thousand as at 31 December 2022G then to SAR 1.7 million as at 31 December 2023G then to SAR 3.7 million as at 31 March 2024G. The increase from 31 December 2022G to 31 December 2023G is driven by deferred revenue that amounted to SAR 1.7 million at 31 December 2023G and the increase from 31 December 2023G to 31 March 2024G is driven by deferred revenue of SAR 2.0 million at 31 March 2024G. Deferred revenue related to corporate coupon sales that are sold through other platforms. Prior to 2023G, corporate coupon sales were recorded upon the sale of the coupons, however, commencing 2023G the Group has started to record revenue based on actual consumption of the coupons as per the agreement with the corporate customer.

6.6.2.5.2 Zakat provision

The following table summarizes the zakat provision as at 31 December 2021G, 2022G, and 2023G and 31 March 2024G:

Table (6.57): Zakat provision

SAR in 000s	Year ended 31 December 2021G	Year ended 31 December 2022G	Year ended 31 December 2023G	Var. 2021G-2022G	Var. 2022G-2023G	CA-GR2021G-2023G	Three-month period ended 31 March 2024G (Unaudited)	Var. 31 December 2023G-31 March 2024G
At the beginning of the year /period	1,040	2,098	1,962	101.8%	(6.5%)	37.4%	2,667	35.9%
Provided during the year /period	2,098	1,962	3,000	(6.5%)	52.9%	19.6%	950	(68.3%)
Adjustment for prior years	(238)	441	-	(285.1%)	(100.0%)	N/A	-	N/A
Paid during the year / period	(802)	(2,539)	(2,295)	216.7%	(9.6%)	69.2%		(100.0%)
At the end of the year/period	**2,098**	**1,962**	**2,667**	**(6.5%)**	**35.9%**	**12.7%**	**3,617**	**35.6%**

Source: Company's audited financial statements for the financial year ended 31 December 2021G, the audited consolidated financial statements for the financial year ended 31 December 2023G and the unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2024G, and Management information.

Zakat provision amounted to SAR 2.1 million as at 31 December 2021G and SAR 2.0 million as at 31 December 2022G and SAR 2.7 million as at 31 December 2023G and SAR 3.6 million as at 31 March 2024G driven by the movement in zakatable base over the historical period.

All Zakat returns up to year 2022G have been filed by the Company on a self-assessment basis under the Zakat law and the related implementing regulations. No Zakat assessments have been issued by ZATCA as at the date of this Prospectus.

6.6.2.6 Net working capital

The following table summarizes the net working capital as at 31 December 2021G, 2022G, and 2023G and 31 March 2024G:

Table (6.58): Net working capital

SAR in 000s	31 December 2021G	31 December 2022G	31 December 2023G	Var. 2021G-2022G	Var. 2022G-2023G	CAGR2021G-2023G	31 March 2024G (Unaudited)	Var. 31 December 2023G-31 March 2024G
Current assets								
Inventories	93,003	147,725	150,785	58.8%	2.1%	27.3%	158,043	4.8%
Trade receivables	18,054	14,031	18,872	(22.3%)	34.5%	2.2%	29,430	55.9%
Prepayments, advances and other receivables	23,850	16,820	33,898	(29.5%)	101.5%	19.2%	43,306	27.8%
Amounts due from related parties	15,287	-	-	(100.0%)	N/A	NA	-	N/A
Cash and bank balances	27,566	46,680	69,706	69.3%	49.3%	59.0%	94,657	35.8%
Total current assets	**177,760**	**225,256**	**273,260**	**26.7%**	**21.3%**	**24.0%**	**325,436**	**19.1%**
Current liabilities								
Current portion long term borrowings	2,820	4,999	5,263	77.2%	5.3%	36.6%	5,263	0.0%
Current portion of lease liabilities	1,623	2,540	3,282	56.5%	29.2%	42.2%	3,115	(5.1%)
Trade payables, accruals and other payables	90,337	135,397	168,200	49.9%	24.2%	36.5%	197,482	17.4%
Short term borrowings	3,678	24,149	23,258	556.6%	(3.7%)	151.5%	34,894	50.0%
Provision for losses from investment in an unconsolidated subsidiary	(1,447)	-	-	N/A	N/A	N/A	-	N/A
Zakat provision	2,098	1,962	2,667	(6.5%)	35.9%	12.7%	3,617	35.6%
Dividend payable	-	4,494	8,000	N/A	78.0%	N/A	-	(100.0%)
Total current liabilities	**102,004**	**173,541**	**210,671**	**70.1%**	**21.4%**	**43.7%**	**244,372**	**16.0%**
Net working capital (1)	**75,756**	**51,715**	**62,589**	**(31.7%)**	**21.0%**	**(9.1%)**	**81,064**	**29.5%**

Source: Company's audited financial statements for the financial year ended 31 December 2021G, the audited consolidated financial statements for the financial year ended 31 December 2023G and the unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2024G, and Management information.

(1) Net working capital was calculated using current assets less current liabilities as at 31 December 2021G, 2022G and 2023G and as at 31 March 2024G.

Net working capital decreased from SAR 75.8 million as at 31 December 2021G to SAR 51.7 million as at 31 December 2022G due to an increase in current liabilities by SAR 71.5 million, mainly as a result of the increase in (1) trade payables, accruals and other payables by SAR 45.1 million driven by the increase in purchases in line with the increase in revenue and orders coupled with the introduction of new suppliers in connection with the new stock keeping units (SKU) introduced, (2) increase in short-term borrowings by SAR 20.5 million as the Group obtained a short-term credit facility from Al Rajhi Bank amounting to SAR 35.0 million for financing working capital purposes, (3) and an increase in dividends payable by SAR 4.5 million as at 31 December 2022G.

This was partially offset by an increase in current assets by SAR 47.5 million mainly due to the increase in inventory balance by SAR 54.7 million in line with the ramp up in revenue and as the Group maintains higher stock levels to meet customer demand, in addition to an increase in cash and bank balances by SAR 19.1 million in line with the growth in the Group's operations. This was partially offset by a decrease in the amounts due from related parties by SAR 15.3 million following the settlement of balances with related parties during 2022G, and prepayments, advances, and other receivables by SAR 7.0 million primarily due to the decrease in advances to suppliers by SAR 6.6 million as a portion of advances to suppliers was reclassified to goods in transit on the basis that the goods had been shipped by the suppliers as at 31 December 2022G.

Net working capital increased from SAR 51.7 million as at 31 December 2022G to SAR 62.6 million as at 31 December 2023G due to an increase in current assets by SAR 37.1 million mainly as a result of the increase in cash and bank balances by SAR 23.0 million line with the growth in the Group's operations, and prepayments, advances, and other receivables by SAR 17.0 million as a result of an increase in advances to suppliers driven by the increasing numbers of suppliers in line with the overall increase in product offerings and stock keeping units (SKU) as part of the Group's product development and diversification strategy. In addition, trade receivables balance increased by SAR 4.8 million driven by the increase in receivables from third party delivery partners and BNPL service providers in line with the growth in operations. This was partially offset by an increase in current liabilities by SAR 37.1 million due to the increase in trade payables, accruals and other payables by SAR 32.8 million driven by the continuous increase in purchases to accommodate for the growth in operations coupled with the introduction of new suppliers in connection with the new stock keeping units (SKU) introduced, and the increase in dividends payable by SAR 8.0 million as at 31 December 2023G.

Net working capital increased from SAR 62.6 million as at 31 December 2023G to SAR 81.1 million as at 31 March 2024G due to an increase in current assets by SAR 52.2 million mainly as a result of the increase in cash and bank balances by SAR 25.0 million in line with the growth in the Group's operations, and prepayments, advances, and other receivables by SAR 9.4 million mainly driven by an increase in prepaid expenses. Trade receivables balance increased by SAR 10.6 million driven by the growth in operations which in turn resulted in an increase in receivables from third party delivery partners and BNPL service providers. This was partially offset by an increase in current liabilities by SAR 29.3 million mainly as a result of the increase in trade payables, accruals and other payables by SAR 32.8 million as a result of the increase in trade payables, accruals and other payables by SAR 29.3 million driven by the continuous increase in purchases to accommodate for the growth in operations coupled with the introduction of new suppliers in connection with the new stock keeping units (SKU) introduced.

6.6.2.7 Financing structure

The following table summarizes the financing structure as extracted from the Company's audited financial statements for the financial year ended 31 December 2021G and the audited consolidated financial statements for the financial year ended 31 December 2023G and the unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2024G. It is worth noting that the following table should be read in conjunction with the relevant financial statements, including the accompanying notes, as presented in Section 19 "**Financial Statements and Auditor's Report**" of this Prospectus.

Table (6.59): Financing structure

SAR in 000s	31 December 2021G	31 December 2022G	31 December 2023G	31 March 2024G (Unaudited)
Total borrowings	10,926	46,118	41,679	51,999
Shareholders' equity				
Share capital	1,063	1,063	1,063	1,063
Additional contribution to capital	27,136	27,136	27,136	27,136
Statutory reserve	319	319	319	319
Retained earnings	52,111	59,963	84,153	106,051
Total equity	80,629	88,481	112,671	134,569
Total financing (Total borrowings + total equity)	91,555	134,599	154,350	186,568
Total borrowings / total financing	12%	34%	27%	28%

Source: Company's audited financial statements for the financial year ended 31 December 2021G, the audited consolidated financial statements for the financial year ended 31 December 2023G and the unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2024G, and Management information.

The Board of Directors declare that:

- The share capital of the Group and its subsidiaries is not subject to any option right
- The Company has no debt instruments as of the date of this Prospectus.
- The Group has sufficient cash flow and working capital for a period of at least 12 months immediately following the date of publication of the Prospectus. Taking into consideration any material adverse changes in the Company's business.

6.6.3 Statement of Cash Flows Data

The following table summarizes the statement of cash flows data for the years ended 31 December 2021G, 2022G and 2023G and for the three-month periods ended 31 March 2023G and 2024G:

Table (6.60): Statement of cash flows data

SAR in 000s	Year ended 31 December 2021G	Year ended 31 December 2022G	Year ended 31 December 2023G	Var. 2021G-2022G	Var. 2022G-2023G	CAGR2021G-2023G	Three-month period ended 31 March 2023G (Unaudited)	Three-month period ended 31 March 2024G (Unaudited)	Var. 31 March 2023G-31 March 2024G
Cash flow from operating activities:									
Profit before zakat	15,372	19,135	35,624	24.5%	86.2%	52.2%	9,629	22,848	137.3%
Adjustment to reconcile profit before zakat to net cash inflows:									
(Reversal of)/ provision for expected credit losses on trade receivables	736	1,502	(369)	103.9%	(124.6%)	N/A	-	369	N/A
Provision for inventory obsolescence	-	3,279	5,017	N/A	53.0%	N/A	951	1,270	33.5%
Depreciation on property and equipment	1,229	1,755	2,332	42.8%	32.9%	37.7%	534	544	1.7%
Depreciation on right-of-use assets	1,707	2,452	3,776	43.6%	54.0%	48.7%	783	922	17.8%
Amortization of intangible assets	189	301	459	58.9%	52.5%	55.7%	108	105	(2.4%)
(gain)/Loss on disposal of property and equipment	-	-	(2,287)	N/A	N/A	N/A	-	96	N/A
Gain on lease liability extinguishment	-	(237)	(350)	N/A	48.0%	N/A	(58)	-	(100.0%)
Employees' terminal benefits	756	925	1,093	22.3%	18.2%	20.2%	353	539	52.7%
Finance charge on lease liability	506	923	1,052	82.5%	14.1%	44.3%	261	248	(5.0%)
Finance cost on bank borrowings	268	1,409	2,074	426.2%	47.1%	178.3%	539	820	52.1%

SAR in 000s	Year ended 31 December 2021G	Year ended 31 December 2022G	Year ended 31 December 2023G	Var. 2021G-2022G	Var. 2022G-2023G	CAGR2021G-2023G	Three-month period ended 31 March 2023G (Unaudited)	Three-month period ended 31 March 2024G (Unaudited)	Var. 31 March 2023G-31 March 2024G
Provision of employees' terminal benefit	1,470	-	-	(100.0%)	N/A	N/A	-	-	N/A
Inventories written off	-	-	(5,983)	N/A	N/A	N/A	-	-	N/A
The Company's share in net losses of an unconsolidated subsidiary	1,447	433	-	(70.1%)	(100.0%)	N/A	N/A	-	N/A
Working capital adjustments:									
Trade receivables	(7,697)	2,521	(4,472)	N/A	(277.3%)	(23.8%)	(8,637)	(10,927)	26.5%
Prepayment, advances and other receivables	(9,759)	7,670	(17,078)	N/A	(322.7%)	32.3%	(32,520)	(9,408)	(71.1%)
Due from related parties	8,856	9,501	-	7.3%	(100.0%)	N/A	-	-	N/A
Inventories	(31,188)	(60,681)	(2,094)	94.6%	(96.5%)	(74.1%)	9,075	(8,528)	(194.0%)
Trade payables, accruals and other payables	(31,495)	46,864	33,168	(248.8%)	(29.2%)	N/A	7,669	29,282	281.8%
Cash generated from/ (used in) operations	**(47,601)**	**37,752**	**51,963**	**(226.1%)**	**(27.3%)**	**N/A**	**(11,313)**	**28,180**	**349.1%**
Zakat paid	(802)	(2,539)	(2,295)	(216.7%)	(9.6%)	69.2%	-	-	N/A
Employees' terminal benefit paid	(60)	(363)	(210)	(500.1%)	(42.1%)	86.4%	(47)	(47)	0.0%
Finance cost paid on bank borrowings	(268)	(1,409)	(2,074)	(426.2%)	47.1%	178.3%	(539)	(820)	52.1%
Net cash flow (used in)/ from operating activities	**(48,731)**	**33,441**	**47,385**	**(168.6%)**	**41.7%**	**N/A**	**(11,899)**	**27,313**	**(329.5%)**
Cash flow from investing activities:									
Purchase of property and equipment	(8,463)	(45,422)	(21,160)	436.7%	(53.4%)	58.1%	(1,539)	(6,921)	349.6%
Purchase of intangibles	(249)	(802)	(857)	222.1%	6.9%	85.5%	95	(165)	N/A

Back to Table of Content >

SAR in 000s	Year ended 31 December 2021G	Year ended 31 December 2022G	Year ended 31 December 2023G	Var. 2021G-2022G	Var. 2022G-2023G	CA-GR2021G-2023G	Three-month period ended 31 March 2023G (Unaudited)	Three-month period ended 31 March 2024G (Unaudited)	Var. 31 March 2023G-31 March 2024G
Proceeds from disposal of property and equipment	-	-	11,789	N/A	N/A	N/A	-	3,167	(3404.1%)
Net cash flow used in investing activities	**(8,712)**	**(46,224)**	**(10,227)**	**430.6%**	**(77.9%)**	**8.4%**	**(1,635)**	**(3,918)**	**139.6%**
Cash flow from financing activities:									
Proceeds from long-term borrowings	8,561	21,213	5,909	147.8%	(72.1%)	(16.9%)	-	-	N/A
Repayments of long-term borrowings	(1,313)	(6,492)	(9,456)	394.5%	45.7%	168.4%	(563)	(1,316)	133.6%
Proceeds from short-term borrowings	2,139	26,003	43,904	1115.5%	68.8%	353.0%	-	11,636	N/A
Repayments of short-term borrowings	-	(5,532)	(44,795)	N/A	709.7%	N/A	-	-	N/A
Repayment of lease obligations	(2,188)	(3,295)	(5,200)	50.6%	57.8%	54.1%	(2,035)	(764)	(62.4%)
Additional contribution to capital	27,136	-	-	N/A	N/A	N/A	-	-	N/A
Dividends paid	-	-	(4,494)	N/A	N/A	N/A	-	(8,000)	N/A
Net cash flow from / (used in) financing activities	**34,398**	**31,897**	**(14,132)**	**(7.3%)**	**(144.3%)**	**N/A**	**(2,599)**	**1,556**	**(159.9%)**
Net (decrease) / increase in cash and cash equivalents	**(23,045)**	**19,114**	**23,026**	**(182.9%)**	**20.5%**	**N/A**	**(16,133)**	**24,951**	**(254.7%)**
Cash and cash equivalent at the beginning of the year/period	50,611	27,566	46,680	(45.5%)	69.3%	(4.0%)	46,680	69,706	49.3%
Cash and cash equivalent at the end of the year/period	**27,566**	**46,680**	**69,706**	**69.3%**	**49.3%**	**59.0%**	**30,547**	**94,657**	**209.9%**

Source: Company's audited financial statements for the financial year ended 31 December 2021G, the audited consolidated financial statements for the financial year ended 31 December 2023G and the unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2024G, and Management information.

Net cash flow (used in)/ from operating activities

Net cash flow (used in)/ from operating activities changed from net cash used in operating activities amounting to SAR 48.7 million in 2021G to net cash from operating activities amounting to SAR 33.4 million in 2022G mainly due to the increase in trade payables, accruals and other payables by SAR 46.9 million and the decrease in prepayments advances and other receivables by SAR 7.7 million and the decrease in trade receivables by SAR 2.5 million. This was offset by the increase in inventory balance by SAR 60.7 million during the period.

Net cash generated from operating activities increased from SAR 33.4 million in 2022G to SAR 47.4 million in 2023G mainly due to the increase in trade payables, accruals, and other payables by SAR 33.2 million and the increase in profit before Zakat that amounted to SAR 35.6 million in 2023G, which was offset by the increase in prepayments advances and other receivables by SAR 17.1 million and the increase in trade receivables by SAR 4.5 million.

Net cash generated from / (used in) operating activities changed from net cash used in operating activities amounting to SAR 11.9 million in the three-month period ended 31 March 2023G to net cash generated from operating activities amounting to SAR 27.3 million in the three-month period ended 31 March 2024G mainly due to the increase in trade payables, accruals, and other payables by SAR 29.3 million and the increase in profit before Zakat that amounted to SAR 22.8 million in the three-month period ended 31 March 2024G, which was offset by the increase in trade receivables by SAR 10.9 million and the prepayments, advances, and other receivables by SAR 9.4 million during the period.

Net cash used in investing activities

Net cash used in investing activities increased from SAR 8.7 million in 2021G to SAR 46.2 million in 2022G mainly due to the increase in purchase of property and equipment from SAR 8.5 million in 2021G to SAR 45.4 million in 2022G.

Net cash used in investing activities decreased from SAR 46.2 million in 2022G to SAR 10.2 million in 2023G mainly due to the decrease in purchase of property and equipment from SAR 45.4 million in 2022G to SAR 21.2 million in 2023G and the increase in proceeds from the disposal of property and equipment by SAR 11.8 million during 2023G.

Net cash used in investing activities increased from SAR 1.6 million in the three-month period ended 31 March 2023G to SAR 3.9 million in the three-month period ended 31 March 2024G mainly following the increase in purchase of property and equipment from SAR 1.5 million in the three-month period ended 31 March 2023G to SAR 6.9 million in the three-month period ended 31 March 2024G, which was offset by proceeds from the disposal of property and equipment that amounted to SAR 3.2 million in the three-month period ended 31 March 2024G.

Net cash flow from / (used in) financing activities

Net cash flow from financing activities decreased from SAR 34.4 million in 2021G to SAR 31.9 million in 2022G mainly due to the decrease in the additional contribution to capital by SAR 27.2 million. This was offset by the increase in proceeds from short-term borrowings by SAR 26.0 million and from long term borrowings by SAR 21.2 million during 2022G.

Net cash flow from / (used in) financing activities changed from net cash flow from financing activities amounting to SAR 31.9 million in 2022G to net cash flow used in financing activities amounting to SAR 14.1 million in 2023G mainly due to the settlement of short-term borrowings amounting to SAR 44.8 million and long-term borrowings amounting to SAR 9.5 million. This was offset by proceeds from short term borrowings amounting to SAR 43.9 million and long-term borrowings amounting to SAR 5.9 million during 2023G.

Net cash flow from / (used in) financing activities changed from net cash flow used in financing activities amounting to SAR 2.6 million in the three-month period ended 31 March 2023G to net cash flow from financing activities amounting to SAR 1.6 million in the three-month period ended 31 March 2024G mainly as a result of proceeds from short-term borrowings amounting to SAR 11.6 million in the three-month period ended 31 March 2024G, offset by dividends distributed amounting to SAR 8.0 million during the period.

6.6.4 Commitments and contingencies

The Group has commitments and contingencies which include capital commitments amounting to SAR 12.2 million as at 31 March 2024G related to capital work in progress primarily for the construction of the new warehouse in Riyadh, Riyadh head office refurbishments, and set-up of an office in Dubai, United Arab Emirates.


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7. DIVIDEND DISTRIBUTION POLICY

Under Article 107 of the Companies Law, a Shareholder is vested with all rights attached to Shares, which includes in particular the right to receive a share in the dividends declared for distribution. The Board of Directors shall recommend declaring and paying any dividends before approval by the Shareholders at the meeting of the General Assembly. The Company is under no obligation to declare dividends and any decision to do so will depend on, inter alia, the Company's historic and anticipated earnings and cash flow, financing and capital requirements, market and general economic conditions, the restrictions to which the dividend distribution process is subject under Financing and Debt Agreements, the Zakat, and the other legal and regulatory considerations. For example, Shares give their holders the right to receive the dividends announced by the Company from the date of this Prospectus and in the following Fiscal Years. Despite the Company's intention to distribute annual dividends to its Shareholders, there are no guarantees that such dividends will be actually distributed, nor is there any guarantee regarding the amounts of dividends paid in any year.

The Board of Directors shall implement the General Assembly's resolution regarding the distribution of dividends to registered Shareholders within fifteen (15) Business Days from the date on which they are entitled to such dividends, as specified in that resolution or the resolution of the Board of Directors to distribute interim dividends. Dividend distribution is also subject to the restrictions set out in the Company's Bylaws. Such dividends shall be distributed in Saudi Riyals. According to Article 44 of the Company's Bylaws, the Company may distribute interim dividends to Shareholders on a quarterly or semi-annual basis, in accordance with the audited and reviewed financial statements, the regulatory controls issued by the competent authorities, and in accordance with the following:

1- Issuance of a resolution by the General Assembly, which is reviewed annually, authorizing the Board of Directors to distribute interim dividends.

2- The Company has reasonable liquidity and is able to reasonably forecast the size of its dividends.

3- The Company has distributable dividends for one or more of the previous years according to the latest audited financial statements, sufficient to cover the proposed dividend distribution, after deducting the amounts distributed and capitalized from dividends following the date of such financial statements.

4- Distributable dividends shall consist of the balance of retained earnings in the statement of financial position prepared in the period prior to the period in which the distribution resolution was issued, in addition to the balance of any distributable reserves.

5- Distributable reserves include any reserves created from dividends without being allocated for specific purposes, or reserves created for a specific purpose and have since been cancelled.

The following is a summary of share dividends declared and distributed by the Company during the Financial Years ended 31 December 2021G, 31 December 2022G and 31 December 2023G and the Three-Month Period Ended 31 March 2024G.

Table (7.1): Dividends Declared and Distributed by the Company during the Financial Years ended 31 December 2021G, 31 December 2022G and 31 December 2023G and the Three-Month Period Ended 31 March 2024G:

SAR	Year ended 31 December 2021G	Year ended 31 December 2022G	Year ended 31 December 2023G	Three-Month Period Ended 31 March 2024
Declared Dividends during the year/ Period	N/A	8,398,992*	8,000,000**	N/A
Dividends Paid/settled during the Year/period	N/A	3,905,424***	4,493,568	8,000,000
Net Profit for the year/ period	13,512,241	16,731,623	32,624,482	21,898,417
Ratio of declared dividends to the Company's net profits (%)	N/A	50.2%	24.5%	N/A

Source: The Company

* On 28/12/2022G, the Company's Shareholders agreed to distribute dividends in the amount of SAR 8,398,992 for FY2022G.

** On 31/12/2023G, the Company's Shareholders agreed to distribute dividends in the amount of SAR 8,000,000 for FY2023G.

*** An amount of SAR 3,905,424 has been settled for an outstanding balance for some Shareholders.

Shareholders shall be entitled to their shares in dividends, whether in cash or in the form of Shares, by virtue of the General Assembly resolution in this regard. Such resolution shall designate the due date and the distribution date. Shareholders registered in the Shareholders Registers as at the end of the due day shall be entitled to dividends.

The Shares will entitle their holders to receive any dividends declared by the Company from the date of this Prospectus and for subsequent financial years. The Offer Shares do not entitle to any distribution of dividends declared prior to the date of this Prospectus. The first entitlement with regard to the Offer Shares will be to the dividends declared by the Company from the date of this Prospectus and for the subsequent years.

8. USE OF PROCEEDS

Total Offering Proceeds amounted to around [●] Saudi Riyals (SAR [●]) of which approximately fifty three million four hundred thousand Saudi Riyals (SAR 53,400,000) will be applied towards all the Offering expenses, which include the fees of the Financial Advisors, the Lead Manager, the Underwriters, the Bookrunners, the Legal Advisor of the Company, the Legal Advisor of the Underwriters, the Auditor, the Market Study Consultant and the Financial Due Diligence Consultant, as well as the fees of marketing and distribution and other costs and expenses related to the Offering.

The Selling Shareholders will bear all of the Offering expenses and costs estimated at around fifty three million four hundred thousand Saudi Riyals (SAR 53,400,000). These expenses and costs will be deducted from the Offering Proceeds and include the fees of the Financial Advisor, the Lead Manager, the Bookrunner, the Underwriter, the Legal Advisors, the Financial Due Diligence Advisor, the Auditor, the Market Consultant and the Exchange, as well as marketing, printing and distribution fees and other costs and expenses related to the Offering. It is worth noting that the Company's share of the Offering Expenses, amounting to two million five hundred thousand (2,500,000), will be borne by the Selling Shareholders.

8.1 Use of the Net Offering Proceeds

The Net Offering Proceeds of approximately [●] Saudi Riyals (SAR [●]) (after deduction of Offering expenses) will be distributed as follows:

1- [●] Saudi Riyals (SAR [●]) will be distributed to the Selling Shareholders on a pro-rata basis based on the number of Sale Shares to be sold during the Offering.

2- [●] Saudi Riyals (SAR [●]) will be distributed to the Company. The Company intends to use the Net Offering Proceeds, in addition to the other financial resources, such as cash flows and loans, for the purpose of financing the following activities:

- Finance the working capital and develop and market the Company's own brands and sale channels.
- Develop logistic and technical capabilities.
- General objectives of the Company.

The below table summarizes the expected use of the Company's share of the Net Offering Proceeds per item:

Table (8.1): Expected Use of the Company's Share of the Net Offering Proceeds per Item

Item	Expected use of the Company's share of the Net Offering Proceeds (%) (1) (2) (3)	Expected timeframe for the use of proceeds	Summarized timetable for the use of the Offering Proceeds	Expected use of the Net Offering Proceeds (SAR million)
Finance the working capital and develop and market the Company's own brands and sale channels	35% - 45%	12 – 36 months	From the first quarter of 2025G to the fourth quarter of 2027G	[●] ([●])
Develop logistic and technical capabilities	15% - 25%	12 – 24 months	From the first quarter of 2025G to the first quarter of 2027G	[●] ([●])
General objectives of the Company	35% - 45%	12 – 24 months	From the first quarter of 2025G to the first quarter of 2026G	[●] ([●])

(1) For more information about the potential changes to the expected use of the Offering Proceeds mentioned here-above, please refer to Section 8.2 ("**Timeframe for the Expected Use of Net Offering Proceeds and Potential Changes**") of this Prospectus.

(2) Subject to Remark (1) above and Sections 8.1 ("**Use of Proceeds**") and 8.2 ("**Timeframe for the Expected Use of Net Offering Proceeds and Potential Changes**") of this Prospectus, the uses of the Company's share of the Net Offering Proceeds divided among the items listed in the table here-above will not exceed 100% of the Company's share of the Net Offering Proceeds.

(3) In case of any excess of the Net Offering Proceeds, the Company will use such excess to expedite the launch of new products and develop current products. However, in case of Net Offering Proceeds deficiency, the Company intends to use its financial resources and loans to cover such deficiency.

1- Finance the working capital and develop and market the Company's own brands and sale channels

In line with the Company's strategy focused on enhancing the products offered to customers and developing its own brands, the Company intends to further expand these brands. The Company has an extensive experience in developing its own brands, with the first registered brand launched in 2019G, followed by many other brands in the field of Cosmetics and Care. The Company achieved distinguished revenue growth from its brands with a Compound Annual Growth Rate (CAGR) of around 43% during the period from 2021G to 2023G with higher profit margins compared to international branded products. This strategic orientation is based on the Company's deep understanding of customer behavior and needs in addition to a robust supply chain. Within the framework of the Company's strategy to focus on its own brands, the Company is planning to expand sale channels through the opening of 4 main branches in main cities to provide a comprehensive shopping experience to its customers, in addition to kiosks to sell and market its own brands. These branches will be mainly concentrated in malls to attract the biggest number of visitors to create a distinguished shopping experience for customers and enhance the Company's value and products for current and potential customers, which will support the Company's sales on the Company's e-platform. Accordingly, the Company intends to allocate 35% to 45% of the Net Offering Proceeds for this purpose.

2- Develop logistic and technical capabilities

The Company plans to further expand in the western region by building a warehouse in Jeddah to support the Company's logistic capabilities in this region and to enable same-day delivery service in Jeddah, which was greatly successful in the cities where it is already provided, supporting therefore the Company's sales growth and enhancing the customers experience in this region. The Company also plans to build a warehouse in Dubai to serve GCC Countries and accelerate products delivery process, mainly that Nice One expects to achieve high sale volume in GCC Countries in 2025G. Furthermore, the Company seeks to automate some of its warehouses to increase the operations efficiency and ensure optimized use of human resources.

Furthermore, the Company plans to establish a research and innovation center which will identify gaps and find development opportunities for its operations, to keep pace with the continuous development of Artificial Intelligence uses and latest technical advancements in the sector. This Center will also help the Company achieve its current plans for the development of technical capabilities, including:

a- Research Using Artificial Intelligence

The search engine is essential to e-commerce business. Search-resulting sales represent the vast majority of the total sales, as the search is one of the most important phases of the customers purchase process. We believe that focusing on customers search experience can improve the Company's conversion rate. Accordingly, the Company intends to work on the following:

b- Artificial Intelligence (AI) for Synonyms

As the Company rapidly expands its product portfolio, it may be difficult for the customers to find the products they want due to different official and unofficial product names. Some products may be also known by names other than the official name adopted in the Company. Therefore, the Company uses AI to make it easier for customers to find the products they are looking for.

c- Customization Using Artificial Intelligence

In addition to discovering synonyms, the Company plans to employ AI to provide customized search results to customers, through the analysis of customer behavior, such as browsing and purchase history. AI Algorithms can detect the customer preferences and customize the search results accordingly, which will greatly improve the customer experience.

Applying Machine Learning to Customize Content

The content designed for men may be very different from the one designed for women, given their different interests. Therefore, the Company adopts many Machine Learning Customization Engines to improve the content for all its sales channels and manage customer relationships.

Augmented Reality (AR)

The Company always strives to provide the best customer experience. Thus, it intends to invest in AR solutions allowing customers to test the products virtually using the camera, define skin tone and directly apply makeup, lenses or cosmetics on the camera.

Cybersecurity

Within the scope of the various initiatives aiming at securing infrastructure and data in general, the Company will have to continuously partner with many specialized consultants and agencies to ensure compliance with the best practices and constant readiness.

SIEM Solution

Security Information and Event Management (SIEM) is a security solution designed to help companies identify and address any potential security threats and risks before causing any operation interruption.

Digital Transformation

Digital tools are increasingly used with the growth of the Company's business. The Company intends to develop some digital tools such as demand forecasting, automation pricing, verification of customer reviews using AI and other tools which would achieve higher efficiency for the Company's operations. The Company also intends to provide a technology to automate some of the recurrent tasks, ensure their smooth operation and continuously monitor performance.

ISO 27001

Keen to protect and keep the confidentiality of customer information, the Company plans to obtain ISO 27001 Certificate which recognizes the Company's application of the best practices to discover, evaluate and avoid information security risks, preserving and ensuring the confidentiality of important information.

Smart Warehouse Management with Automated Integration

The Company intends to apply a new smart warehouse management system linked with an automated system which allows the Company to manage multiple warehouse operations using the same platform. This system will offer various analysis tools, including sensor cameras to detect bottleneck in warehouses operations and report the same to the Management. The automated system will also help the Company increase the operation efficiency and limit reliance on humans.

The Company intends to allocate 15% to 25% for the development of technical and logistical capabilities.

3- Financing the general objectives of the Company

The Company intends to allocate 35% to 45% of the Net Offering Proceeds to finance potential merger and acquisition transactions in accordance with its financial controls. However, details of such operations are not defined as at the date of this Prospectus, but will be defined at a later stage after performing a comprehensive market and investment opportunities assessment. The remaining Offering Proceeds – if any – will be used to finance the other requirements and needs of the Company, including, without limitation, working capital requirements. This part of the Net Proceeds will be used within two years approximately following the Offering. Amounts of Offering Proceeds will be held separately from the Company's human resources until used. Therefore, the Company shall be committed to timely disclosing any changes or updates regarding the use of Offering Proceeds.

8.2 Timeframe for the Expected Use of Net Offering Proceeds and Potential Changes

The Company intends to employ and use its entire share of the Net Offering Proceeds to cover some or all of the above-mentioned uses over a period of three years as of the date of this Prospectus. The expected use plans for the Company's share of the Offering Proceeds reflect the Company's business plan and market conditions as at the date of this Prospectus. Therefore, the expected use of the Company's share of the Net Offering Proceeds is subject to change according to any economic, social or political developments and any other potential changes in the Company's business plan. The following table sets out the expected timeframe for the Use of Net Offering Proceeds by item:

Item	2025G		2026G		2027G	
	First Half	Second Half	First Half	Second Half	First Half	Second Half
Opening a branch in Riyadh	✓					
Opening a branch in Riyadh						✓
Opening a branch in Jeddah			✓			
Opening a branch in Dammam					✓	
Fitting out a warehouse in Jeddah to support the Company's logistical capabilities in this region			✓			
Fitting out a warehouse in Dubai					✓	

9. CAPITALIZATION AND INDEBTEDNESS

Prior to the Offering, the Current Shareholders owned the entire Shares of the Company and, following the completion of the Offering, the Current Shareholders will collectively own 70% of the Company's Shares.

The table below sets out the capitalization of the Company as derived from the Company's audited financial statements for the Financial Year ended 31 December 2021G, the Company's audited consolidated financial statements for the Financial Year ended 31 December 2023G and the unaudited interim condensed consolidated financial statements for the Three-Month Period Ended 31 March 2024G. The following table should be read in conjunction with the relevant Financial Statements, including the notes thereto, which are set out in Section 19 ("**Financial Statements and Auditor's Reports**") of this Prospectus.

Table (9.1): Capitalization and Indebtedness of the Company

SAR 000s	As at 31 December 2021G	As at 31 December 2022G	As at 31 December 2023G	As at 31 March 2024G
Bank Borrowings	10,926	46,118	41,679	51,999
Shareholders' Equity				
Capital	1,063	1,063	1,063	1,063
Additional Contribution to Capital	27,136	27,136	27,136	27,136
Statutory Reserve	319	319	319	319
Retained Earnings	52,111	59,963	84,153	106,051
Total Shareholders' Equity	80,629	88,481	112,671	134,569
Total Capitalization (total loans + total Shareholders' equity)	91,555	134,599	154,350	186,568
Total Loans / Total Capitalization	12%	34%	27%	28%

Source: the Company's audited financial statements for the Financial Year ended 31 December 2021G; the Company's audited consolidated financial statements for the Financial Year ended 31 December 2023G; and the Company's unaudited interim condensed consolidated financial statement for the Three-Month Period Ended 31 March 2024G; and the Management Information.

The Directors confirm that:

- As at the date of this Prospectus, none of the Company's Share is under option.
- As at the date of this Prospectus, the Company does not have any debt instruments.
- The Company's existing cash balances and cash flows are sufficient to meet its anticipated cash needs for working capital and capital expenditure for at least twelve (12) months following the date of this Prospectus, subject to no material adverse change affecting the Company's business.

10. EXPERTS' STATEMENT

As at the date hereof, all Advisors, including the Independent Auditor, listed on pages (vi), (vii) and (viii) have provided and not withdrawn their written consent to publish their names and logos, as well as statements or reports (as applicable) attributed to them in this Prospectus. Neither the Advisors nor any of their employees (forming part of the team serving the Company), or relatives have any shareholding or interest of any kind in the Company, as at the date of this Prospectus, in a manner that would impair their independence.

11. DECLARATIONS

The members of the Board of Directors declare the following:

1- The Offering does not constitute a breach of the relevant laws and regulations in Saudi Arabia.

2- The Offering does not constitute a breach of any contracts or agreements to which the Issuer is a party.

3- All material legal issues concerning the Issuer have been disclosed in the Prospectus.

4- The Issuer is not subject to any lawsuits, or any type of legal proceedings that could individually or collectively have a material effect on its business or financial position.

5- The Directors of the Issuer are not subject to any lawsuits or any type of legal proceedings that could individually or collectively have a material effect on the Issuer's business or financial position.

6- None of the members of the Board of Directors nor any of the Executive Management members nor the Secretary nor any of their relatives nor affiliates have a direct or indirect interest whatsoever in the Company's Shares, nor any interest in any other matter which may impact the Company's businesses.

7- None of the members of the Board of Directors nor do any of the Senior Executives, Secretary, or their relatives or affiliates, have any interest in any written or verbal contract or arrangement contemplated or expected to be conducted with the Company.

8- There is no conflict of interest related to the Directors with respect to contracts or transactions entered into with the Company, as at the date of this Prospectus.

9- Neither they nor any of their relatives or affiliates have any Shares or interest of any kind in the Company, until the date of this Prospectus.

10- The Company possesses the necessary regulations and policies needed to prepare the annual financial statements in conformity with IFRS-KSA, and within the deadlines set in the OSCOs. Furthermore, the Company relies on the necessary regulations and policies to prepare all the other financial and non-financial reports, as required by the OSCOs and within the timeframes set out in the OSCOs.

11- The Company has sufficient working capital for at least twelve (12) months immediately following the date of this Prospectus.

12- Except as disclosed in Section 12.10 ("**Credit Facilities and Loans**"), the Company has not issued any debt instruments, nor does it have any term loans or any other outstanding borrowings or indebtedness (including bank overdrafts, liabilities under acceptance, acceptance credits or hire purchase commitments).

13- As at the date of this Prospectus, there is no intention to materially change the nature of the Company's business, and there has been no interruption in the business of the Company that may significantly affect or have affected its financial position in the last twelve (12) months.

14- No commissions, discounts, brokerages or other non-cash compensations were granted to any of the Directors by the Company within the three (3) years immediately preceding application for registration and offer of securities in connection with the issue or sale of any securities.

15- There has been no material adverse change in the financial or trading position of the Company in the three (3) years immediately preceding the date of filing the application for registration and offering of securities subject to this Prospectus, in addition to the period covered by the Auditor's report and until the date of the approval of this Prospectus.

16- The internal control measures and regulations were soundly prepared to establish a written policy that regulates present or potential conflicts of interest, including the misuse of the Company's assets and misfeasance resulting from transactions with Related Parties; in addition to safeguarding the security of financial and operational systems, and ensuring the implementation of appropriate supervisory measures to manage potential risks in accordance with Article 21 of the Corporate Governance Regulations. Furthermore, the Board shall conduct annual reviews of the Company's internal control measures.

17- The audited financial statements for the Financial Years ended 31 December 2021G and 31 December 2022G, the audited consolidated financial statements for the Financial Year ended 31 December 2023G have been prepared in accordance with IFRS-KSA. As for the unaudited condensed consolidated interim financial statements of the Company for the Three-Month Period Ended 31 March 2024G, these were prepared in accordance with IAS 34 as endorsed in KSA. The financial information contained in this Prospectus has been extracted without any material deviation from the Financial Statements and are presented in a manner consistent with the Financial Statements.

18- None of the Directors or the CEO will vote on resolutions that relate to any transaction or contract in which the Directors or the CEO have a direct or indirect interest.

19- The Directors have developed procedures, controls and systems that would enable the Company to meet all the requirements of the relevant laws, regulations and instructions, including Companies Law, Capital Market Law and its implementing regulations, Rules on the Offer of securities and Continuing Obligations and Listing Rules.

20- The Company has submitted and will submit to the CMA all documents required under the Capital Market Law and the OSCOs.

21- There is no pledge, mortgage or financial burden on any of the Company's assets.

22- As at the date of this Prospectus, the Company does not have any employee share schemes in place for its employees or any other arrangement involving the employees in the capital of the Company.

23- All the Company employees are under its sponsorship.

24- Unless otherwise approved by the General Assembly, the Directors may not have a direct or indirect interest in the transactions and contracts entered into for the account of the Company.

25- The Directors will notify the Board of any direct or indirect interest they may have in the transactions and contracts entered into for the account of the Company, and this notification will be recorded in the minutes of the Board of Directors meeting.

26- There are no research and development policies adopted by the Company, as at the date of this Prospectus.

27- No Shares of the Company are under option, as at the date of this Prospectus.

28- The Directors, Senior Executives and Secretary have not at any time been declared bankrupt or subject to bankruptcy proceedings.

29- 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 (5) years preceding the date of this Prospectus.

30- No powers exist giving any of the Directors the right to borrow money from the Company.

31- All necessary approvals were obtained for the offering of the Company's Shares in the stock market and for it to become a public joint-stock company.

32- The Company is able to prepare the required reports in a timely manner, according to the implementing regulations issued by the CMA.

33- As at the date of this Prospectus, the persons whose names appear in Section 4.8 ("**Overview of the Shareholders**") are the direct and indirect legal and beneficial owners of the Company's Shares.

The Directors further declare complying with the provisions of Articles 71, and 72 of the Companies Law and Article 40 of the Corporate Governance Regulations with respect to contracts with Related Parties as follows:

1- All transactions entered into by the Company 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 vote in meetings of the Board of Directors, or (if required by law), the Ordinary General Assembly. Directors may not vote on any decision related to transactions or contracts conducted for the account of the Company in which they have a direct or indirect interest, whether in the Board of Directors or the General Assembly.

2- As at the date of this Prospectus, the members of the Board of Directors have not participated, jointly or severally, in any activities similar or competitive with the activities of the Company. The members of the Board of Directors further undertake to fulfil the requirements in the future, in accordance with Articles 27, 71, and 72 of the Companies Law, and Chapter 6 of Part Three of the Corporate Governance Regulations.

3- Neither the Directors nor any Senior Executive shall obtain a loan from the Company, and the Company shall not guarantee any loan entered into by a Director.

In addition to the declarations described above, the Directors and the CEO declare that:

1- The Directors and the CEO shall not have the right to vote on decisions relating to their fees and remuneration.

The Board of Directors also declares that:

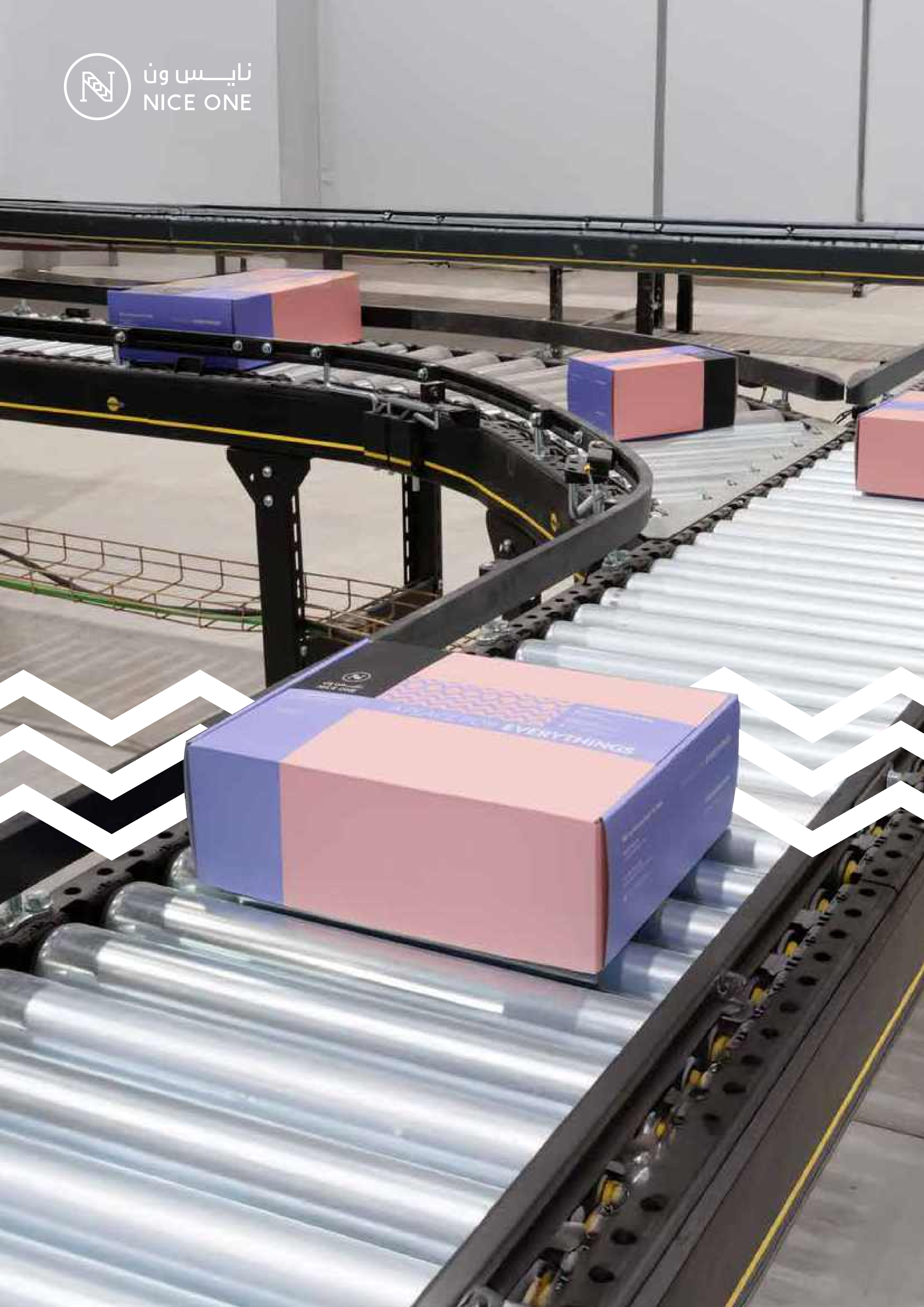
1- The internal control, accounting and IT systems of the Company are sufficient and adequate.
2- This Prospectus contains all the information to be included under the OSCOs requirements and does not omit any other fact that would have any impact on the application for the Securities Registration and Offering herein.
3- Third-party information and data included in this Prospectus, including the information obtained or derived from the market research conducted by the Market Research Consultant, is reliable and the Company has no reason to believe that such information is materially inaccurate; and the statistical information used in Section 3 ("**Market and Industry Information**") of this Prospectus, which was obtained or derived from external sources, represents the latest information available at the respective source.
4- All terms and conditions that may affect the decisions of the Subscribers to invest in Company Shares have been disclosed.
5- The Company does not currently intend to conclude any new contracts with Related Parties, except for the renewal of the previously concluded contracts with Related Parties mentioned herein. However, in the event that the Company wishes to sign new contracts with Related Parties in the future, the Company shall comply with Articles 27, 71, and 72 of the Companies Law and Article 44 of the Corporate Governance Regulations.
6- All increases and decreases in the capital of the Company are in compliance with the laws and regulations applicable in Saudi Arabia.
7- The Company does not have any securities (contractual or otherwise) or any assets where the value is subject to fluctuation which would adversely and materially affect the assessment of the financial position.
8- There are no mortgages, rights or charges on the Company's properties, as at the date of this Prospectus.
9- Except as disclosed in Section 2 ("**Risk Factors**") hereof, 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.
10- Except as disclosed in Section 2 ("**Risk Factors**") hereof, the Company is not aware of any seasonal information or business cycles related to its business that would affect the Company' operations or financial position.
11- The Company has insurance policies with sufficient insurance coverage to carry out its activities. The Company renews its insurance policies regularly, to ensure continued insurance coverage and it took all reasonable security measures as per applicable industry practices.
12- All agreements which the Company considers to be material or important or which have an impact on an Investor's decision to invest in the Offer Shares have been disclosed. There are no other material agreements or contracts that have not been disclosed.
13- Except as disclosed in Section 2 ("**Risk Factors**") hereof, and to the best of their knowledge and belief, there are no other material risks that may affect a prospective investors' decision to invest in the Offer Shares.
14- As at the date of this Prospectus, the Company has obtained all necessary licenses and permits to carry out its business activities, except as disclosed in Section 12.5 ("**Government Consents, Licenses and Certificates**") hereof.
15- The Company is not a party to any litigation, claims, lawsuits or current investigations that could materially affect its business operations or financial position.
16- The Company's audited financial statements for the Financial Years ended [31 December 2021G and 31 December 2022G and the audited consolidated financial statement for the Financial Year ended 31 December 2023G], have been prepared in accordance with IFRS-KSA. No material amendments have been made thereto except for financial and statistical information included herein and which have been subject to rounding.
17- All necessary approvals have been obtained from lenders to offer 30% of the Company Shares in order for the Company to be a public joint-stock company.
18- The Company is in compliance with all terms and conditions under the agreements with lenders granting loans, facilities and financing.

19- As at the date of this Prospectus, there has been no breach of the contractual terms and conditions under the agreements signed with the entities providing loans, facilities and financing, and the Company complies with all the terms and conditions thereof.

20- They shall record all Board of Directors resolutions by means of written minutes of meetings, which shall be signed by the Directors.

21- They shall disclose the details of any Related Party transactions in accordance with the Companies Law, the Corporate Governance Regulations and the Capital Market Authority laws and regulations.

22- The Company undertakes to submit the latest interim financial statements to the CMA, to be included in the initial Prospectus before starting the Offering of the Company's Shares or in the final Prospectus before listing the Company's Shares (as applicable), in accordance with the periods stipulated in Article 81 of the Rules on the Offer of Securities and Continuing Obligations (Disclosure of Financial Information), and in accordance with the relevant continuing obligations of listed companies.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NICE ONE

12. LEGAL INFORMATION

12.1 Declarations Related to Legal Information

The Board of Directors declare that:

- The Offering does not violate the applicable laws and regulations in the Kingdom.
- The Offering does not prejudice any contracts or agreements entered into by the Company.
- All material legal information relating to the Company and its Subsidiaries has been disclosed in this Prospectus.
- The Company is not subject to any lawsuits or legal proceedings that may, individually or collectively, have a material effect on the business of the Company or its financial position.
- The Members of the Board of Directors are not subject to any lawsuits or legal proceedings that may, individually or collectively, have a material effect on the business of the Company or its financial position.
- Except as disclosed in Section 5.6 ("**Conflict of Interests**") of this Prospectus, the Members of the Board of Directors and Executive Management declare that they have not been involved, individually or collectively, in any activities that are similar to, or competing with, the Company's, and undertake to abide by the requirements of the Companies Law.

12.2 The Company

Nice One Beauty Digital Marketing Company is a Saudi joint-stock company registered under commercial registration no. 1010705691 dated 04/08/1438H (corresponding to 30/04/2017G) issued in Riyadh, Kingdom of Saudi Arabia. According to its Commercial Register, the Company's headquarters is located in Riyadh, Zip Code 13521, P.O. Box 5497. As at the date of this Prospectus, the share capital of the Company is one hundred and ten million Saudi Riyals (SAR 110,000,000) divided into one hundred and ten million (110,000,000) Ordinary Shares with a fully paid-up nominal value of one Saudi Riyal (SAR 1) per share. Post-Offering, the Company's capital will be one hundred and fifteen million and five hundred thousand Saudi Riyals (SAR 115,500,000) divided into one hundred and fifteen million and five hundred thousand (115,500,000) Ordinary Shares with a fully paid-up nominal value of one Saudi Riyal (SAR 1) per share.

Under its Commercial Register, the Company's main activities are as follows:

- Retail sale via stalls and markets of textiles, clothing and footwear.
- Retail sale of oud and bokhor.
- Retail sale of perfumes.
- Light transportation.
- Cosmetics products storage.
- Wholesale of all kinds of textiles and tissues, other than clothes.
- Applications development.
- Operation of good storing facilities, except for foodstuff.
- Retail sale of bags.
- Retail sale of watches.

For further details, please refer to Section 4.8 ("**Overview of Company's Main Activities**") of this Prospectus).

12.3 Share Ownership Structure

The table below sets out the Shareholder Structure in the Company pre- and post-Offering:

Table (12.1): The Company's Ownership Structure Pre- and PostOffering as at the date of this Prospectus

Shareholder's Name	Pre-Offering			Post-Offering		
	No. of Shares	Par Value (SAR)	Direct Ownership*	No. of Shares	Par Value (SAR)	Direct Ownership*
Omar Ali AlOlayan	44,179,022	1	40.16%	32,471,581	1	28.11%
Abdulrahman Ali AlOlayan	37,452,775	1	34.05%	27,527,790	1	23.83%
Wajhat AlHamra for Investment Company**	6,712,958	1	6.10%	4,934,024	1	4.27%
Darb AlNomu Investment Company**	7,399,117	1	6.73%	5,438,351	1	4.71%
Tareek Al Nomu Investment Company**	7,399,117	1	6.73%	5,438,351	1	4.71%
Bandar Abdulrahman AlDhalea	842,333	1	0.77%	619,115	1	0.54%
Hisham bin Sulaiman AlHabib	3,154,929	1	2.87%	2,318,873	1	2.01%
Abdulaziz bin Sulaiman AlHabib	2,859,749	1	2.60%	2,101,915	1	1.82%
Public (through subscription)***	-	-	-	34,650,000	1	30%
Total	**110,000,000**	**110,000,000**	**100%**	**115,500,000**	**115,500,000**	**100%**

* The shareholding percentages are rounded to the nearest decimal.

** Wajhat AlHamra for Investment Company, Darb AlNomu Investment Company and Tareek Al Nomu Investment Company are each fully owned by Namara Investments Company.

*** Public-owned shares will account for 33.82% of the Company's capital post-offering. They include the shares owned by some current Shareholders (non-Substantial Shareholders) who will be considered as public post offering, in accordance with the Listing Rules.

Source: The Company

Details of the shareholding of each Shareholder are set out in Section 4.7 ("**Overview of Shareholders**") of this Prospectus.

12.4 Subsidiaries

The Company currently owns direct shares in two of its non-material Subsidiaries. During FY2023G, the Company's Subsidiaries contributed to approximately 0% of the Company's total revenues for FY2023G.

The following sets out an overview of the Company's direct shareholding in its active Subsidiaries during FY2023G, which contributed to approximately 0% of the Company's total revenues for FY2023G:

Table (12.2): Subsidiaries and Investments in which the Company owns Shares

No	Subsidiary Name	Commercial Registration No.	Country of Incorporation	Principal Business Activities	Capital	Company's Ownership Percentage
Subsidiaries						
1	Bahr Al Montajat General Trading Company	190854	Egypt	General trade, distribution and general supplies	EGP 50,000	100%
2	Nice One Perfumes and Cosmetics Trading LLC	1149849	UAE	Trade of perfumes and cosmetics	AED 300,000	100%

Source: The Company

For further details about the Subsidiaries and the ownership thereof, please refer to Section 4.6 ("**Overview of Ownership Structure of Company's Subsidiaries**") of this Prospectus.

12.5 Government Consents, Licenses and Certificates[4]

The Company (including its branches and Subsidiaries) has obtained several regulatory and operational licenses and certificates from the competent authorities. These licenses and certificates are renewed periodically. The members of the Board of Directors declare that the Company has obtained all licenses and approvals required to conduct its business. The tables below set out the current licenses and certificates obtained by the Company.

Table (12.3): Details of Commercial Registration Certificates Obtained by the Company

Commercial Registration	Location	Registration Date	Expiry Date
1010705691	Riyadh	04/08/1438H (corresponding to 30/04/2017G)	04/08/1447H (corresponding to 23/01/2026G)

Source: The Company

Table (12.4): Details of Commercial Registration Certificates for the Company's Branches

No.	Company	Location	Commercial Registration	Registration Date	Expiry Date
1.	Branch of Nice One Beauty Digital Marketing Company (Bahr Almontajat for Operation and Maintenance)	Riyadh	1010581040	23/09/1440H (corresponding to 28/05/2019G)	09/12/1446H (corresponding to 05/06/2025G)
2.	Branch of Nice One Beauty Digital Marketing Company (Bahr Almontajat Warehouse for Accessories)	Riyadh	1010947279	27/06/1439H (corresponding to 15/03/2018G)	29/10/1446H (corresponding to 27/04/2025G)
3.	Branch of Nice One Beauty Digital Marketing Company (Bahr Al Montajat Trading Company)	Riyadh	1010591825	21/12/1440H (corresponding to 22/08/2019G)	12/01/1448H (corresponding to 27/06/2026G)

Source: The Company

Table (12.5): Details of Commercial Registration Certificates for the Company's Subsidiaries

No.	Branch	Location	Commercial Registration	Registration Date	Expiry Date
1.	Bahr Al Montajat General Trading Company	Egypt	190854	06/01/1444H (corresponding to 04/08/2022G)	01/03/1449H (corresponding to 30/08/2027G)
2.	Nice One Perfumes and Cosmetics Trading LLC	UAE	1149849	14/10/1444H (corresponding to 04/05/2023G)	04/11/1446H (corresponding to 02/05/2025G)

Source: The Company

Table (12.6): Details of the Certificates of Membership in the Chamber of Commerce Obtained by the Company

No.	Company	Issuer	Identification No.	Registration Date	Expiry Date
1	Bahr Al Montajat Trading Company	Riyadh Chamber	407216	13/08/1438H (corresponding to 09/05/2017G)	04/08/1447H (corresponding to 23/01/2026G)

Source: The Company

Table (12.7): Details of Key Municipality Licenses Obtained by the Company's Branches

No.	Branch	Location	License No.	Expiry Date
1	Branch of Nice One Beauty Digital Marketing Company (Bahr Almontajat Warehouse for Accessories)	Riyadh	40031925559	28/05/1447H (corresponding to 19/11/2025G)

Source: The Company

4 The Company is currently working on issuing municipal and civil defense licenses for its headquarters and all its branches, with such licenses expected to be issued by end of September 2024G. The Company is also working on issuing SFDA warehouse licenses for all its warehouses, except for the Packaging Warehouse (Lease No. 20916806247/1), as the Company's products that require a SFDA license are not stored there.

Table (12.8): Details of the SFDA Warehouse Licenses Obtained by the Company

No.	Company	License No.	Issuance Date	Expiry Date
1	Bahr Al Montajat Trading Company (Main Warehouse)	06-01-03051	29/03/1442H (corresponding to 15/11/2020G)	24/03/1447H (corresponding to 16/09/2025G)
2	Bahr Al Montajat Trading Company (Main Warehouse)	WL-2023-CM-0104	05/01/1445H (corresponding to 23/07/2023G)	29/02/1450H (corresponding to 22/07/2028G)

Source: The Company

Table (12.9): Details of Samples of the SFDA Certificates for Cosmetic Product Notification Obtained by the Company

No.	Company	Product Name	License No.	Issuance Date	Expiry Date
1	Bahr Al Montajat Trading Company	Hobe Labs Energizer Hair Follicle Stimulator	CN-2023-501660	30/11/2023G	12/03/2027G
2	Bahr Al Montajat Trading Company	Topface Sun Protect Anti Shine Sun Cream	CN-2023-13841	27/11/2023G	27/11/2028G
3	Bahr Al Montajat Trading Company	ELISHACOY COLLAGEN SLEEPING MASK	CN-2023-499890	27/11/2023G	27/11/2028G
4	Bahr Al Montajat Trading Company	Rosemary Mint Conditioner	CN-2023-496276	20/11/2023G	20/11/2028G
5	Bahr Al Montajat Trading Company	Rosemary Mint Shampoo	CN-2023-496168	20/11/2023G	20/11/2028G
6	Bahr Al Montajat Trading Company	MISS KAY EAU DE PARFUM	CN-2023-293446	15/11/2023G	15/11/2028G
7	Bahr Al Montajat Trading Company	Beauty of Joeson Relief Sun Rice Probiotics	CN-2023-483885	05/11/2023G	05/11/2028G
8	Bahr Al Montajat Trading Company	Topface Instyle Extreme Matte Lip Paint	CN-2023-427204	28/01/2024G	28/01/2029G

Source: The Company

Table (12.10): Details of the SFDA Medical Device Authorized Representative Licenses Obtained by the Company

No.	Company	License No.	Registration Date	Expiry Date
1	Bahr Al Montajat Trading Company	ARL-2020-MD-3567	23/08/2023G	21/08/2024G

Source: The Company

Table (12.11): Details of the SFDA Medical Device Establishment Licenses (for import and distribution) obtained by the Company

No.	Company	License No.	Issuance Date	Expiry Date
1	Bahr Al Montajat Trading Company	IDL-2019-MD-0126	17/09/2019G	13/09/2024G

Source: The Company

Table (12.12): Details of the License for the "Light Transport of Goods by Road" Activity Issued by the Transport General Authority

No.	Company	License No.	Issuance Date	Expiry Date
1	Nice One Beauty Digital Marketing Company	00007165/38	28/10/1445H	28/10/1448H

Source: The Company

12.6 Material Agreements

The Company has entered into a number of material agreements and contracts with multiple parties. This section sets out summaries of agreements and contracts which may, to the best of the Company's Board members' knowledge, be material or significant with respect to the Company's business, or that may impact investors' decision to subscribe for the Offer Shares. The summaries of agreements and contracts referred to below do not include all terms and conditions and cannot be considered as a substitute for the terms and conditions of these agreements. However, they include the conditions that may be material or important in relation to the Company's business and continuity, or that may affect the investors' decision to subscribe for the Offer Shares.

The Company's Material Agreements ("**Material Agreements**") are the supply agreements entered into by the Company with the top 10 of its suppliers in terms of purchase value as at the Financial Years ended 31 December 2021G, 31 December 2022G, 31 December 2023G, and the Three-Month Period Ended 31 March 2024G ("**Key Suppliers**"). The Company's top 10 suppliers represented 65%, 49.0%, 46.0% and 39.0% of the Company's total purchases during the Financial Years ended 31 December 2021G, 31 December 2022G and 31 December 2023G, and the Three-Month Period Ended 31 March 2024G, respectively.

The Company purchases the products it sells on its e-Platform from suppliers that fall into one of the following three categories:

1- Local Distributor Suppliers: Saudi-based wholesale distributors who distribute products of leading international brands;
2- International Brand Suppliers: Suppliers of certain international brands with which the Company has established stable partnerships, and who export products to the Company; and
3- Private Label Suppliers: International manufacturers who produce private label products to the Company through exclusivity arrangements.

The Company has entered into Material Agreements with seven of its Key Suppliers in the Local Distributor Suppliers category. Moreover, the Company has entered into two Material Agreements with one of its Key Suppliers that supplies Automated Storage Systems, which will be installed by the same supplier in the new warehouse that the Company is currently building. The Company deals with two of its Key Suppliers pursuant to purchase orders and not agreements.

12.6.1 Product Supply Agreements

Agreements for the supply of products imported by the Company for sale on its e-Platform were concluded based on both supply agreement templates approved by the Company, except for the agreement concluded with one of the Company's Key Supplier, with whom the Company has entered into a supply agreement based on the supplier's template but which contains substantially similar terms to one of the Company's templates.

The Company entered into contracts with two of the Key Suppliers based on the Company's old supply agreement template which contains substantially similar terms to the template approved by one of the Company's suppliers. The Company also entered into agreements with four of its Key Suppliers based on the Company's new supply agreement template.

The Company separately agrees on various fees, rebates, and incentives with certain suppliers in relation to some products. Given that these are agreed on a product-by-product basis, these fees, rebates, and incentives are not generally included in the terms of the product supply agreement and are not disclosed, as the Company considers such information to be commercially sensitive.

The key provisions for the above product supply agreements entered into based on the Company's old supply agreement template and the supplier's template include the following:

Table (12.13): Key Provisions of Company's Product Supply Agreements Entered into Based on the Company's Old Template and the Supplier's Template:

Agreement Termination	Either Party may terminate the Agreement if: • A Breach by either party is committed and is not remedied within a specified period as of the date of being notified thereof by the non-defaulting party; or • A force majeure event takes place and prevents the Parties from executing the terms of the contract for a period of 60 days or more. The Company shall have the right to terminate this contract if the results of the quarterly operational review with the supplier are unsatisfactory.
Payment Terms	In accordance with the terms of the purchase orders.
Product Returns and Order Cancellations	The supplier shall accept the return of the products if: • The Company informs the supplier of any damaged or expired products, products that differ from what has been agreed, or products that are not suitable for offer or sale, within a specified timeframe from the date of delivery of the products in question; • Any competent authority so requested, or • The supply of products is suspended. If the products or any part thereof are not available, the supplier shall inform the Company and provide an opportunity to review the prices and availability of the order, and the Company shall have the right to cancel the order.
Intellectual Property	The supplier shall provide the Company with the trademark logos and all supporting marketing materials relevant to the sold products, and shall grant the Company the right to use all intellectual property rights related to the products sold. Moreover, the supplier guarantees that it has the right to grant such intellectual property rights to the Company, and in case it does not have the right to grant such rights, the supplier shall spare no effort to obtain such rights from the right-holder.
Guarantees and Liability	The supplier guarantees the saleable quality and authenticity of the products. Moreover, the Supplier shall be liable for defects in said products and shall be liable before the competent authorities for the products it sells. The supplier shall compensate the Company for all claims, costs, expenses, losses, and obligations incurred in relation to any breach or alleged breach to the intellectual property rights of a third party. The Company shall undertake to settle the Supplier's dues at the agreed-upon dates.
Governing Law	The Laws of the Kingdom of Saudi Arabia.

Source: The Company

The key provisions for the product supply agreements entered into based on the above-mentioned Company's new supply agreement template include the following:

Table (12.14): Key Provisions of Company's Product Supply Agreements Entered into Based on the Company's New Template:

Agreement Termination	The Company may terminate the contract in the following cases: • After serving a 45-day prior notice. • If the Supplier is proven to be unable to provide the agreed upon products. • If it is proven that the Supplier has either personally or through others, directly or indirectly, paid a sum of money or offered another benefit or promised to do so, in order to obtain the contract. • If the Supplier breaches, abandons, transfers, or waives any of his obligations under this contract without obtaining the Company's prior written approval. • If the Supplier violates or breaches any of the terms and conditions of this contract without being remedied within 5 days as of the date of being notified thereof in writing.
Payment Terms	In accordance with the terms of the purchase orders.

Product Returns and Order Cancellations	• The Company may refuse to receive any products which do not conform to the purchase order, in terms of quantity or product images; are damaged or do not conform to the Company's specifications; do not conform to the appropriate storage temperatures or are not suitable for display or sale for any reason whatsoever. • In case the Supplier fails to adhere to the price defined in the purchase order through the invoice, the Company shall then have the right to deduct the difference from the Supplier's account. • The Company shall notify the Supplier within 7 days of receiving the products of any damaged products, or if the products shelf life is not the same as the agreed upon or the product is not suitable for display or sale, or of any other event as the Company may deem appropriate. • The Supplier shall undertake to receive the returned or unsold products within 7 days as of the date of notification; otherwise, storage fees shall apply at the rate of 1% of the value of such products, to be deducted from the Supplier's financial dues. • If the Supplier has not received the returned products after 30 days from the date of notification, the Company shall have the right to dispose of the returns as it may deem appropriate, and the Supplier shall not have the right in this case to any claim or compensation. • Should the Supplier stop producing or supplying some products, he shall be obligated to notify the Company of the same within no less than 30 days. In such case, the Company shall have the right to return the products. • The Supplier shall be obligated to retrieve any unsold products as soon as their validity period reaches 6 months and to deduct their value within 14 days from the date of being notified by the Company.
Intellectual Property	The supplier shall provide the Company with the trademark logos and all supporting marketing materials relevant to the sold products, and shall grant the Company the right to use all intellectual property rights related to the products sold. Moreover, the supplier guarantees that it has the right to grant such intellectual property rights to the Company.
Guarantees and Liability	• In case of any error, negligence or impediment by the Supplier or his team which the Supplier could have avoided by taking the necessary precautions and if such error, negligence or impediment caused any damage whatsoever to the Company or resulted in the Company incurring increased burdens and expenses beyond what was expected, the Supplier shall be then fully and unlimitedly liable for any resulting compensation or consequences. However, if the Supplier or his team has partially contributed to such error, negligence or impediment, then the Supplier shall be considered partially liable to the extent of his contribution. • In the event of the Supplier's delayed execution of the Contract, the Company shall have the right to suspend any payments due to the Supplier. • The Supplier shall be liable toward any third party for any damages caused thereto and resulting from his error or negligence. • The Company shall reserve the right to obtain compensation from the Supplier for any incurred damages or increased burdens or expenses. In this case, the Supplier shall be fully and unlimitedly liable for any ensuing material or moral compensation or consequences. • The supplier shall compensate the Company for all claims, costs, expenses, losses, and obligations incurred in relation to any breach or alleged breach to the intellectual property rights of a third party. • The Supplier represents and guarantees that all supplied products are valid and free of any defects that could prevent their sale to the Company's customers and that they comply with the health conditions imposed by the competent authorities in KSA. • The Supplier is liable for defects and shall be fully liable before the competent authorities for the products it supplies.
Governing Law	The Laws of the Kingdom of Saudi Arabia.

Source: The Company

12.6.2 Details of the Company's Agreements with Key Suppliers

As at the date of this Prospectus, the Company's transactions with eight (8) of its Key Suppliers are conducted under contracts, while the Company's transactions with two (2) of its Key Suppliers are conducted by virtue of purchase orders only. Below is a summary of transactions with all the Company's Key Suppliers as at the date of this Prospectus.

Table (12.15): Summary of the Company's Transactions with Key Suppliers as at the Date of this Prospectus:

No.	Supplier	Term of Agreement	Renewal	Country	Purchase Value (For FY2023G)	Supply Ratio to Total Purchases (for FY2023G)
1	Supplier 1	One Gregorian year from 01/01/2024G	Automatically renewable unless either party informs the other of its desire not to renew it 30 days prior to the contract expiry date	KSA	59,017,177	11.1%
2	Supplier 2	One Gregorian year from 25/07/2024G	Automatically renewable for similar period or periods.	KSA	45,149,703	8.5%
3	Supplier 3	NA (contractual transactions by virtue of purchase orders)	NA	International	28,156,839	5.3%
4	Supplier 4	One Gregorian year from 28/05/2024G	Automatically renewable for similar period or periods	KSA	18,610,620	3.5%
5	Supplier 5	One Gregorian year from 26/05/2024G	Automatically renewable for similar period or periods	KSA	15,853,164	3%
6	Supplier 6	One Gregorian year from 01/01/2024G	Automatically renewable unless either party informs the other of its desire not to renew it 30 days prior to the contract expiry date	KSA	15,838,011	3%
7	Supplier 7	One Gregorian year from 25/07/2024G	Automatically renewable for similar period or periods	KSA	15,795,479	3%
8	Supplier 8	Effective from 01/01/2023G to 31/12/2023G	In case the trade relationship continues between the Parties after the expiry of the term and no new contract is signed, the Parties shall remain bound by the provisions of this contract.	KSA	15,583,951	2.9%
9	Supplier 9	NA (contractual transactions by virtue of purchase orders)	NA	International	15,107,138	2.8%
10	Supplier 10	According to the construction schedule.	-	KSA	13,384,862	2.5%

12.6.3 Supply and Installation of Automated Storage Systems Contracts

The Company has entered into the following two agreements with one of its Key Suppliers for the supply and installation of an automated storage system for the Company's new warehouse in Riyadh:

- Contract dated 08/08/2023G for the installation of storage systems and attachments.
- Contract dated 19/03/2023G for the automation of storage systems and attachments.

Each contract was concluded under the same provisions, as summarized in the table below:

Table (12.16): Terms of Contracts of Supply and Installation of Automated Storage Systems:

Contract Value	Value of first contract: SAR 3,770,000 Value of second contract: SAR 14,074,585
Termination	The Company may terminate the contract upon serving a 15-day advance notice to the supplier in the event that the supplier violates any of the provisions of this Agreement.
Payment Terms	The Company shall pay the supplier via bank transfer to the supplier's bank account, subject to the conditions below: • An advance payment of 40-50% of the total amount, to be paid upon signing the contract. • A 40% payment to be paid on the date of commencement of supply on site and prior to the commencement of installation works, or upon completion of 50% of the installation works. • A final payment of 10-20% upon completion of works.
Warranties	• The supplier commits that all items to be supplied are in accordance with the specifications contained in the relevant appendix to this contract. • The supplier warrants that all storage systems, attachments, and installations conform to the relevant appendix to this agreement. • The supplier shall provide guarantee for storage devices against any manufacturing or installation defects, valid for one year. • The warranty period shall commence on the date of operation.
Variations	• Any requested amendments to the designs and specifications made by the Company during the supply period shall be assessed by the supplier, who shall then issue a new supply offer to the Company, reflecting the value of the additional requested works. The execution of such works shall not commence before receiving the Company's written approval of the new supply offer. • No amendments to the works shall be accepted subsequent to the second week from the date of signing the contract and the supplier's receipt of the advance payment.
Liquidated Damages	In case the supplier does not adhere to the supply and instalment dates contained in this contract, the Company may then apply a fine amounting to 1% of the contract value for each week of delay, and in any case not exceeding 8% of the total contract value. If the delay continues in excess of 8 weeks, the Company may then terminate the contract and assign completing the works to a third party, with the supplier bearing all additional costs resulting from the delay.
Assignment and Sub-Contracting	The supplier may not assign any of its rights and obligations under the agreement to any third party without the prior written consent of the Company. Similarly, the supplier may not subcontract its obligations under the contract or any part thereof to any third party without the prior written consent of the Company.
Governing Law	The Laws of the Kingdom of Saudi Arabia.
Dispute Resolution	In the event of any dispute between the parties, such dispute shall be referred to the competent judicial authorities in Riyadh for settlement.

Source: The Company

12.7 Leases

12.7.1 Office Leases

The total value of Office Leases amounts to SAR 1,563,716 (for further information, please refer to Section 6.6.2.5.2 ("**Lease Liabilities**") of this Prospectus). The following table shows a summary of Office Leases:

Number	Description of Leased Premises	Location	Lessor	Lessee	Rent Commencement Date	Rent Expiry	Renewal
1	Eleven office units with a total area of 1096,95 SQM Lease Contract No. 20269123492/1	Anas bin Malik Street, Riyadh	Lessor 1	The Company	28/02/1446H (corresponding to 01/09/2024G)	08/03/1447H (corresponding to 31/08/2025G)	Mutual agreement
2	Office unit no. 3, with a total area of 102.44 SQM Lease Contract no. 20097147418/1	Imam Saud bin Faisal Street, Riyadh	Lessor 2	Bahr Almontajat Trading Company (CR No. 1010705691)	20/07/1445H (corresponding to 01/02/2024G)	01/08/1446H (corresponding to 31/01/2025G)	Mutual agreement

Source: The Company

12.7.2 Warehouse Leases

The total value of Warehouse Leases amounts to SAR 1,108,350 (for further information, please refer to Section 6.6.2.5.2 ("**Lease Liabilities**") of this Prospectus). The following table shows a summary of Warehouse Leases:

No.	Description of Leased Premises	Location	Lessor	Lessee	Rent Commencement Date	Rent Expiry	Renewal
1	Warehouse no. 9, with total area of 1,332 sqm Lease Contract No. 20038642306/1	AlSulay District, Riyadh	Lessor 1	Bahr Almontajat Warehouse for Accessories (CR No. 1010947279)	23/06/1445H (corresponding to 05/01/2024G)	04/07/1446H (corresponding to 04/01/2025G)	Mutual agreement
2	Warehouse with a cumulative total area of 2,400 sqm Lease Contract No. 20075901791/2	Riyadh	Lessor 2	Bahr Almontajat Warehouse for Accessories (CR No. 1010947279)	12/12/1445H (corresponding to 18/06/2024G)	15/06/1446H (corresponding to 17/12/2024G)	Mutual agreement
3	Warehouse with a total area of 1,200 sqm Lease Contract No. 20633714063/1	Al Zohour, Riyadh	Lessor 3	Bahr Almontajat Warehouse for Accessories (CR No. 1010947279)	30/02/1445H (corresponding to 15/09/2023G)	11/03/1446H (corresponding to 14/09/2024G)	Mutual agreement
4	Warehouse with a total area of 1,220 sqm Lease Contract No. 20916806247/1	Prince Mohammed Bin Abdulrahman Bin Abdulaziz Road, Riyadh	Lessor 4	Bahr Almontajat Warehouse for Accessories (CR No. 1010947279)	16/02/1445H (corresponding to 01/09/2023G)	27/02/1446H (corresponding to 31/08/2024G)	Mutual agreement

* The Company is currently working on renewing leases that are close to expiry.

Source: The Company

12.8 Company-Owned Property

The Company's non-current assets consist of a group of assets (property and equipment) with a total carrying value of SAR 66.1 million as at 31 March 2024G. The value of land represented the largest percentage of the total carrying value (for further information, please refer to Section 6.6.2.3 ("**Property and Equipment**") of this Prospectus). The summary below shows the properties owned by the Company as at the date of this Prospectus:

Table (12.17): Company-Owned Property

Number	Description/Location	Title Deed No.	Purpose	Title Deed Date	Owner
1.	Land plot no. 13/20, 13/21, and 13/22 of plan no. 3239, with a total area of 14,510.51 sqm	898507039724	To build a new warehouse for the Company	02/04/1444G	The Company

12.9 Transactions and Contracts with Related Parties

The Company has not entered into any agreements with Related Parties during the financial years ended 31 December 2021G, 2022G, and 2023G. As at the date of this Prospectus, the Company has no agreements in effect with Related Parties.

12.10 Credit Facilities and Loans

Table (12.18): Facilities between Saudi Awwal Bank and the Company dated 08/06/2023G, with a Total Value of SAR 35,000,000

Parties	Saudi Awwal Bank and the Company
Type of Facilities / Purpose / Amount	Amount: A facility of SAR 35,000,000 Purposes: (a) import or local purchase of goods; and (b) financing payment obligations of the Company in connection with a letter of credit issued by SAB or to an import supplier in respect of an import invoice. Import Finance Facility (Revolving Facility) Termination Date: one (1) year starting from the date of the loan letter. Murabaha/Tawarruq Contract Duration: 90 days Repayment Plan: The Customer shall repay the amounts due in full (including the advance payment and profit rate) on each due date, within a period not exceeding 180 days from the date of utilization, unless the Bank agrees otherwise.
Amounts Drawn Down	SAR 12,974,459
Termination and Events of Default	According to the general terms and conditions, each of the following events shall constitute an Event of Default: (i) non-payment; (ii) other obligations under any financial documents; (iii) misrepresentations; (iv) cross-default; (v) creditors process; (vi) insolvency and rescheduling; (vii) insolvency proceedings; (viii) material adverse effect; and (ix) breaches related to receivables facilities and invoice receivables facilities.
Material Restrictions / Conditions	In the event of any default, the Bank may take any of the following actions, upon notice to the Customer: a- Cancel all or some of the facilities without the need for a court order; b- Demand repayment of obligations in full or in part, or any other outstanding amounts under financing agreements, which become payable on demand; c- Enforce the guarantees provided to the Bank, which become immediately enforceable; d- Take any action under the law or otherwise regarding such Event of Default; e- Request the Customer to provide or increase the cash margin to cover all or part of the obligations; and/or f- In relation to receivables facilities and invoice receivables facilities, enforce any acceptable receivables against the obligations, which become immediately enforceable. The Bank may, at any time and without notice to the Customer, set off or transfer or deduct amounts from the credit balance in any of the Customer's accounts with the Bank to satisfy any outstanding obligations of the Customer under the financing documents, whether such obligations are actual, contingent, primary, or present or future guarantees, joint or several, even if this results in breaking any notice period related to such credit balance or deposit. If such obligation or any part thereof is in a currency different from any credit balance the Bank seeks to set off, the Bank may use the currency of such credit balance to purchase an amount not exceeding the obligation. In case of any change in the control or ownership of the Customer (excluding B2C customers), and without the Bank's prior written consent, the Customer hereby acknowledge and agree that the Bank shall have the right, at its sole discretion, to cancel the facilities and demand the repayment of any outstanding obligations or part thereof, or to provide the cash margin.
Security and other Collateral	Corporate Guarantee for SAR 8,365,000 from Wajhat AlHamra for Investment Company Personal Guarantee for SAR 12,446,000 from Mr. Abdulrahman Ali Abdulrahman AlOlayan Personal Guarantee for 14,189,000 from Mr. Omar Abdulrahman AlOlayan. SAR 35,000,000 Order Note signed by the Company and supported by the guarantors.

Source: The Company

Table (12.19): Facilities between Al Rajhi Bank and the Company dated 23/01/2024G, with a Total Value of SAR 93,434,000

Parties	Al Rajhi Bank and the Company
Type of Facilities / Purpose / Amount	Amount: SAR 93,434,000 1.1.1 Term Sale Line Facility • Basic Limit: SAR 70,000,000 • Duration: 6 months • Repayment Plan: The date specified in each purchase transaction, which is the date on which the Customer pays the Bank the Term Sale Price. 1.1.1 Facility for Issuing an Import Financing Line • Basic Limit: SAR 70,000,000 • Duration: 6 months • Repayment Plan: The date specified in each purchase transaction, which is the date on which the Customer pays the Bank the Term Sale Price. 1.1.2 Facility for Issuing/Opening a Sight Letter of Credit • Basic Limit: SAR 70,000,000 • Duration: Documents under the Letter of Credit shall be submitted within 6 months from the date of opening the relevant Letter of Credit. 1.2.1 Term Sale Line Facility • Basic Limit: SAR 5,000,000 • Duration: 60 months • Repayment Plan: The date specified in each purchase transaction, which is the date on which the Customer pays the Bank the Term Sale Price. 1.1.4 Term Sale Line Facility • Basic Limit: SAR 18,434,000 • Duration: 60 months • Repayment Plan: The date specified in each purchase transaction, which is the date on which the Customer pays the Bank the Term Sale Price.
Amounts Drawn Down	SAR 40,353,959
Annual Review Date	31/08/2024G

Termination and Events of Default	Each of the following events and circumstances shall constitute an Event of Default: a- If any Obligor fails to pay any amount payable thereby to the Bank in respect of any of the Customer's obligations upon the due date for such amount, in accordance with the provisions of the relevant Transaction Document; b- If any Obligor or Guarantor fails to duly and timely perform or comply with any of its obligations under any of the Transaction Documents; c- If any representation or guarantee provided, or deemed to have been provided, by any Obligor or Guarantor, or, where applicable, by any of its directors or officers in relation to any of the Transaction Documents, is found to be an inaccurate or misleading representation or guarantee, in any aspect deemed material by the Bank; d- If any debt of any Obligor falls, or is deemed to be, due and payable prematurely, or if such debt is not paid upon maturity; e- If any enforcement or seizure is carried out, or any other legal proceeding is brought against all or any part of the business or assets of any Obligor, and such actions are not complied with or discharged within ninety (90) days; f- If a memorandum is filed, proceedings are initiated, an order or decision is issued or notice is given for convening a meeting with the purpose of passing any resolution or taking any other step for the liquidation, insolvency, bankruptcy, reorganization, or re-establishment of any Obligor or for appointing a liquidator, receiver, administrator, or any similar official over the Obligor or all or any part of the Obligor's business or assets; g- If any Obligor suspends or defaults on its payments to its creditors or any class thereof; is deemed, under any applicable law, to be unable, or acknowledges its inability, to pay its debts as they fall due; seeks to enter into any settlement or any other arrangement with its creditors or any class thereof; seeks any relief for debtors; or declares or becomes insolvent or bankrupt; h- If any Obligor ceases to perform all or any part of its business; i- If any of the necessary authorizations in connection with the execution, performance or validity of any of the Transaction Documents and the transactions covered hereunder or under such Transaction Document are not granted, or are not in full force and effect; j- If, for any reason, any law, regulation or order is no longer in full force and effect, or any change thereto alters or is presumed to alter, suspend, terminate, or exempt the Customer or any other Obligor from performing any of its obligations under any of the Transaction Documents, or any provision hereunder or under the relevant Transaction Document; if such law, or regulation ceases to be effective; if the Customer or any other Obligor disputes the validity of the Transaction Documents, or claims that any of the Transaction Documents have been terminated or rendered void; if it becomes unlawful or impossible for the Customer or any other Obligor to perform any of its obligations under any of the Transaction Documents; or if it becomes unlawful or impossible for the Bank to exercise any or all of its rights, powers, and remedies hereunder or under the relevant Transaction Document; k- If any situation arises that the Bank deems to serve as a reasonable basis for believing that a material adverse change has occurred in the business, financial condition, or activities of any Obligor or Guarantor, or that the ability of that Obligor or any Guarantor to perform its obligations under any of the Transaction Documents or any of the Guarantee Documents has been or will be materially and adversely affected; l- If any Obligor or personal Guarantor, if any, dies or suffers from a mental disorder; and/or m- If the Management of any Obligor is wholly or partially excluded by any government authority; if the authority of the Customer or any other Obligor to conduct its business is curtailed; or if there is a compulsory seizure, expropriation, confiscation, or acquisition of all or substantially all of the issued capital shares of the Customer or any other Obligor, or all or any material part of its revenues or assets.

<table>
<tr><td>Material Restrictions / Conditions</td><td>

Consequences of Events of Default:
At any time after the occurrence and persistence of an Event of Default, the Bank may, notwithstanding any explicit or implied provision in any of the Transaction Documents, and by notice to the Obligor:
a- Revoke the available facility, upon of which, the facility will be immediately terminated;
b- Demand that the Obligors immediately pay all unpaid amounts by the Customer under any of the relevant Transaction Documents, making such amounts due and payable immediately;
c- Require the Obligor to place and maintain security in an account designated by the Bank for said purpose to be a cash cover as deemed by the Bank, at its sole discretion, to be sufficient to meet the Customer's obligations to the Bank;
d- Exercise any and all of its rights or remedies or discretionary powers against the Obligor or under the Transaction Documents;
e- Exercise the right of set-off from all Obligor(s) accounts in accordance with Paragraph 11.8;
f- Sell any funds, property, or securities under its possession, pledge, or control, and use the proceeds of such sale to satisfy the Customer's debt, including the costs of sale;
g- Sell any property or movables provided by the Customer/Obligor as collateral without requiring the Obligor's or Customer's approval in accordance with legal proceedings, and without the need to judicially prove the debt, following procedures deemed appropriate by the Bank;
h- Seize an amount equivalent to all unpaid amounts by the Customer or Obligor from the Obligor's current or investment account balances with the Bank, until all financial obligations are settled, in which case the Bank will not be obligated to honor any checks, payment orders, or other commercial papers drawn on any such accounts;
The Company or any Group Member may not distribute or declare dividends or any other distributions without obtaining a written approval from Al Rajhi Bank.
The Company shall obtain Al Rajhi Bank's approval before making any changes to its capital, and neither the Company nor any Group Member may issue any new shares or alter any rights in its existing shares without obtaining a prior approval from Al Rajhi Bank.
Obligation of Non-Pledge: The Customer shall guarantee, and ensure that the Obligors guarantee, that none of the Group Members shall create or allow the creation of any financial encumbrance on any of the revenues or current or future assets of any Group Member, except for permitted financial encumbrances.
</td></tr>
<tr><td>Security and other Collateral</td><td>Corporate Guarantee for SAR 23,358,500 from Wajhat AlHamra for Investment Company dated 23/01/2024G.
SAR 26,521,086 Order Note dated 23/01/2024.
SAR 79,536,258 Order Note dated 23/01/2024.</td></tr>
</table>

Source: The Company

12.11 Insurance

The Company maintains insurance policies covering different types of risks to which it may be exposed. The following table sets out the key details of the insurance policies held by the Company:

Table (12.20): Details of Insurance Policies

No.	Type	Policy Number	Insurer	Duration	Sum Insured (SAR)	Coverage
1	Property All Risks Insurance	P0523-PAR-HCAB-00609849/R1	Al Rajhi Company for Cooperative Insurance (Al Rajhi Takaful)	From 18/05/2024G till 17/05/2025G	SAR 133,016,922	All risks to property in accordance with the standard Al Rajhi Takaful Policy and the additional covers that are mentioned therein.
2	Medical Insurance Policy	32168022	Tawuniya Insurance Company	1 year from the risk commencement date	The insurance policy does not specify a particular sum insured, and instead specifies limits not exceeding SAR 1,000,000 for each risk and claim category.	1- Expenses of medical examination, diagnosis, treatment, and medicine. 2- Preventative measures such as vaccinations. 3- Expenses of hospitalization. 4- Treatment of all hereditary diseases. 5- Medical intervention for long-term care. 6- Functional vision corrective intervention. 7- Medical equipment.

Source: The Company

12.12 Intellectual Property

12.12.1 Trademarks

The Company has registered 32 trademarks in the Kingdom of Saudi Arabia and relies on these trademarks in its business. The Company depends on these trademarks for the success of its business and to support its competitive position in the market.

The following table sets out the main details of all the Company's registered trademarks in the Kingdom of Saudi Arabia, and the Company currently uses these trademarks.

Table (12.21): Details of the Company's Registered Trademarks

No.	Country of Registration	Trademark Number	Expiry Date	Classification	Logo
1-	Saudi Arabia	1439025103	07/11/1449H (corresponding to 02/04/2028G)	3	NICE ONE
2-	Saudi Arabia	1445006140	14/02/1455H (corresponding to 13/05/2033G)	42	NICE ONE
3-	Saudi Arabia	1444045533	22/12/1454H (corresponding to 24/03/2033G)	3	WOOSH
4-	Saudi Arabia	1444024948	08/07/1454H (corresponding to 13/10/2032G)	3	تراد TRAD
5-	Saudi Arabia	1444029449	14/08/1454H (corresponding to 18/11/2032G)	25	TELA

No.	Country of Registration	Trademark Number	Expiry Date	Classification	Logo
6-	Saudi Arabia	1442036238	19/11/1452H (corresponding to 13/04/2031G)	8	Skinlarity
7-	Saudi Arabia	1442036239	19/11/1452H (corresponding to 13/04/2031G)	10	Skinlarity
8-	Saudi Arabia	1442036240	19/11/1452H (corresponding to 13/04/2031G)	11	Skinlarity
9-	Saudi Arabia	1444013723	14/04/1454H (corresponding to 22/07/2032G)	3	SARAH BEAUTY
10-	Saudi Arabia	1444023820	30/06/1454H (corresponding to 05/10/2032G)	3	SANROSA ABSOLUTE ATTRACTION
11-	Saudi Arabia	1444037322	21/10/1454H (corresponding to 23/01/2033G)	3	REVIVAL
12-	Saudi Arabia	1444031531	29/08/1454H (corresponding to 03/12/2032G)	3	PUREV
13-	Saudi Arabia	1444029452	14/08/1454H (corresponding to 18/11/2032G)	3	PRISCA SKIN CARE
14-	Saudi Arabia	1444024712	06/07/1454H (corresponding to 11/10/2032G)	3	One Pose
15-	Saudi Arabia	1442001058	04/01/1452H (corresponding to 07/05/2030G)	3	OLA HAIR
16-	Saudi Arabia	1442001065	04/01/1452H (corresponding to 07/05/2030G)	21	OLA HAIR
17-	Saudi Arabia	1442001060	04/01/1452H (corresponding to 07/05/2030G)	11	OLA HAIR
18-	Saudi Arabia	1442001059	04/01/1452H (corresponding to 07/05/2030G)	8	OLA HAIR
19-	Saudi Arabia	1444037603	21/10/1454H (corresponding to 23/01/2033G)	3	Musk Marval
20-	Saudi Arabia	1444031541	29/08/1454H (corresponding to 02/12/2032G)	3	Mode
21-	Saudi Arabia	1444016022	29/04/1454H (corresponding to 06/08/2032G)	3	Glowy
22-	Saudi Arabia	1445002412	21/01/1455H (corresponding to 21/04/2033G)	3	CRYSTAL
23-	Saudi Arabia	1444037600	21/10/1454H (corresponding to 23/01/2033G)	3	CALLA MAKEUP
24-	Saudi Arabia	1444031997	10/09/1454H (corresponding to 13/12/2032G)	3	Call Makeup
25-	Saudi Arabia	1444031528	29/08/1454H (corresponding to 03/12/2032G)	3	Blushy
26-	Saudi Arabia	1444025564	13/07/1454H (corresponding to 18/10/2032G)	3	BLISS BATH
27-	Saudi Arabia	1439005530	03/03/1449H (corresponding to 05/08/2027G)	9	Beauteous

No.	Country of Registration	Trademark Number	Expiry Date	Classification	Logo
28-	Saudi Arabia	1442039433	24/12/1452H (corresponding to 16/04/2031G)	3	AVVANA
29-	Saudi Arabia	1444024706	06/07/1454H (corresponding to 11/10/2032G)	3	Aurona
30-	Saudi Arabia	1444007023	18/02/1454H (corresponding to 28/05/2032G)	3	AROUB
31-	Saudi Arabia	1444031530	29/08/1454H (corresponding to 03/12/2032G)	3	10 SECONDS
32-	Saudi Arabia	1444031526	29/08/1454H (corresponding to 03/12/2032G)	3	4U2

Source: The Company

12.12.2 Other Intellectual Property Rights

The Company has registered several Internet domains in its name. The following table shows details of the Internet domains registered in the Company's Name.

Table (12.22): Details of the Internet Domain Names

Internet Domain Name	Expiry Date
http:/bahralmontajat.com	17/12/2024G
http://beauteouslenses.com	14/01/2026G
https://niceonesa.com	18/12/2028G
https://niceone.sa	30/12/2024G
https://tela.sa	30/08/2024G
niceone.com	27/04/2030G

Source: The Company

12.13 Litigation

As at the date of this Prospectus, the Company is not a party to any actual or potential material lawsuit (i.e. lawsuits with a value equal to or in excess of SAR 3.5 million which corresponds to approximately 1% of the Company's net assets as reported in its audited financial statements for year ended 31 December 2023G).

12.14 The Zakat Status of the Company

The Company is subject to the Zakat and tax laws and regulations in KSA. Zakat is provided on an accrual basis and is computed and charged based on Zakat base (in accordance with the Implementing Regulations for Zakat Collection). Adjustments, if any, are made to the Zakat provision when the assessments are obtained from the ZATCA.

Based on the foregoing, the Company submitted Zakat declarations from its incorporation until the end of the financial year ended 31 December 2023G. The Company obtained Zakat certificate for all years up to and including 2023G. Since the incorporation of the Company and until the date of this Prospectus, ZATCA has not raised any inquiries about the zakat declaration.

As at 31 December 2021G, 2022G, and 2023G, the total balance of the Zakat provision amounted to SAR 2,098,298, SAR 1,962,072, and SAR 2,667,398, respectively, and the amounts due were paid in the subsequent period. The total balance of the zakat provision amounted to SAR 3,617,398 as at 31 March 2024G.

For further information about zakat-related risks, please see Section 2.1.32 ("**Risks Related to Zakat**") of this Prospectus.

12.15 Value-Added Tax

The Company has submitted all its VAT declarations since its registration (from 1 January 2018G until 31 March 2024G) by the statutory deadlines. The Company has also paid all dues.

In addition, the Company has been audited with respect to VAT for the period ended 31 December 2020G, after which the Zakat, Tax and Customs Authority (ZATCA) issued an additional assessment of SAR 49,100 in this regard.

For further information on risks related to VAT, please see Section 2.1.33 ("**Risks Related to VAT**") of this Prospectus.

12.16 Summary of Bylaws

The following is a summary of the Company's Bylaws. It should be noted that under the Company's Bylaws, internal regulations, policies and procedures, members of the Board of Directors and the CEO may not participate in the voting on their remuneration or on any contract or proposal in which they have an interest. Additionally, the Board members and senior executives may not borrow funds from the Company.

12.16.1 Company's Name

Nice One Beauty Digital Marketing Company (a Saudi Closed Joint-Stock Company).

12.16.2 Head Office of the Company

The Company's head office shall be located in the city of Riyadh, and the Company may establish branches within or outside the Kingdom of Saudi Arabia by a Board resolution.

12.16.3 Objectives of the Company

The purposes for which the Company was established include:

1- Wholesale of textiles, clothing and footwear.
2- Non-specialized wholesale trade.
3- Other retail sale in non-specialized stores.
4- Retail sale of sporting equipment in specialized stores.
5- Retail sale of clothing, footwear and leather articles in specialized stores.
6- Retail sale of pharmaceutical and medical goods, cosmetic and toilet articles in specialized stores.
7- Other retail sale of new goods in specialized stores.
8- Retail sale via stalls and markets of textiles, clothing and footwear.
9- Freight transport by road.
10- Storage.
11- Service activities incidental to land transportation.
12- Restaurants and mobile food service activities.
13- Computer programming activities.
14- Combined office administrative service activities.
15- Organization of conventions and trade shows.

The Company shall practice its activities pursuant to the applicable laws and regulations after obtaining the necessary licenses from the competent authorities (if any).

12.16.4 Duration of the Company

The duration of the Company shall be indefinite.

12.16.5 Participation and Ownership in Other Companies

The Company may solely establish limited liability companies, joint stock companies, or simplified joint stock companies. The Company may hold shares and stakes in other existing companies or merge therewith. The Company shall have the right to participate with others and establish joint stock companies or limited liability companies after fulfilling the requirements of the regulations and instructions followed in this regard. The Company may also dispose of such shares or stakes; provided that it shall not include mediation when traded.

12.16.6 Capital of the Company

The Company's issued capital shall be one hundred and ten million (110,000,000) Saudi Riyals divided into one hundred and ten million (110,000,000) nominal shares of equal value, the value of each being (1) Saudi Riyal, and all of which are ordinary shares in exchange for cash shares, and the amount paid in cash was one hundred and ten million (110,000,000) Saudi Riyals.

12.16.7 Shareholders' Register

1- The Company shall prepare and maintain a shareholder register of shareholder names, nationalities, data, places of residence and occupation, the number of shares owned by each, the serial numbers of shares and the amount paid therefor. The Company may engage a third party to prepare such register, which must be kept in the Kingdom.

2- The Company shall provide the commercial register with the data of the register referred to in paragraph (1) of this Article and any amendment that occurs thereto within fifteen (15) days from the date of the Company's registration with the commercial register or from the date of the amendment, as the case may be.

12.16.8 Trading in Shares

The Company's shares shall be transferred upon recording such in the Shareholders' Register, and the transfer of ownership of the share shall not be valid vis-à-vis the Company or third parties until the date on which the transfer of the share is recorded in the Shareholders' Register.

12.16.9 Share Subscription

The Shareholders have subscribed to the entire issued capital shares, amounting to one hundred and ten million (110,000,000) shares, which has been fully paid up.

12.16.10 Preferred Shares and Redeemable Shares

The Company's Extraordinary General Assembly may, in accordance with the guidelines set by the competent authority, issue preferred shares or decide to purchase them or convert ordinary shares into preferred shares or convert preferred shares into ordinary shares. Preferred shares shall not bestow voting rights in Shareholder General Assemblies. Such shares shall confer on the holders thereof the right to obtain a higher portion than the holders of the ordinary shares from the Company net profits.

12.16.11 Sale of Non-Paid Shares

The Shareholder shall pay the value of the shares on the dates set for such payment. If a Shareholder defaults in payment when it becomes due, the Board may, after notice through a registered mail or through any means of technology, sell the shares at a public auction or in the stock exchange, as the case may be, provided that other Shareholders shall have priority to purchase the shares of defaulting Shareholders.

The Company shall recover from the proceeds of the sale such amounts as are due to it and shall refund the balance to the Shareholder. If the proceeds of the sale fall short of the due amount, the Company shall have a claim on the entirety of the Shareholder's personal funds for the unpaid balance.

The right associated with unpaid shares shall be withheld until the shares are sold or unpaid amount is paid in accordance with paragraph (1) of this Article. This includes the right to receive distributed dividends and the right to attend and vote in General Assemblies. However, the defaulting Shareholder, who fails to pay until the day of selling, may still, in such a situation, pay the value due plus the expenses incurred by the Company in such regard, in such case, he shall have the right to demand payment of declared dividends.

The Company shall cancel the share certificate for the shares sold in accordance with this Article, issue a new share certificate for the purchaser under the same serial number, and shall record the sale transaction in the Shareholder register specifying the new shareholder's data.

12.16.12 Increase of Capital

1- 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.

2- In all cases, the Extraordinary General Assembly may, upon increasing the capital of the Company, allocate the issued shares or part thereof to the employees of the Company and/or any or all of its subsidiaries. Shareholders may not exercise their pre-emptive rights on issued shares allocated for employees.

3- 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 of such right by registered mail sent to the address stated in the Shareholders' Register or by any means of technology. The Shareholder shall also be notified of the capital increase decision, the conditions and method of subscription, and the dates on which said subscription begins and ends, subject to the type and class of shares owned thereby.

4- 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.

5- A Shareholder may, subject to the controls set by the competent authority, sell or waive its pre-emptive rights from the date of issuance of the Extraordinary General Assembly's decision approving the increase of capital until the last day of the subscription period in the new shares associated with such rights.

6- Subject to the provisions of Paragraph 4 above, 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, taking into consideration the type and class of the shares they own. 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 persons other than the holders of pre-emptive rights, unless the Extraordinary General Assembly decides, or the Capital Market Law stipulates, otherwise.

7- In all cases, the nominal value of the new shares shall be equal to the nominal value of the original shares of the same type or class.

12.16.13 Decrease of Capital

1- The Extraordinary General Assembly may resolve to reduce the Company's 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 59 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.

2- If the capital reduction is due to the capital exceeding the Company's needs, then the Company's creditors must be invited to express their objection thereto, if any, at least 45 days prior to the date specified for convening the Extraordinary General Assembly 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 time limit 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.

3- Equality among shareholders holding shares of the same type and class shall be observed during the capital reduction.

12.16.14 Buy-Back, Sale or Pledge of the Company's Shares

1- The Company may buy-back or pledge its ordinary or preferred shares. The Company may also buy-back its shares to allocate them to its employees under an Employee Share Scheme, in accordance with the controls and procedures set by the competent authorities.

2- The Company may not buy-back its shares to use them as treasury shares except for the following purposes:

   a- To fulfil the rights of the holders of convertible debt instruments or financing Sukuk to convert them into shares in accordance with the terms and conditions of such instruments and sukuk.

   b- To undertake share swap transactions for the acquisition of shares or stocks or an asset purchase.

   c- To allocate such shares to the Company's employees as part of an Employee Share Scheme.

   d- To cancel such shares in accordance with the provisions of capital decrease.

   e- Any other purpose that the Company deems appropriate and is approved by the Ministry of Commerce.

3- Preferred shares are deemed cancelled upon completion of the buy-back transaction, and the Company shall take necessary legal procedures to reduce its capital.

12.16.15 Share Sale

The Company may sell its treasury shares over one or several phases, in accordance with the controls and procedures set by the competent authorities.

12.16.16 Share Pledge

The Company may pledge its shares as security for a debt, in accordance with the controls and procedures set by the competent authorities.

12.16.17 Shares Allocated to Employees

If the Company is buying back its shares for the purpose of allocating them to its employees under an Employee Share Scheme, the Company shall, in addition to the other requirements of a share buy-back set forth in this Bylaw, comply with the following rules:

a- Obtain the Extraordinary General Assembly's approval on the Employee Share Scheme. The Extraordinary General Assembly may authorize the Board to determine the terms of such Scheme including the allocation price for each share offered to employees if offered for consideration.

b- Non-executive Board members shall not participate in the Employee Share Scheme.

c- Executive Board members shall not vote on Board resolutions relating to the Employee Share Scheme.

12.16.18 Company's Management

The Company shall be managed by a Board of Directors composed of seven (7) members, who shall be natural persons, to be appointed by the Ordinary General Assembly for a term not exceeding four (4) years. The remuneration and powers of the Board of Directors shall be as stipulated in the Bylaws.

12.16.19 Termination of Board Term, Resignation of Board Members, or Membership Vacancy

1- Before the expiry of its term, the Board of Directors shall call the Ordinary General Assembly to convene in order to appoint a Board of Directors for a new term. If such appointment does not occur and the term of the then-current Board expires, the then-current Board members shall continue to perform their duties until the appointment of a Board for a new term, provided that the term of the then-current Board shall not exceed ninety (90) days.

2- If the Chairman and Board members resign, the Ordinary General Assembly shall convene to appoint a new Board of Directors, and such resignation shall not take effect until the appointment of the new Board, provided that the then-current Board does not remain in office for a period exceeding one hundred and twenty (120) days.

3- A Board member may resign from the Board by giving written notice to the Chairman of the Board. If the Chairman of the Board resigns, then the notice shall be given to the other Board members and the Board's Secretary. In both cases, the resignation shall be effective from the date set out in the notice.

4- If the position of a Board member becomes vacant due to his death or resignation, and if the minimum number of members required for the validity of board meetings is not affected by such vacancy, the Board may appoint a qualified person with relevant expertise to temporarily fill the vacancy. Such appointment shall be reported to the Commercial Register and the CMA within fifteen (15) days from the date of such appointment, and it shall be submitted to the Ordinary General Assembly in its first meeting. The appointed member shall complete the term of his predecessor.

5- If the conditions for holding a valid meeting of the Board are not met due to the number of Board members falling below the minimum number of Board members provided in the Companies Law or these Bylaws, the remaining Board members shall call for convening the Ordinary General Assembly within sixty (60) days to elect the required number of Board members.

6- 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, at any time, dismiss some or all of the Board members, and in such case, the Ordinary General Assembly may elect a new Board of Directors or replace the dismissed Board member (as the case may be) in accordance with the provisions of the Companies Law.

12.16.20 Powers of the Board of Directors

Without prejudice to the powers vested with the Ordinary General Assemblies, the Board of Directors or whoever it delegates shall have the broadest authorities and powers to manage the Company, develop its policies, determine its investments, supervise its business and funds, manage its affairs inside and outside the Kingdom of Saudi Arabia, and carry out all actions and business in order to achieve the Company's objectives, including, without limitation:

1- The Board has the right to invest the Company's funds, conclude and accept all contracts and agreements under the Company's name, sign on its behalf any partnership contracts, agreements for joint ventures and subsidiary projects, or contracts for the Company's engagement in other companies to own, establish, terminate, or restructure, buy and sell stocks and shares, and extract and amend commercial registries, attend meetings of the Boards, Boards of Directors, partners meetings, and Ordinary and Extraordinary General Assemblies in such companies, sign the minutes and decisions, the exit of one of the partners, waive shares and accept the price, amend any of the terms of the articles of association of such companies in which the Company engages, or open branches, approve budgets, distribute profits, appoint its directors and Boards of Directors, fully represent the Company, and appoint the Company's representatives to the Boards of Directors and Boards of Directors of companies in all companies in which the Company contributes and owns shares or stocks therein inside and outside the Kingdom of Saudi Arabia. The Board also has the right to receive the Company's share of the profits in such companies, the right to represent and make decisions, to write off the commercial registries of affiliated or owned companies and dispose of their assets, property, and real estate, before the Ministry of Commerce, the Ministry of Investment, the Notary Public, the Ministry of Interior, and any other authorities and third parties.

2- Register agencies and trademarks, extract, amend and write off commercial registries and licenses, open subscriptions at the Chamber of Commerce, deliver and receive commercial registries, licenses, judgment instruments, clearances, commercial papers, checks and all other documents; finalize all transactions and procedures related to the Company with all ministries, agencies, government institutions, and public and private entities inside and outside the Kingdom of Saudi Arabia. The Board of Directors also has the right to establish, open, renew, close, write off, and liquidate any branches, offices, or agencies, and sign, approve, terminate, and amend all agreements, contracts, tenders, bids, decisions, minutes, commercial registries, financial and administrative transactions and other documents, including power of attorney contracts, distribution contracts and franchise contracts, in addition to collecting the Company's rights and paying its obligations.

3- Sign under the Company's name and on its behalf to open, manage, operate, activate, close, deposit in, withdraw from, and close bank accounts, open and settle documentary credits, issue guarantees and bank guarantees of all kinds, and sign all papers, documents, checks, all banking transactions, and all banking services and banking products. The Board of Directors may contract and approve loans and financing of all types, and other credit facilities for any period, and approve all banking transactions under the Company's name with governmental and private financing funds and institutions, banks, financial institutions, credit companies, and any other Saudi and non-Saudi credit authority, regardless of their duration, for any period, provided that the Board of Directors determines in its decision the uses of such loans and how to pay them, and that the terms of the loan and the guarantees provided shall be taken into account not to harm the Company.

4- The Board has the right to dispose, buy, sell, assign and accept the Company's assets and properties, mortgage and release the mortgage, lease and rent lands and real estate, buy, sell, mortgage and release the mortgage of assets and movables under the Company's name and on its behalf, sign deeds of assignment (ifragh) and contracts related thereto, receive and pay the price, include and sort the properties and instruments, amend and extract instruments in lieu of lost and damaged ones, receive and deliver deeds for all of the Company's fixed and movable assets, extract proofs of ownership, amend the limits and lengths in the deeds, sort, merge and sell lands, as well as sort buildings, villas and lands and extract an ownership deed for each residential unit of buildings, villas, lands or apartments and sell them before or after sorting; investing the Company's funds including, without limitation, open, manage, activate, and close portfolios, funds, and investment accounts, and sell and buy securities, and sign all contracts and documents related thereto. The Board has the right to sell, buy, transfer, subscribe, trade, mortgage, and release the mortgage for stocks and shares in companies, institutions, funds, and others, and receive profits, surplus, and ownership titles.

5- Appoint members of the Executive Management, including the CEO and the CFO, from among the directors or others, and determine their powers and remunerations, and appoint and dismiss managers, employees, workers, agents, intermediaries, and the like, request visas, hire labor from outside the Kingdom, contract with them, determine their salaries, issue residencies, transfer and waive sponsorships, and determine their salaries, rewards and disburse such thereto, and handle the management of their affairs in the Company, and seek the assistance of full-time and part-time local and foreign expertise necessary to achieve the Company's objectives, and determine their fees and rewards and disburse such thereto.

6- The Board of Directors may delegate or authorize on its behalf, within the limits of its powers, one or more of its members or a third party to exercise powers, take a specific action, carry out a specific business, and cancel such authorization or power partially or fully.

7- The Board has the right to set the Company's general strategy, approve the Company's business plan and assets, and its operational plans and annual budget. The Board also has the right to prepare an administrative charter that regulates the Company's work mechanism and its relationship with others, and prepare or approve the Company's internal, financial, administrative, and technical regulations and the policies and regulations for its employees and set performance standards for the Company.

8- The Board of Directors may contract loans, regardless of their duration, sell or mortgage the Company's assets, sell or mortgage the Company's commercial premises, or discharge the Company's debtors from their obligations, unless the General Assembly decides to restrict the powers of the Board of Directors in this regard.

9- The Board of Directors is required to obtain the approval of the General Assembly when selling assets of the Company whose value exceeds fifty percent (50%) of the value of its total assets, whether the sale is made through one or several transactions. In the case of multiple transactions, the transaction that leads to a percentage exceeding fifty percent (50%) of the value of the assets shall require the approval of the General Assembly. This percentage shall be calculated from the date of the first transaction that took place during the previous twelve months.

12.16.21 Remuneration of Board Members and Committee Members

The remuneration of the Board of Directors, chairmen and members of the committees shall consist of a certain amount, certain benefits, or a certain percentage of net profits or retained earnings as determined by the Board of Directors and based on the recommendation of the Nomination and Remunerations Committee and shall be approved by the General Assembly, based on the recommendation of the Board of Directors, and within the limits of what is stipulated in the Companies Law or any other regulations, decisions or instructions complementary thereto, in addition to an attendance allowance and a transportation allowance as determined by the Board of Directors, taking into account the applicable regulations, decisions and instructions issued by the competent authorities in the Kingdom. The Board of Directors' report to the Ordinary General Assembly, at its annual meeting, shall include a comprehensive statement of all the bonuses, expense allowances, and other benefits the members of the Board of Directors received or deserved during the financial year, and shall also include a statement of what the members of the Board received in their capacity as workers or administrators, or what they received in return for technical, administrative work, or consultations. The Report shall also include a statement of the number of Board meetings and the number of sessions attended by each member from the date of the last meeting of the General Assembly.

12.16.22 Powers of the Chairman, Vice Chairman, Managing Director and Secretary

The Board of Directors shall appoint a Chairman from among its members and may appoint a Managing Director or Vice-Chairman. The position of Chairman of the Board of Directors may not be combined with any executive position in the Company. The Chairman shall have the power to call the Board to meet, chair Board meetings, and preside over all general assemblies of shareholders. The Vice Chairman of the Board of Directors shall replace the Chairman in his absence.

The Chairman of the Board shall have the following powers:

1- Represent the Company before third parties – whether private or public entities – including ministries, government agencies, financial institutions, banks, notaries, all courts, judicial and administrative bodies inside or outside the Kingdom of Saudi Arabia, of all instances, including, without limitation, the Board of Grievances, Sharia courts, commercial courts, appellate courts, and supreme courts in each jurisdiction, enforcement courts, arbitration boards, Committees for the Resolution of Securities Disputes, Committees for Banking and Financial Disputes and Violations, Zakat and Tax Committees, Customs Committees, and any other committees or entities, as well as police departments, Emirates, and civil rights departments under the Ministry of Interior. In dealing with the above entities, the Chairman shall have the right to demand; file lawsuits; plead, defend, contest and reconcile; claim forgery; request and lift seizures; enforce judgments; accept or reject arbitration; present and reject evidence; accept or challenge judgments; appeal, seek reconsideration, acknowledge, waive; request, accept and reject oaths; appoint and dismiss lawyers, agents, and arbitrators; request execution of judgments and decisions; appoint, dismiss or replace experts and arbitrators; request the recusal of judges; request inclusion and intervention; refer claims; receive judgments; terminate proceedings, as well as attend hearings in all lawsuits before all courts.

2- Represent the Company in participating in government tenders, auctions, procurements, and contracts, as well as public and individual companies and institutions.

3- With regards to real estate, the Chairman of the Board of Directors shall have the power to sell and transfer ownership of properties to buyers; purchase properties and accept transfer of ownership thereof, including paying the price for lands, apartments, and real estate, before the notary public, electronically through the real estate title registration service, and before government authorities; accept gifts, conveyances, and mortgages, as well as redeem mortgages; merge property deeds, partition and subdivide land; receive, update, and enter deeds into the comprehensive system; waive surface area deficiencies, convert agricultural land to residential; modify owner names and civil registry numbers; adjust boundaries, lengths, and areas, as well as parcel numbers, plans, and deeds, along with their dates and neighborhood names; lease properties; sign lease contracts, renew lease agreements, and receive rental payments by certified check in the Company's name; build-up and lease land; subdivide and partition land; obtain replacements for damaged deeds; incorporate adjacent excess land into the property; convert yards to meters on deeds; document buildings; receive deeds, and liaise with municipalities; authenticate real estate deed copies; apply for site plans, fencing licenses, and building permits, as well as follow up in that regard and receive them.

4- Represent the Company in the establishment, management, and operation of investment funds and real estate funds of all types.

5- Fully represent the Company in all companies in which the Company holds shares, within and outside the Kingdom of Saudi Arabia.

6- The Chairman also has the right to delegate and appoint a member or non-board member to carry out any or all of the aforementioned tasks, or to engage in specific tasks or activities. The Chairman also has the authority to dismiss them, revoke delegations, and cancel powers of attorney.

7- In addition to the above, the Chairman of the Board shall enjoy other powers as determined by the Board of Directors and implement any instructions issued by the Board of Directors.

The Managing Director (if appointed) shall enjoy the powers specified by the Board of Directors and implement any instructions issued by the Board of Directors.

The Board shall appoint a Chief Executive Officer (CEO), chosen from among its members or from third parties, and it is permissible to combine the position of Managing Director with that of the CEO of the Company. In the appointment decision, the Board of Directors shall determine the authorities, duties, remuneration, and the duration of the CEO's term in office. The CEO shall be responsible for managing the Company's daily affairs and implementing the decisions of the Board of Directors. The Board may delegate part or all of its powers to the CEO.

The Board of Directors shall appoint a Secretary, chosen from among its members or third parties, who shall be responsible for recording Board meeting minutes, documenting and preserving the decisions issued during these meetings, in addition to exercising other powers delegated thereto by the Board of Directors. The Secretary's remuneration shall be determined by the Board of Directors.

The term of the Chairman of the Board, the Vice Chairman, the Managing Director, and the Secretary shall not exceed the term of membership of each thereof on the Board. They may be re-elected, though the Board of Directors has the authority to dismiss, individually or collectively, the Chairman, the Vice Chairman, the Managing Director, the Chief Executive Officer and the Secretary, from their positions, without revoking their Board memberships.

12.16.23 Meetings of the Board of Directors

The Board of Directors meetings shall be convened at least four (4) times a year at the invitation of its Chairman or Vice Chairman in the absence of the Chairman. Such invitation shall be made in writing along with the agenda, or any other related documents, and delivered by hand, mail, fax or email at least five (5) days before the meeting. The Chairman of the Board shall call for a meeting if so requested in writing by any Board members.

The Board of Directors may issue resolutions by circulating such resolutions to each Board member individually regarding urgent matters, unless a member requests in writing that the Board of Directors shall meet to discuss such resolutions. Such resolutions shall be approved in the same manners set for decision-making in the Board and shall be presented to the Board at its first subsequent meeting to be recorded in the minutes.

Meetings of the Board of Directors may be held by modern means of technology where members can participate in deliberations and vote on decisions as per the controls set by the Board of Directors.

12.16.24 Board Quorum and Decisions

Board meetings shall only be valid if attended by at least four (4) members, whether in person or by proxy. A member of the Board of Directors may delegate another member to attend the Board meetings on his behalf, provided that the delegated member may not act on behalf of more than one other Board member.

Board resolutions shall be issued by the majority vote of attending members or their representatives. In case of a tie vote, the Chairman of the Board of Directors shall have the casting vote.

A resolution of the Board of Directors shall take effect from the date of its issuance, unless such resolution specifies another effective date or is contingent upon the fulfilment of certain conditions.

12.16.25 Issuing Board Resolutions on Urgent Matters

The Board of Directors may issue resolutions on urgent matters by circulation by presenting such resolutions to each Board member, unless a member submits a written request for a Board meeting to deliberate such resolutions. The resolutions shall be passed by the majority vote of the members, and shall be presented to the Board of Directors at its subsequent meeting for the purpose of recording them in the minutes of such meeting.

12.16.26 Board Deliberations

1- The 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. Such minutes shall be recorded in a special register signed by the Chairman of the Board and the Secretary.

2- Means of modern technology may be used for signature, to record deliberations and resolutions, and to prepare meeting minutes.

12.16.27 Formation of Committees

The Board of Directors may form sub-committees from amongst its members or others and vest such committees with powers as it deems appropriate. The Board of Directors may determine the controls for the committees' work and the remuneration of their members.

12.16.28 Assembly Attendance

The General Assembly shall be held in the city in which the Company's head office is located, or in accordance with the provisions set by the Board of Directors. Each shareholder has the right to attend the general assemblies of shareholders, and he may appoint in writing another person, other than a member of the Board of Directors, to attend the general assemblies' meetings. Such meetings may be held by modern means of technology where shareholders can participate in deliberations and vote on decisions as per the controls set by the competent authorities.

12.16.29 Invitation of General Assembly Meetings

1- General and Special Assemblies shall convene at the invitation of the Board of Directors, and 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 one or more Shareholders representing at least ten percent (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 the period legally specified from the date of the Auditor's request.

2- The request specified in paragraph 1 of this Article must specify the matters on which the shareholders are required to vote.

3- An invitation for a General Assembly meeting shall be made at least twenty-one (21) days prior to the date set for the meeting, in accordance with the provisions of the Companies Law, after taking the following into consideration:

   a- Notifying the Shareholders via registered letters sent to the addresses present in the Shareholders' Register, or announcing the call via means of modern technology.

   b- Sending a copy of the invitation and the meeting's agenda to the Commercial Register, and to the CMA if the Company is listed on the date of the invitation announcement.

4- The invitation for the General Assembly meeting must at least contain the following:

   a- A statement of the Shareholders who have the right to attend the meeting, and such Shareholders' right to delegate non-Board members to attend, and a statement of the Shareholders' right to deliberate the items listed on the agenda and to raise questions, and the manner of voting.

   b- The place, date, and time of the meeting.

   c- Type of assembly (general or special).

   d- The agenda of the meeting containing the items which the Shareholders are required to vote on.

12.16.30 Ordinary General Assembly Quorum

1- An Ordinary General Assembly meeting shall be deemed valid only if attended by Shareholders representing at least a quarter of the Company's voting shares.

2- If the quorum required for the meeting is not satisfied in accordance with Paragraph 1 of this Article, an invitation shall be sent for a second meeting to be held in the same manner prescribed in Article 91 of the Companies Law. However, the second meeting may be held after one hour has passed from the period specified for the first meeting, provided that the invitation for the first meeting allows for convening a second meeting. In all cases, the second meeting shall be deemed valid regardless of the number of voting shares represented therein.

12.16.31 Extraordinary General Assembly Quorum

1- An Extraordinary General Assembly meeting shall be deemed valid, only if attended by shareholders representing at least half of the Company's voting shares.

2- If the quorum required for the meeting is not satisfied in accordance with Paragraph 1 of this Article, an invitation shall be sent for a second meeting to be held in the same manners prescribed in Article 91 of the Companies Law. However, the second meeting may be held after one hour has passed from the period specified for the first meeting, provided that the invitation for the first meeting allows for convening a second meeting. In all cases, the second meeting shall be valid only if attended by shareholders representing at least a quarter of the Company's voting shares.

3- If the quorum required for the second meeting is not satisfied, an invitation shall be sent for a third meeting. The third meeting shall be convened in the manner prescribed in Article 91 of the Companies Laws. In all cases, the third meeting shall be deemed valid regardless of the number of voting shares represented therein.

12.16.32 Voting at Assemblies

Cumulative voting shall be used in the election of the Board of Directors. Members of the Board of Directors may not vote on Assembly resolutions relating to transactions and contracts in which they have a direct or indirect interest, or which involve a conflict of interest.

12.16.33 Deliberations in Assemblies

Each Shareholder has the right to discuss the matters listed on the agenda of the General Assembly and to direct questions in that regard to the members of the Board of Directors and the Auditor. The Board of Directors or the Auditor shall answer the questions to the extent that it does not harm the interests of the Company. If a Shareholder deems the response to his question to be insufficient, he may refer the matter to the General Assembly, and the decision of the General Assembly in this regard shall be binding.

12.16.34 Preparing Assembly Minutes

Meeting minutes shall be prepared during the Assembly meeting and shall include 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 favor 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 Assembly, the Secretary, and canvasser.

12.16.35 Powers of the Ordinary General Assembly

Except for matters falling within the powers of the Extraordinary General Assembly, the Ordinary General Assembly shall be competent in all matters related to the Company and shall convene at least once a year during the six months following the end of the Company's financial year. Additional Ordinary General Assembly meetings may be called as necessary.

12.16.36 Powers of the Extraordinary General Assembly

The Extraordinary General Assembly shall have the power to amend the Company's Bylaws, with the exception of matters the amendment of which is prohibited by law. The Extraordinary General Assembly shall also have the power to issue resolutions on matters falling within the competence of the Ordinary General Assembly, subject to the same conditions and procedures prescribed for the Ordinary General Assembly.

12.16.37 Assemblies' Record of Attendance

Shareholders or representatives thereof wishing to attend the General Assemblies shall register their attendance in the General Assembly attendance register located at the Company's head office or at another location determined by the Company for the meeting.

12.16.38 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, at least. However, the following matters shall require a majority of three-quarters of voting shares represented therein:

a- Extending the Company's term.

b- Liquidating or dissolving the Company prior to the expiry of its term.

c- Increasing or decreasing the Company's capital, whether the increase is allocated to current Shareholders or to new Shareholders.

d- Merging the Company or dividing it into two or more companies.

12.16.39 Appointment, Removal, and Resignation of the Auditor

1- The Company shall have one (or more) auditors, licensed 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 legally prescribed duration.

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 a period not exceeding five (5) days from the date of the relevant resolution.

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, in order to review said reasons, appoint another auditor and determine the remuneration, term, and scope of work thereof.

12.16.40 Powers of the Auditor

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 Company's 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 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 call for such General Assembly meeting if the Board of Directors fails to call for a meeting within thirty (30) days from the date of the Auditor's relevant request.

12.16.41 Fiscal Year

The Company's fiscal year starts from 1 January and ends on 31 December of each year, provided that the first fiscal year of the Company after the conversion shall be a continuation of the fiscal year before the conversion.

12.16.42 Financial Documents

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 CFO - if any - 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 annual Ordinary General Assembly meeting. The Chairman shall also deposit said documents, in accordance with the Implementing Regulations of the Companies Law.

12.16.43 Distribution of Dividends

The Company may distribute distributable interim or annual profits at any time, in accordance with the audited and reviewed financial statements and the regulatory controls issued by the competent authorities.

12.16.44 Entitlement to Dividends

A Shareholder shall be entitled to dividends pursuant to a resolution issued by the General Assembly in that regard. The decision shall indicate eligibility and distribution dates. Shareholders registered in the Shareholders' Register by the end of the eligibility date shall be eligible to receive dividends. The Board of Directors shall execute the General Assembly's resolution regarding the distribution of dividends to Shareholders.

12.16.45 Creation of Reserves

Once the share of dividends from the net profit has been determined, the Ordinary General Assembly may resolve to create reserves to the extent that serves the Company's interest or ensures the distribution of fixed dividends, as feasible, to the Shareholders. The Ordinary General Assembly may allocate amounts from the net profits for social objectives that benefit the Company's employees. The General Assembly shall determine the percentage of net profits to be distributed to the Shareholders after deducting reserves (if any). The Company may also distribute interim profits to the Shareholders, in accordance with the regulations issued by the competent authority.

12.16.46 Expiry of Company

The Company may be terminated for one of the reasons specified under Article 243 of the Companies Law, upon which, it shall enter liquidation in accordance with the provisions of Part 12 of the Companies Law. If the Company's term expired and its assets are not sufficient to settle its liabilities or if it is insolvent under the Bankruptcy Law, it shall apply to the competent judicial authority to initiate any of the liquidation procedures, in accordance with the Bankruptcy Law.

12.17 Rights of Shareholders

12.17.1 Voting Rights

Each Shareholder shall have one vote for every Share represented thereby in General Assemblies. The cumulative voting method shall be used in electing the Board members in accordance with the Corporate Governance Regulations issued by the CMA and any amendments thereto made from time to time.

12.17.2 Rights to Dividends

Pursuant to Article 107 of the Companies Law, Shares confer on the Shareholder all rights attached to the Shares, in particular the right to receive a share of the profits to be distributed, to receive a share of the Company's assets surplus upon liquidation, to attend the General Assemblies, to participate in its deliberations, to vote on its resolutions, to dispose of the shares, to request access to the Company's books and documents, to monitor the work of the Board of Directors, to file a claim of responsibility against the Directors, and to challenge the validity of the resolutions of the General Assembly in accordance with the conditions and restrictions contained in the Companies Law and the Bylaws.

Each Shareholder or his representative shall have the right to discuss the matters stated in the agenda of the General Assembly and direct questions thereon to the Directors and the Auditor. The Board of Directors or the Auditor shall answer the questions of the Shareholders to the extent that it does not put the interest of the Company at risk. If a Shareholder is not satisfied with the answer, such Shareholder may refer the issue to the General Assembly, whose resolution shall be binding in this regard.

12.17.3 Right to Repurchase Shares

According to Article 114 of the Companies Law, which stipulates that a company may purchase its shares in accordance with the rules set by the competent authority, provided that the Shares purchased by the Company shall not entitle it to votes in Shareholders' assemblies.

12.17.4 Rights in Surplus Assets in cases of Liquidation and Amendment to the Rights of Shareholders

The Company's Bylaws may be amended under a resolution of the Extraordinary General Assembly. Resolutions of the Extraordinary General Assembly shall be adopted by the affirmative vote of two-thirds (2/3) of the Shares represented at the meeting. However, if the resolution to be adopted is related to increasing or decreasing the capital, extending the Company's term, dissolving the Company prior to the expiry of its term specified in the Bylaws or merging the Company with another company, then such resolution shall be valid only if adopted by the affirmative vote of at least three-quarters (3/4) of the Shares represented at the meeting. The following rights are based on the Companies Law and may not be amended:

- Receiving a share of the profits to be disbursed.
- Receiving a share of the company's assets upon its liquidation.
- Attending shareholder general assemblies, participating in deliberations and voting on the resolutions thereof.
- Disposing of shares as stipulated in the Companies Law.
- Requesting to review the Company's books and documents; monitoring Board business; file liability claims against Board members; and challenge the invalidity of General Assembly resolutions (in accordance with the terms and conditions specified in the Companies Law and the Bylaws).

13. UNDERWRITING

The Company, the Selling Shareholders and the Underwriters (EFG Hermes KSA and SNB Capital Company) have entered into an Underwriting Agreement dated [●]H (corresponding to [●]G) (the "**Underwriting Agreement**") pursuant to which the Underwriters have agreed, subject to certain terms and conditions contained in the Underwriting Agreement, to fully underwrite the Offering of 34,650,000 Shares. The names and addresses of the Underwriters are set out below:

13.1 Underwriters

Underwriters	
EFG Hermes KSA Third Floor, Northern Tower, Sky Towers, King Fahd Road P.O. Box: 300189, Riyadh 11372 Kingdom of Saudi Arabia Tel: + 966 012938048 Fax: +966 012938032 Website: www.efghermesksa.com Email: contact-ksa@efg-hermes.com	EFG Hermes An EFG Holding Company
SNB Capital Company King Saud Road, SNB Regional Building P.O. Box: 22216, Riyadh 11495 Kingdom of Saudi Arabia Tel: + 966 (92)0000232 Fax: +966 (11)4060052 Website: www.alahlicapital.com Email: snbc.cm@alahlicapital.com	SNB Capital

The agreed principal terms of the Underwriting Agreement are set out below:

13.2 Summary of the Underwriting Agreement

Under the terms and conditions of the Underwriting Agreement:

- The Selling Shareholders and the Company undertake to the Underwriters to perform the following actions on the first Business Day following the allocation of the Offer Shares upon the closing of the Offering Period:
  - i- Sell and allocate the Offer Shares to the Individual Subscribers or the Participating Parties whose Subscription Application Forms have been accepted by the Receiving Agents.
  - ii- Sell and allocate to the Underwriters the Offer Shares that have not been purchased in the Offering by Individual Subscribers or Participating Parties.
- The Underwriters undertake to the Company and the Selling Shareholders to purchase any Offer Shares that are not subscribed for by Individual Subscribers or Participating Parties, as follows:

Table (13.1): Underwritten Shares

Underwriters	No. of Underwritten Offer Shares	Percentage of Underwritten Offer Shares
EFG Hermes KSA	17,325,000	50%
SNB Capital Company	17,325,000	50%

Source: The Company

13.3 Underwriting Costs

The Selling Shareholders and the Company will pay to the Underwriters, on a basis proportional to the number of sold and new Offer Shares, the underwriting fees based on the total value of the Offering, the costs and expenses in connection with the Offering, in accordance with the contract concluded in this regard.

14. EXPENSES

The expenses and costs associated with the Offering are estimated at around SAR [●]. Such expenses include the fees of the Financial Advisors, Bookrunners, Underwriters, Lead Manager, Legal Advisor, Auditor, Receiving Agents, Market Study Consultant, and other Advisors, in addition to the fees of marketing, printing and distribution expenses, as well as other related expenses. These expenses will be deducted from the proceeds of the Offering and will be divided between the Selling Shareholders and the Company on a pro rata basis according to the number of Offer Shares that will be sold by the Selling Shareholders and issued by the Company for the purpose of increasing the capital.

15. COMPANY'S POST-LISTING UNDERTAKINGS

Post-Listing, the Company undertakes to:

- Fill out form 8 (regarding the observance of Corporate Governance Regulations). The Company shall provide the relevant justifications if it fails to meet any of the requirements set out in the Corporate Governance Regulations.
- Inform the Capital Market Authority of the date of the first post-Listing General Assembly meeting, so that representatives thereof can attend said meeting.
- Immediately after Listing, comply with all mandatory provisions set out in the Corporate Governance Regulations.
- Comply with the provisions of the OSCOs and the Listing Rules regarding the Company's ongoing obligations immediately after Listing.
- Submit to the General Assembly for approval, all works and contracts in which any Director has a direct or indirect interest (in accordance with the Companies Law, the Corporate Governance Regulations, and the regulatory controls and procedures issued in implementation of the Companies Law); provided that the Director with such interest shall be prohibited from participating in voting on decisions issued in this regard by the Board of Directors and the General Assembly.

Accordingly, once Listing is approved, Directors undertake to:

- Call for an Extraordinary General Assembly meeting to update the Company's Bylaws immediately post-Listing, including updating the same to comply with the Companies Law and the Corporate Governance Regulations issued by the CMA and other relevant laws and regulations within the specified statutory period.
- Record all resolutions and deliberations in written meeting minutes signed by the Board Chairman and Secretary.
- Disclose the details pertaining to any Related-Party transactions in accordance with the Companies Law and Corporate Governance Regulations.

16. WAIVERS

The Company has not applied to the CMA in order to obtain any waivers from any legal requirements.

17. SUBSCRIPTION TERMS AND CONDITIONS

The Company has submitted an application to the CMA for the registration and Offer of the securities, and an application for listing of the Shares to the Exchange in accordance with the OSCOs and Listing Rules.

All Subscribers must carefully read the Subscription Terms and Conditions before filling out their Subscription Application Form. Execution and submission of a Subscription Application Form to any of the Receiving Agents is deemed as a pledge of acceptance and approval of said Subscription Terms and Conditions.

17.1 Subscription to Offer Shares

The Offering Period will commence on Tuesday, 23/06/1446H (corresponding to 24/12/2024G), and will remain open for a period of two working days up to and including the last Offering day at 2:00 pm on Wednesday, 24/06/1446H (corresponding to 25/12/2024G).

The Offering process consists of offering thirty-four million six hundred and fifty thousand (34,650,000) Shares as follows: (i) the issuance of five million five hundred thousand (5,500,000) New Shares, and (ii) the sale of twenty-nine million one hundred and fifty thousand (29,150,000) Sale Shares, through a public offer at an Offer Price of SAR [●] per Share with a fully paid nominal value of one Saudi Riyal (SAR 1) per Share. The New Shares represent approximately 4.76%, and the Sale Shares represent approximately 25.24% of the Issuer's capital upon completion of the Offering, totaling 30% of the Issuer's capital after the issuance of the New Shares and the Company's capital increase. Note that the Offering to Individual Subscribers and the subsequent Listing of Shares is subject to the success of the Book Building by Participating Parties and full coverage of the Offer Shares. The Offering shall be cancelled if it is not covered during the Offering Period. The CMA may suspend this Offering after approving this Prospectus prior to the acceptance of the Shares to be listed in the event that there is a material change that would have a material adverse impact on the Company's operations.

The Offering is restricted to the following two groups of investors:

Tranche (A): Participating Parties:

This tranche comprises the parties eligible to participate in the Book-Building process in accordance with the Book-Building Instructions. The number of Offer Shares to be initially allocated to Participating Parties is thirty-four million six hundred and fifty thousand (34,650,000) Offer Shares, representing 100% of the total Offer Shares. In the event there is sufficient demand by Individual Subscribers for the Offer Shares, then the Financial Advisors have the right to reduce the number of Shares initially allocated to Participating Parties to thirty-one million one hundred and eighty-five thousand (31,185,000) Shares, representing 90% of the total Offer Shares, noting that the final allocation will take place after the end of the Individual Subscription period. The number and percentage of Offer Shares to be allocated to Participating Parties shall be determined as deemed fit by the Financial Advisors, in coordination with the Company.

Tranche (B): Individual Subscribers:

This tranche includes natural Saudi nationals, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit in her name 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, in addition to any natural non-Saudi national who is a resident and any GCC national who has an investment account and an active portfolio with a Receiving Agent and having the right to open an investment account with a Capital Market Institution. Subscription by a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature has been proved to have occurred, then the laws shall be enforced against such person. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted. A maximum of three million four hundred and sixty-five thousand (3,465,000) Offer Shares, representing 10% of the total Offer Shares, shall be allocated to Individual Subscribers. In the event that Individual Subscribers do not subscribe in full for the Offer Shares allocated thereto, the Lead Manager has the right to reduce the number of Offer Shares allocated to Individual Subscribers in proportion to the number of Offer Shares subscribed for by them.

17.2 Book-Building and Subscription by Participating Parties

a- The price range shall be determined during the Book-Building process and shall be available to all Participating Parties, the Company and the Selling Shareholders.

b- Participating Parties must submit requests to participate in the Book-Building process by filling out Subscription Application Forms obtained from the Bookrunners. Participating Parties may amend or cancel their applications at any time during the Book-Building Period, provided that said requests are amended by submitting a modified application form or an appendix Application Form (where applicable) before the Offer Price determination process that will take place before the Book-Building process period ends. The number of Offer Shares for each of the Participating Parties shall not be less than one hundred thousand (100,000) Shares, and no more than five million seven hundred and forty-nine thousand nine hundred and ninety-nine (5,749,999) Shares, and in relation to public funds only, not exceeding the maximum limit for each participating public fund that is determined in accordance with the Book-Building Instructions, and the number of requested shares must be allocatable. The Bookrunners shall notify the Participating Parties regarding the Offer Price and the number of Offer Shares initially allocated thereto. It is possible that certain Participating Parties will not be allocated any shares as deemed appropriate by the Company and the Financial Advisors. Subscription by Participating Parties must begin during the Offering Period, which also includes Individual Subscribers, in accordance with the Subscription Terms and Conditions as detailed in the Subscription Application Forms.

c- Once the Book-Building process for Participating Parties is completed, the Bookrunner shall announce the coverage percentage by Participating Parties.

d- The Bookrunner, in coordination with the Company and the Selling Shareholders, shall have the authority to determine the Offer Price as dictated by supply and demand, provided that it does not exceed the price specified in the Underwriting Agreement, and that the subscription price be aligned with the price change units applied by Tadawul.

17.3 Subscription by Individual Subscribers

Each Individual Subscriber must subscribe for a minimum of ten (10) Offer Shares and a maximum of two hundred and fifty thousand (250,000) ordinary Shares. No change or withdrawal of the Application Form shall be permitted upon submission thereof.

Individual Subscribers wishing to subscribe to the Offer Shares must submit their subscription requests electronically through the websites and platforms of the Receiving Agents that provide this service to subscribers through which Individual Subscribers will be able to subscribe to the Company's Shares during the Offer Period, provided that:

- the Individual Subscriber has an investment account and active portfolio at a Receiving Agent that offers such services;
- there have been no changes in the personal information or details of the Individual Subscriber (either by addition or removal of a family member) since their subscription in a recent IPO; and
- Individual Subscribers who are not Saudi nationals or GCC nationals must have an active portfolio at one of the Receiving Agents through which the subscription is desired; and
- Active portfolio at one of the Receiving Agents through which the subscription is desired.

Upon signing and submitting the Individual Subscription Application Form to any of the Receiving Agents, it shall be deemed a legally binding agreement between the Selling Shareholders and the relevant Individual Subscriber.

Individual Subscribers may obtain a copy of this Prospectus and the Subscription Application Forms from the following Receiving Agents through the websites of CMA, the Financial Advisors and the Company:

Receiving Agents
SNB Capital Company King Saud Street, Al Murabba District - Building No. 7347 P.O. Box 2575, Riyadh 12624 Kingdom of Saudi Arabia Phone: +966 920000232 International Call Center: +966 (11) 4060052 Website: www.alahlicapital.com Email: IPOService@alahlicapital.com
SAB Invest Al-Olaya General Street P.O. Box 1467, Riyadh 11431 Kingdom of Saudi Arabia Phone: 8001242442 Fax: +966 (12) 216 9102 Website: www.sabinvest.com Email: customercare@sabinvest.com
Al Rajhi Capital Head Office, King Fahd Road, Al Murouj District P.O. Box 5561, Riyadh 11432 Kingdom of Saudi Arabia Phone: +966 92 00005856 Fax: +966 (11) 460 0625 Website: www.alrajhi-capital.com Email: InvestmentBankingTeam@alrajhi-capital.com
Saudi Fransi Capital King Fahd Road – 8092 P.O. Box 23454 Riyadh 12313-3735 Kingdom of Saudi Arabia Tel: +966 (11) 282 6666 Fax: +966 (11) 282 6723 Website: www.bsfcapital.sa E-mail: sfc-supportcenter@FransiCapital.com.sa
Alinma Investment Company Al Anood Tower 2, King Fahad Road P.O. Box 55560, Riyadh 11544 Kingdom of Saudi Arabia Phone: +966 (11) 2185999 Fax: +966 (11) 2185970 Website: www.alinmainvestment.com Email: info@alinmainvest.com

Receiving Agents
Riyad Capital Company 2414 - Al Shahada District, Unit No. 69 P.O. Box 13241, Riyadh 7279 Kingdom of Saudi Arabia Phone: +966 (11) 4865649 Fax: +966 (11) 4865908 Website: www.riyadcapital.com Email: ask@riyadcapital.com
AlJazira Capital Company King Fahd Street, Al Rahmaniya P.O. Box 20438, Riyadh 11455 Kingdom of Saudi Arabia Phone: +966 (11) 2256000 Fax: +966 (11) 2256182 Website: www.aljaziracapital.com.sa Email: contactus@aljaziracapital.com.sa
Alistithmar for Financial Securities and Brokerage Company King Fahd Road Riyadh Kingdom of Saudi Arabia P.O. Box: 6888, Postal Code: 11452 Phone: +966 (11) 2547666 Fax: +966 (11) 4896253 Website: www.icap.com.sa Email: WebEcare@icap.com.sa
AlBilad Investment Company 3701 King Fahd Road - Al Olaya - 12313 Riyadh Kingdom of Saudi Arabia Phone: 800116002 Fax: +966 (11) 2906299 Website: www.albilad-capital.com Email: investmentbanking@albilad-capital.com
ANB Capital Company King Faisal Street Arab National Bank Financial Building P.O. Box 220009, Riyadh 11311 Kingdom of Saudi Arabia Phone: +966 (11) 4062500 Fax: +966 (11) 4062548 Website: anbcapital.com.sa Email: investment.banking@anbcapital.com.sa

Receiving Agents
Derayah Financial Company Al-Takhasusi Street - Prestige Center - Third Floor Riyadh Kingdom of Saudi Arabia Phone: +966 (11) 2998000 Fax: +966 (11) 4195498 Website: web.derayah.com Email: support@derayah.com
Yaqeen Capital Al-Wurud District - Al-Olaya Street P.O. Box 884, Riyadh 11421 Kingdom of Saudi Arabia Phone: +966 800 4298888 Fax: +966 (11) 2054827 Website: www.yaqeen.sa Email: addingvalue@yaqeen.sa
Alkhabeer Capital Madinah Road P.O. Box 128289, Jeddah 21362 Kingdom of Saudi Arabia Phone: +966 (12) 6129345 Fax: +966 (12) 6856663 Website: www.alkhabeer.com Email: info@alkhabeer.com
Sahm Capital Financial Company building 3.05 - KAFD Riyadh 13519, KSA Kingdom of Saudi Arabia Phone: +966 (11) 4145260 Website: www.sahmcapital.com Email: info@sahmcapital.com

The Receiving Agents will commence receiving Subscription Application Forms throughout the Kingdom beginning on Tuesday, 23/06/1446H (corresponding to 24/12/2024G), until 2:00 pm on Wednesday, 24/06/1446H (corresponding to 25/12/2024G). In the event that the information provided in the Subscription Application Form is incomplete or inaccurate, or not stamped by the Receiving Agent, the Subscription Application Form will be considered void. The Individual Subscriber does not have the right to claim any compensation for the damages incurred due to such cancellation.

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, and each Individual Subscriber shall specify the number of Offer Shares subscribed for in his Subscription Application Form for an amount equal to the number of Offer Shares applied for multiplied by the Offer Price of [SAR ●] per Offer Share.

Subscriptions by an Individual Subscribers for less than ten (10) Shares or fractions of Shares will not be accepted, and any subscription to shares above said number must be in multiple thereof. Noting that the maximum subscription is two hundred and fifty thousand (250,000) Offer Shares for Individual Subscribers.

Subscribers must fulfil and complete all subscription requirements described in this Prospectus and agree to all relevant terms and conditions. The Company and the Lead Manager reserve the right to reject any Subscription Application Form in part or in full, in case of failure to meet any of the terms and conditions of the Subscription or failure to follow the necessary instructions. No amendments may be made to the Subscription Application Form and it may not be withdrawn after receipt of it except after the approval of the Lead Manager, as the Subscription Application Form, once completed, represents a legally binding agreement between the Company and the Subscriber.

17.4 Allocation and Refunds

The Lead Manager and Receiving Agents shall open and operate an escrow account, and each Receiving Agent shall deposit all amounts received from Individual Investors into the aforementioned escrow account.

The Lead Manager or the Receiving Agents (as applicable) shall notify Subscribers informing them of the final number of Offer Shares allocated thereto, together with the amounts to be refunded to Subscribers.

Excess subscription monies (if any) will be refunded to the Subscribers in whole without any commissions or deductions, and will be deposited in the Subscribers' account as specified in the Subscription Application Form.

The announcement of the final allocation shall be made no later than Tuesday 30/06/1446H (corresponding to 31/12/2024G) and refund process shall be made no later than Sunday 05/07/1446H (corresponding to 05/01/2025G) (for further details, see ("**Key Dates and Subscription Procedures**") of this Prospectus).

17.4.1 Allocation of Offer Shares to Participating Parties

The Financial Advisors, in coordination with the Company, shall determine the allocation of Offer Shares for the Participating Parties as they see fit, after the allocation of Offer Shares to Individual Subscribers is completed, provided that the number of Offer Shares initially allocated to Participating Parties shall not be less than thirty-four million six hundred and fifty thousand (34,650,000) Shares representing 100% of the total Offer Shares, and provided that the final allocation for Participating Parties shall not be less than thirty-one million one hundred and eighty-five thousand (31,185,000) Shares representing 90% of the total Offer Shares.

17.4.2 Allocation of Offer Shares to Individual Subscribers

The Financial Advisors, in coordination with the Company, shall determine the allocation of Offer Shares to be allocated to Individual Subscribers as they see fit. There will be an allocation of a maximum of three million four hundred and sixty-five thousand (3,465,000) ordinary Shares representing, 10% of the total Offer Shares, to Individual Subscribers. The minimum allocation per Individual Subscriber is ten (10) Shares. The balance of the Offer Shares, if any, will be allocated on a pro-rata basis of each Individual Subscriber's application in proportion to the total number of requested Shares. In the event that the number of Individual Subscribers exceeds three hundred and forty-six thousand five hundred (346,500) Individual Subscribers, the Company will not guarantee the minimum allocation of Offer Shares, and the allocation will be made as determined by the Company and Financial Advisors. The surplus (if any) would be refunded to Individual Subscribers without any commissions or deductions by the Receiving Agents.

17.5 Circumstances where Listing may be Suspended or Cancelled

17.5.1 Power to Suspend or Cancel Listing

a- **The CMA may suspend share trading or cancel the listing at any time as it deems fit, in any of the following circumstances:**

1- The CMA considers it necessary for the protection of investors or the maintenance of an orderly market.

2- The Issuer fails, in a manner which the CMA considers material, to comply with the Capital Market Law and its implementing regulations.

3- The Issuer does not pay any fees due to the CMA or the Exchange, or penalties due to the CMA on time.

4- If it considers that the Issuer or its business, the level of its operations or its assets is no longer suitable to warrant the continued listing of shares in the Exchange.

5- When the reverse takeover announcement does not contain sufficient information about the proposed transaction. In the event that the Company has given sufficient information regarding the target entity and the CMA is satisfied, following the announcement of the Company, that sufficient public information is available on the proposed transaction or the reverse takeover, the CMA may decide not to suspend trading at this stage.

6- When information about the proposed transaction of reverse takeover is leaked and the Issuer cannot accurately assess its financial position and the Exchange cannot be informed accordingly.

7- Upon filing a request for commencing financial reorganization procedures before the court under the Bankruptcy Law, for an Issuer whose accumulated losses amounted to 50% or more of the capital thereof.

8- Upon filing a request for commencing Issuer liquidation procedures or administrative liquidation procedure before the court under the Bankruptcy Law.

9- Upon issuance of a final court ruling to end Issuer financial reorganization procedures and initiation of liquidation procedures or the administrative liquidation procedures under the Bankruptcy Law.

10- Upon issuance of a final court ruling to commence Issuer liquidation procedures or administrative liquidation procedures under the Bankruptcy Law.

b- **Lifting of trading suspension, as per Paragraph (A) above is subject to the following:**

1- Adequately addressing the conditions that led to the suspension by the Issuer, and the lack of the need to continue the suspension for the protection of investors;

2- Lifting the suspension is unlikely to affect the normal activity of the Exchange.

3- The Issuer complies with any other conditions that the CMA may require.

4- Upon the issuance of a final court ruling requiring the opening of a procedure involving the Issuer's financial reorganization under the Bankruptcy Law, unless such Issuer was suspended from conducting its activities by the relevant competent authority, in the event that the suspension was in accordance with Subparagraph 7 of Paragraph (A) above.

5- Upon the issuance of the final court ruling rejecting the opening of the liquidation procedure or the administrative liquidation procedure under the Bankruptcy Law, unless such Issuer's activities were suspended by the relevant competent authority, in the event of a suspension in accordance with Subparagraph 8 of Paragraph (A) above.

c- **The Exchange shall suspend the trading of the securities of the Company in any of the following cases:**

1- When the Issuer does not comply with the deadlines for the disclosure of its periodic financial information, in accordance with the requirements during the deadlines under the applicable implementing regulations.

2- When the auditor's report on the financial statements of the Issuer contains an opposing opinion or an abstention from expressing opinion.

3- If the liquidity requirements of Chapter 2 of the Listing Rules are not met after the time limit set by the Exchange for the Issuer to rectify its conditions, unless the CMA agrees otherwise.

4- The issuance of a decision by an Extraordinary General Assembly of the Issuer to reduce its capital for the two trading days following the issuance of the decision.

d- **The Exchange shall lift the suspension referred to in Subparagraphs 1 and 2 of Paragraph (C) above, one trading session after the reason for such suspension has been removed. If the trading of Shares is authorized outside the platform, the Exchange shall lift the suspension within a period not exceeding five trading sessions following the absence of any reason for suspension.**

e- **The Exchange may ask the CMA, at any time, to suspend the trading of any listed securities or to cancel the listing altogether, if any of the cases mentioned in Paragraph (A) above is likely to occur.**

f- **The Issuer whose securities are subject to trading suspension, must continue to comply with the Capital Market Law, its implementing regulations and the Listing rules.**

g- **If the suspension of trading of securities continues for a period of 6 months, without any appropriate measures taken by the Issuer to remedy said suspension, the CMA may cancel the listing of the Issuer's securities.**

h- **When the Issuer completes a reverse takeover, the Issuer's shares shall be delisted. If the Issuer wishes to re-list its Shares, it must submit a new application to list its Shares in accordance with the Listing Rules and fulfill the relevant requirements stipulated in the OSCOs rules.**

i- **This Paragraph shall not prejudice the suspension of trading or the cancellation of listing resulting from the Issuer's losses, based on the relevant implementing regulations of the CML and Listing rules.**

17.5.2 Voluntary Cancellation of Listing

a- **The Company, after it is listed on the Exchange, may not cancel the listing of its securities without the prior approval of the CMA. To obtain the CMA approval, the Company must provide the cancellation application to the CMA along with a simultaneous notice to the Exchange. The application shall include the following:**

1- Specific reasons for the cancellation request;

2- A copy of the disclosure referred to in Paragraph (D) below.

3- A copy of the relevant documentation and a copy of each related communication to Shareholders, if the cancellation is to take place as a result of an acquisition or other corporate action by the Company; and

4- Names and contact information of the Financial Advisors and legal advisor appointed according to the relevant implementing regulations.

b- **The CMA may, at its discretion, approve or reject the cancellation request.**

c- **Once approval from the CMA has been obtained for the cancellation of listing, the Company must obtain the consent of its Extraordinary General Assembly.**

d- **Where cancellation is made at the Company's request, the Company must disclose that to the public as soon as possible. The disclosure has to include at least the reason for the cancellation, the nature of the event resulting in the cancellation, and how it affects the Issuer's activities.**

17.5.3 Temporary Trading Suspension

a- The Company may request the Exchange to implement a temporary trading suspension upon the occurrence of an event that occurs during trading hours which requires immediate disclosure under the Capital Market Law, its implementing regulations or the Exchange rules, where the Company cannot maintain the confidentiality of this information until the end of the trading period. In such case, the Exchange suspends trading of the securities of the Company as soon as it receives the request.

b- Where a temporary trading suspension is made at the Company's request, the Company must disclose as soon as possible the reason for the trading suspension, the anticipated period of the trading suspension, the event leading thereto and the extent it affects the Company's activities.

c- The CMA may impose a temporary trading suspension without a request from the Company, where the CMA becomes aware of information or circumstances affecting the Company's activities which the CMA considers would be likely to interrupt the operation of the Exchange or the protection of investors. The Company, once its securities are subject to temporary trading suspension, must continue to comply with the Capital Market Law, its implementing regulations and Exchange rules.

d- The Exchange may recommend to the CMA to practice its powers in accordance with the above Paragraph (C), if it discovers any information or circumstances that might affect the Company's activities which might affect the market's activities or investors' protection.

e- A temporary trading suspension will be lifted following the elapse of the disclosure period referred to in the above Paragraph (B), unless the CMA or the Saudi Exchange decide otherwise.

17.5.4 Lifting of Suspension

Lifting of trading suspension, as per Paragraph (A) of Section 17.5.1 ("**Power to Suspend or Cancel Listing**") of this Prospectus, is subject to the following:

- Adequately addressing the conditions that led to the suspension and the lack of the need to continue the suspension for the protection of investors;
- Lifting the suspension is unlikely to affect the normal activity of the Exchange.
- The Company complies with any other conditions that the CMA may require.
- In the event that the suspension is due to the Issuer's accumulated losses of 50% or more of its capital before the court under the Bankruptcy Law, then the suspension shall be lifted upon the issuance of the final court ruling on the commencement of a financial restructuring procedure for the Issuer in accordance with the law issued by the competent authority and governing the Issuer's activities.
- In the event that the suspension was due to an Issuer liquidation procedure or administrative liquidation procedure before the court under the Bankruptcy Law, the suspension shall be lifted upon the issuance of the final court ruling rejecting the commencement of liquidation procedures or administrative liquidation procedures under the Bankruptcy Law, unless suspended from the practice of its activities by the relevant competent authority.

In the event that the listing suspension continues for six (6) months with no appropriate procedure made by the Company to correct such suspension, the CMA may cancel the listing of securities of the Issuer.

17.5.5 Re-registering and Listing of Cancelled Securities

If the Company wishes to re-list its shares after the cancellation thereof, it must submit a new application to list its shares in accordance with the Listing Rules, and fulfil the relevant requirements stipulated in the OSCOs.

17.6 Approvals and Decisions under which the Offer Shares are Offered and Listed

The following are the decisions and approvals under which the Offer Shares are offered and listed:

- the Company's Board of Directors resolution approving the Public Offering of the Company's shares dated 26/11/1445H (corresponding to 03/06/2024G);
- The Extraordinary General Assembly resolution dated 21/11/1445H (corresponding to 29/05/2024G) approving the Public Offering of the Company's Shares, increasing the Company's capital, offering New Shares for subscription, and completing the increase procedures at the Ministry of Commerce following the completion of the subscription and allocation thereof.
- The Saudi Stock Exchange Tadawul's conditional listing approval issued on 12/03/1446H (corresponding to 15/09/2024G); and
- the CMA's announcement approving the Offering dated 22/03/1446H (corresponding to 25/09/2024G).

17.7 Lock-Up Period

The Substantial Shareholders referred to on page (xvii) of this Prospectus may not dispose of any of their Shares, for a period of six (6) months from the date on which trading of the Company's Shares commences on the Exchange. Following the Lock-up Period, the Substantial Shareholders are not restricted from disposing of their Shares without prior CMA approval.

17.8 Acknowledgments by Subscribers

By completing and delivering the Subscription Application Form, each Subscriber:

- agrees to subscribe to the number of Offer Shares specified in the submitted Subscription Application Form;
- warrants that he has read and carefully examined this Prospectus and understood all its content;
- accepts the Company's Bylaws and all Offering instructions and terms and conditions mentioned in this Prospectus, the Subscription Application Form, and Electronic Subscription Application, and subscribes in the Shares accordingly;
- declares that neither himself nor any of his family members included in the Subscription Application Form have previously subscribed to the Company's Shares and accepts that the Company has the right to reject any or all duplicate applications;
- accepts the number of Offer Shares allocated to him (to the maximum of the amount subscribed for) as per the Subscription Application Form; and
- warrants not to cancel or amend the Subscription Application Form, after submitting it to the Lead Manager or the Receiving Agent.

(For further details about the allocation process and surplus refund, please refer to Section 17.4 ("**Allocation and Refunds**") hereof).

17.9 Shares' Record and Trading Arrangements

The Depository Center (Edaa) shall keep a shareholders' record containing their names, nationalities, addresses, professions, the Shares held thereby, and the amounts paid for these Shares.

17.10 Saudi Stock Exchange

In 1990G, full electronic trading in the Kingdom equities was introduced. The Tadawul System was founded in 2001G as the successor to the Electronic Securities Information System. Trading in shares occurs on the "Tadawul" system through a fully integrated trading system covering the entire trading process from execution of the trade transaction through settlement thereof. Trading occurs on each Business Day of the week between 10:00 a.m. and 3:00 p.m. from Sunday to Thursday, during which orders are executed. However, during other than those times, orders can be entered, amended or cancelled from 9:30 a.m. to 10:00 a.m. The said times are subject to change during the month of Ramadan or in other months, and they are announced by the Saudi Exchange. Transactions take place through the automatic matching of orders. Each valid order is accepted and generated according to the price level. In general, market orders (orders placed at best price) are executed first, followed by limit orders (orders place at a price limit), provided that if several orders are generated at the same price, they are executed according to the time of entry. The Tadawul System distributes a comprehensive range of information through various channels, including in particular the Saudi Exchange website (Tadawul) and the Saudi Exchange Information Link, which supplies trading data in real time to the information providers such as Reuters. Exchange transactions are settled on a T+2 basis, meaning that shares ownership transfer takes two working days after the trade transaction is executed.

Listed companies are required to disclose all material decisions and information that are important for the investors via the Saudi Exchange. Surveillance and monitoring are the responsibility of the Saudi Exchange as the operator of the mechanism through which the market operates in order to ensure fair and smooth trading in Shares.

Securities Depository Center (Edaa)

Securities Depository Center Company (Edaa) was established in 2016G, in accordance with the Saudi Companies Law issued by Royal Decree No. M/3 dated 28/01/1437H. It is a closed joint-stock company fully owned by the Saudi Exchange (Tadawul) Group, with a capital of SAR 400,000,000 divided into 40,000,000 shares, with a nominal value of ten Saudi Riyals (SAR 10) per share.

The establishment was based on CMA Board's approval of Tadawul's Board of Directors request in relation to 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 02/06/1424H.

The activities of Edaa are to conduct businesses related to depositing, registering, transferring, settling and clearing securities, and recording any ownership restrictions on the deposited securities. Further, it deposits and manages the records of the issuers of securities, and organizes issuers' general assemblies, including the remote voting services (e-Voting), reporting, notifications, and information, as well as providing other related services that Edaa may provide in accordance with CML and its implementing regulations.

17.11 Trading in the Company's Shares

It is expected that trading in the Company's Shares will commence after the final allocation of Shares and the Saudi Exchange announcement of the start date of trading of the Shares. The dates and times mentioned in this Prospectus are considered tentative dates mentioned for inference only, and they can be changed or extended with the approval of the CMA.

Furthermore, the Offer Shares can only be traded after allocated Offer Shares have been credited to Subscribers accounts at the Depository Center (Edaa), the Company has been registered and its Shares listed on the Exchange before trading. Subscribers entering into any pre-trading activities will be acting at their own risk. The Company and the Selling Shareholders shall have no legal responsibility in connection with pre-trading activities.

17.12 Miscellaneous

The Subscription Application Form and all related terms, conditions, provisions, covenants and undertakings shall be binding upon and inure to the benefit of the parties to the subscription and their respective successors, permitted assigns, executors, administrators and heirs; provided that neither the Subscription Application Form nor any of the rights, interests or obligations arising pursuant thereto shall be assigned and delegated by any of the parties to the subscription, without the prior written consent of the other party.

These instructions, the items 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 issued in Arabic and English. Only the Arabic version is approved by the CMA. If there is any conflict between the Arabic and English texts, the Arabic version shall prevail.

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 foreign Participating Parties, taking into account the relevant laws and instructions regulating the same. The Company, Selling Shareholders, Financial Advisors, Lead Manager and Underwriters require all recipients of this Prospectus to adhere to all regulatory restrictions on the Offer Shares and the sale of Offer Shares and to observe such restrictions.

18. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents will be available for inspection at the Company's head office between 9 a.m. and 5 p.m. from Sunday, 22/05/1446H (corresponding to 24/11/2024G) until Wednesday, 24/06/1446H (corresponding to 25/12/2024G) for a period of no less than 20 days prior to the end of the Offering Period:

- Copy of the CMA's announcement of the approval of the Offering.
- The Board of Directors resolution to recommend to the General Assembly to offer the Company's Shares for public subscription and list them on the Saudi Exchange issued on 20/11/1445H (corresponding to 28/05/2024G).
- The Extraordinary General Assembly resolution dated 21/11/1445H (corresponding to 29/05/2024G) approving the Public Offering of the Company's Shares, increasing the Company's capital, offering New Shares for subscription, and completing the increase procedures at the Ministry of Commerce following the completion of the subscription and allocation thereof.
- Company's Bylaws, amendments thereto, and any other constitutional documents.
- Company's commercial registration certificate issued by MoC.
- The Company's audited financial statements for the financial years ended 31 December 2021G and 31 December 2022G, and the Company's audited consolidated financial statements for the financial year ended 31 December 2023G, together with the notes, which were prepared in accordance with IFRS-KSA, and the Company's unaudited interim condensed consolidated financial statements for the Three-Month Period Ended 31 March 2024G, which were prepared in accordance with IAS 34 as endorsed in KSA.
- Market study prepared by the Market Study Consultant.
- Letters of consent from each of:
  - The Financial Advisors, Bookrunners, and Underwriters (EFG Hermes KSA and SNB Capital Company) for the inclusion of their names, logos and declarations in this Prospectus.
  - The Legal Advisor (Legal Advisors, Baker McKenzie Law Firm), for the inclusion of its name, logo and declarations, if any, in this Prospectus
  - The Financial Due Diligence Advisor (PricewaterhouseCoopers (PwC) - Chartered Accountants) for the inclusion of its name, logo and declarations, if any, in this Prospectus.
  - The Auditor (Ernst & Young Professional Services (Professional Limited Liability Company)), for the inclusion in this Prospectus, of its name, logo or reports, as Auditor of the audited financial statements for the financial years ended 31 December 2021G and 31 December 2022G, and the Company's audited consolidated financial statements for the financial year ended 31 December 2023G, which were prepared in accordance with IFRS-KSA, and the Company's unaudited interim condensed consolidated financial statements for the Three-Month Period Ended 31 March 2024G, which were prepared in accordance with IAS 34 as endorsed in KSA.
  - The Market Study Consultant (42Seer Technologies FZE) for the inclusion of its name, logo and declarations in this Prospectus.
  - The Legal Advisor for the Financial Advisors, Bookrunners, Underwriters and Lead Manager (Abuhimed Alsheikh Alhagbani Clifford Chance Law Firm), for the inclusion of its name, logo and declarations, if any, in this Prospectus.
- Contracts and agreements disclosed in Section 12.6 ("**Material Agreements**") hereof.
- Underwriting Agreement.
- All reports, letters, and other documents, valuations and data prepared by any expert wholly or partly included or referred to herein.
- Document clarifying the mechanism relied upon to determine the price range used in the Book-Building Process.


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NICE ONE

19. FINANCIAL STATEMENTS AND AUDITOR'S REPORTS

This Section contains the Company's audited financial statements for the financial years ended 31 December 2021G and 31 December 2022G, and the Company's audited consolidated financial statements for the financial year ended 31 December 2023G and the accompanying notes thereto, which were prepared in accordance with IFRS-KSA, and the Company's unaudited interim condensed consolidated financial statements for the Three-Month Period Ended 31 March 2024G and for the Three-Month and Nine-Month Periods Ended 30 September 2024G, which were prepared in accordance with IAS 34 as endorsed in KSA.

With respect to the Company's unaudited interim condensed consolidated 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 International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Auditor of the Entity", as endorsed in the Kingdom of Saudi Arabia. Their review reports dated 27 May 2024G and 6 November 2024, respectively, 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 reports on such information should be restricted in light of the limited nature of the review procedures applied.

PRODUCT SEA TRADING COMPANY
(A Limited Liability Company)

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

Product Sea Trading Company
(A Limited Liability Company)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
At 31 December 2021

INDEX	**Pages**

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INDEPENDENT AUDITOR'S REPORT
TO THE PARTNERS OF PRODUCT SEA TRADING COMPANY
(A Limited Liability Company)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion
We have audited the financial statements of Product Sea Trading Company (A Limited Liability Company) (the "Company"), which comprise the statement of financial position as at 31 December 2021, 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 Standard that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements that are endorsed by 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.

Emphasis of a matter
We draw attention to note (2) to the financial statements, which sets out that the accompanying financial statements have been prepared by the Company for inclusion in a prospectus for the purposes of an Initial Public Offering (IPO). The Company has issued their statutory financial statements for the year ended 31 December 2021 which were prepared in accordance with International Financial Reporting Standard for Small and Mid-sized Entities (SMEs) ("IFRS for SMEs") that is 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 we issued our Audit report thereon on 27 Muharram 1444H (corresponding to 25 August 2022). Our opinion is not modified in respect of this matter.

Other matter
The financial statements of the Company for the year ended 31 December 2020 were audited by another auditor who expressed a qualified opinion on those financial statements on 13 Duh Al-Qi'dah 1442H (corresponding to 23 June 2021G) due to certain missing confirmations.

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 Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITORS' REPORT
TO THE PARTNERS OF PRODUCT SEA TRADING COMPANY
(A Limited Liability Company) (continued)

Report on Audit of the Financial Statements (continued)

Responsibilities of Management and Those Charged with Governance for the Financial Statements (continued)

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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 Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- 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.

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INDEPENDENT AUDITORS' REPORT
TO THE PARTNERS OF PRODUCT SEA TRADING COMPANY
(A Limited Liability Company) (continued)

Report on 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.

Report on other legal and regulatory requirements
As at 31 December 2021, the Company has a receivable balance from its partners, which may be considered to be in contravention of the provisions of Companies' Law (note 20).

for Ernst & Young Professional Services

Abdullah A. Alshenaibir
Certified Public Accountant
License No. (583)

Riyadh: 1 Duh Al-Qi'dah 1445H
9 May 2024

Product Sea Trading Company
(A Limited Liability Company)

STATEMENT OF FINANCIAL POSITION
As at 31 December 2021

	Notes	***31 December 2021 SR***	*31 December 2020 SR Restated*	*1 January 2020 SR Restated*
ASSETS				
NON- CURRENT ASSETS				
Property and equipment	7	**9,980,023**	2,746,311	1,730,696
Intangible assets	8	**523,753**	464,183	626,605
Right-of-use assets	17	**5,914,576**	4,049,723	3,675,428
		16,418,352	7,260,217	6,032,729
CURRENT ASSETS				
Inventories	9	**93,003,406**	61,815,362	25,847,233
Trade receivables	10	**18,053,964**	11,093,577	11,354,788
Prepayments, advances and other receivables	11	**23,849,661**	14,090,424	2,479,796
Amounts due from related parties	20	**15,286,950**	24,143,195	5,396,085
Cash and bank balances	12	**27,566,268**	50,610,834	15,354,958
TOTAL CURRENT ASSETS		**177,760,249**	161,753,392	60,432,860
TOTAL ASSETS		**194,178,601**	169,013,609	66,465,589
EQUITY AND LIABILITIES				
EQUITY				
Share capital	13	**1,063,000**	1,000,000	1,000,000
Statutory reserve	14	**318,900**	300,000	300,000
Retained earnings		**52,111,139**	38,912,703	21,945,495
Additional contribution to capital	15	**27,136,000**	-	-
TOTAL EQUITY		**80,629,039**	40,212,703	23,245,495
NON-CURRENT LIABILITIES				
Long term borrowings	16	**4,427,880**	-	-
Lease liabilities	17	**4,749,780**	3,479,807	3,460,549
Employees' terminal benefits	18	**2,367,624**	1,376,743	389,392
		11,545,284	4,856,550	3,849,941
CURRENT LIABILITIES				
Current portion of long term borrowings	16	**2,820,274**	-	-
Current portion of lease liabilities	17	**1,623,197**	1,003,734	536,852
Short-term borrowings	16	**3,677,959**	1,538,636	-
Trade payables, accruals and other payables	19	**90,337,085**	120,361,939	37,825,578
Provision for losses from investment in an unconsolidated subsidiary	21	**1,447,465**	-	-
Zakat provision	22	**2,098,298**	1,040,047	1,007,723
TOTAL CURRENT LIABILITIES		**102,004,278**	123,944,356	39,370,153
TOTAL LIABILITIES		**113,549,562**	128,800,906	43,220,094
TOTAL LIABILITIES AND EQUITY		**194,178,601**	169,013,609	66,465,589

The attached notes 1 to 33 form an integral part of these financial statements.

Product Sea Trading Company
(A Limited Liability Company)

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2021

	Notes	***31 December 2021 SR***	*31 December 2020 SR Restated*
Sales	23	**449,205,323**	331,934,212
Cost of sales	24	**(292,319,523)**	(231,880,099)
GROSS PROFIT		**156,885,800**	100,054,113
Selling and marketing expenses	25	**(110,801,789)**	(62,449,189)
General and administrative expenses	26	**(28,979,995)**	(19,579,558)
OPERATING PROFIT		**17,104,016**	18,025,366
Finance cost	27	**(773,390)**	(386,310)
Other income		**489,182**	845,146
Share of loss from a subsidiary		**(1,447,465)**	-
PROFIT BEFORE ZAKAT		**15,372,343**	18,484,202
Zakat charge for the year	22	**(1,860,102)**	(762,153)
NET PROFIT FOR THE YEAR		**13,512,241**	17,722,049
OTHER COMPREHENSIVE LOSS			
Item that will not be reclassified subsequently to profit or loss:			
Remeasurement actuarial loss of employees' terminal benefits	18	**(294,905)**	(754,841)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**13,217,336**	16,967,208

The attached notes 1 to 33 form an integral part of these financial statements.

Product Sea Trading Company
(A Limited Liability Company)
STATEMENT OF CHANGES IN PARTNERS' EQUITY
For the year ended 31 December 2021

	Share capital SR	*Statutory reserve SR*	*Additional contribution to capital SR*	*Retained earnings SR*	*Total SR*
Balance as at January 01, 2020 - as reported previously under IFRS for SME	1,000,000	300,000	-	22,159,492	23,459,492
Effect due to the first-time adoption of IFRS (note 6)	-		-	(213,997)	(213,997)
Balance as at January 01, 2020 - as restated	1,000,000	300,000	-	21,945,495	23,245,495
Profit for the year – restated	-	-	-	17,722,049	17,722,049
Other comprehensive loss – restated	-	-	-	(754,841)	(754,841)
Total Comprehensive Income	-	-	-	16,967,208	16,967,208
Balance as at December 31, 2020 - as restated	**1,000,000**	**300,000**	**-**	**38,912,703**	**40,212,703**
Profit for the year	-	-	-	13,512,241	13,512,241
Other comprehensive loss	-	-	-	(294,905)	(294,905)
Total Comprehensive Income	-	-	-	13,217,336	13,217,336
Addition in share capital	63,000	-	-	-	63,000
Movements during the year (Note 15)	-	-	27,136,000	-	27,136,000
Transfers to statutory reserve	-	18,900	-	(18,900)	-
As at 31 December 2021	**1,063,000**	**318,900**	**27,136,000**	**52,111,139**	**80,629,039**

The attached notes 1 to 33 form an integral part of these financial statements.

Product Sea Trading Company
(A Limited Liability Company)

STATEMENT OF CASH FLOWS
For the year ended 31 December 2021

	Notes	***31 December 2021 SR***	*31 December 2020 SR Restated*
OPERATING ACTIVITIES			
Income before zakat		**15,372,343**	18,484,202
Non-cash adjustments:			
Provision for/(reversal of) expected credit losses on trade receivables	10	**736,464**	(17,448)
Depreciation of property and equipment	7	**1,228,799**	877,496
Depreciation on right-of-use-assets	17	**1,707,314**	914,705
Amortization of intangible assets		**189,458**	162,422
Finance cost		**267,786**	11,910
Employees' terminal benefits	18	**756,394**	232,510
Finance charge on lease liability	27	**505,604**	374,400
Defined contribution plan charge		**1,470,000**	610,000
The Company's share in net losses of an unconsolidated subsidiary	21	**1,447,465**	-
		23,681,627	21,650,197
Working capital adjustments:			
Trade receivables		**(7,696,851)**	278,659
Prepayments, advances and other receivables		**(9,759,237)**	(14,501,740)
Increase/(decrease) in due from related parties		**8,856,245**	(18,747,110)
Inventories		**(31,188,044)**	(33,077,017)
Trade payables, accruals and other payables		**(31,494,853)**	81,642,026
		(47,601,113)	37,245,015
Zakat paid	22	**(801,851)**	(729,829)
Employees' terminal benefit paid	18	**(60,418)**	-
Finance costs paid		**(267,786)**	(11,910)
Net cash flows (used in) / generated from operating activities		**(48,731,168)**	36,503,276
INVESTING ACTIVITIES			
Purchase of property and equipment	7	**(8,462,511)**	(1,929,611)
Proceeds from disposals of property and equipment	7	**-**	36,500
Purchase of intangible assets		**(249,028)**	-
Net cash used in investing activities		**(8,711,539)**	(1,893,111)
FINANCING ACTIVITIES			
Proceeds from long term borrowings	16	**8,560,926**	-
Repayments of long-term borrowings	16	**(1,312,772)**	-
Proceeds from short term borrowings		**2,139,323**	1,538,636
Repayment of lease obligations		**(2,188,336)**	(892,925)
Addition in share capital		**63,000**	-
Additional contribution to capital		**27,136,000**	-
Net cash flows generated from / (used in) financing activities		**34,398,141**	645,711
Net (decrease) / increase in cash and cash equivalents		**(23,044,566)**	35,255,876
Cash and cash equivalents at the beginning of the year		**50,610,834**	15,354,958
Cash and cash equivalents at the end of the year		**27,566,268**	50,610,834
Non-cash transaction:			
Additions to leases and right of use assets		**3,572,168**	1,289,000

The attached notes 1 to 33 form an integral part of these financial statements.

Product Sea Trading Company
(A Limited Liability Company)

Notes to the Financial Statements
As at 31 December 2021

1 ORGANIZATION AND ACTIVITIES

Product Sea Trading Company (the "Company") is a limited liability company registered in Riyadh; Kingdom of Saudi Arabia under Commercial Registration numbered 1010705691 dated 4 Shabaan 1438H (corresponding to 30 April 2017). The registered address of the Company is: P.O 5497, Riyadh 51422, Kingdom of Saudi Arabia. The Company is engaged in the retail business of perfumes, cosmetics, soap and incense. The Company is practicing its activities through the following branches:

Branch	*Registration No.*	*Registration Date*
Product Sea for Accessories Warehouse	1010947279	27 Jumada Al-Alkhirah 1439H (corresponding to 15 March 2018G)
Product Sea for Operation & Maintenance	1010581040	23 Ramadan 1440H (corresponding to 28 May 2019G)
Product Sea for Trading - Alsala	1010591825	21 Dhu Al-Hijjah 1440H (corresponding to 22 August 2019G)

2 BASIS OF PREPERATION

2.1 Statement of compliance

These financial statements have been prepared for inclusion in a prospectus in connection with the contemplated Initial Public Offering (IPO) in accordance with International Financial Reporting Standards (IFRS) 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) (collectively referred to as "IFRS as endorsed in KSA").

The Company has issued its statutory financial statements for the year ended 31 December 2021, which were prepared in accordance with International Financial Reporting Standard for Small and Medium-Sized Entities ("IFRS for SMEs") issued by the International Accounting Standards Board ("IASB"), that is 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") (collectively referred to as "IFRS for SMEs as endorsed in KSA"). On 25 July 2022, the partners appointed internal financial advisors to go for initial IPO activities. for the IPO purposes, the opted to prepare this set of financial statements for the year ended 31 December 2021 under IFRS as endorsed in KSA. These financial statements for the year ended 31 December 2021 are the first financial statements, the Company has prepared in accordance with IFRS as endorsed in KSA. Refer to note 6 for information on the first-time adoption of the IFRS as endorsed in KSA by the Company.

2.2 Basis of measurement

These financial statements are prepared under the historical cost convention except for:

i) lease liabilities
ii) employee benefits obligation identified at present value of future obligations using project credit unit method.

2.3 Functional and presentation currency

These financial statements are presented in Saudi Arabian Riyals ("SR"), which is also the Company's functional currency.

2.4 Investment in an unconsolidated subsidiary

The Company did not consolidate the financial statements for the subsidiary (Zahret Astar for Cosmetics Company) which was established during 2021 as the consolidation had no material impact. The above-mentioned subsidiary has been subsequently liquidated.

3 USE OF ACCOUNTING ESTIMATES, JUDGEMENTS 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 and assets and liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources.

Product Sea Trading Company
(A Limited Liability Company)

Notes to the Financial Statements
As at 31 December 2021

3 USE OF ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

3.1 Critical accounting 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 difference in the carrying amounts of assets and liabilities within the next financial period, are presented below. The Company used these assumptions and estimates on the basis available when the financial statements were prepared. However, existing circumstances and assumptions about future developments 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.

Impairment test of non-financial assets

Impairment exists when the carrying value of an asset or Cash Generating Unit (“CGU”) 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 for disposing off the asset. The value in use calculation is based on a Discounted Cash Flow ("DCF") model. The cash flows are derived from the budget for the next five to eight 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 CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future net cash-inflows and the growth rate used for extrapolation purposes.

Impairment of inventories

Inventories are held at the lower of cost and net realisable value. When inventories become old, slow moving or obsolete, an estimate is made of their net realisable 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 is applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices. This valuation requires us to make judgements, based on currently available information, about likely method of disposition, such as through sales to individual customers, returns to product vendors, or liquidations, and expected recoverable values of each disposition category.

Long-term assumptions for employee benefits

Employee benefits obligation represent obligations that will be settled in the future and require assumptions to project obligations. Management is required to make further assumptions regarding variables such as discount rates, rate of salary increase, mortality rates, employment turnover and future healthcare costs. Periodically, management of the Company consults with external actuaries regarding these assumptions. Changes in key assumptions can have a significant impact on the projected benefit obligations and/or periodic employee defined benefit costs incurred.

Provisions

By their nature, provisions are dependent upon estimates and assessments whether the criteria for recognition have been met, including estimates of the probability of cash outflows. Provisions for litigation are based on an estimate of the costs, taking into account legal advice and other information presently available. Provisions for termination benefits and exit costs, if any, also involve management’s judgement in estimating the expected cash outflows for other exit costs. Provisions for uncertain liabilities involve management’s best estimate of whether cash outflows are probable.

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 (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the stand-alone credit rating).

Product Sea Trading Company
(A Limited Liability Company)

Notes to the Financial Statements
As at 31 December 2021

3 USE OF ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS (continued)

3.2 Judgements

The following critical judgements have the most significant effect on the amounts recognized in the financial statements:

Provision for expected credit losses

The Company reviews its accounts receivable at each reporting date to assess whether a provision for expected credit losses should be recorded in the statement of profit or loss and other comprehensive income. In particular, judgement by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provision.

Determining the lease term of contracts with extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The Company assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within control.

Useful lives of property and equipment and intangible assets

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. The Company periodically reviews estimated useful lives and the depreciation method to ensure that the method and period of depreciation and amortisation charge are consistent with the expected pattern of economic benefits derived from these assets.

Satisfaction of performance obligation

The Company is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or a point in time in order to determine the appropriate method of recognizing revenue. Based on the contractual terms and conditions, the Company retains the risks until the goods are delivered to the customer and after the return period has expired (if any). The Company does not take responsibility of the product subsequent to delivery and after the return period has expired and has no control over what the customer intends to do with it. Thus, the performance obligation is satisfied at a point in time upon delivery with an estimate of potential returns from customers.

Defined benefit plans

The cost of the defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation 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.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases are based on expected future inflation rates for the respective countries.

Product Sea Trading Company
(A Limited Liability Company)
Notes to the Financial Statements
As at 31 December 2021

3 USE OF ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS (continued)

3.2 Judgements (continued)

Revenue recognition - Estimating variable consideration for returns
The Company estimates variable considerations to be included in the transaction price for the sale of goods with rights of return. If the transaction price includes a variable amount, the transaction price is estimated and recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The Company updates its assessment of expected returns and the refund liabilities are adjusted accordingly. Estimates of expected returns are sensitive to changes in circumstances and the Company's past experience regarding returns may not be representative of customers' actual returns in the future.

Zakat
A provision for zakat is estimated at the end of each reporting period in accordance with the regulations of the ZATCA and on a yearly basis zakat is submitted to the ZATCA. Differences, if any, at the finalization of final assessments are accounted for when such amounts are determined.

4 SIGNIFICANT ACCOUNTING POLICIES

4.1 Summary of significant accounting policies

Foreign currencies

<u>*Functional and presentation currency*</u>
Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The Company's financial statements are presented in Saudi Riyals ("SR"), which is the Company's functional and presentation currency.

<u>*Transactions and balances*</u>
Foreign currency transactions are translated into SR at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the statement of profit or loss and other comprehensive income. Translation of non-monetary items depends on whether they are recognized at historical cost or at fair value. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary assets that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of 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 and other comprehensive income).

Current and non–current classification
The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

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

All other assets are classified as non-current.

Product Sea Trading Company
(A Limited Liability Company)

Notes to the Financial Statements
As at 31 December 2021

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 Summary of significant accounting policies (continued)
Current and non–current classification (continued)
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.

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 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. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

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.

Revenue from contracts with customers
The Company is in the online e commerce business of trading perfumes, cosmetics, soap and incense and other ancillary services to support online commerce business.

a Revenue from contracts with customers for sale of goods and services

Step 1 Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2 Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3 Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Product Sea Trading Company
(A Limited Liability Company)

Notes to the Financial Statements
As at 31 December 2021

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 Summary of significant accounting policies (continued)

Revenue from contracts with customers (continued)
a Revenue from contracts with customers for sale of goods and services (continued)

Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation

Step 5. Recognise revenue when (or as) the entity satisfies a performance obligation.

The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

1. The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
2. The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
3. The Company's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance completed to date.

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

When the Company satisfies a performance obligation by delivering the promised goods or services, it creates a contract asset/receivable based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty.

The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent.

The Company has concluded that it is acting as a principal in its revenue arrangement from supply of goods purchased upfront directly from suppliers.

Revenue from sale of goods
Revenue is measured based on the amount of consideration that we expect to receive, reduced by estimates for return allowances, promotional discounts, and rebates. Revenue also excludes any amounts collected on behalf of third parties, including value-added tax.

Revenue from sale of goods is recognised at the point in time upon delivery of goods to customers subject to the adjustment for right of return.

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 for the sale of goods, the Company considers the effects of variable consideration.

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 for the sale of goods provide customers with a right to return the goods within a specified period. The rights of return give rise to variable consideration.

Product Sea Trading Company
(A Limited Liability Company)

Notes to the Financial Statements
As at 31 December 2021

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 Summary of significant accounting policies (continued)

Revenue from contracts with customers (continued)
a Revenue from contracts with customers for sale of goods and services (continued)

Right of return
The general terms of the Company's sales provide the customers with a right to return the goods within a specified period The Company uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Company will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Company recognises a return liability. A right of return for the inventory (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

There are no other variable considerations affecting the revenue recognition of the Company.

The Company earns delivery revenue on orders below a particular threshold. The thresholds are dynamics in nature and vary from geography to geography. This revenue is recognised on delivery of goods to the customer.

b Assets and liabilities arising from rights of return

(i) Right of return assets
A right-of-return asset is recognised for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods and any potential decreases in value. The Company updates the measurement of the asset for any revisions to the expected level of returns and any additional decreases in the value of the returned products.

(ii) Refund liabilities
A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from a customer. The Company's refund liabilities arise from customers' right of return. The liability is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

Value added tax
Revenue, expenses and assets are recognised net of the amount of Value added tax, except:

- When the Value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the Sales Tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of Value added tax included.

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

Expenses
All expenses are recognized on accrual basis.

Cost of revenue
Cost of revenue primarily consists of the purchase price of goods net of any discounts, inbound shipping costs, distribution, logistics and related cost. Shipping costs to receive products from our suppliers are included in our inventory and recognized as cost of goods sold upon sale of products to our customers. Cost of revenue also include provisions for obsolete items and deficiency between net realisable value and cost. Distribution, logistics and related cost primarily consists of the manpower charges, and any other related costs.,.

Product Sea Trading Company
(A Limited Liability Company)

Notes to the Financial Statements
As at 31 December 2021

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 Summary of significant accounting policies (continued)

General and administrative expenses
General and administrative expenses primarily consist of payroll and related expenses; facilities and equipment, such as depreciation expense and rent (short-term and low value); professional fees and litigation costs; and other general corporate costs for corporate functions, including accounting, finance, tax, legal, and human resources, warranty, among others. General and administration expenses include expenses not specifically part of direct cost. Allocations between general and administration expenses and direct cost, when required, are made on a consistent basis.

Marketing expenses
Marketing expenses comprise of internet, television, radio and print media advertisement costs. These expenses are primarily incurred towards brand building and customer acquisitions that builds and enhances the market share of the Company.

Finance costs
Finance costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

Finance costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. The interest component of a lease is included in finance cost and recognized using the effective interest method over the lease term.

Other income
Other income is recognized when earned.

Zakat
The Company is subject to Zakat, Tax and Customs Authority "ZATCA" in KSA. Zakat is provided on an accrual basis and is computed and charged based on zakat base. Adjustments if any are made to the zakat provision when the final assessments are obtained from the ZATCA.

Property and equipment
Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost includes all amounts necessary to bring the asset to the present condition and location to be ready for its intended use by management. Such costs include the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects (qualifying assets), if the recognition criteria are met, and costs incurred during the commissioning period, net of proceeds from sale of trial production. Capital work in progress is stated at cost, net of accumulated impairment losses, if any.

When parts of property and equipment are significant in cost in comparison to the total cost of the item, and where such parts/ components have a useful life different from the other parts and required to be replaced at different intervals, the Company shall recognise such parts as individual components of the asset with specific useful lives and depreciate them accordingly. All other repair and maintenance costs are recognised in statement of profit or loss and other comprehensive income as incurred.

Depreciation is calculated from the date the item of property and equipment is available for their intended use or in respect of self-constructed assets from the date such assets are completed and ready for the intended use. Land and assets under construction, which are not ready for their intended use, are not depreciated.

Depreciation on assets is calculated on a straight-line basis over the useful life of the asset as follows:

Category of property and equipment	*Years*	*Category of property and equipment*	*Years*
Vehicles	5	Office equipment	4
Leasehold improvements	4	Metal shelves	4
Furniture and fixture	5	Machinery & equipment	4
Computer	4		

Product Sea Trading Company
(A Limited Liability Company)

Notes to the Financial Statements
As at 31 December 2021

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 Summary of significant accounting policies (continued)
Property and equipment (continued)
The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted prospectively if appropriate, at each reporting date.

An item of property and equipment and any significant component initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of retired, sold or otherwise derecognised property and equipment are determined by comparing the proceeds with the carrying amount of the asset, and are recognised within "other income" in statement of profit or loss and other comprehensive income. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in statement of profit or loss and other comprehensive income in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Amortization is calculated from the date the when the intangible assets are available for its intended use. It is calculated on a straight-line basis over the useful life of the asset. Useful life of software is 5 years.

An intangible asset is derecognized 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 upon 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 and other comprehensive income.

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 assets recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU fair value less costs to sell and its value-in-use and 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. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount. In assessing the value-in-use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

The Company's impairment calculation is based on detailed budgets and forecast calculations which are prepared separately for each of the Group's CGU's to which the individual asset is allocated. These budgets and forecast calculations generally cover a five-year period. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the budget period.

Impairment losses of continuing operations are recognized in the consolidated statement of profit or loss and other comprehensive income in those expense categories consistent with the function of the impaired asset.

For assets other than above, an assessment is made at each financial year-end as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount.

Product Sea Trading Company
(A Limited Liability Company)

Notes to the Financial Statements
As at 31 December 2021

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 Summary of significant accounting policies (continued)

Impairment of non-financial assets (continued)
A previously recognized 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 recognized. This reversal is limited such that the recoverable amount doesn't exceed what the carrying amount would have been, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of profit or loss and other comprehensive income

Financial instruments
Recognition and initial measurement
A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

A financial instrument is recognized in the statement of financial position when the Company becomes party to the contractual provisions of the financial instrument.

A financial instrument is measured initially at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue.

Financial assets
Classification of financial assets
On initial recognition, a financial asset is classified as measured at: amortized cost, fair value through other comprehensive income ('FVOCI') or FVTPL.

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

a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
b) 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.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-to-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

Subsequent measurement
Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses are recognized statement of profit or loss and other comprehensive income.

Financial assets at amortized cost are subsequently measured at amortized cost using the effective interest rate ("EIR") method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognized in statement of profit or loss and other comprehensive income. Any gain or loss on derecognition is recognized in the statement of profit or loss and other comprehensive income.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the EIR method, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss and other comprehensive income. Other net gains and losses are recognized in the statement of profit or loss and other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Product Sea Trading Company
(A Limited Liability Company)
Notes to the Financial Statements
As at 31 December 2021

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 Summary of significant accounting policies (continued)

Financial instruments (continued)
Financial assets (continued)
Subsequent measurement (continued)
Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss and other comprehensive income unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in the other comprehensive income and are never reclassified to profit or loss.

Reclassifications
Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

Derecognition
A financial asset (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 recognize 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 allowance 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.

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a 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 provision rates are based on days past due for groupings of various customer segments that have similar loss patterns based on the customer types and ratings.

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. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Product Sea Trading Company
(A Limited Liability Company)

Notes to the Financial Statements
As at 31 December 2021

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities
Initial recognition and measurement
The Company classifies its financial liabilities as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

Subsequent measurement
Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the EIR method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Derecognition
A financial liability is derecognized 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 recognized in profit or loss.

Offsetting
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 recognized amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Inventories
Inventories are measured at lower of cost and net realisable value. The cost of inventories is based on the weighted average cost method and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Goods-in-transit includes the inventory purchased and yet not received in Company possession and are recorded at cost when the rights and obligations relating to the goods are transferred to the Company.

Cash and cash equivalent
Cash and cash equivalents include cash on hand and bank balances.

Trade receivables
Most sales are made on the basis of normal credit terms, and the trade receivables do not bear interest. If credit was extended over the normal terms, trade receivable are measured at amortised cost using effective interest rate. At the end of each financial period, the Company recognises an allowance for expected credit losses ("ECL") 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. and any impairment loss is recognised in the profit or loss directly in the statement of comprehensive income.

Trade payable
Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of the period which are not settled yet.

Trade payable and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Product Sea Trading Company
(A Limited Liability Company)

Notes to the Financial Statements
As at 31 December 2021

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 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 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-

Zakat 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
Short-term obligations
Liabilities for wages and salaries, including non-monetary benefits and accumulating leaves, air fare and allowances that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled. The liabilities are presented under accounts payable, accruals and others in the statement of financial position.

Employee benefits obligation
The Company's primary defined benefit plan is an end of service lump sum benefits plan.

The benefit liability recognized in the statement of financial position is the present value of the Defined Benefit Obligation ("DBO") at the reporting date. The plan is unfunded, which means the Company pays benefits as they fall due when employees leave service.

The DBO is re-measured on a periodic basis by independent actuaries using the projected unit credit method.

The present value of the DBO is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. The rate used to discount post-employment benefit obligations is determined by reference to market yields at the statement of financial position date on high quality corporate bonds. In the absence of deep market of such bonds, the market yields on Government Bonds is used.

The DBO also depends on the assumptions for future salary increases and the rate at which employees are expected to leave. The Company has assumed salaries will increase at a rate of 5%pa above the discount rate, in order to provide stability to the OCI account. Employee withdrawal rates are very high but can change quickly from year to year. The Company has therefore assumed updates this assumption from year to year as new experience develops.

The net interest cost is calculated by applying the discount rate to the net balance of the DBO. This cost is included in employees' salaries and other benefits expense in the statement of profit or loss and other comprehensive income. Re-measurement gains and losses arising from changes in actuarial assumptions are recognized in the period in which they occur in OCI. Changes in the present value of the DBO resulting from plan amendments or curtailments are recognized immediately in the statement of profit or loss and other comprehensive income as past service costs.

Current and past service costs related to end-of-service benefits and unwinding of the liability at discount rates used are recognized immediately in the statement of profit or loss and other comprehensive income. Any changes in net liability due to actuarial valuations and changes in assumptions are taken as re-measurement in OCI.

The actuarial valuation process takes into consideration the provisions of the Saudi Arabian Labour and Workmen Law as well as the Company's policy.

Product Sea Trading Company
(A Limited Liability Company)
Notes to the Financial Statements
As at 31 December 2021

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 Summary of significant accounting policies (continued)

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 share capital. This reserve is not available for distribution.

Withholding tax
Withholding tax liability are created either while expense booking or at the time payment of services in accordance with tax law applicable to the countries applicable tax laws. Withholding tax liability are then discharged to government.

Dividends
Dividend distribution to the Company's partners is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's partners.

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.

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.

Lease terms include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. The Company generally consider the economic life of the right-of-use assets to be comparable to the useful life of similar owned assets. The Company's leases generally do not provide a residual guarantee.

Short-term leases and leases of low-value assets
The Company applies the short-term lease recognition exemption to its short-term (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 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.

Product Sea Trading Company
(A Limited Liability Company)

Notes to the Financial Statements
As at 31 December 2021

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Standards issued but not yet effective
The new and amended standards and interpretations that are issued, but not yet effective up to the date 31 December 2021. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

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.

Amendments to IFRS 3: Reference to the Conceptual Framework
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.

In May 2020, the IASB issued the amendments intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

IASB also added an exception to the recognition principle of IFRS 3 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 IFRS Interpretations Committee (“IFRIC”) 21 – “Levies”, if incurred separately.

At the same time, IASB decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

Amendments to IAS 16 – “Property Plant and Equipment”: Proceeds before intended use
In May 2020, the IASB issued the amendments which prohibits entities from 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.

IFRS 9: Fees in the '10 per cent' test for derecognition of financial liabilities
As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued amendment to IFRS 9. 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. An entity 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 amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Company will apply the amendments 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.

Product Sea Trading Company
(A Limited Liability Company)

Notes to the Financial Statements
As at 31 December 2021

5 PRIOR PERIOD RESTATEMENTS

The Company's management noted during the year that some expenses related to the fiscal year ended 31 December 2020 were not properly registered, and that these expenses were not recognized as due in the previous year. Accordingly, the error was corrected by modifying the previous year's financial information. The details of these adjustments are as follows:

During 2021, the Company received two invoices from suppliers amounted to SR 1.69 million and SR 577 thousand, respectively, for goods and packaging materials received and used in 2020. The above purchases were not recorded during 2020, and therefore, management adjusted the related costs and trade payables to reflect this correctly in the comparative figures.

The Company incurred advertising and marketing expenses amounted to SR 4.47 million in 2020, however, this amount was not properly recorded in 2020. Therefore, management adjusted the related sales and marketing expenses and the accruals to reflect this correctly in the comparison figures.

Effect on Financial Position and Statement of Comprehensive Income are as follow:

a- Effect on financial Position:

	At 31 December 2020 before adjustments SR	Adjustments SR	Reclassification SR	At 31 December 2020 after adjustments SR
Trade payables, accruals and other payables	113,626,165	6,735,774	-	120,361,939
Retained earnings	47,138,653	(6,735,774)	-	40,402,879

b- Impact on statement of comprehensive income:

	2020 before adjustment SR	Adjustments SR	Reclassification SR	2020 After adjustment SR
Costs of sales	(229,596,528)	(2,270,327)	(411,606)	(232,278,461)
Sales and marketing expenses	(56,086,198)	(4,465,447)	-	(60,551,645)
General and administrative expenses	(21,108,583)		- 411,606	(20,696,977)

Product Sea Trading Company
(A Limited Liability Company)

Notes to the Financial Statements
As at 31 December 2021

6 IMPACT OF ADOPTION OF IFRS AS ENDORSED IN KSA

First time adoption of IFRS
As fully described in note 2, the Company has issued its statutory financial statements for the year ended 31 December 2021 under IFRS for SMEs as endorsed in KSA and on 25 July 2022, the partners appointed financial advisors to go for initial public offering ("IPO") and therefore, the Company prepared this set of financial statements for the year ended 31 December 2021 under IFRS as endorsed in KSA to be included in the prospectus relating to IPO.

These financial statements, for the year ended 31 December 2021, are the first set of financial statements the Company has prepared in accordance with IFRS as endorsed in KSA. For periods up to and including the year ended 31 December 2020, the Company prepared its financial statements in accordance with IFRS for SMEs.

Accordingly, the Company has prepared financial statements that comply with IFRS as endorsed in KSA applicable as at 31 December 2021, together with the comparative period data for the year ended 31 December 2020, as described in the summary of significant accounting policies. In preparing the financial statements, the Company's opening statement of financial position was prepared as at 1 January 2020, the Company's date of transition to IFRS as endorsed in KSA. This note explains the principal adjustments made by the Company in restating its financial statements from IFRS for SMEs as endorsed in KSA to full IFRS as endorsed in KSA, including the statement of financial position as at 1 January 2020 and the financial statements as of, and for, the year ended 31 December 2020.

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS as endorsed in KSA. The Company has not availed any exemption available at the first-time adoption.

Product Sea Trading Company
(A Limited Liability Company)

Notes to the Financial Statements
As at 31 December 2021

6 IMPACT OF ADOPTION OF IFRS AS ENDORSED IN KSA (continued)

Impact of adoption of IFRS on the Statement of Financial Position as at 1 January 2020 (date of transition to IFRS)

		Amounts previously reported under IFRS for SMEs	*Impact of IFRS transition*	*Reclassificati-on*	*Amount reported under full IFRS as at 01January 2020*
ASSETS					
NON- CURRENT ASSETS					
Property and equipment		**2,357,301**	**-**	**(626,605)**	**1,730,696**
Intangible assets		**-**	**-**	**626,605**	**626,605**
Right-of-use assets	c	**-**	**3,675,428**	**-**	**3,675,428**
		2,357,301	**3,675,428**	**-**	**6,032,729**
CURRENT ASSETS					
Inventories		**25,847,233**	**-**		**25,847,233**
Trade receivable	a	**13,864,419**	**(29,835)**	**(2,479,796)**	**11,354,788**
Prepayments and other receivable		**-**	**-**	**2,479,796**	**2,479,796**
Amounts due from related parties		**5,396,085**	**-**	**-**	**5,396,085**
Bank and cash balance		**15,354,958**	**-**	**-**	**15,354,958**
		60,462,695	**(29,835)**	**-**	**60,432,860**
TOTAL ASSETS		**62,819,996**	**3,645,593**	**-**	**66,465,589**
EQUITY AND LIABILITIES					
EQUITY					
Share capital		**1,000,000**	**-**	**-**	**1,000,000**
Additional contribution to capital		**-**	**-**	**-**	**-**
Statutory reserve		**300,000**	**-**	**-**	**300,000**
Retained earnings		**22,159,492**	**(213,997)**	**-**	**21,945,495**
TOTAL EQUITY		**23,459,492**	**(213,997)**	**-**	**23,245,495**
NON-CURRENT LIABILITIES					
Lease liabilities	c	**-**	**3,460,549**	**-**	**3,460,549**
Employees' defined benefit liabilities	b	**527,203**	**(137,811)**	**-**	**389,392**
		527,203	**3,322,738**		**3,849,941**
CURRENT LIABILITIES					
Current portion of lease liabilities	c	**-**	**536,852**	**-**	**536,852**
Trade payables, accruals and other payables		**37,825,578**	**-**	**-**	**37,825,578**
Zakat Provision		**1,007,723**	**-**	**-**	**1,007,723**
		38,833,301	**536,852**	**-**	**39,370,153**
TOTAL LIABILITIES		**39,360,504**	**3,859,590**	**-**	**43,220,094**
TOTAL LIABILITIES AND EQUITY		**62,819,996**	**3,645,593**	**-**	**66,465,589**

Product Sea Trading Company
(A Limited Liability Company)

Notes to the Financial Statements
As at 31 December 2021

6 IMPACT OF ADOPTION OF IFRS AS ENDORSED IN KSA (continued)

Impact of adoption of IFRS on the Statement of Financial Position as at 31 December 2020

		Amounts previously reported under IFRS for SMEs	*Impact of IFRS transition*	*Reclassification*	*Amount reported under full IFRS as at 31 December 2020*
ASSETS					
NON- CURRENT ASSETS					
Property and equipment		**4,319,874**	**(1,109,380)**	**(464,183)**	**2,746,311**
Intangible assets		**-**	**-**	**464,183**	**464,183**
Right-of-use assets	c	**-**	**4,049,723**	**-**	**4,049,723**
		4,319,874	**2,940,343**	**-**	**7,260,217**
CURRENT ASSETS				**-**	
Inventories		**58,924,250**	**-**	**2,891,112**	**61,815,362**
Trade receivable	a	**28,563,725**	**(488,612)**	**(16,981,536)**	**11,093,577**
Prepayments and other receivable		**-**	**-**	**14,090,424**	**14,090,424**
Amounts due from related parties		**24,143,195**	**-**	**-**	**24,143,195**
Bank and cash balance		**50,610,834**	**-**	**-**	**50,610,834**
		162,242,004	**(488,612)**	**-**	**161,753,392**
TOTAL ASSETS		**166,561,878**	**2,451,731**	**-**	**169,013,609**
EQUITY AND LIABILITIES					
EQUITY					
Share capital		**1,000,000**	**-**	**-**	**1,000,000**
Additional contribution to capital		**-**	**-**	**-**	**-**
Statutory reserve		**300,000**	**-**	**-**	**300,000**
Retained earnings – restated opening (note 5)		**40,402,879**	**(1,490,176)**	**-**	**38,912,703**
TOTAL EQUITY		**41,702,879**	**(1,490,176)**	**-**	**40,212,703**
NON-CURRENT LIABILITIES					
Lease liabilities	c	**607,786**	**2,780,074**	**91,947**	**3,479,807**
Employees' defined benefit liabilities	b	**995,982**	**380,761**	**-**	**1,376,743**
		1,603,768	**3,160,835**	**91,947**	**4,856,560**
CURRENT LIABILITIES					
Current portion of lease liabilities	c	**314,609**	**781,072**	**(91,947)**	**1,003,734**
Short-term borrowings		**1,538,636**	**-**		**1,538,636**
Trade payables, accruals and other payables – restated opening (note 5)		**120,361,939**	**-**	**-**	**120,361,939**
Zakat Provision		**1,040,047**	**-**	**-**	**1,040,047**
		123,255,231	**781,072**	**(91,947)**	**123,944,356**
TOTAL LIABILITIES		**124,858,999**	**3,941,907**	**-**	**128,800,906**
TOTAL LIABILITIES AND EQUITY		**166,561,878**	**2,451,731**	**-**	**169,013,609**

Product Sea Trading Company
(A Limited Liability Company)
Notes to the Financial Statements
As at 31 December 2021

6 IMPACT OF ADOPTION OF IFRS AS ENDORSED IN KSA (continued)

Impact of adoption of IFRS on total partners' equity

	31 December 2020 SR	*1 January 2020 SR*
Total partners' equity reported under IFRS for SMEs	**48,438,653**	23,459,492
Carry forward impact of applying full IFRS	**(213,997)**	-
	48,224,656	23,459,492
Allowance for expected credit losses – IFRS 9	**(408,383)**	158,964
Depreciation on right of use assets	**(735,086)**	(735,086)
Reversal of rent expense	**649,571**	509,444
Finance cost on lease liabilities	**(263,709)**	(285,130)
End of service benefit transitional impact		137,811
Reversal of provision for End of Service Benefit	**236,269**	-
Remeasurement gains / (losses) from Defined Employment Benefits charged to OCI	**(754,841)**	-
	(1,276,179)	(213,997)
Prior year restatement (note 5)	**(6,735,774)**	-
	40,212,703	23,245,495

Effect of IFRS adoption on the Statement of Profit and Loss and Other Comprehensive Income for the year ended 31 December 2020

	Notes	***Amounts previously reported under IFRS for SMEs***	***Impact of IFRS transition***	***Reclassification***	***IFRS for the year ended 31 December 2020***
Sales		**331,934,212**	-	-	**331,934,212**
Cost of sales		**(232,278,461)**	**228,441**	**169,921**	**(231,880,099)**
GROSS PROFIT		**99,655,751**	**228,441**	**169,921**	**100,054,113**
Selling and marketing expenses		**(60,675,779)**	-	**(1,773,410)**	**(62,449,189)**
General and administrative expenses		**-** **(20,696,977)**	**-** **(486,071)**	**1,603,490**	**(19,579,558)**
OPERATING PROFIT		**18,282,995**	**(257,630)**	**-**	**18,025,366**
Other income, net		**845,146**	**-**	**-**	**845,146**
Finance cost		**(122,601)**	**(263,709)**		**(386,310)**
PROFIT BEFORE ZAKAT		**19,005,540**	**(521,339)**	-	**18,484,201**
Zakat charge for the year		**(762,153)**	-	-	**(762,153)**
NET PROFIT FOR THE YEAR		**18,243,387**	**(521,339)**	-	**17,722,049**
OTHER COMPREHENSIVE LOSS					
Item that will not be reclassified subsequently to profit or loss:					
Remeasurement loss of Employees' terminal benefits		**-**	**(754,841)**	-	**(754,841)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**18,243,387**	**(1,276,180)**	-	**16,967,208**

Product Sea Trading Company
(A Limited Liability Company)

Notes to the Financial Statements
As at 31 December 2021

6 IMPACT OF ADOPTION OF IFRS AS ENDORSED IN KSA (continued)

Notes to the reconciliation of equity as at 1 January 2020 and 31 December 2020 and total comprehensive income for the year ended 31 December 2020

a) Trade and other receivables
The adoption of IFRS as endorsed in KSA has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing incurred loss approach under IFRS for SMEs with a forward-looking expected credit loss (ECL) approach. IFRS as endorsed in KSA requires the Company to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets. At the date of transition to IFRS as endorsed in KSA, the Company recognized an increase in impairment on its trade receivables of SR 249,419 (31 December 2019: reversal of impairment of SAR 158,964), which resulted decrease in retained earnings by the same amount.

b) Restatement of employees' defined benefits liabilities:
Under IFRS for SMEs standards, the Company recorded its employees' defined benefits liabilities based on the labor laws regulatory requirements. In order to determine the liability under IFRS as endorsed in KSA, the Company used the projected unit method in calculating the liability. Consequently, a change in the liability for the prior year has been recorded in the opening retained earnings and the statement of comprehensive income for the year ended 31 December 2020 and on the retained earnings and other comprehensive income for the year ended 31 December 2020

c) Leases
Under IFRS for SMEs, a lease is classified as a finance lease or an operating lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term. Under IFRS, a lessee applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets and recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At the date of transition to IFRS, the Company applied the transitional provision and measured lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of transition to IFRS. Right-of-use assets were measured at the amount equal to the lease liabilities adjusted by the amount of any prepaid or accrued lease payments. As a result, the Company recognised an increase of SR 3,561,146 (31 December 2019: SR 3,997,401) and SR4,049,723 (31 December 2019: SR 3,675,428) as at 01 January 2020 in lease liabilities and right-of-use assets respectively. The difference between lease liabilities and right-of-use assets has been recognised in retained earnings. Additionally, depreciation increased by SR735,000, and finance costs increased by SR264,000 for the year ended 31 December 2020.

Statement of cash flows
All relevant impacts of the conversion from IFRS for SMEs to IFRS have been included in the statement of cash flows.

Reclassifications
Certain of the prior year amounts have been reclassified to conform to the presentation in the current year.

Product Sea Trading Company
(A Limited Liability Company)

Notes to the Financial Statements
As at 31 December 2021

7 PROPERTY AND EQUIPMENT

	Land SR	*Leasehold improvements SR*	*Furniture and fixture SR*	*Computer and software SR*	*Office equipment SR*	*Motor Vehicles SR*	*Plant, equipment and installation SR*	*Total 2021 SR*
2021								
Cost:								
As at 1 January	-	75,384	529,179	920,683	20,177	738,748	2,234,396	**4,518,567**
Additions	6,334,967	1,166,707	73,127	157,848	-	382,000	347,862	**8,462,511**
As at 31 December	6,334,967	1,242,091	602,306	1,078,531	20,177	1,120,748	2,582,258	**12,981,078**
Accumulated depreciation:								
As at 1 January	-	72,823	233,035	546,914	15,817	245,173	658,494	**1,772,256**
Charge for the year	-	63,388	107,687	240,248	4,359	207,815	605,302	**1,228,799**
As at 31 December	-	136,211	340,722	787,162	20,176	452,988	1,263,796	**3,001,055**
Net book values:								
At 31 December 2021	6,334,967	1,105,880	261,584	291,369	1	667,760	1,318,462	**9,980,023**
At 31 December 2020	-	2,561	296,144	373,769	4,360	493,575	1,575,902	**2,746,311**

The above vehicles item includes cars with a net book value of SR 223,000 (2020: SR 279,000) registered in the name of a partner, and not registered in the Company's name.

The land is mortgaged against facilities granted by Deutsche Gulf for Finance (note 16).

Product Sea Trading Company
(A Limited Liability Company)

Notes to the Financial Statements
As at 31 December 2021

7 PROPERTY AND EQUIPMENT (continued)

2020	*Land* *SR*	*Leasehold improvements* *SR*	*Furniture and fixture* *SR*	*Computer and software* *SR*	*Office equipment* *SR*	*Motor Vehicles* *SR*	*Plant, equipment and installation* *SR*	***Total 2020*** ***SR***
Cost:								
As at 1 January		75,384	398,064	528,203	20,177	420,461	1,183,167	**2,625,456**
Additions	-	-	131,115	392,480	-	354,787	1,051,229	**1,929,611**
Disposals	-	-	-	-	-	(36,500)	-	**(36,500)**
As at 31 December	-	75,384	529,179	920,683	20,177	738,748	2,234,396	**4,518,567**
Accumulated depreciation:								
As at 1 January	-	53,977	132,554	315,503	10,772	154,761	227,193	**894,760**
Charge for the year	-	18,846	100,481	231,411	5,045	90,412	431,301	**877,496**
As at 31 December	-	72,823	233,035	546,914	15,817	245,173	658,494	**1,772,256**
Net book values:								
At 31 December 2020	-	2,561	296,144	373,769	4,360	493,575	1,575,902	**2,746,311**
At 31 December 2019	-	21,407	265,510	212,700	9,405	265,700	955,974	**1,730,696**

Product Sea Trading Company
(A Limited Liability Company)

Notes to the Financial Statements
As at 31 December 2021

7 PROPERTY AND EQUIPMENT (continued)

The depreciation for property and equipment is as follow:

	31 December 2021 SR	*31 December 2020 Restated SR*
Cost of sales	**737,279**	526,498
General and administrative expenses	**491,520**	350,998
	1,228,799	877,496

8 INTANGIBLE ASSETS

	31 December 2021 SR	*31 December 2020 Restated SR*	*1 January 2020 Restated SR*
Cost			
At the beginning of the year/period	**649,689**	649,689	-
Additions	**249,028**	-	-
Transferred from property and equipment	-	-	649,689
At the end of the year/period	**898,717**	649,689	649,689
Accumulated amortization			
At the beginning of the year/period	**185,506**	23,084	23,084
Charge for the year	**189,458**	162,422	-
At the end of the year/period	**374,964**	185,506	23,084
Carrying amounts at the end of the year/period	**523,753**	464,183	626,605

9 INVENTORIES

	31 December 2021 SR	*31 December 2020 Restated SR*	*1 January 2020 Restated SR*
Goods for sale	**90,321,787**	58,924,250	25,847,233
Packing material	**2,681,619**	2,891,112	-
	93,003,406	61,815,362	25,847,233

At the year end, no provision for any old, obsolete or slow moving inventories has been made (2020: Nil).

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Product Sea Trading Company
(A Limited Liability Company)

Notes to the Financial Statements
As at 31 December 2021

10 TRADE RECEIVABLE

	31 December 2021 SR	*31 December 2020 Restated SR*	*1 January 2020 Restated SR*
Trade receivables	**19,469,218**	11,772,367	12,051,026
Less: Allowance for expected credit losses	**(1,415,254)**	(678,790)	(696,238)
	18,053,964	11,093,577	11,354,788

Trade receivables are non-interest bearing and are generally on terms of 30 days.

Set out below is the movement in the allowance for expected credit losses of trade receivables.

	31 December 2021 SR	*31 December 2020 Restated SR*
Balance as at the beginning of the year	**678,790**	696,238
Charge / (reversal) for the year	**736,464**	(17,448)
Balance as at the end of the year	**1,415,254**	678,790

The majority of trade receivable comprises of interest free receivables. Unimpaired trade receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Company to obtain collateral over receivables and the vast majority are, therefore, unsecured.

11 PREPAYMENTS, ADVANCES AND OTHER RECEIVABLE

	31 December 2021 SR	*31 December 2020 Restated SR*	*1 January 2020 Restated SR*
Advances to suppliers	**16,860,630**	8,466,784	1,510,561
Unbilled revenue	**3,467,658**	-	-
Prepaid expenses	**2,769,674**	4,751,534	-
Employee receivables	**445,588**	581,995	551,442
Refundable deposits	**306,111**	290,111	149,405
Other receivables	**-**	-	268,388
	23,849,661	14,090,424	2,479,796

Product Sea Trading Company
(A Limited Liability Company)

Notes to the Financial Statements
As at 31 December 2021

12 CASH AND BANK BALANCES

	31 December 2021 SR	*31 December 2020 Restated SR*	*1 January 2020 Restated SR*
Bank balances	**27,552,932**	50,610,834	15,335,072
Cash on hand	**13,336**	-	19,886
	27,566,268	50,610,834	15,354,958

13 SHARE CAPITAL

Capital is divided into 1,063 shares (2020:1,063 shares) of SR 1.000 (2020: 1.000) each.

According to the partners' resolution as at 4 Dul Qida 1442H (Corresponding to 14 June 2021), the Company's capital increased from SR 1,000,000 to SR 1,063,000 by adding a new partner, Wagehat Al Hamraa for Investment Company who now holds 22.86% as at 31 December 2021 based on the below transfer of shares.

a- Mr. Abdulrahman Ali Alolayan waived part of his shares in the Company with 111 shares and a total of SR 111,000 for Wagehat Al Hamraa for Investment Company as a new partner in the Company.

b- Mr. Omar Ali Alolayan waived part of his shares in the Company with 69 shares and a total of SR 69,000 for Wagehat Al Hamraa for Investment Company as a new partner in the Company.

Following are the details of capital distribution:

	Percentage of shareholding		***No. of shares***		***Share Value***	***Capital***	
Partners	***2021***	*2020/2019*	***2021***	*2020/2019*		***2021***	*2020/2019*
Omar Ali Alolayan	**40.55%**	50.00%	**431**	500	1,000	**431,000**	500,000
Abdulrahman Ali Alolayan	**36.59%**	50.00%	**389**	500	1,000	**389,000**	500,000
Wagehat Al Hamraa for Investment Company	**22.86%**	0.00%	**243**	-	1,000	**243,000**	-
	100%	100%	**1,063**	1,000	-	**1,063,000**	1,000,000

14 STATUTORY RESERVE

In accordance with the Saudi Arabian Regulations for Companies, the Company must set aside 10% of its net income each year as statutory reserve until reserve equals to 30% of the share capital. This has been achieved, the Company has therefore discontinued this transfer. This reserve is not available for distribution.

Product Sea Trading Company
(A Limited Liability Company)
Notes to the Financial Statements
As at 31 December 2021

15 ADDITIONAL CONTRIBUTION TO CAPITAL

During the year 2021, shareholders have contributed additional capital as follows.

	31 December 2021 SR	*31 December 2020 Restated SR*	*1 January 2020 Restated SR*
Omar Ali Alolayan	**11,002,461**	-	-
Abdulrahman Ali Alolayan	**9,930,295**	-	-
Wagehat Al Hamraa for Investment Company	**6,203,244**	-	-
	27,136,000	-	-

This balance is interest free and has no charge attached to it. There is no repayment terms and the amount can be paid at any time at the discretion of the Company's management.

16 BANK BORROWINGS

a Short-term borrowings

	31 December 2021 SR	*31 December 2020 Restated SR*	*1 January 2020 Restated SR*
Bank			
Riyadh Bank *	**3,677,959**	1,538,636	-
	3,677,959	1,538,636	-

* This represents Murabaha loans obtained from the local bank to meet the requirements of working capital, which are guaranteed by personal guarantees provided by partners, as stipulated in the loan's agreement. The rate of interest applicable on the borrowing was 2.00% plus SIBOR (2020: 2.00% plus SIBOR). The loan was repaid in full subsequent to the year-end in April 2022.

B Long-term borrowings

	31 December 2021 SR	*31 December 2020 Restated SR*	*1 January 2020 Restated SR*
Bank			
Al Rajhi Bank (Tawarroq) *	**2,887,228**	-	-
Deutsche Gulf Finance **	**4,360,926**	-	-
	7,248,154	-	-
Less: current portion of long-term borrowings	**(2,820,274)**	-	-
Non-current portion of long-term borrowings	**4,427,880**	-	-

* This represents Islamic financing agreement (Tawarroq) amounted to SR 4.2 million obtained by the Company from Al Rajhi bank in 2021. The loan is due for repayment in 24 equal monthly instalments of SR 192.77 thousand per instalment, and the last instalment is due in April 2023. These borrowings are secured against personal guarantees provided by partners, as stipulated in the loan agreement. The rate of interest applicable on the borrowing is 2.5% plus SIBOR.

Product Sea Trading Company
(A Limited Liability Company)

Notes to the Financial Statements
As at 31 December 2021

16 BANK BORROWINGS (continued)

Long-term borrowings (continued)

** The loan is an Islamic financing agreement (Ijara). Amounted SR 4.36 million, obtained from Deutsche Gulf Finance during the year. The loan is due for repayment in 57 equal monthly instalments of SR 96.42 thousand per instalment, and the last instalment is due in October 2026. The loan is guaranteed by a promissory note issued from the Company, as well as a mortgage for plots of land. The loan carries financing costs at 10% per annum (2020: Nil).

Movement in the long-term borrowings are as follows:

	31 December 2021 SR	*31 December 2020 Restated SR*	*1 January 2020 Restated SR*
Balance at beginning of the year	**-**	-	-
Drawn down during the year	**8,560,926**	-	-
Repayment during the year	**(1,312,772)**	-	-
Balance at end of the year	**7,248,154**	-	-

Below is the repayment schedule of the outstanding long-term borrowings:

	31 December 2021 SR	*31 December 2020 Restated SR*	*1 January 2020 Restated SR*
Within one year	**2,820,274**	-	-
Between two to five years	**4,427,880**	-	-
Total	**7,248,154**	-	-

17 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Company has lease contracts for vehicles and warehouses which are used in its operations. Leases of vehicles have lease terms of 3 to 5 years, while warehouse buildings have lease terms of 5 years. Generally, the Company is restricted from assigning and subleasing the leased assets.

Product Sea Trading Company
(A Limited Liability Company)

Notes to the Financial Statements
As at 31 December 2021

17 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

	31 December 2021 SR	*31 December 2020 Restated SR*	*1 January 2020 Restated SR*
At the beginning of the year	**5,699,514**	4,410,514	-
Additions	**3,572,168**	1,289,000	-
Impact of adoption of IFRS as endorsed in KSA	-	-	4,410,514
At the end of the year	**9,271,682**	5,699,514	4,410,514
Accumulated depreciation			
At the beginning of the year	**1,649,791**	735,086	-
Charge for the year	**1,707,315**	914,705	-
Impact of adoption of IFRS as endorsed in KSA	-	-	735,086
At the end of the year	**3,357,106**	1,649,791	735,086
Net carrying values at the end of the year	**5,914,576**	4,049,723	3,675,428

Set out below are the carrying amounts of Company's right-of-use assets and the movements during the year ended 31 December 2021:

	Cars SR	***Warehouses SR***	***Total SR***
Cost			
At the beginning of the year	1,289,000	4,410,514	5,699,514
Additions	-	3,572,168	3,572,168
At the end of the year	1,289,000	7,982,682	9,271,682
Accumulated depreciation			
At the beginning of the year	129,927	1,519,864	1,649,791
Charge for the year	620,294	1,087,021	1,707,315
At the end of the year	750,221	2,606,885	3,357,106
Net carrying values at the end of the year	538,779	5,375,797	5,914,576

Product Sea Trading Company
(A Limited Liability Company)

Notes to the Financial Statements
As at 31 December 2021

17 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The carrying amounts of Company's right-of-use assets and the movements during the prior year ended 31 December 2020:

	Cars SR	*Warehouses SR*	*Total SR*
Cost			
At the beginning of the year	-	4,410,514	4,410,514
Additions	1,289,000	-	1,289,000
At the end of the year	1,289,000	4,410,514	5,699,514
Accumulated depreciation			
At the beginning of the year	-	735,086	735,086
Charge for the year	129,927	784,778	914,705
At the end of the year	129,927	1,519,864	1,649,791
Net carrying values at the end of the year	1,159,073	2,890,650	4,049,723

The allocation of depreciation of right-of-use assets is as follow:

	31 December 2021 SR	*31December 2020 Restated SR*
Cost of revenue (note 24)	**869,712**	441,051
General and administrative expenses (note 26)	**837,603**	473,654
	1,707,315	914,705

Lease liabilities have been included in the statement of financial position as follows:

	31 December 2021 SR	*31 December 2020 Restated SR*
At the beginning of the year	**4,483,541**	3,997,401
Additions	**3,572,168**	1,004,665
Accretion of interest	**505,604**	374,400
Payments	**(2,188,336)**	(892,925)
At the end of the year	**6,372,977**	4,483,541

	31 December 2021 SR	*31 December 2020 Restated SR*
Non-current portion of lease liabilities	**4,749,780**	3,479,807
Current portion of lease liabilities	**1,623,197**	1,003,734
	6,372,977	4,483,541

Product Sea Trading Company
(A Limited Liability Company)

Notes to the Financial Statements
As at 31 December 2021

18 EMPLOYEES' TERMINAL BENEFITS

	31 December 2021 SR	*31 December 2020 SR*	*1 January 2020 Restated SR*
Employees' terminal benefits	**2,367,624**	1,376,743	389,392

The Company grants end-of-service benefits (benefit plan) to its employees taking into consideration the local labor law requirements in the Kingdom of Saudi Arabia. The benefit provided by this benefit plan is a lump sum based on the employees' final salaries and allowance and their cumulative years of service at the date of the termination of employment.

The benefit liability recognized in the statement of financial position in respect of defined benefit end-of-service plan is the present value of the defined benefit obligation ("DBO") at the reporting date. The DBO is calculated periodically by qualified actuaries using the projected unit credit method.

The present value of the DBO is determined by discounting the estimated future cash outflows using yields on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Re-measurement amounts of actuarial gains and losses on the DBO, if any, are recognized and reported within 'remeasurements of employee benefits obligation' under other comprehensive income.

The movement in defined benefit obligation during the year was as follows:

	31 December 2021 SR	*31 December 2020 SR*
Net liability at the beginning of the year	**1,376,766**	389,392
Current service cost	**721,519**	222,230
Interest cost	**34,875**	10,280
Benefits paid	**(60,418)**	-
Actuarial loss	**294,905**	754,841
Net liability at the end of the year	**2,367,624**	1,376,743

Expense recognized in the statement of comprehensive income are as follows:

	31 December 2021 SR	*31 December 2020 Restated SR*
Current service cost	**721,519**	222,230
Interest cost	**34,876**	10,280
Amount recognized in statement of profit or loss	**756,395**	232,510
Remeasurement (gains) / losses recognised in other comprehensive income	**294,905**	754,841
	1,051,300	987,351

Product Sea Trading Company
(A Limited Liability Company)

Notes to the Financial Statements
As at 31 December 2021

18 EMPLOYEES' TERMINAL BENEFITS (continued)

Significant actuarial assumptions
The following were the principal actuarial assumptions:

	31 December 2021	*31 December 2020*	*1 January 2020*
Discount rate used for year end obligation	3.45%	2.59%	2.59%
Expected rate of increase in salary level (per annum)	2.95%	2.20%	2.20%

Sensitivity Analysis
Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amount shown below:

	31 December 2021	*31 December 2020*	*1 January 2020*
Discount rate (0.5% increase)	**(2,246,591)**	(1,305,795)	Transitional
Discount rate (0.5% decrease)	**2,501,827**	1,455,635	Transitional
Future salary growth (0.5% increase)	**2,501,827**	1,455,544	Transitional
Future salary growth (0.5% decrease)	**(2,245,463)**	(1,305,209)	Transitional

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the employee terminal benefit as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the employee terminal benefit as it is unlikely that changes in assumptions would occur in isolation from one another. The average duration of the employees benefit obligation at the end of the reporting period is 14.5 years (31 December 2020: 10.75 years).

The following are the expected undiscounted payments in future years:

	31 December 2021	*31 December 2020*
Within the next 12 months	**256,455**	175,709
Between 2 and 5 years	**2,203,119**	1,515,979
Beyond 5 years	**1,218,032**	207,999
Total	**3,677,606**	1,899,687

Defined contribution plan
The Company also participates in pension schemes for its employees which are managed by government institutions. The amount recognized as an expense for defined contribution plans for the year ended 31 December 2021 is SR 1.47 million (2020: SR 0.61 million).

19 TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES

	31 December 2021 SR	*31 December 2020 Restated SR*	*1 January 2020 Restated SR*
Trade payables	**82,959,771**	114,383,202	36,559,620
Shipping expenses payable	**3,427,634**	1,202,879	-
VAT payable	**1,182,861**	699,422	135,945
Accrued leave encashment	**1,031,019**	-	-
Accrued salaries	**892,818**	1,676,313	958,685
Withholding tax payable	**283,170**	124,134	-
Other payables	**559,812**	2,275,989	171,328
	90,337,085	120,361,939	37,825,578

Product Sea Trading Company
(A Limited Liability Company)

Notes to the Financial Statements
As at 31 December 2021

20 RELATED PARTY TRANSACTIONS AND BALANCES

The related parties include partners in the Company, members of board and entities controlled by, or these entities exercise significant influence over them. The following is a list of key related parties in the Company and details of key transactions with related parties during the year (if any):

Related Parties	***Nature of relation***	***Nature of Transaction***	***Amount of transaction***	
			31 December 2021 SR	*31 December 2020 SR*
Mr. Abdul Rahman Ali Abdul Rahman Alolayan	Partner	Withdrawals	**13,500,000**	6,777,970
		Finance	**3,167,484**	-
		Salaries and benefits	**3,000,000**	1,375,000
Mr. Omar Abdul Rahman Ali Abdul Rahman Alolayan	Partner	Withdrawals	**13,500,000**	6,777,970
		Finance	**3,167,484**	5,569,412
		Salaries and benefits	**3,000,000**	4,969,419
Zahret Astar for Cosmetics Company	Subsidiary	Finance	**1,733,000**	-
		Sales	**1,581,446**	-
International Leadership Establishment	Affiliate	Payments on behalf	**201,115**	-

The breakdown of amount due from related party are as follows:

Amounts due from related parties:

	Relationship	***31 December 2021 SR***	*31 December 2020 Restated SR*	*1 January 2020 Restated SR*
Mr. Omar Abdul Rahman Ali Abdul Rahman Alolayan	Partner	**5,368,490**	9,534,661	2,744,444
Zahret Astar for Cosmetics Company	Subsidiary	**3,314,445**	1,066,647	-
Mr. Ali Alolayan	Affiliate	**3,235,418**	3,240,386	1,128,110
Mr. Abdul Rahman Ali Abdul Rahman Alolayan	Partner	**3,167,483**	10,301,501	1,523,531
International Leadership Establishment	Affiliate	**201,114**	-	-
		15,286,950	24,143,195	5,396,085

Key management personnel compensation

The remuneration of directors and other key management personnel for the year were as follow:

	31 December 2021 SR	*31 December 2020 SR*
Short term employee benefits	**6,954,612**	6,288,492
Post employment benefits	**1,446,678**	413,336
Others	**67,041**	30,000
	8,468,331	6,731,828

Product Sea Trading Company
(A Limited Liability Company)

Notes to the Financial Statements
As at 31 December 2021

21 PROVISION FOR LOSSES FROM INVESTMENT IN AN UNCONSOLIDATED SUBSIDIARY

This amount represents the Company's share of Zahret Astar for Cosmetics Company (subsidiary), and the movement was for the provision during the year as follows:

	31 December 2021 SR	*31 December 2020 Restated SR*	*1 January 2020 Restated SR*
At the beginning of year	-	-	-
Charge during the year	**1,447,465**	-	-
At the end of year	**1,447,465**	-	-

22 ZAKAT

Zakat expense represents the following:	***31 December 2021 SR***	*31 December 2020 Restated SR*
At the beginning of year	**1,040,047**	1,007,723
Provided during the year	**2,098,298**	762,153
Adjustment for prior years	**(238,196)**	-
Paid during the year	**(801,851)**	(729,829)
At the end of year	**2,098,298**	1,040,047

The provision is based on the following:

	31 December 2021 SR	*31 December 2020 Restated SR*
Equity	**53,384,534**	23,459,492
Opening provisions and other adjustments	**8,677,170**	867,224
Book value of long-term assets	**(11,355,361)**	(4,319,874)
Total	**50,706,343**	20,006,842
Adjusted profit	**31,679,935**	31,378,361
Zakat base	**82,386,278**	51,385,203

The differences between the financial and the zakatable results are mainly the to provisions which are not allowed in the calculation of zakatable results.

Status of assessments
Zakat assessment was finalized with ZATCA for all years until 2020. The Company submitted tax returns until 2021 and obtained the required certificates during the year. No zakat assessments have been issued by ZATCA till now.

Zakat was calculated based on the Company's understanding of the zakat regulations applied in KSA. Zakat regulations are subject to differing interpretations in KSA. Assessments issued by ZATCA may differ from the returns submitted by the Company.

Product Sea Trading Company
(A Limited Liability Company)

Notes to the Financial Statements
As at 31 December 2021

23. DISAGGREGATION OF REVENUE

In the following table, revenue is disaggregated by type of category and timing of revenue recognition as shown below:

	31 December 2021 SR	*31 December 2020 SR*
Category		
Local sales	**428,938,900**	314,708,228
International sales	**20,266,423**	17,225,984
	449,205,323	331,934,212

	31 December 2021 SR	*31 December 2020 SR*
Timing of revenue recognition		
Sales made at point in time	**449,205,323**	331,934,212

24 COST OF SALES

	31 December 2021 SR	*31 December 2020 Restated SR*
Cost of goods	**284,459,078**	223,946,024
Employee related costs	**5,212,998**	2,938,992
Logistics and related costs	**1,022,942**	3,974,177
Depreciation on right-of-use-assets (note 17)	**869,712**	441,051
Depreciation on property and equipment (note 7)	**737,279**	526,498
Others	**17,514**	53,357
	292,319,523	231,880,099

25 SELLING AND MARKETING EXPENSES

	31 December 2021 SR	*31 December 2020 Restated SR*
Advertisement	**62,021,253**	33,829,302
Shipping and delivering	**33,748,920**	19,937,101
Sales commission	**6,655,055**	5,597,345
Bank charges	**4,212,119**	1,097,167
Employee related costs	**2,261,440**	1,809,987
Withholding tax	**1,781,248**	124,134
Others	**121,754**	54,153
	110,801,789	62,449,189

Product Sea Trading Company
(A Limited Liability Company)

Notes to the Financial Statements
As at 31 December 2021

26 GENERAL AND ADMINISTRATIVE EXPENSES

	31 December 2021 SR	*31 December 2020 Restated SR*
Employee related costs	**17,361,519**	11,638,239
Governmental and legal fees	**3,836,330**	2,083,398
Professional fees	**1,158,508**	820,683
Depreciation on right-of-use-assets (note 17)	**837,603**	473,654
Employees' benefits liability	**756,395**	232,510
Provision for/(reversal of) expected credit losses on trade receivables (note 10)	**736,464**	(17,448)
Depreciation on property and equipment (note 7)	**491,520**	350,998
Insurance	**478,575**	281,682
Others	**3,323,081**	3,715,842
	28,979,995	19,579,558

27 FINANCE COST

	31 December 2021 SR	*31 December 2020 Restated SR*
Financing costs on bank borrowings	**267,786**	122,601
Financing costs on lease liabilities	**505,604**	263,709
	773,390	386,310

28 COMMITMENTS AND CONTINGENCIES

28.1 Legal claims contingency

In the year 2020, a supplier commenced a legal action against the Company in respect of delayed rental payments. Should the action against the Company be successful, the estimated loss is SR 116 thousand. The Company has been advised by its legal advisers that it is possible, but not probable, that the supplier will succeed. Accordingly, no provision for any liability has been made in these financial statements.

Product Sea Trading Company
(A Limited Liability Company)

Notes to the Financial Statements
As at 31 December 2021

29 FINANCIAL INSTRUMENTS

Financial instruments by category

Financial instruments have been categorized as follows:

	31 December 2021 SR	*31 December 2020 Restated SR*
Financial assets		
At amortized cost		
Bank balances	**27,552,932**	50,610,834
Trade receivable	**18,053,947**	11,093,577
Employee receivables	**445,588**	581,995
Refundable deposits	**306,111**	149,405
Amounts due from related parties	**15,286,950**	24,143,195
	61,645,528	86,579,006
Financial liabilities		
At amortized cost		
Trade payables	**89,689,943**	117,862,070
Short-term borrowings	**3,677,959**	1,538,636
Long term borrowings	**7,248,154**	-
Lease liabilities	**6,372,977**	4,483,541
	106,989,033	123,884,247

Fair value estimation 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, regardless of whether that price is directly observable or estimated using another valuation technique. All the financial assets and liabilities, except non-current portion of lease liabilities, of the Company are classified and measured at amortized cost, and the carrying amounts of these financial assets and liabilities are a reasonable approximation of fair value mainly due to the short-term maturities of these instruments. The fair value of non-current lease liabilities has been determined by discounting the expected future cash flows by the current interest rate with similar risk profiles.

30 FINANCIAL AND CAPITAL RISK MANAGEMENT

The Company's principal financial liabilities comprise trade payables, short and long term borrowings and lease liabilities. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables, bank balances and due from related party that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The financial risk committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below

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. The committee 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.

Product Sea Trading Company
(A Limited Liability Company)

Notes to the Financial Statements
As at 31 December 2021

30 FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

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. The risks faced by the Company and the way these risks are mitigated by management are summarised below:

Market risk
Market risk is the risk that changes in market prices, such as currency rates and interest rates that will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk
Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's transactions are principally in Saudi Riyals and therefore the management believes that it is not significantly exposed to currency risk.

Credit risk
Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk if counterparties fail to make payments as they fall due in respect of payment of trade receivables as invoices fall due 30 days after being raised.
The Company's business involves sales of items with cash on delivery basis. The Company transacts with a large number of customers and manages collections through its third-party service providers. Receivable balance, as at reporting date, represent balances due from customers and such third-party service providers.

Trade receivables

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been computed based on shared credit risk characteristics and the days past due. The expected credit loss provision as at the end of reporting period is determined as follows.

The expected credit losses below also incorporate forward looking information.

31 December 2021	*Current*	*More than 30 days past due*	*More than 60 days past due*	*More than 120 days past due*	*Total*
Expected loss rate	**0.5%**	**2%**	**6%**	**31%**	
Gross carrying amount	**13,428,414**	**951,535**	**965,401**	**4,123,868**	**19,469,218**
Expected credit loss	**66,980**	**19,234**	**58,961**	**1,270,079**	**1,415,254**

Product Sea Trading Company
(A Limited Liability Company)

Notes to the Financial Statements
As at 31 December 2021

30 FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

Credit risk (continued)

Trade receivables (continued)

31 December 2020

Expected loss rate	**0.0%**	**0.84%**	**3.65%**	**10.47%**	**-**
Gross carrying amount	**4,383,122**	**270,069**	**1,010,455**	**6,108,721**	**11,772,367**
Expected credit loss	**-**	**2,278**	**36,928**	**639,584**	**678,790**

Credit risk related to financial instruments and bank balances
Credit risk from balances with banks and financial institutions is managed by Company's treasury in accordance with the Company's policy. Cash is substantially placed with local banks with sound credit ratings. The Company does not consider itself exposed to a concentration of credit risk with respect to banks due to their strong financial background.

Amounts due from related parties
An impairment analysis is performed at each reporting date on an individual basis for the major related parties. The maximum exposure to credit risk at the reporting date is the carrying value of the amounts due from related parties. The Company does not hold collateral as a security. This assessment is undertaken each financial year through examining the financial position of the related parties and the market in which the related parties operates. The Company evaluates the risk with respect to due from related parties as low, as majority of the related parties has common significant ultimate owners.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in selling assets upon necessary and in a quick manner to avoid any loss. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available to meet any future commitments. The Company believes that it is not exposed to any significant risks of liquidity.

The table below summarises the maturity profile of the financial liabilities based on contractual undiscounted payments.

	Carrying Amount	*Less than one year*	*1-5 years*	*Total Cashflows*
31 December 2021:				
Trade and other payables	**89,689,943**	**89,689,943**	**-**	**89,689,943**
Short- and long-term borrowings	**10,926,113**	**7,230,339**	**5,109,980**	**12,340,319**
Lease liabilities	**6,372,977**	**1,986,458**	**4,906,923**	**6,893,381**
Total	**106,989,033**	**98,906,740**	**10,016,903**	**108,923,643**
31 December 2020:				
Trade and other payables	117,862,070	117,862,070	-	117,862,070
Short term borrowings	1,538,636	1,649,327	-	1,649,327
Lease liabilities	4,483,541	1,349,357	3,580,318	4,929,675
Total	123,884,247	120,860,754	3,580,318	124,441,072

Product Sea Trading Company
(A Limited Liability Company)
Notes to the Financial Statements
As at 31 December 2021

30 FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

Capital management
Capital pertains to the partners' equity of the Company. The primary objective of the Company's capital management is to support its business, able to continue as a going concern and maximise the returns to the partners.

The Company's policy is to maintain a strong capital base so as to maintain creditors and market confidence and to sustain future development of the business. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. The management monitors the return on capital and the level of dividends and seeks to maintain a balance capital position.

There were no changes in the Company's management approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

As at the reporting date, the Company has sufficient bank balance to manage its liquidity requirements.

31 SEGMENTAL INFORMATION

For management purposes, the Company is organized into business units based on their geographical distribution, and has the following reportable operating segments:

- Kingdom of Saudi Arabia
  - Central region
  - Western region
  - Eastern region
- International – MENA

The Company's chief operating decision maker (the "CODM") evaluates the performance of the company's segments based on revenue. The Company uses revenue as its principal measure of segment performance as it enhances the Company's ability to compare past financial performance with current performance and analyze underlying business performance and trends. The following tables accordingly present revenue information for the geographical segments for both the current and prior years. The cost of revenues, selling and marketing, general and administrative expenses till end of the statement of comprehensive income to net profit, total assets and liabilities are managed at the Company level, hence presented on a central basis. The operating costs could not be separated by the reported segments and hence presented in total.

For the year ended 31 December 2021

	Central Region	*Western Region*	*Eastern Region*	*International Region*	*Total*
	SR	*SR*	*SR*	*SR*	*SR*
Revenues	182,354,917	188,989,344	57,594,639	20,266,423	**449,205,323**
Cost of revenues					**(292,319,523)**
Gross profit					**156,885,800**
Selling and marketing expenses					**(110,801,789)**
General and administrative expenses					**(28,979,995)**
Operating profit					**17,104,016**
Finance cost					**(773,390)**
Other income					**489,182**
Share of loss from a subsidiary					**(1,447,465)**
Profit before zakat					**15,372,343**
Zakat charge for the year					**(1,860,102)**
Net profit for the year					**13,512,241**
Total assets					**194,178,601**
Total liabilities					**113,549,562**

Product Sea Trading Company
(A Limited Liability Company)

Notes to the Financial Statements
As at 31 December 2021

31 SEGMENTAL INFORMATION (Continued)

For the year ended 31 December 2020

	Central Region	*Western Region*	*Eastern Region*	*International Region*	*Total*
	SR	*SR*	*SR*	*SR*	*SR*
Revenues	141,780,062	131,476,128	41,452,038	17,225,984	331,934,212
Cost of revenues					(231,880,099)
Gross profit					100,054,113
Selling and marketing expenses					(62,449,189)
General and administrative expenses					(19,579,558)
Operating profit					18,025,366
Finance cost					(386,310)
Other income					845,146
Profit before zakat					18,484,202
Zakat charge for the year					(762,153)
Net profit for the year					17,722,049
Total assets					169,013,609
Total liabilities					128,800,906

32 EVENTS SUBSEQUENT TO THE REPORTING PERIOD END

Other than the matter mentioned, management believes that there have been no significant subsequent events since the year ended 31 December 2021 that would have a material impact on the financial position held as a part of these financial statements.

Subsequent to the year end, the Company has changed its name to “Nice One Beauty Digital Marketing Company” with effect from 30 March 2024.

33 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved and authorised to issue by the Board of Directors on 1 Duh Al-Qi’dah 1445H (corresponding to 9 May 2024).

PRODUCT SEA TRADING COMPANY
(A Limited Liability Company)

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT

31 DECEMBER 2022

Product Sea Trading Company
(A Limited Liability Company)

FINANCIAL STATEMENTS & INDEPENDENT AUDITOR'S REPORT
At 31 December 2022

INDEX **Pages**

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INDEPENDENT AUDITOR'S REPORT
TO THE PARTNERS OF PRODUCT SEA TRADING COMPANY
(A Limited Liability Company)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Product Sea Trading Company (A Limited Liability Company) (the "Company"), which comprise the statement of financial position as at 31 December 2022, 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 that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements that are endorsed by 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 is 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 are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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INDEPENDENT AUDITORS' REPORT
TO THE PARTNERS OF PRODUCT SEA TRADING COMPANY
(A Limited Liability Company) (continued)

Report on Audit of the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)
As part of an audit in accordance with International Standards on Auditing that are endorsed in Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- 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.

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.

for Ernst & Young Professional Services

Abdullah A. Alshenaibir
Certified Public Accountant
License No. (583)

Riyadh: 2 Rabi Al-Thani 1445H
17 October 2023

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سجل تجاري ١٠١٠٣٨٣٨٢١
CR. 1010383821
إرنست ويونغ للخدمات المهنية
(مهنية ذات مسؤولية محدودة)
Ernst & Young Professional Services
(Professional LLC)

Product Sea Trading Company
(A Limited Liability Company)
STATEMENT OF FINANCIAL POSITION
As at 31 December 2022

	Notes	***31 December 2022 SR***	*31 December 2021 SR*
ASSETS			
NON- CURRENT ASSETS			
Property and equipment	5	**53,646,673**	9,980,023
Intangible assets	6	**1,024,642**	523,753
Right-of-use assets	15	**9,608,677**	5,914,576
Amounts due from related parties	18	**-**	3,870,018
		64,279,992	20,288,370
CURRENT ASSETS			
Inventories	7	**147,724,700**	90,321,787
Trade receivable	8	**14,030,979**	18,053,964
Prepayments, advances and other receivables	9	**21,366,979**	29,274,006
Amounts due from related parties	18	**-**	11,416,932
Cash and bank Balances	10	**46,679,827**	27,566,268
		229,802,485	176,632,957
TOTAL ASSETS		**294,082,477**	196,921,327
EQUITY AND LIABILITIES			
EQUITY			
Share capital	11	**1,063,000**	1,063,000
Statutory reserve	12	**318,900**	318,900
Retained earnings		**59,963,072**	52,111,139
Additional contribution to capital	13	**27,136,000**	27,136,000
TOTAL EQUITY		**88,480,972**	80,629,039
NON-CURRENT LIABILITIES			
Long term borrowings	14	**16,970,090**	4,427,880
Lease liabilities	15	**7,132,991**	4,749,780
Employees' terminal benefits	16	**3,410,927**	2,367,624
		27,514,008	11,545,284
CURRENT LIABILITIES			
Long term borrowings, current portion	14	**4,998,622**	2,820,274
Current portion of lease liabilities	15	**2,540,000**	1,623,197
Trade payables, accruals and other payables	17	**139,943,892**	94,527,276
Short-term borrowings	14	**24,149,343**	3,677,959
Zakat provision	19	**1,962,072**	2,098,298
Dividend payable	20	**4,493,568**	-
TOTAL CURRENT LIABILITIES		**178,087,497**	104,747,004
TOTAL LIABILITIES		**205,601,505**	116,292,288
TOTAL LIABILITIES AND EQUITY		**294,082,477**	196,921,327

The attached notes 1 to 30 form an integral part of these financial statements.

Product Sea Trading Company
(A Limited Liability Company)

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2022

	Notes	*31 December 2022 SR*	*31 December 2021 SR*
Sales		**613,631,362**	449,205,323
Cost of sales	21	**(416,294,206)**	(295,567,482)
GROSS PROFIT		**197,337,156**	153,637,841
Selling and marketing expenses	22	**(140,346,946)**	(102,668,776)
General and administrative expenses	23	**(31,104,938)**	(30,617,514)
OPERATING PROFIT		**25,885,272**	20,351,551
Finance cost	24	**(6,832,732)**	(4,985,509)
Other income	25	**514,811**	1,453,766
Share of loss from a subsidiary	2.4	**(432,819)**	(1,447,465)
PROFIT BEFORE ZAKAT		**19,134,532**	15,372,343
Zakat charge for the year	19	**(2,402,909)**	(1,860,102)
NET PROFIT FOR THE YEAR		**16,731,623**	13,512,241
OTHER COMPREHENSIVE LOSS			
Item that will not be reclassified subsequently to profit or loss:			
Remeasurement loss of Employees' terminal benefits	17	**(480,698)**	(294,905)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**16,250,925**	13,217,336

The attached notes 1 to 30 form an integral part of these financial statements.

Product Sea Trading Company
(A Limited Liability Company)

STATEMENT OF CHANGES IN PARTNERS' EQUITY
For the year ended 31 December 2022

	Capital SR	*Statutory reserve SR*	*Additional contribution to capital SR*	*Retained earnings SR*	*Total SR*
Balance as at 1 January 2021	1,000,000	300,000	-	38,912,703	40,212,703
Net profit for the year	-	-	-	13,512,241	13,512,241
Other comprehensive loss	-	-	-	(294,905)	(294,905)
Total Comprehensive Income	-	-	-	13,217,336	13,217,336
Transfers to statutory reserve	-	18,900	-	(18,900)	-
Movements during the year (Note 13)	63,000	-	27,136,000	-	27,199,000
Balance as at 31 December 2021	**1,063,000**	**318,900**	**27,136,000**	**52,111,139**	**80,629,039**
Balance as at 1 January 2022	**1,063,000**	**318,900**	**27,136,000**	**52,111,139**	**80,629,039**
Net profit for the year	-	-	-	**16,731,623**	**16,731,623**
Other comprehensive loss	-	-	-	**(480,698)**	**(480,698)**
Total Comprehensive Income				**16,250,925**	**16,250,925**
Dividends (note 20)	-	-	-	**(8,398,992)**	**(8,398,992)**
Balance as at 31 December 2022	**1,063,000**	**318,900**	**27,136,000**	**59,963,072**	**88,480,972**

The attached notes 1 to 30 form an integral part of these financial statements.

Product Sea Trading Company
(A Limited Liability Company)

STATEMENT OF CASH FLOWS
For the year ended 31 December 2022

	Notes	***31 December 2022 SR***	*31 December 2021 SR*
OPERATING ACTIVITIES			
Income before zakat		**19,134,532**	15,372,344
Non-cash adjustments:			
Provision for doubtful debts charged for the year	8	**1,501,523**	736,464
Provision for obsolescence	7	**3,278,571**	-
Depreciation of property and equipment	5	**1,754,986**	1,228,799
Depreciation on right-of-use-assets	15	**2,452,053**	1,707,314
Amortization of intangible assets	6	**301,108**	189,458
Gain on disposal on lease liability extinguishment	25	**(236,527)**	-
Employees' terminal benefits	16	**925,184**	756,394
Finance charge on lease liability	15	**922,566**	505,604
Finance Cost	24	**1,623,322**	267,786
The Company's share in net losses of an unconsolidated subsidiary		**432,819**	1,447,465
		32,090,137	22,211,627
Working capital adjustments:			
Trade receivables		**2,521,462**	(7,696,851)
Prepayments, advances and other receivables		**7,670,233**	(12,292,469)
Due from related parties		**9,501,242**	8,856,245
Due to related parties		**-**	-
Inventories		**(60,681,484)**	(31,397,537)
Trade payables, accruals and other payables		**46,864,081**	(27,282,128)
		37,965,671	(47,601,113)
Zakat paid	19	**(2,539,135)**	(801,851)
Employees' terminal benefits paid	16	**(362,579)**	(60,418)
Finance cost paid		**(1,623,322)**	(267,786)
Net cash flows from / (used in) operating activities		**33,440,635**	(48,731,168)
INVESTING ACTIVITIES			
Purchase of property plant and equipment	5	**(45,421,636)**	(8,462,511)
Purchase of intangible assets	6	**(801,997)**	(249,028)
Net cash used in investing activity		**(46,223,633)**	(8,711,539)
FINANCING ACTIVITIES			
Long term borrowings – net	14	**14,720,558**	7,248,154
Short-term borrowings – net	14	**20,471,384**	2,139,323
Payment of lease obligations	15	**(3,295,385)**	(2,188,336)
Additional contribution to capital	13	**-**	27,199,000
Net cash flows from financing activities		**31,896,557**	34,398,141
Net increase / (decrease) in cash and cash equivalents		**19,113,559**	(23,044,566)
Cash and cash equivalents at the beginning of the year		**27,566,268**	50,610,834
Cash and cash equivalents at the end of the year		**46,679,827**	27,566,268

The attached notes 1 to 30 form an integral part of these financial statements.

Product Sea Trading Company
(A Limited Liability Company)

Notes to the Financial Statements
As at 31 December 2022

1 ORGANIZATION AND ACTIVITIES

Product Sea Trading Company (the "Company") is a limited liability company registered in Riyadh; Kingdom of Saudi Arabia under Commercial Registration numbered 1010705691 dated 4 Shabaan 1438H (corresponding to 30 April 2017). The registered address of the Company is: P.O 5497, Riyadh 51422, Kingdom of Saudi Arabia. The Company is engaged in the retail business of perfumes, cosmetics, soap and incense. The Company is practicing its activities through the following branches:

Branch	*Registration No.*	*Registration Date*
Product Sea for Accessories Warehouse	1010947279	27 Jumada Al-Alkhirah 1439H (corresponding to 15 March 2018G)
Product Sea for Operation & Maintenance	1010581040	23 Ramadan 1440H (corresponding to 28 May 2019G)
Product Sea for Trading - Alsala	1010591825	21 Dhu Al-Hijjah 1440H (corresponding to 22 August 2019G)

2 BASIS OF PREPERATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and its interpretations as issued by the International Accounting Standards Board ("IASB") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants (collectively referred to as "IFRS" as endorsed in Kingdom of Saudi Arabia").

2.2 Basis of measurement

These financial statements are prepared under the historical cost convention except for:

i) lease liability
ii) employee benefits obligation identified at present value of future obligations using project credit unit method.

2.3 Functional and presentation currency

These financial statements are presented in Saudi Arabian Riyals ("SR"), which is also the Company's functional currency. The figures presented in the financial statements are approximated to the nearest thousand.

2.4 Investment in an unconsolidated subsidiary

During the year, the Company decided to liquidate its wholly owned subsidiary (Zahret Astar for Cosmetics Company). Management has transferred all assets and liabilities of the subsidiary to the Company ("Product Sea") at their debit net book values of SR 1.64 million as on 31 December 2022. The subsidiary was not consolidated in prior years on materiality basis. Net assets transferred to the Company are as follows;

	SR
Inventory	**1,068,099**
Property and equipment	**492,890**
Trade receivable	**133,599**
Trade payable	**(52,270)**
Total	**1,642,318**

Product Sea Trading Company
(A Limited Liability Company)

Notes to the Financial Statements
As at 31 December 2022

3 USE OF ACCOUNTING ESTIMATES, JUDGEMENTS 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 and assets and liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

3.1 Critical accounting 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 difference in the carrying amounts of assets and liabilities within the next financial period, are presented below. The Company used these assumptions and estimates on the basis available when the financial statements were prepared. However, existing circumstances and assumptions about future developments 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.

Impairment test of non-financial assets

Impairment exists when the carrying value of an asset or Cash Generating Unit ("CGU") 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 for disposing off the asset. The value in use calculation is based on a Discounted Cash Flow ("DCF") model. The cash flows are derived from the budget for the next five to eight 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 CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future net cash-inflows and the growth rate used for extrapolation purposes.

Impairment of inventories

Inventories are held at the lower of cost and net realisable value. When inventories become old, slow moving or obsolete, an estimate is made of their net realisable 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 is applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices. This valuation requires us to make judgements, based on currently available information, about likely method of disposition, such as through sales to individual customers, returns to product vendors, or liquidations, and expected recoverable values of each disposition category.

Long-term assumptions for employee benefits

Employee benefits obligation represent obligations that will be settled in the future and require assumptions to project obligations. Management is required to make further assumptions regarding variables such as discount rates, rate of salary increase, mortality rates, employment turnover and future healthcare costs. Periodically, management of the Company consults with external actuaries regarding these assumptions. Changes in key assumptions can have a significant impact on the projected benefit obligations and/or periodic employee defined benefit costs incurred.

Provisions

By their nature, provisions are dependent upon estimates and assessments whether the criteria for recognition have been met, including estimates of the probability of cash outflows. Provisions for litigation are based on an estimate of the costs, taking into account legal advice and other information presently available. Provisions for termination benefits and exit costs, if any, involve management's judgement in estimating the expected cash outflows for other exit costs. Provisions for uncertain liabilities involve management's best estimate of whether cash outflows are probable.

Product Sea Trading Company
(A Limited Liability Company)
Notes to the Financial Statements
As at 31 December 2022

3 USE OF ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS (continued)

3.1 Critical accounting estimates and assumptions (continued)

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 (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the stand-alone credit rating).

3.2 Judgements

The following critical judgements have the most significant effect on the amounts recognized in the financial statements:

Provision for expected credit losses
The Company reviews its accounts receivable at each reporting date to assess whether a provision for expected credit losses should be recorded in the statement of profit or loss and other comprehensive income. In particular, judgement by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provision.

Determining the lease term of contracts with extension and termination options
In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The Company assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within control.

Useful lives of property and equipment and intangible assets
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. The Company periodically reviews estimated useful lives and the depreciation method to ensure that the method and period of depreciation and amortisation charge are consistent with the expected pattern of economic benefits derived from these assets.

Satisfaction of performance obligation
The Company is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or a point in time in order to determine the appropriate method of recognizing revenue. Based on the contractual terms and conditions, the Company retains the risks until the goods are delivered to the customer and after the return period has expired. Any damage incurred in transit remains the Company's responsibility. The Company does not take responsibility of the product subsequent to delivery and after the return period has expired and has no control over what the customer intends to do with it. Thus, the performance obligation is satisfied at a point in time upon delivery with an estimate of potential returns from customers.

Defined benefit plans
The cost of the defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation 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.

Product Sea Trading Company
(A Limited Liability Company)
Notes to the Financial Statements
As at 31 December 2022

3 USE OF ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS (continued)

3.2 Judgements (continued)

Defined benefit plans (continued)
The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases are based on expected future inflation rates for the respective countries.

Revenue recognition - Estimating variable consideration for returns
The Company estimates variable considerations to be included in the transaction price for the sale of goods with rights of return. The Company has developed a statistical model for forecasting sales returns. The model uses the historical return data of each product to come up with expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Company. The Company updates its assessment of expected returns and volume rebates annually and the refund liabilities are adjusted accordingly. Estimates of expected returns are sensitive to changes in circumstances and the Company's past experience regarding returns may not be representative of customers' actual returns in the future.

Zakat
A provision for zakat is estimated at the end of each reporting period in accordance with the regulations of the ZATCA and on a yearly basis zakat is submitted to the ZATCA. Differences, if any, at the finalization of final assessments are accounted for when such amounts are determined.

4 SIGNIFICANT ACCOUNTING POLICIES

4.1 Summary of significant accounting policies

Foreign currencies

<u>Functional and presentation currency</u>
Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The Company's financial statements are presented in Saudi Riyals ("SR"), which is the Company's functional and presentation currency.

<u>Transactions and balances</u>
Foreign currency transactions are translated into SR at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the statement of profit or loss and other comprehensive income. Translation of non-monetary items depends on whether they are recognized at historical cost or at fair value. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary assets that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of 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 and other comprehensive income).

Product Sea Trading Company
(A Limited Liability Company)
Notes to the Financial Statements
As at 31 December 2022

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 Summary of significant accounting policies (continued)

Current and non–current classification
The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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 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. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

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.

Product Sea Trading Company
(A Limited Liability Company)

Notes to the Financial Statements
As at 31 December 2022

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 Summary of significant accounting policies (continued)

Revenue from contracts with customers
The Company is in the online e commerce business of trading perfumes, cosmetics, soap and incense and other ancillary services to support online commerce business.

a Revenue from contracts with customers for sale of goods and services

Step 1. Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3. Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation

Step 5. Recognise revenue when (or as) the entity satisfies a performance obligation.

The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

1. The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
2. The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
3. The Company's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance completed to date.

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

When the Company satisfies a performance obligation by delivering the promised goods or services, it creates a contract asset/receivable based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty.

The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent.

The Company has concluded that it is acting as a principal in its revenue arrangement from supply of goods purchased upfront directly from suppliers.

Revenue from sale of goods
Revenue is measured based on the amount of consideration that we expect to receive, reduced by estimates for return allowances, promotional discounts, and rebates. Revenue also excludes any amounts collected on behalf of third parties, including value-added tax.

Revenue from sale of goods is recognised at the point in time upon delivery of goods subject to the adjustment for right of return.

Product Sea Trading Company
(A Limited Liability Company)

Notes to the Financial Statements
As at 31 December 2022

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 Summary of significant accounting policies (continued)
Revenue from contracts with customers (continued)
a Revenue from contracts with customers for sale of goods and services (continued)
Revenue from sale of goods (continued)
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 for the sale of goods, the Company considers the effects of variable consideration.

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 for the sale of goods provide customers with a right to return the goods within a specified period. The rights of return give rise to variable consideration.

Right of return
The general terms of the Company's sales provide the customers with a right to return the goods within a specified period The Company uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Company will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Company recognises a return liability. A right of return for the inventory (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

There are no other variable considerations affecting the revenue recognition of the Company.

The Company earns delivery revenue on orders below a particular threshold. The thresholds are dynamics in nature and vary from geography to geography. This revenue is recognised on delivery of goods to the customer.

b Assets and liabilities arising from rights of return

(i) Right of return assets
A right-of-return asset is recognised for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods and any potential decreases in value. The Company updates the measurement of the asset for any revisions to the expected level of returns and any additional decreases in the value of the returned products.

(ii) Refund liabilities
A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from a customer. The Company's refund liabilities arise from customers' right of return. The liability is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

Value added tax
Revenue, expenses and assets are recognised net of the amount of Value added tax, except:

- When the Value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the Sales Tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of Value added tax included.

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

Product Sea Trading Company
(A Limited Liability Company)
Notes to the Financial Statements
As at 31 December 2022

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 Summary of significant accounting policies (continued)

Expenses
All expenses are recognized on accrual basis.

Cost of revenue
Cost of revenue primarily consists of the purchase price of goods net of any discounts, inbound shipping costs, distribution, logistics and related cost. Shipping costs to receive products from our suppliers are included in our inventory and recognized as cost of goods sold upon sale of products to our customers. Cost of revenue also include provisions for obsolete items and deficiency between net realisable value and cost. Distribution, logistics and related cost primarily consists of the manpower charges, delivery charges on per shipment basis and other cost related to the supply chain of delivery services.

General and administrative expenses
General and administrative expenses primarily consist of payroll and related expenses; facilities and equipment, such as depreciation expense and rent (short-term and low value); professional fees and litigation costs; and other general corporate costs for corporate functions, including accounting, finance, tax, legal, and human resources, warranty, among others. General and administration expenses include expenses not specifically part of direct cost. Allocations between general and administration expenses and direct cost, when required, are made on a consistent basis.

Marketing expenses
Marketing expenses comprise of internet, television, radio and print media advertisement costs. These expenses are primarily incurred towards brand building and customer acquisitions that builds and enhances the market share of the Company.

Finance costs
Finance costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

Finance costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. The interest component of a lease is included in finance cost and recognized using the effective interest method over the lease term.

Other income
Other income is recognized when earned.

Zakat
The Company is subject to ZATCA in KSA. Zakat is provided on an accrual basis and is computed and charged based on zakat base. Adjustments if any are made to the zakat provision when the final assessments are obtained from the ZATCA.

Property and equipment
Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost includes all amounts necessary to bring the asset to the present condition and location to be ready for its intended use by management. Such costs include the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects (qualifying assets), if the recognition criteria are met, and costs incurred during the commissioning period, net of proceeds from sale of trial production. Capital work in progress is stated at cost, net of accumulated impairment losses, if any.

When parts of property and equipment are significant in cost in comparison to the total cost of the item, and where such parts/ components have a useful life different from the other parts and required to be replaced at different intervals, the Company shall recognise such parts as individual components of the asset with specific useful lives and depreciate them accordingly. All other repair and maintenance costs are recognised in statement of profit or loss and other comprehensive income as incurred.

Product Sea Trading Company
(A Limited Liability Company)
Notes to the Financial Statements
As at 31 December 2022

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 Summary of significant accounting policies (continued)
Property and equipment (continued)
Depreciation is calculated from the date the item of property and equipment is available for their intended use or in respect of self-constructed assets from the date such assets are completed and ready for the intended use. Land and assets under construction, which are not ready for their intended use, are not depreciated.

Depreciation on assets is calculated on a straight-line basis over the useful life of the asset as follows:

Category of property and equipment	*Years*	*Category of property and equipment*	*Years*
Vehicles	5	Office equipment	4
Leasehold improvements	4	Metal shelves	4
Furniture and fixture	5	Machinery & equipment	4
Computer and software	4		

The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted prospectively if appropriate, at each reporting date.

An item of property and equipment and any significant component initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of retired, sold or otherwise derecognised property and equipment are determined by comparing the proceeds with the carrying amount of the asset, and are recognised within "other income" in statement of profit or loss and other comprehensive income. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in statement of profit or loss and other comprehensive income in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Amortization is calculated from the date the when the intangible assets are available for its intended use. It is calculated on a straight-line basis over the useful life of the asset. Useful life of software is 5 years.

An intangible asset is derecognized 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 upon 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 and other comprehensive income.

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 assets recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU fair value less costs to sell and its value-in-use and 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. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount. In assessing the value-in-use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

Product Sea Trading Company
(A Limited Liability Company)
Notes to the Financial Statements
As at 31 December 2022

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 Summary of significant accounting policies (continued)
Impairment of non-financial assets (continued)
The Company's impairment calculation is based on detailed budgets and forecast calculations which are prepared separately for each of the Group's CGU's to which the individual asset is allocated. These budgets and forecast calculations generally cover a five-year period. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the budget period.

Impairment losses of continuing operations are recognized in the consolidated statement of profit or loss and other comprehensive income in those expense categories consistent with the function of the impaired asset.

For assets other than above, an assessment is made at each financial year-end as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized 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 recognized. This reversal is limited such that the recoverable amount doesn't exceed what the carrying amount would have been, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of profit or loss and other comprehensive income

Financial instruments
Recognition and initial measurement
A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

A financial instrument is recognized in the statement of financial position when the Company becomes party to the contractual provisions of the financial instrument.

A financial instrument is measured initially at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue.

Financial assets
Classification of financial assets
On initial recognition, a financial asset is classified as measured at: amortized cost, fair value through other comprehensive income ('FVOCI') or FVTPL.

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

a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
b) 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.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-to-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

Product Sea Trading Company
(A Limited Liability Company)
Notes to the Financial Statements
As at 31 December 2022

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 Summary of significant accounting policies (continued)
Financial instruments (continued)
Financial assets (continued)

Subsequent measurement
Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses are recognized statement of profit or loss and other comprehensive income.

Financial assets at amortized cost are subsequently measured at amortized cost using the effective interest rate ("EIR") method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognized in statement of profit or loss and other comprehensive income. Any gain or loss on derecognition is recognized in the statement of profit or loss and other comprehensive income.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the EIR method, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss and other comprehensive income. Other net gains and losses are recognized in the statement of profit or loss and other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss and other comprehensive income unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in the other comprehensive income and are never reclassified to profit or loss.

Reclassifications
Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

Derecognition
A financial asset (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 recognize 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 allowance 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.

Product Sea Trading Company
(A Limited Liability Company)
Notes to the Financial Statements
As at 31 December 2022

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 Summary of significant accounting policies (continued)
Financial instruments (continued)
Financial assets (continued)
Impairment of financial assets (continued)
For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs.

Therefore, the Company does not track changes in credit risk, but instead recognises a 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 provision rates are based on days past due for groupings of various customer segments that have similar loss patterns based on the customer types and ratings.

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. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Financial liabilities
Initial recognition and measurement
The Company classifies its financial liabilities as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

Subsequent measurement
Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the EIR method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Derecognition
A financial liability is derecognized 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 recognized in profit or loss.

Offsetting
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 recognized amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Inventories
Inventories are measured at lower of cost and net realisable value. The cost of inventories is based on the weighted average cost method and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. This valuation requires us to make judgements, based on currently available information, about likely method of disposition, such as through sales to individual customers, returns to product vendors, or liquidations, and expected recoverable values of each disposition category.

Inventories held on behalf of third parties are not recognized as part of the Company's inventories. Goods-in-transit includes the inventory purchased and yet not received in Company possession and the inventory which are shipped by the Company and yet not handed over to the Customers. Goods-in-transit are recorded at cost when the rights and obligations relating to the goods are transferred to the Company.

Product Sea Trading Company
(A Limited Liability Company)
Notes to the Financial Statements
As at 31 December 2022

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 Summary of significant accounting policies (continued)

Cash and cash equivalent
Cash and cash equivalents include cash on hand and bank balances.

Trade and other receivable balances
Most sales are made on the basis of normal credit terms, and the receivables do not bear interest. If credit was extended over the normal terms, accounts receivable are measured at amortised cost using effective interest rate. At the end of each financial period, the carrying amounts of trade receivables and other payable balances by the management to determine whether there is any objective evidence that the amounts are not recoverable. If so, any impairment loss is recognised in the profit or loss directly in the statement of comprehensive income.

Accounts payable
Accounts and other payables represent liabilities for goods and services provided to the Company prior to the end of the period which are not settled yet.

Accounts payable and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

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-

Zakat 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
Short-term obligations
Liabilities for wages and salaries, including non-monetary benefits and accumulating leaves, air fare and allowances that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled. The liabilities are presented under accounts payable, accruals and others in the statement of financial position.

Employee benefits obligation
The Company's primary defined benefit plan is an end of service lump sum benefits plan.

The benefit liability recognized in the statement of financial position is the present value of the Defined Benefit Obligation ("DBO") at the reporting date. The plan is unfunded, which means the Company pays benefits as they fall due when employees leave service.

The DBO is re-measured on a periodic basis by independent actuaries using the projected unit credit method.

The present value of the DBO is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

Product Sea Trading Company
(A Limited Liability Company)

Notes to the Financial Statements
As at 31 December 2022

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 Summary of significant accounting policies (continued)
Employee benefits (continued)
Employee benefits obligation (continued)
The rate used to discount post-employment benefit obligations is determined by reference to market yields at the statement of financial position date on high quality corporate bonds. In the absence of deep market of such bonds, the market yields on Government Bonds is used.

The DBO also depends on the assumptions for future salary increases and the rate at which employees are expected to leave. The Company has assumed salaries will increase at a rate of 5%pa above the discount rate, in order to provide stability to the OCI account. Employee withdrawal rates are very high but can change quickly from year to year. The Company has therefore assumed updates this assumption from year to year as new experience develops.

The net interest cost is calculated by applying the discount rate to the net balance of the DBO. This cost is included in employees' salaries and other benefits expense in the statement of profit or loss and other comprehensive income. Re-measurement gains and losses arising from changes in actuarial assumptions are recognized in the period in which they occur in OCI. Changes in the present value of the DBO resulting from plan amendments or curtailments are recognized immediately in the statement of profit or loss and other comprehensive income as past service costs.

Current and past service costs related to end-of-service benefits and unwinding of the liability at discount rates used are recognized immediately in the statement of profit or loss and other comprehensive income. Any changes in net liability due to actuarial valuations and changes in assumptions are taken as re-measurement in OCI.

The actuarial valuation process takes into consideration the provisions of the Saudi Arabian Labour and Workmen Law as well as the Company's policy.

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 share capital. This reserve is not available for distribution.

Withholding tax
Withholding tax liability are created either while expense booking or at the time payment of services in accordance with tax law applicable to the countries applicable tax laws. Withholding tax liability are then discharged to government.

Dividends
Dividend distribution to the Company's partners is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's partners.

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.

Product Sea Trading Company
(A Limited Liability Company)
Notes to the Financial Statements
As at 31 December 2022

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 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.

Lease terms include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. The Company generally consider the economic life of the right-of-use assets to be comparable to the useful life of similar owned assets. The Company's leases generally do not provide a residual guarantee.

Short-term leases and leases of low-value assets
The Company applies the short-term lease recognition exemption to its short-term (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 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.

4.2 Standards issued but not yet effective
The new and amended 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 new and amended standards and interpretations, if applicable, when they become effective.

IFRS 17 Insurance Contracts
In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. 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 an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the 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

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Company.

Product Sea Trading Company
(A Limited Liability Company)
Notes to the Financial Statements
As at 31 December 2022

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Standards issued but not yet effective (continued)
IFRS 17 Insurance Contracts (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.

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's financial statements.

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 revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

Lease Liability in a Sale and Leaseback –Amendments to IFRS 16
In September 2022, the IASB issued Lease Liability in a Sale and Leaseback (Amendments to IFRS 16).

The amendment to IFRS 16 specifies 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.

After the commencement date in a sale and leaseback transaction, the seller-lessee applies paragraphs 29 to 35 of IFRS 16 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 of IFRS 16 to the lease liability arising from the leaseback. In applying paragraphs 36 to 46, the seller-lessee determines 'lease payments' or revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying these requirements does not prevent the seller-lessee from recognising, in profit or loss, any gain or loss relating to the partial or full termination of a lease, as required by paragraph 46(a) of IFRS 16.

Product Sea Trading Company
(A Limited Liability Company)
Notes to the Financial Statements
As at 31 December 2022

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Standards issued but not yet effective (continued)

Lease Liability in a Sale and Leaseback –Amendments to IFRS 16 (continued)

The amendment does not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining 'lease payments' that are different from the general definition of lease payments in Appendix A of IFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with IAS 8.

A seller-lessee applies the amendment to annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted and that fact must be disclosed. A seller-lessee applies the amendment retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application (i.e., the amendment does not apply to sale and leaseback transactions entered into prior to the date of initial application). The date of initial application is the beginning of the annual reporting period in which an entity first applied IFRS 16.

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.

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.

4.3 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.

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 labour 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 administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

These amendments had no impact on the financial statements of the Company as there were no onerous contracts within the scope of these amendments that arose during the period.

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.

Product Sea Trading Company
(A Limited Liability Company)

Notes to the Financial Statements
As at 31 December 2022

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 New and Amended Standards and Interpretations (continued)
Reference to the Conceptual Framework – Amendments to IFRS 3 (continued)
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.

The amendments listed above did not have any impact on the Company's financial statements.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
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.

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.

The amendments listed above did not have any impact on the Company's financial statements.

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).

These amendments had no impact on the financial statements of the Company as there were no modifications of the Company's financial instruments during the period.

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.

These amendments had no impact on the financial statements of the Company as it did not have assets in scope of IAS 41 as at the reporting date.

Product Sea Trading Company
(A Limited Liability Company)

Notes to the Financial Statements
As at 31 December 2022

5 PROPERTY AND EQUIPMENT

	Land *SR*	*Leasehold improvements* *SR*	*Furniture and fixture* *SR*	*Computer and software* *SR*	*Office equipment* *SR*	*Motor Vehicles* *SR*	*Equipment and tools* *SR*	*Total 2022* *SR*
Cost:								
As at 1 January	6,334,967	1,242,091	602,306	1,078,531	20,177	1,120,748	2,582,258	**12,981,078**
Additions	41,785,411	1,797,300	607,470	595,555	1,999	628,401	5,500	**45,421,636**
As at 31 December	48,120,378	3,039,391	1,209,776	1,674,086	22,176	1,749,149	2,587,758	**58,402,714**
Accumulated depreciation:								
As at 1 January	-	136,211	340,722	787,162	20,176	452,988	1,263,796	**3,001,055**
Charge for the year	-	479,352	207,261	230,850	128	191,737	645,658	**1,754,986**
As at 31 December	-	615,563	547,983	1,018,012	20,304	644,725	1,909,454	**4,756,041**
Net book values:								
At 31 December 2022	**48,120,378**	**2,423,828**	**661,793**	**656,074**	**1,872**	**1,104,424**	**678,304**	**53,646,673**
At 31 December 2021	6,334,967	1,105,880	261,584	291,369	1	667,760	1,318,462	9,980,023

The above vehicles item includes cars with a net book value of SR166,774 (2021: SR 223,000) registered in the name of a partner, and not registered in the Company's name.

Product Sea Trading Company
(A Limited Liability Company)

Notes to the Financial Statements
As at 31 December 2022

5 PROPERTY AND EQUIPMENT (continued)

	Land SR	*Leasehold improvements SR*	*Furniture and fixture SR*	*Computer and software SR*	*Office equipment SR*	*Motor Vehicles SR*	*Equipment and tools SR*	***Total 2021 SR***
Cost:								
As at 1 January	-	75,384	529,179	920,683	20,177	738,748	2,234,396	**4,518,567**
Additions	6,334,967	1,166,707	73,127	157,848	-	382,000	347,862	**8,462,511**
As at 31 December	6,334,967	1,242,091	602,306	1,078,531	20,177	1,120,748	2,582,258	**12,981,078**
Accumulated depreciation:								
As at 1 January	-	72,823	233,035	546,914	15,817	245,173	658,494	**1,772,256**
Charge for the year	-	63,388	107,687	240,248	4,359	207,815	605,302	**1,228,799**
As at 31 December	-	136,211	340,722	787,162	20,176	452,988	1,263,796	**3,001,055**
Net book values:								
At 31 December 2021	**6,334,967**	**1,105,880**	**261,584**	**291,369**	**1**	**667,760**	**1,318,462**	**9,980,023**
At 31 December 2020	-	2,561	296,144	373,769	4,360	493,575	1,575,902	2,746,311

Product Sea Trading Company
(A Limited Liability Company)
Notes to the Financial Statements
As at 31 December 2022

5 PROPERTY AND EQUIPMENT (continued)

The depreciation for property, plant and equipment is as follow:

	Notes	***31 December 2022 SR***	*31 December 2021 SR*
Cost of revenue	22	**1,052,992**	737,279
General and administrative expenses	24	**701,994**	491,520
		1,754,986	1,228,799

6 INTANGIBLE ASSETS

Intangible assets represent the software used by the Company for its financial and operational management.

	31 December 2022 SR	*31 December 2021 SR*
Cost		
At the beginning of the year	**898,717**	649,689
Additions	**801,998**	249,028
At the end of the year	**1,700,714**	898,717
Accumulated amortisation		
At the beginning of the year	**374,964**	185,506
Charge for the year	**301,108**	189,458
At the end of the year	**676,072**	374,964
Carrying amounts at the end of the year	**1,024,642**	523,753

7 INVENTORIES

	31 December 2022 SR	*31 December 2021 SR*
Goods for sale	**133,811,037**	90,321,787
Goods in transit	**17,192,234**	-
Provision for obsolete items	**(3,278,571)**	-
	147,724,700	90,321,787

Product Sea Trading Company
(A Limited Liability Company)

Notes to the Financial Statements
As at 31 December 2022

7 INVENTORIES (continued)

Movement in the provision for obsolete items are as follows:

	31 December 2022 SR	*31 December 2021* SR
Opening	**-**	-
Charge for the year	**3,278,571**	-
	3,278,571	-

The cost of inventory recognized in the statement of comprehensive income under cost of sales amounted to SR 391.22 million (2021: SR 284.46 million).

8 TRADE RECEIVABLES

	31 December 2022 SR	*31 December 2021 SR*
Trade receivables	**16,947,756**	19,469,218
Less: Allowance for expected credit losses	**(2,916,777)**	(1,415,254)
	14,030,979	18,053,964

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

Set out below is the movement in the allowance for expected credit losses of trade receivables:

	31 December 2022 SR	*31 December 2021 SR*
Balance as at the beginning of the year	**1,415,254**	678,790
Charge for the year	**1,501,523**	736,464
Balance as at the end of the year	**2,916,777**	1,415,254

The majority of trade receivable comprises of interest free receivables. Before accepting any new customer, management of the Company assesses the potential customer's credit quality and defines credit limits. Unimpaired trade receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Company to obtain collateral over receivables and the vast majority are, therefore, unsecured.

Product Sea Trading Company
(A Limited Liability Company)

Notes to the Financial Statements
As at 31 December 2022

9 PREPAYMENTS, ADVANCES AND OTHER RECEIVABLE

	31 December 2022 SR	*31 December 2021 SR*
Advances to suppliers	**10,294,545**	16,860,630
Prepaid expenses	**4,732,404**	5,451,293
Unbilled revenue	**4,546,710**	6,210,384
Employee receivables	**1,418,021**	445,588
Refundable deposits	**374,020**	306,111
Other receivables	**1,279**	-
	21,366,979	29,274,006

10 CASH AND BANK BALANCES

	31 December 2022 **SR**	*31 December 2021* SR
Bank balances	**46,547,048**	27,552,932
Cash on hand	**132,779**	13,336
	46,679,827	27,566,268

11 SHARE CAPITAL

Capital is divided into 1,063 shares (2021:1,063 shares) of SR 1.000 (2021: 1.000) each.

According to the partners' resolution as at 4 Dul Qida 1442H (Corresponding to 14 June 2021), the Company's capital was increased from SR 1,000,000 to SR 1,063,000. A new partner was admitted, Wagehat Al Hamraa for Investment Company. Following are the details of capital distribution:

Following are the details of capital distribution:

	Percentage of shareholding		***No. of shares***		***Share***	***Capital***	
Partners	***2022***	*2021*	***2022***	*2021*	***Value***	***2022***	*2021*
Omar Ali Alolayan*	**40.55%**	40.55%	**431**	431	1,000	**431,000**	431,000
Abdulrahman Ali Alolayan	**35.56%**	36.59%	**378**	389	1,000	**389,000**	389,000
Wagehat Al Hamraa for Investment Company*	**23.89%**	22.86%	**254**	243	1,000	**243,000**	243,000
	100%	100%	**1,063**	1,063		**1,063,000**	1,063,000

* During the year 2022, Mr. Abdulrahman Ali Alolayan transferred 11 of his shares to Wagehat Al Hamraa for Investment Company. Accordingly, the Company revised its articles of association with effect from 04th October 2022.

Product Sea Trading Company
(A Limited Liability Company)

Notes to the Financial Statements
As at 31 December 2022

12 STATUTORY RESERVE

In accordance with the Saudi Arabian Regulations for Companies, the Company must set aside 10% of its net income each year as statutory reserve until reserve equals to 30% of the share capital. This has been achieved, the Company has therefore discontinued this transfer. This reserve is not available for distribution.

13 ADDITIONAL CONTRIBUTION TO CAPITAL

	31 December 2022 SR	*31 December 2021 SR*
Omar Ali Alolayan	**11,002,461**	11,002,461
Abdulrahman Ali Alolayan	**9,930,295**	9,930,295
Wagehat Al Hamraa for Investment Company	**6,203,244**	6,203,244
	27,136,000	27,136,000

14 BANK BORROWINGS

a Short-term borrowings

	31 December 2022 SR	*31 December 2021 SR*
Bank		
Riyadh Bank *	-	3,677,959
Al Rajhi Bank**	**24,149,343**	-
	24,149,343	3,677,959

*This represents Murabaha loans obtained from the local bank to meet the requirements of working capital, which were guaranteed by personal guarantees provided by partners, and other guarantees as stipulated in the loan's agreement. During the Company has fully paid the loan amount. The rate of interest applicable on the borrowing was 2.00% plus SIBOR.

** During the year, the Company obtained short-term credit facilities from the local bank to meet the requirements of working capital, which are guaranteed by personal guarantees provided by partners, and other guarantees as stipulated in the loan's agreement. This facility has a maturity period of less than one year and incur interest rate of 2.25% plus SIBOR.

Product Sea Trading Company
(A Limited Liability Company)

Notes to the Financial Statements
As at 31 December 2022

14 BANK BORROWINGS (continued)

b Long-term borrowings

Bank	***31 December 2022 SR***	*31 December 2021 SR*
Al Rajhi Bank (Tawarroq) *	**756,100**	2,887,228
Al Rajhi Bank (Medium term loan) **	**21,212,612**	-
Deutsche Gulf Finance ***	**-**	4,360,926
	21,968,712	7,248,154
Less: current portion of long-term borrowings	**(4,998,622)**	(2,820,274)
Non-current portion of long-term borrowings	**16,970,090**	4,427,880

* This represents Islamic financing agreement (Tawarroq) amounted to SR 4.2 million obtained by the Company from a Al Rajhi bank in 2021. The loan is due for repayment on 24 equal monthly installments of SR 192.77 thousand per installment, and the last installment is due in April 2023. These borrowings are secured against personal guarantees provided by partners, and other guarantees as stipulated in the loan's agreement. The rate of interest applicable on the borrowing is 2.5% plus SIBOR.

** During the year Company has obtained medium term loan (MTL) amount to SR 21.2 million from a Al Rajhi bank. The loan is due for repayment on 20 equal quarterly installments of SR 1.061 million per installment, and the last installment is due in October 2027. These borrowings are secured against personal guarantees provided by partners, and other guarantees as stipulated in the loan's agreement. The rate of interest applicable on the borrowing is 2.75% plus SIBOR.

*** This represents Islamic financing agreement (Ijara) amounted SR 4.36 million, obtained from Deutsche Gulf Finance in the year 2021. During the Company has made early settlement and fully paid the amount before its maturity.

Movement in the long-term borrowings are as follows:

	31 December 2022 SR	*31 December 2021 SR*
Balance at beginning of the year	**7,248,154**	-
Drawn down during the year	**21,212,612**	8,560,926
Repayment during the year	**(6,492,054)**	(1,312,772)
Balance at end of the year	**21,968,712**	7,248,154

Below is the repayment schedule of the outstanding long-term borrowings:

	31 December 2022 SR	*31 December 2021 SR*
Within one year	**4,998,622**	4,427,880
Between two to five years	**16,970,090**	2,820,274
More than five years	**-**	-
Total	**21,968,712**	7,248,154

Product Sea Trading Company
(A Limited Liability Company)

Notes to the Financial Statements
As at 31 December 2022

15 LEASES

The Company has lease contracts for vehicles, warehouses and head office building which are used in its operations and it has also lease contract or head office building. Leases of vehicles have lease terms of 3 to 5 years, warehouse and head office building have lease terms of 5 years. Generally, the Company is restricted from assigning and subleasing the leased assets.

Set out below are the carrying amounts of Company's right- of- use assets and the movements during the year:

	31 December 2022 SR	*31 December 2021 SR*
Cost		
At the beginning of the year	**9,271,682**	5,699,514
Additions	**6,812,380**	3,572,168
Disposals	**(1,598,944)**	-
At the end of the year	**14,485,118**	9,271,682
Accumulated depreciation		
At the beginning of the year	**3,357,106**	1,649,791
Charge for the year	**2,452,052**	1,707,315
Disposals	**(932,717)**	-
At the end of the year	**4,876,441**	3,357,106
Net book values at the end of the year	**9,608,677**	5,914,576

The allocation of depreciation of right-of-use assets is as follow:

	31 December 2022 SR	*31 December 2021 SR*
Cost of revenue (note 22)	**984,535**	869,712
General and administrative expenses (note 24)	**1,467,517**	837,603
	2,452,052	1,707,315

Lease liabilities have been included in the statement of financial position as follows:

	31 December 2022 SR	*31 December 2021 SR*
At the beginning of the year	**6,372,977**	4,483,541
Additions	**6,575,588**	3,572,168
Accretion of interest	**922,565**	505,604
Derecognition of lease liability	**(902,754)**	-
Payments	**(3,295,385)**	(2,188,336)
At the end of the year	**9,672,991**	6,372,977

Product Sea Trading Company
(A Limited Liability Company)

Notes to the Financial Statements
As at 31 December 2022

15 LEASES (continued)

	31 December 2022 SR	*31 December 2021 SR*
Non-current portion of lease liabilities	**7,132,991**	4,749,780
Current portion of lease liabilities	**2,540,000**	1,623,197
	9,672,991	6,372,977

The maturity analysis of lease liabilities is disclosed in Note 28.

16 EMPLOYEES' TERMINAL BENEFITS

	31 December 2022 SR	*31 December 2021 SR*
Employees' terminal benefits	**3,410,927**	2,367,624

The Company grants end-of-service benefits (benefit plan) to its employees taking into consideration the local labor law requirements in the Kingdom of Saudi Arabia. The benefit provided by this benefit plan is a lump sum based on the employees' final salaries and allowance and their cumulative years of service at the date of the termination of employment.

The benefit liability recognized in the statement of financial position in respect of defined benefit end-of-service plan is the present value of the defined benefit obligation ("DBO") at the reporting date.

The DBO is calculated periodically by qualified actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using yields on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The movement in defined benefit obligation during the year was as follows:

	31 December 2022 SR	*31 December 2021 SR*
Net liability at the beginning of the year	**2,367,624**	1,376,766
Current service cost	**849,756**	721,519
Interest cost	**75,428**	34,876
Benefits paid	**(362,579)**	(60,418)
Actuarial loss	**480,698**	294,905
Net liability at the end of the year	**3,410,927**	2,367,624

Product Sea Trading Company
(A Limited Liability Company)

Notes to the Financial Statements
As at 31 December 2022

16 EMPLOYEES' TERMINAL BENEFITS (continued)

Expense recognized in the statement of comprehensive income are as follows:

	31 December 2022 SR	*31 December 2021 SR*
Current service cost	**849,756**	721,519
Interest cost	**75,429**	34,876
	925,185	756,395
Remeasurement losses recognised in other comprehensive income		
Experience adjustment	**480,698**	294,905
	1,405,883	1,051,300

Significant actuarial assumptions
The following were the principal actuarial assumptions:

	31 December 2022	*31 December 2021*
Discount rate used for year end obligation	**4.57%**	3.45%
Expected rate of increase in salary level (per annum)	**4.07%**	2.95%

Sensitivity Analysis
Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amount shown below:

	Increase (Decrease) In basis points	***31 December 2022***	*31 December 2021*
Discount rate	**+ 0.5%**	**(3,240,083)**	(2,246,591)
	- 0.5%	**3,600,054**	2,501,827
Salary growth rate	**+ 0.5%**	**3,600,054**	2,501,827
	- 0.5%	**(3,238,520)**	(2,245,463)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the employee terminal benefit as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the employee terminal benefit as it is unlikely that changes in assumptions would occur in isolation from one another. The average duration of the employees benefit obligation at the end of the reporting period is 10.64 years (31 December 2021: 14.50 years).

The following are the expected undiscounted payments in future years:

	31 December 2022 SR	*31 December 2021 SR*
Within the next 12 months	**473,851**	256,455
Between 2 and 5 years	**2,613,196**	2,203,119
Beyond 5 years	**3,136,242**	1,218,032
	6,223,289	3,677,606

Product Sea Trading Company
(A Limited Liability Company)

Notes to the Financial Statements
As at 31 December 2022

16 EMPLOYEES' TERMINAL BENEFITS (continued)

Defined contribution plan
The Company also participates in pension schemes for its employees which are managed by government institutions. The amount recognized as an expense for defined contribution plans for the year ended 31 December 2022 is SR 1.43 million (2021: SR 1.47 million).

17 TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES

	31 December 2022 SR	*31 December 2021 SR*
Trade Payable	**123,019,059**	85,702,497
VAT Payable	**6,125,664**	1,182,861
Shipping expenses payable	**5,920,468**	3,427,634
Other accrued expenses	**3,983,859**	2,207,007
Provision for a subsidiary loss	**-**	1,447,465
Other payables	**894,842**	559,812
	139,943,892	94,527,276

18 RELATED PARTY TRANSACTIONS AND BALANCES

In the ordinary course of its activities, the Company transacts business with related parties. Related parties include partners, members of Board of Directors, key management executives and entities controlled or significantly influenced by such parties, which are under common ownership. The transactions are carried out on mutually agreed terms approved by the management of the Company.

Name of related parties	***Nature of relationship***
Mr. Abdul Rahman Ali Abdul Rahman Alolayan	Partner
Mr. Omar Abdul Rahman Ali Abdul Rahman Alolayan	Partner
Wagehat Al Hamraa for Investment Company	Partner
Zahret Astar for Cosmetics Company	Subsidiary
Mr. Ali Alolayan	Affiliate
International Leadership Establishment	Affiliate

Key management personnel compensation
The remuneration of directors and other key management personnel for the year were as follow:

	2022	*2021*
Executives		
Short-term employee benefits	**7,115,724**	6,954,612
Post-employment benefits	**1,927,141**	1,446,678
Others	**77,977**	67,041
	9,120,842	8,468,331

Product Sea Trading Company
(A Limited Liability Company)

Notes to the Financial Statements
As at 31 December 2022

18 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Related party transactions: -
The following transactions occurred with related parties during the year:

Related parties	***Nature of transactions***	***2022 SR***	*2021 SR*
Mr. Abdul Rahman Ali Abdul Rahman Alolayan	Transfer of a land	**3,167,484**	-
Mr. Omar Abdul Rahman Ali Abdul Rahman Alolayan	Transfer of a land	**3,167,484**	-
Zahret Astar for Cosmetics Company	Finance	-	1,733,000
Zahret Astar for Cosmetics Company	Sales	**117,918**	1,581,446
International Leadership Establishment	Payments on behalf	-	201,115

Related party balances
The following table summarizes related parties balances:

Amounts due from related parties (current):

	31 December 2022 SR	*31 December 2021 SR*
Mr. Omar Abdul Rahman Ali Abdul Rahman Alolayan	-	3,433,481
Mr. Ali Alolayan	-	3,235,418
Zahret Astar for Cosmetics Company	-	3,314,445
Mr. Abdul Rahman Ali Abdul Rahman Alolayan	-	1,232,474
International Leadership Establishment	-	201,114
	-	11,416,932

Amounts due from related parties (non-current):

	31 December 2022 SR	*31 December 2021 SR*
Mr. Omar Abdul Rahman Ali Abdul Rahman Alolayan	-	1,935,009
Mr. Abdul Rahman Ali Abdul Rahman Alolayan	-	1,935,009
	-	3,870,018

19 ZAKAT

Zakat expense represents the following:	***31 December 2022 SR***	*31 December 2021 SR*
At the beginning of year	**2,098,298**	1,040,047
Provided during the year	**1,962,072**	2,098,298
Adjustment for prior years	**440,837**	(238,196)
Paid during the year	**(2,539,135)**	(801,851)
At the end of year	**1,962,072**	2,098,298

Product Sea Trading Company
(A Limited Liability Company)
Notes to the Financial Statements
As at 31 December 2022

19 ZAKAT (continued)

The provision is based on the following:

	31 December 2022 SR	*31 December 2021 SR*
Equity	**80,629,040**	53,384,534
Opening provisions and other adjustments	**32,339,439**	8,677,170
Book value of long-term assets	**(64,279,992)**	(11,355,361)
Total	**48,688,487**	50,706,343
Adjusted profits	**28,281,489**	31,679,935
Zakat base	**76,969,976**	82,386,278

The differences between the financial and the zakatable results are mainly the to provisions which are not allowed in the calculation of zakatable results.

Status of assessments
All zakat returns up to year 2022 have been filed by the company on self-assessment basis under the Zakat law and the related implementing regulations. No zakat assessments have been issued by ZATCA till now.

20 DIVIDENDS

During the year ended 31 December 2022, the partners resolved to distribute dividends of SR 7.90 per share (2021: nil) with a total amount of SR 8.39 million (2021: nil).

Following is the movement in dividends payable account:

	31 December 2022 SR	*31 December 2021 SR*
Balance at 1 January	**-**	-
Dividend declared during the year	**8,398,992**	-
Adjustments against debit partners balances	**(3,905,424)**	-
Balance at the end of the year	**4,493,568**	-

Product Sea Trading Company
(A Limited Liability Company)
Notes to the Financial Statements
As at 31 December 2022

21 COST OF SALES

	31 December 2022 SR	*31 December 2021 SR*
Cost of goods	**391,221,148**	284,459,078
Salaries, wages and other employee-related costs	**12,517,559**	5,212,998
Packaging	**4,950,403**	1,022,942
Provision for obsolete items	**3,278,570**	-
Shipping customs	**2,203,051**	3,247,959
Depreciation on Property and equipment (note 6)	**1,052,992**	737,279
Depreciation on right-of-use-assets	**984,535**	869,712
Others	**85,948**	17,514
	416,294,206	295,567,482

22 SELLING AND MARKETING EXPENSES

	31 December 2022 SR	*31 December 2021 SR*
Advertisement	**97,265,166**	62,021,253
Shipping and delivering	**30,554,719**	30,500,961
Sales commission	**7,556,595**	5,982,120
Withholding tax	**2,865,089**	1,781,248
Salaries, wages and other employee-related costs	**39,734**	2,261,440
Others	**2,065,643**	121,754
	140,346,946	102,668,776

23 GENERAL AND ADMINISTRATIVE EXPENSES

	31 December 2022 SR	*31 December 2021 SR*
Salaries, wages and other benefits	**19,079,862**	17,361,519
Governmental and legal fees	**4,719,967**	4,994,838
Provision for doubtful debts	**1,501,523**	736,464
Depreciation on right-of-use-assets	**1,467,517**	837,603
Insurance	**1,026,233**	478,575
Employees' benefits liability	**925,184**	756,394
Depreciation on Property and equipment	**701,994**	491,520
Others	**1,682,658**	4,960,601
	31,104,938	30,617,514

Product Sea Trading Company
(A Limited Liability Company)

Notes to the Financial Statements
As at 31 December 2022

24 FINANCE COST

	31 December 2022 SR	*31 December 2021 SR*
Bank commission	**4,286,844**	4,212,119
Financing costs on bank borrowings	**1,409,216**	267,786
Financing costs on lease liabilities	**922,566**	505,604
Bank charges	**214,106**	-
	6,832,732	4,985,509

25 OTHER INCOME

	31 December 2022 SR	*31 December 2021 SR*
Gain on disposal on lease liability extinguishment	**236,527**	-
Others	**278,284**	1,453,766
	514,811	1,453,766

26 COMMITMENTS AND CONTINGENCIES

Significant capital expenditure contracted for as at the end of the reporting period but not recognized as liabilities is as follows:

	31 December 2022 SR	*31 December 2021 SR*
Commitments for capital expenditure	**14,000,000**	-

27 FINANCIAL INSTRUMENTS

Financial instruments by category

Financial instruments have been categorised as follows	***31 December 2022 SR***	*31 December 2021 SR*
Financial assets		
At amortized cost		
Trade receivable	**14,030,979**	18,053,964
Cash and cash equivalent	**46,679,827**	27,566,268
Employee receivables	**1,418,021**	445,588
Refundable deposits	**374,020**	306,111
Other receivables	**1,279**	-
Amounts due from related parties	**-**	15,286,950
	62,504,126	61,658,881

Product Sea Trading Company
(A Limited Liability Company)
Notes to the Financial Statements
As at 31 December 2022

27 FINANCIAL INSTRUMENTS (continued)

Financial instruments by category (continued)

	31 December 2022 SR	*31 December 2021 SR*
Financial liabilities		
At amortized cost		
Trade and other payables	**130,581,857**	89,689,943
Short-term borrowings	**24,149,343**	3,677,959
Long term borrowings	**21,968,712**	7,248,154
Lease liabilities	**9,672,991**	6,372,977
	186,372,903	106,989,033

Fair value estimation 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, regardless of whether that price is directly observable or estimated using another valuation technique. All the financial assets and liabilities, except non-current portion of lease liabilities, of the Company are classified and measured at amortized cost, and the carrying amounts of these financial assets and liabilities are a reasonable approximation of fair value mainly due to the short-term maturities of these instruments. The fair value of non-current lease liabilities have been determined by discounting the expected future cash flows by the current interest rate with similar risk profiles.

28 FINANCIAL AND CAPITAL RISK MANAGEMENT

The Company's principal financial liabilities comprise due to related parties, loan from a related party, trade payables, contract liabilities and accrued expenses & other current liabilities. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and retention receivables, contract assets, other receivables, cash and due from related party that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The financial risk committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below

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. The committee 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.

Product Sea Trading Company
(A Limited Liability Company)

Notes to the Financial Statements
As at 31 December 2022

28 FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

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. The risks faced by the Company and the way these risks are mitigated by management are summarised below:

Market risk
Market risk is the risk that changes in market prices, such as currency rates and interest rates that will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk
Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's transactions are principally in Saudi Riyals and therefore the management believes that it is not significantly exposed to currency risk.

Credit risks
Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risks from its leasing activities, including deposits with banks and financial institutions.

The Company is exposed to credit risk if counterparties fail to make payments as they fall due in respect of payment of account receivables as invoices fall due 15 days after being raised.

Credit risk is managed by requiring tenants to pay rentals in advance. The credit quality of the tenant is assessed based on an extensive credit rating scorecard at the time of entering into a lease agreement. Outstanding tenants' receivables are regularly monitored. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset.

Account receivables
Tenants are assessed according to Company's criteria prior to entering into lease arrangements.

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all account receivables. To measure the expected credit losses, account receivables have been computed based on shared credit risk characteristics and the days past due. The loss allowance provision as at the end of reporting period is determined as follows.

The expected credit losses below also incorporate forward looking information.

31 December 2022	***Current***	***More than 30 days past due***	***More than 60 days past due***	***More than 120 days past due***	***Total***
Expected loss rate	**0.03 %**	**-**	**24%**	**55%**	
Gross carrying amount	**11,386,720**	**-**	**436,379**	**5,124,676**	**16,947,776**
Expected credit loss	**3,820**	**-**	**105,918**	**2,807,039**	**2,916,777**
31 December 2021					
Expected loss rate	0.5%	2%	6%	31%	
Gross carrying amount	13,428,414	951,535	965,401	4,123,868	19,469,218
Expected credit loss	66,980	19,234	58,961	1,270,079	1,415,254

Product Sea Trading Company
(A Limited Liability Company)

Notes to the Financial Statements
As at 31 December 2022

28 FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

Credit risk related to financial instruments and cash deposit
Credit risk from balances with banks and financial institutions is managed by Company's treasury in accordance with the Company's policy. Cash is substantially placed with local banks with sound credit ratings. The Company does not consider itself exposed to a concentration of credit risk with respect to banks due to their strong financial background.

Amounts due from related parties
An impairment analysis is performed at each reporting date on an individual basis for the major related parties. The maximum exposure to credit risk at the reporting date is the carrying value of the amounts due from related parties. The Company does not hold collateral as a security. This assessment is undertaken each financial year through examining the financial position of the related parties and the market in which the related parties operates. The Company evaluates the risk with respect to due from related parties as low, as majority of the related parties has common significant ultimate owners.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in selling assets upon necessary and in a quickly manner to avoid any loss. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available to meet any future commitments. The Company believes that it is not exposed to any significant risks of liquidity.

The table below summarises the maturity profile of the financial liabilities based on contractual undiscounted payments:

	Carrying Amount	***Less than one year***	***1-5 years***	***More than 5 years***	***Total Cashflows***
31 December 2022:					
Trade and other payables	**130,581,858**	**130,581,858**	**-**	**-**	**130,581,858**
Loans	**46,118,055**	**32,368,038**	**19,498,498**	**-**	**51,866,536**
Lease liabilities	**9,672,991**	**3,458,997**	**8,333,835**	**-**	**11,792,832**
Total	**186,372,904**	**166,408,893**	**27,832,333**	**-**	**194,241,226**

	Carrying Amount	*Less than one year*	*1-5 years*	*More than 5 years*	*Total Cashflows*
31 December 2021:					
Trade and other payables	89,689,943	89,689,943	-	-	89,689,943
Loans	10,926,113	7,230,339	5,109,980	-	12,340,319
Lease liabilities	6,372,977	1,986,458	4,906,923	-	6,893,381
Total	106,989,032	98,906,740	10,158,672	-	108,923,643

Capital management
Capital pertains to the partners' equity of the Company. The primary objective of the Company's capital management is to support its business, able to continue as a going concern and maximise the returns to the partners.

The Company's policy is to maintain a strong capital base so as to maintain creditors and market confidence and to sustain future development of the business. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. The management monitors the return on capital and the level of dividends and seeks to maintain a balance capital position.

There were no changes in the Company's management approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

As at the reporting date, the Company does not have any kind of debts or borrowings but has sufficient bank balance to manage its liquidity requirements.

Product Sea Trading Company
(A Limited Liability Company)

Notes to the Financial Statements
As at 31 December 2022

29 EVENTS SUBSEQUENT TO THE REPORTING PERIOD END

Management believes that there have been no significant subsequent events since the year ended 31 December 2022 that would have a material impact on the financial position held as a part of these financial statements.

30 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved and authorised to issue by the Board of Directors on 2 Rabi Al-Thani 1445H (corresponding to 17 October 2023).

PRODUCT SEA TRADING COMPANY
(A Limited Liability Company)

CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT

31 DECEMBER 2023

Product Sea Trading Company
(A Limited Liability Company)

CONSOLIDATED FINANCIAL STATEMENTS & INDEPENDENT AUDITOR'S REPORT
At 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 PRODUCT SEA TRADING COMPANY
(A Limited Liability Company)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Product Sea Trading Company (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements 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 Consolidated Financial Statements section of our report. We are independent of the Group 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 consolidated 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 and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT
TO THE PARTNERS OF PRODUCT SEA TRADING COMPANY
(A Limited Liability Company)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

Building a better
working world

INDEPENDENT AUDITOR'S REPORT
TO THE PARTNERS OF PRODUCT SEA TRADING COMPANY
(A Limited Liability Company)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Auditor's Responsibilities for the Audit of the Consolidated 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.

For Ernst & Young Professional Services

Abdullah A. Alshenaibir
Certified Public Accountant
License No. (583)

Riyadh: 11 Thul-Qi'dah 1445H
19 May 2024

Product Sea Trading Company
(A Limited Liability Company)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2023

	Notes	31 December 2023 SR	31 December 2022 SR
ASSETS			
NON- CURRENT ASSETS			
Property and equipment	5	**62,972,121**	53,646,673
Intangible assets	6	**1,422,498**	1,024,642
Right-of-use assets	15	**11,582,690**	9,608,677
		75,977,309	64,279,992
CURRENT ASSETS			
Inventories	7	**150,784,552**	147,724,700
Trade receivables	8	**18,871,726**	14,030,979
Prepayments, advances and other receivables	9	**33,898,467**	16,820,269
Cash and bank balances	10	**69,705,549**	46,679,827
		273,260,294	225,255,775
TOTAL ASSETS		**349,237,603**	289,535,767
EQUITY AND LIABILITIES			
EQUITY			
Share capital	11	**1,063,000**	1,063,000
Statutory reserve	12	**318,900**	318,900
Retained earnings		**84,152,623**	59,963,072
Additional contribution to capital	13	**27,136,000**	27,136,000
TOTAL EQUITY		**112,670,523**	88,480,972
NON-CURRENT LIABILITIES			
Long term borrowings	14	**13,157,899**	16,970,090
Lease liabilities	15	**8,008,752**	7,132,991
Employees' terminal benefits	16	**4,729,208**	3,410,927
		25,895,859	27,514,008
CURRENT LIABILITIES			
Current portion long term borrowings	14	**5,263,156**	4,998,622
Current portion of lease liabilities	15	**3,282,185**	2,540,000
Trade payables, accruals and other payables	17	**168,200,064**	135,397,182
Short-term borrowings	14	**23,258,418**	24,149,343
Zakat provision	19	**2,667,398**	1,962,072
Dividend payable	20	**8,000,000**	4,493,568
TOTAL CURRENT LIABILITIES		**210,671,221**	173,540,787
TOTAL LIABILITIES		**236,567,080**	201,054,795
TOTAL LIABILITIES AND EQUITY		**349,237,603**	289,535,767

The attached notes 1 to 32 form an integral part of these consolidated financial statements.

Product Sea Trading Company
(A Limited Liability Company)
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2023

	Notes	***31 December 2023 SR***	*31 December 2022 SR*
Revenue	21	**782,355,101**	613,631,362
Cost of sales		**(565,800,328)**	(451,917,614)
GROSS PROFIT		**216,554,773**	161,713,748
Selling and marketing expenses	22	**(144,093,192)**	(111,208,993)
General and administrative expenses	23	**(36,709,931)**	(29,120,433)
OPERATING PROFIT		**35,751,650**	21,384,322
Finance cost	24	**(3,125,897)**	(2,331,782)
Other income	25	**2,998,729**	81,992
PROFIT BEFORE ZAKAT		**35,624,482**	19,134,532
Zakat charge for the year	19	**(3,000,000)**	(2,402,909)
NET PROFIT FOR THE YEAR		**32,624,482**	16,731,623
OTHER COMPREHENSIVE LOSS			
Item that will not be reclassified subsequently to profit or loss:			
Remeasurement loss of Employees' terminal benefits	16	**(434,931)**	(480,698)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**32,189,551**	16,250,925

The attached notes 1 to 32 form an integral part of these consolidated financial statements.

Product Sea Trading Company
(A Limited Liability Company)

CONSOLIDATED STATEMENT OF CHANGES IN PARTNERS' EQUITY
For the year ended 31 December 2023

	Share capital SR	*Statutory reserve SR*	*Additional contribution to capital SR*	*Retained earnings SR*	*Total SR*
Balance as at 1 January 2022	1,063,000	318,900	27,136,000	52,111,139	80,629,039
Net profit for the year	-	-	-	16,731,623	16,731,623
Other comprehensive loss	-	-	-	(480,698)	(480,698)
Total comprehensive income	-	-	-	16,250,925	16,250,925
Dividends (note 20)	-	-	-	(8,398,992)	(8,398,992)
Balance as at 31 December 2022	**1,063,000**	**318,900**	**27,136,000**	**59,963,072**	**88,480,972**
Balance as at 1 January 2023	**1,063,000**	**318,900**	**27,136,000**	**59,963,072**	**88,480,972**
Net profit for the year	-	-	-	**32,624,482**	**32,624,482**
Other comprehensive loss	-	-	-	**(434,931)**	**(434,931)**
Total comprehensive income				**32,189,551**	**32,189,551**
Dividends (note 20)	-	-	-	**(8,000,000)**	**(8,000,000)**
Balance as at 31 December 2023	**1,063,000**	**318,900**	**27,136,000**	**84,152,623**	**112,670,523**

The attached notes 1 to 32 form an integral part of these consolidated financial statements.

Product Sea Trading Company
(A Limited Liability Company)

Notes to the Consolidated Financial Statements
As at 31 December 2023

	Notes	*31 December 2023 SR*	*31 December 2022 SR*
OPERATING ACTIVITIES			
Profit before zakat		**35,624,482**	19,134,532
Non-cash adjustments:			
(Reversal of)/Provision for expected credit losses on trade receivables	8	**(368,955)**	1,501,523
Provision for obsolescence	7	**5,016,915**	3,278,571
Depreciation of property and equipment	5	**2,331,647**	1,754,986
Depreciation on right-of-use-assets	15	**3,776,476**	2,452,052
Amortization of intangible assets	6	**459,127**	301,108
Gain on disposal of fixed assets	25	**(2,286,625)**	-
Gain on lease liability extinguishment	25	**(349,958)**	(236,527)
Employees' terminal benefits	16	**1,093,239**	925,184
Finance charge on lease liability	15	**1,052,370**	922,565
Finance cost on bank borrowings	24	**2,073,527**	1,409,216
Inventories written off		**(5,982,592)**	-
The Company's share in net losses of an unconsolidated subsidiary		**-**	432,819
		42,439,653	31,876,029
Working capital adjustments:			
Trade receivables		**(4,471,792)**	2,521,462
Prepayments, advances, and other receivables		**(17,078,198)**	7,670,233
Inventories		**(2,094,175)**	(60,681,484)
Trade payables, accruals, and other payables		**33,167,763**	46,864,082
Increase/(decrease) in due from related parties		**-**	9,501,243
		51,963,251	37,751,565
Zakat paid	19	**(2,294,674)**	(2,539,135)
Employees' terminal benefits paid	16	**(209,889)**	(362,579)
Finance cost on bank borrowings paid		**(2,073,527)**	(1,409,216)
Net cash flows from operating activities		**47,385,161**	33,440,635
INVESTING ACTIVITIES			
Purchase of property and equipment	5	**(21,159,545)**	(45,421,636)
Purchase of intangibles	6	**(856,983)**	(801,997)
Proceeds from disposal of fixed assets		**11,789,075**	-
Net cash used in investing activities		**(10,227,453)**	(46,223,633)
FINANCING ACTIVITIES			
Proceeds from long term borrowings	14	**5,908,649**	21,212,612
Repayments of long-term borrowings	14	**(9,456,306)**	(6,492,054)
Proceeds from short-term borrowings	14	**43,903,951**	26,003,366
Repayments of short-term borrowings	14	**(44,794,876)**	(5,531,982)
Repayment of lease obligations	15	**(5,199,836)**	(3,295,385)
Dividends paid		**(4,493,568)**	-
Net cash flows (used in)/from financing activities		**(14,131,986)**	31,896,557
Net increase in cash and cash equivalents		**23,025,722**	19,113,559
Cash and cash equivalents at the beginning of the year		**46,679,827**	27,566,268
Cash and cash equivalents at the end of the year		**69,705,549**	46,679,827
Noncash transaction:			
Dividend adjusted from partner's balance		**-**	(3,905,424)

Product Sea Trading Company
(A Limited Liability Company)
Notes to the Consolidated Financial Statements
As at 31 December 2023

1 ORGANIZATION AND ACTIVITIES

Product Sea Trading Company (the "Company") (subsequently changed to "Nice One Beauty Digital Marketing Company" with effect from 30 March 2024, note 31), is a limited liability company registered in Riyadh; Kingdom of Saudi Arabia under Commercial Registration numbered 1010705691 dated 4 Shabaan 1438H (corresponding to 30 April 2017). The registered address of the Company is: P.O 5497, Riyadh 51422, Kingdom of Saudi Arabia. The Company is engaged in the retail business of perfumes, cosmetics, soap and incense. The Company is practicing its activities through the following branches:

Branch	*Registration No.*	*Registration Date*
Product Sea for Accessories Warehouse	1010947279	27 Jumada Al-Alkhirah 1439H (corresponding to 15 March 2018G)
Product Sea for Operation & Maintenance	1010581040	23 Ramadan 1440H (corresponding to 28 May 2019G)
Product Sea for Trading - Alsala	1010591825	21 Dhu Al-Hijjah 1440H (corresponding to 22 August 2019G)

The company has the following subsidiaries as at 31 December 2023.

Name of subsidiary	*Relationship*	*Country of Incorporation*	*Effective ownership*		*Principal Activity*
			2023	**2022**	
Bahr Al-Montajat General Trading Co.	Subsidiary	Egypt	100%	100%	Retail business of perfumes, cosmetics, soap and incense
Niceone Perfumes and Cosmetic Trading LLC	Subsidiary	UAE	100%	Nil	Retail business of perfumes, cosmetics, soap and incense

During 2022, the financial statements of the Egyptian subsidiary mentioned above were not consolidated within the Company's financial statements. Therefore, the comparative figures in these financial statements were not consolidated on materiality considerations.

2 BASIS OF PREPERATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and its' interpretations as issued by the International Accounting Standards Board ("IASB") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants (collectively referred to as "IFRS as endorsed in Kingdom of Saudi Arabia").

2.2 Basis of measurement

These financial statements are prepared under the historical cost convention except for:

i) lease liabilities; and
ii) employee benefits obligation identified at present value of future obligations using project credit unit method.

2.3 Functional and presentation currency

These financial statements are presented in Saudi Arabian Riyals ("SR"), which is also the Company's functional currency.

Product Sea Trading Company
(A Limited Liability Company)
Notes to the Consolidated Financial Statements
As at 31 December 2023

2 BASIS OF PREPERATION (Continued)

2.4 Basis of Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. Existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group.

When necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interest;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss;
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

3 USE OF ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses and assets and liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources.

Product Sea Trading Company
(A Limited Liability Company)
Notes to the Consolidated Financial Statements
As at 31 December 2023

3 USE OF ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS (Continued)

3.1 Critical accounting 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 difference in the carrying amounts of assets and liabilities within the next financial period, are presented below. The Group used these assumptions and estimates on the basis available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of inventories
Inventories are held at the lower of cost and net realizable value. When inventories become old, slow moving or obsolete, an estimate is made of their net realizable 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 is applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices. This valuation requires us to make judgements, based on currently available information, about likely method of disposition, such as through sales to individual customers, returns to product vendors, or liquidations, and expected recoverable values of each disposition category.

Long-term assumptions for employee benefits
Employee benefits obligation represent obligations that will be settled in the future and require assumptions to project obligations. Management is required to make further assumptions regarding variables such as discount rates, rate of salary increase, mortality rates, employment turnover and future healthcare costs. Periodically, management of the Group consults with external actuaries regarding these assumptions. Changes in key assumptions can have a significant impact on the projected benefit obligations and/or periodic employee defined benefit costs incurred.

Provisions
By their nature, provisions are dependent upon estimates and assessments whether the criteria for recognition have been met, including estimates of the probability of cash outflows. Provisions for litigation are based on an estimate of the costs, taking into account legal advice and other information presently available. Provisions for termination benefits and exit costs, if any, also involve management's judgement in estimating the expected cash outflows for other exit costs. Provisions for uncertain liabilities involve management's best estimate of whether cash outflows are probable.

Useful lives of property and equipment and intangible assets
The Group'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. The Group periodically reviews estimated useful lives and the depreciation method to ensure that the method and period of depreciation and amortisation charge are consistent with the expected pattern of economic benefits derived from these assets.

Estimating the incremental borrowing rate
The Group 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 Group 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 Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the stand-alone credit rating).

Provision for expected credit losses
The Group reviews its accounts receivable at each reporting date to assess whether a provision for expected credit losses should be recorded in the consolidated statement of comprehensive income. In particular, judgement by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provision.

Product Sea Trading Company
(A Limited Liability Company)
Notes to the Consolidated Financial Statements
As at 31 December 2023

3 USE OF ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS (Continued)

3.2 Judgements

The following critical judgements have the most significant effect on the amounts recognized in the financial statements:

Determining the lease term of contracts with extension and termination options
In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within control.

Defined benefit plans
The cost of the defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation 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.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases are based on expected future inflation rates for the respective countries.

Satisfaction of performance obligation
The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or a point in time in order to determine the appropriate method of recognizing revenue. Based on the contractual terms and conditions, the Group retains the risks until the goods are delivered to the customer and after the return period has expired (if any). The Group does not take responsibility of the product subsequent to delivery and after the return period has expired and has no control over what the customer intends to do with it. Thus, the performance obligation is satisfied at a point in time upon delivery with an estimate of potential returns from customers.

Revenue recognition - Estimating variable consideration for returns.
The Group estimates variable considerations to be included in the transaction price for the sale of goods with rights of return. If the transaction price includes a variable amount, the transaction price is estimated and recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The Group updates its assessment of expected returns, and the refund liabilities are adjusted accordingly. Estimates of expected returns are sensitive to changes in circumstances and the Group 's past experience regarding returns may not be representative of customers' actual returns in the future.

Zakat
A provision for zakat is estimated at the end of each reporting period in accordance with the regulations of the ZATCA and on a yearly basis zakat is submitted to the ZATCA. Differences, if any, at the finalization of final assessments are accounted for when such amounts are determined.

Product Sea Trading Company
(A Limited Liability Company)
Notes to the Consolidated Financial Statements
As at 31 December 2023

4 MATERIAL ACCOUNTING POLICY INFORMATION

Foreign currencies

Functional and presentation currency
Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (the "functional currency"). The Group's financial statements are presented in Saudi Riyals ("SR"), which is the Company's functional and presentation currency.

Transactions and balances
Foreign currency transactions are translated into SR at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the statement of profit or loss and other comprehensive income. Translation of non-monetary items depends on whether they are recognized at historical cost or at fair value. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary assets that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of 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 consolidated statement of comprehensive income).

Current and non–current classification
The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Group 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 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. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Product Sea Trading Company
(A Limited Liability Company)
Notes to the Consolidated Financial Statements
As at 31 December 2023

4 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Fair value measurement (Continued)

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized 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

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

For the purpose of fair value disclosures, the Group 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.

Revenue from contracts with customers
The Group is in the online e commerce business of trading perfumes, cosmetics, soap and incense and other ancillary services to support online commerce business.

a Revenue from contracts with customers for sale of goods and services

Step 1. Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3. Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation

Step 5. Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

1. The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or
2. The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
3. The Group's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance completed to date.

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

When the Group satisfies a performance obligation by delivering the promised goods or services, it creates a contract asset/receivable based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability.

Product Sea Trading Company
(A Limited Liability Company)
Notes to the Consolidated Financial Statements
As at 31 December 2023

4 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Revenue from contracts with customers (Continued)

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty.

The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent.

The Group has concluded that it is acting as a principal in its revenue arrangement from supply of goods purchased upfront directly from suppliers.

a *Revenue from sale of goods*
Revenue is measured based on the amount of consideration that we expect to receive, reduced by estimates for return allowances, promotional discounts, and rebates. Revenue also excludes any amounts collected on behalf of third parties, including value-added tax.

Revenue from sale of goods is recognised at the point in time upon delivery of goods to customers subject to the adjustment for right of return.

The Group 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 for the sale of goods, the Group considers the effects of variable consideration.

Transactions are settled by debit cards, credit cards and cash on delivery basis.

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 for the sale of goods provide customers with a right to return the goods within a specified period. The rights of return give rise to variable consideration.

Right of return asset
The general terms of the Group's sales provide the customers with a right to return the goods within a specified period The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognises a return liability. A right of return asset for the inventory (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

There are no other variable considerations affecting the revenue recognition of the Group.

b *Revenue from sale of services*

The Group earns delivery revenue on orders below a particular threshold. The thresholds are dynamics in nature and vary from geography to geography. This revenue is recognised on delivery of goods to the customer.

c *Assets and liabilities arising from rights of return*

(i) *Right of return assets*
A right-of-return asset is recognised for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods and any potential decreases in value. The Group updates the measurement of the asset for any revisions to the expected level of returns and any additional decreases in the value of the returned products.

Product Sea Trading Company
(A Limited Liability Company)
Notes to the Consolidated Financial Statements
As at 31 December 2023

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Revenue from contracts with customers (Continued)

c Assets and liabilities arising from rights of return (continued)

(ii) Refund liabilities
A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from a customer. The Group's refund liabilities arise from customers' right of return. The liability is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

Value added tax
Revenue, expenses and assets are recognised net of the amount of Value added tax, except:

- When the Value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the Sales Tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of Value added tax included.

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

Expenses
All expenses are recognized on accrual basis.

Cost of revenue
Cost of revenue primarily consists of the purchase price of goods net of any discounts, inbound shipping costs, distribution, logistics and related cost. Shipping costs to receive products from our suppliers are included in our inventory and recognized as cost of goods sold upon sale of products to our customers. Cost of revenue also include provisions for obsolete items and deficiency between net realisable value and cost. Distribution, logistics and related cost primarily consists of the manpower charges, and any other related costs.

General and administrative expenses
General and administrative expenses primarily consist of payroll and related expenses; facilities and equipment, such as depreciation expense and rent (short-term and low value); professional fees and litigation costs; and other general corporate costs for corporate functions, including accounting, finance, tax, legal, and human resources, warranty, among others. General and administration expenses include expenses not specifically part of direct cost. Allocations between general and administration expenses and direct cost, when required, are made on a consistent basis.

Finance costs
Finance costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

Finance costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds. The interest component of a lease is included in finance cost and recognized using the effective interest method over the lease term.

Other income
Other income is recognized when earned.

Zakat
The Group is subject to ZATCA in KSA. Zakat is provided on an accrual basis and is computed and charged based on zakat base. Adjustments if any are made to the zakat provision when the final assessments are obtained from the ZATCA.

Product Sea Trading Company
(A Limited Liability Company)
Notes to the Consolidated Financial Statements
As at 31 December 2023

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Property and equipment
Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost includes all amounts necessary to bring the asset to the present condition and location to be ready for its intended use by management. Such costs include the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects (qualifying assets), if the recognition criteria are met, and costs incurred during the commissioning period, net of proceeds from sale of trial production. Capital work in progress is stated at cost, net of accumulated impairment losses, if any.

When parts of property and equipment are significant in cost in comparison to the total cost of the item, and where such parts/ components have a useful life different from the other parts and required to be replaced at different intervals, the Group shall recognise such parts as individual components of the asset with specific useful lives and depreciate them accordingly. All other repair and maintenance costs are recognised in statement of profit or loss and other comprehensive income as incurred.

Depreciation is calculated from the date the item of property and equipment is available for their intended use or in respect of self-constructed assets from the date such assets are completed and ready for the intended use. Land and assets under construction, which are not ready for their intended use, are not depreciated.

Depreciation on assets is calculated on a straight-line basis over the useful life of the asset as follows:

Category of property and equipment	*Years*	*Category of property and equipment*	*Years*
Vehicles	5	Office equipment	4
Leasehold improvements	4	Metal shelves	4
Furniture and fixture	5	Machinery & equipment	4
Computers	4		

The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted prospectively if appropriate, at each reporting date.

An item of property and equipment and any significant component initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of retired, sold or otherwise derecognised property and equipment are determined by comparing the proceeds with the carrying amount of the asset, and are recognised within "other income" in consolidated statement of comprehensive income. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Capital work in progress is stated at cost until the construction or installation is complete. Upon the completion of construction or installation, the cost of such assets together with cost directly attributable to construction or installation, including capitalized borrowing cost, are transferred to the respective class of asset. No depreciation is charged on capital work in progress.

Intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in statement of profit or loss and other comprehensive income in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. Amortization is calculated from the date the when the intangible assets are available for its intended use. It is calculated on a straight-line basis over the useful life of the asset. Useful life of software is 5 years.

Product Sea Trading Company
(A Limited Liability Company)
Notes to the Consolidated Financial Statements
As at 31 December 2023

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Intangible assets (continued)
An intangible asset is derecognized 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 upon 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 and other comprehensive income.

Impairment of non-financial assets
The Group 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 Group estimates the assets recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU fair value less costs to sell and its value-in-use and 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. Where the carrying amount of an asset or CGU

exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount. In assessing the value-in-use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

The Group's impairment calculation is based on detailed budgets and forecast calculations which are prepared separately for each of the Group's CGU's to which the individual asset is allocated. These budgets and forecast calculations generally cover a five-year period. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the budget period.

Impairment losses of continuing operations are recognized in the consolidated statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

For assets other than above, an assessment is made at each financial year-end as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized 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 recognized. This reversal is limited such that the recoverable amount doesn't exceed what the carrying amount would have been, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of comprehensive income

Financial instruments
Recognition and initial measurement
A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.
A financial instrument is recognized in the statement of financial position when the Group becomes party to the contractual provisions of the financial instrument.

A financial instrument is measured initially at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue.

Financial assets
Classification of financial assets
On initial recognition, a financial asset is classified as measured at: amortized cost, fair value through other comprehensive income ('FVOCI') or FVTPL.

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

a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
b) 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.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-to-investment basis.

Product Sea Trading Company
(A Limited Liability Company)
Notes to the Consolidated Financial Statements
As at 31 December 2023

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)
Financial assets (continued)

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

Subsequent measurement
Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses are recognized statement of profit or loss and other comprehensive income.

Financial assets at amortized cost are subsequently measured at amortized cost using the effective interest rate ("EIR") method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognized in statement of profit or loss and other comprehensive income. Any gain or loss on derecognition is recognized in the statement of profit or loss and other comprehensive income.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the EIR method, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss and other comprehensive income. Other net gains and losses are recognized in the statement of profit or loss and other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss and other comprehensive income unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in the other comprehensive income and are never reclassified to profit or loss.

Reclassifications
Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial 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 derecognized (i.e., removed from the Group's statement of financial position) when: the rights to receive cash flows from the asset have expired or the Group 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 Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group 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 Group continues to recognize the transferred asset to the extent of its continuing involvement.

In that case, the Group 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 Group 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 Group could be required to repay.

Product Sea Trading Company
(A Limited Liability Company)
Notes to the Consolidated Financial Statements
As at 31 December 2023

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Impairment of financial assets
The Group recognises an allowance 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 Group 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.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs.

Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group 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 provision rates are based on days past due for groupings of various customer segments that have similar loss patterns based on the customer types and ratings.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Financial liabilities
Initial recognition and measurement
The Group classifies its financial liabilities as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

Subsequent measurement
Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the EIR method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Derecognition
A financial liability is derecognized 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 recognized in profit or loss.

Offsetting
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 recognized amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Inventories
Inventories are measured at lower of cost and net realisable value. The cost of inventories is based on the weighted average cost method and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Goods-in-transit includes the inventory purchased and yet not received in Group's possession and are recorded at cost when the rights and obligations relating to the goods are transferred to the Group.

Product Sea Trading Company
(A Limited Liability Company)
Notes to the Consolidated Financial Statements
As at 31 December 2023

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Cash and cash equivalent
Cash and cash equivalents include cash on hand and bank balances.

Trade receivables
Most sales are made on the basis of normal credit terms, and the trade receivables do not bear interest. If credit was extended over the normal terms, trade receivable are measured at amortised cost using effective interest rate. At the end of each financial period, the Group recognises an allowance for expected credit losses ("ECL") based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. and any impairment loss is recognised in the profit or loss directly in the statement of comprehensive income.

Trade payable
Trade payables represent liabilities for goods and services provided to the Group prior to the end of the period which are not settled yet.

Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Provisions
Provisions are recognised when the Group 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-

Zakat 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
Short-term obligations
Liabilities for wages and salaries, including non-monetary benefits and accumulating leaves, air fare and allowances that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled. The liabilities are presented under accounts payable, accruals and others in the statement of financial position.

Employee benefits obligation
The Group's primary defined benefit plan is an end of service lump sum benefits plan.

The benefit liability recognized in the statement of financial position is the present value of the Defined Benefit Obligation ("DBO") at the reporting date. The plan is unfunded, which means the Group pays benefits as they fall due when employees leave service.

The DBO is re-measured on a periodic basis by independent actuaries using the projected unit credit method.

Product Sea Trading Company
(A Limited Liability Company)
Notes to the Consolidated Financial Statements
As at 31 December 2023

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Employee benefits (continued)

Employee benefits obligation (continued)
The present value of the DBO is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The rate used to discount post-employment benefit obligations is determined by reference to market yields at the statement of financial position date on high quality corporate bonds. In the absence of deep market of such bonds, the market yields on Government Bonds is used.

The DBO also depends on the assumptions for future salary increases and the rate at which employees are expected to leave. The Group has assumed salaries will increase at a rate of 5%pa above the discount rate, in order to provide stability to the OCI account. Employee withdrawal rates are very high but can change quickly from year to year. The Group has therefore assumed updates this assumption from year to year as new experience develops.

The net interest cost is calculated by applying the discount rate to the net balance of the DBO. This cost is included in employees' salaries and other benefits expense in the statement of profit or loss and other comprehensive income. Re-measurement gains and losses arising from changes in actuarial assumptions are recognized in the period in which they occur in OCI. Changes in the present value of the DBO resulting from plan amendments or curtailments are recognized immediately in the statement of profit or loss and other comprehensive income as past service costs.

Current and past service costs related to end-of-service benefits and unwinding of the liability at discount rates used are recognized immediately in the statement of profit or loss and other comprehensive income. Any changes in net liability due to actuarial valuations and changes in assumptions are taken as re-measurement in OCI.

The actuarial valuation process takes into consideration the provisions of the Saudi Arabian Labour and Workmen Law as well as the Group's policy.

Statutory reserve
The Group sets aside 10% of its net income each year as statutory reserve until the reserve equals to 30% of the share capital. This has been achieved, the Group has therefore discontinued this transfer. This reserve is not available for distribution.

Withholding tax
Withholding tax liability are created either while expense booking or at the time payment of services in accordance with tax law applicable to the countries applicable tax laws. Withholding tax liability are then discharged to government.

Dividends
Dividend distribution to the Group's partners is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Group's partners.

Leases
The Group assess whether a contract contains a lease, at inception of the contract. For all such lease arrangements the Group 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 Group 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 Group 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.

Product Sea Trading Company
(A Limited Liability Company)
Notes to the Consolidated Financial Statements
As at 31 December 2023

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leases (continued)

Lease liabilities
At the commencement date of the lease, the Group 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 Group and payments of penalties for terminating a lease, if the lease term reflects the Group 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 Group 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.

Lease terms include options to extend or terminate the lease when it is reasonably certain that the Group will exercise that option. The Group generally consider the economic life of the right-of-use assets to be comparable to the useful life of similar owned assets. The Group's leases generally do not provide a residual guarantee.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term (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 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.

4.2 New and Amended Standards and Interpretations
The Group 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 Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Following amendments apply for the first time in 2023, but do not have an impact on the financial statements of the group.

IFRS 17 Insurance Contracts
In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance.
contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts that was issued in 2005. 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 an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, 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

These amendments had no impact on the financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

Product Sea Trading Company
(A Limited Liability Company)
Notes to the Consolidated Financial Statements
As at 31 December 2023

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.2 New and Amended Standards and Interpretations (Continued)

Definition of Accounting Estimates - Amendments to IAS 8
The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and 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 material impact on the financial statements of the Group.

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 material impact on the financial statements of the Group.

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.

In periods in which Pillar Two legislation is (substantively) enacted but not yet effective, the amendment requires disclosure of known or reasonably estimable information that helps users of financial statements understand the entity's exposure arising from Pillar Two income taxes including both qualitative and quantitative information about its exposure to Pillar Two income taxes at the end of the reporting period. For example:

a) Qualitative information such as how an entity is affected by Pillar Two legislation and the main jurisdictions in which exposures to Pillar Two income taxes might exist, and

b) Quantitative information such as:

• An indication of the proportion of an entity's profits that might be subject to Pillar Two income taxes and the average effective tax rate applicable to those profits; or

• An indication of how the entity's overall effective tax rate would have changed if Pillar Two legislation had been effective

.
Once the legislation is effective, additional disclosures are required for the current tax expense related to Pillar Two income taxes. The 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 material impact on the financial statements of the Group.

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 had no material impact on the financial statements of the Group.

Product Sea Trading Company
(A Limited Liability Company)
Notes to the Consolidated Financial Statements
As at 31 December 2023

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.2 New and Amended Standards and Interpretations (continued)

New standard issues, standard issued but not yet effective.

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, 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 Group is currently assessing the impact of this amendment.

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 2023 and must be applied retrospectively. The Group is currently assessing the impact of this amendment.

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 will need to be disclosed.

The Group is currently assessing the impact of this amendment.

Product Sea Trading Company
(A Limited Liability Company)

Notes to the Consolidated Financial Statements
As at 31 December 2023

5 PROPERTY AND EQUIPMENT

	Land *SR*	*Leasehold improvements* *SR*	*Furniture and fixture* *SR*	*Computers* *SR*	*Motor Vehicles* *SR*	*Equipment and tools* *SR*	*Capital Work in progress** *SR*	*Total* *2023* *SR*
Cost:								
As at 1 January 2023	48,120,378	3,039,391	1,231,952	1,674,086	1,749,149	2,587,758	-	**58,402,714**
Additions	-	2,370,841	185,743	441,539	-	-	18,161,422	**21,159,545**
Disposals	(9,502,450)	-	-	-	-	-	-	**(9,502,450)**
As at 31 December 2023	38,617,928	5,410,232	1,417,695	2,115,625	1,749,149	2,587,758	18,161,422	**70,059,809**
Accumulated depreciation:								
As at 1 January	-	615,563	568,287	1,018,012	644,725	1,909,454	-	**4,756,041**
Charge for the year	-	1,046,393	234,510	225,359	278,638	546,747	-	**2,331,647**
As at 31 December	-	1,661,956	802,797	1,243,371	923,363	2,456,201	-	**7,087,688**
Net book values:								
At 31 December 2023	**38,617,928**	**3,748,276**	**614,898**	**872,254**	**825,786**	**131,557**	**18,161,422**	**62,972,121**
At 31 December 2022	48,120,378	2,423,828	663,665	656,074	1,104,424	678,304	-	53,646,673

The above motor vehicles item includes cars with a net book value of SR 110,516 (2022: SR 166,774) registered in the name of a partner, and not registered in the Group's name.

*Capital work in progress represents capital expenditure incurred on the construction of warehouse on the Company's owned land.

Product Sea Trading Company
(A Limited Liability Company)
Notes to the Consolidated Financial Statements
As at 31 December 2023

5 PROPERTY AND EQUIPMENT

	Land SR	*Leasehold improvements SR*	*Furniture and fixture SR*	*Computer and software SR*	*Motor Vehicles SR*	*Equipment and tools SR*	*Total 2023 SR*
Cost:							
As at 1 January	6,334,967	1,242,091	622,483	1,078,531	1,120,748	2,582,258	12,981,078
Additions	41,785,411	1,797,300	609,469	595,555	628,401	5,500	45,421,636
As at 31 December	48,120,378	3,039,391	1,231,952	1,674,086	1,749,149	2,587,758	58,402,714
Accumulated depreciation:							
As at 1 January	-	136,211	360,898	787,162	452,988	1,263,796	3,001,055
Charge for the year	-	479,352	207,389	230,850	191,737	645,658	1,754,986
As at 31 December	-	615,563	568,287	1,018,012	644,725	1,909,454	4,756,041
Net book values:							
At 31 December 2022	48,120,378	2,423,828	663,665	656,074	1,104,424	678,304	53,646,673
At 31 December 2021	6,334,967	1,105,880	261,585	291,369	667,760	1,318,462	9,980,023

The above vehicles item includes cars with a net book value of SR166,774 (2021: SR 223,000) registered in the name of a partner, and not registered in the Group's name

Product Sea Trading Company
(A Limited Liability Company)
Notes to the Consolidated Financial Statements
As at 31 December 2023

5 PROPERTY AND EQUIPMENT (continued)

The depreciation for property, plant and equipment is as follow:

	Note	*31 December 2023 SR*	*31 December 2022 SR*
Cost of revenue		**1,398,988**	1,052,992
General and administrative expenses	23	**932,659**	701,994
		2,331,647	1,754,986

6 INTANGIBLE ASSETS

Intangible assets represent the software used by the Group for its financial and operational management.

	31 December 2023 SR	*31 December 2022 SR*
Cost		
At the beginning of the year	**1,700,714**	898,717
Additions	**856,983**	801,997
At the end of the year	**2,557,697**	1,700,714
Accumulated amortisation		
At the beginning of the year	**676,072**	374,964
Charge for the year	**459,127**	301,108
At the end of the year	**1,135,199**	676,072
Carrying amounts at the end of the year	**1,422,498**	1,024,642

7 INVENTORIES

	31 December 2023 SR	*31 December 2022 SR*
Goods for sale	**149,034,738**	128,806,882
Goods in transit	**-**	17,192,234
Packing material	**6,357,417**	5,004,155
Less: Provision for obsolete items	**(4,607,603)**	(3,278,571)
	150,784,552	147,724,700

Product Sea Trading Company
(A Limited Liability Company)
Notes to the Consolidated Financial Statements
As at 31 December 2023

7 INVENTORIES (continued)

Movement in the provision for obsolete items is as follows:

	31 December 2023 SR	*31 December 2022* SR
Opening balance	**3,278,571**	-
Charge for the year	**5,016,915**	3,278,571
Write off	**(3,687,883)**	-
Closing balance	**4,607,603**	3,278,571

The Group has written off SR 3.69 million (2022:Nil) during the current year from the existing provision. The Group has another direct inventory write off of SR 2.29 million (2022: Nil) that was a direct write off through the consolidated statement of comprehensive income.

8 TRADE RECEIVABLES

	31 December 2023 SR	*31 December 2022 SR*
Trade receivables	**21,419,548**	16,947,756
Less: Allowance for expected credit losses	**(2,547,822)**	(2,916,777)
	18,871,726	14,030,979

Trade receivables are non-interest bearing and are generally on terms of 30 days.

Set out below is the movement in the allowance for expected credit losses of trade receivables:

	31 December 2023 SR	*31 December 2022 SR*
Balance as at the beginning of the year	**2,916,777**	1,415,254
(Reversal)/charge for the year	**(368,955)**	1,501,523
Balance as at the end of the year	**2,547,822**	2,916,777

The majority of trade receivable comprises of interest free receivables. Unimpaired trade receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Group to obtain collateral over receivables and the vast majority are, therefore, unsecured.

Product Sea Trading Company
(A Limited Liability Company)

Notes to the Consolidated Financial Statements
As at 31 December 2023

9 PREPAYMENTS, ADVANCES AND OTHER RECEIVABLES

	31 December 2023 SR	*31 December 2022 SR*
Advances to suppliers	**23,378,343**	10,294,545
Prepaid expenses	**5,540,625**	4,732,404
Employee receivables	**3,087,531**	1,418,021
Refundable deposits	**466,616**	374,020
Other receivables*	**1,425,352**	1,279
	33,898,467	16,820,269

* The amount of SR 1,425,352 (2022: Nil) represents right of return to the assets against which a refund liability has been booked at year end.

10 CASH AND BANK BALANCES

	31 December 2023 **SR**	*31 December 2022* SR
Bank balances	**69,378,296**	46,547,048
Cash on hand	**327,253**	132,779
	69,705,549	46,679,827

11 SHARE CAPITAL

Capital is divided into 1,063 shares (2022:1,063 shares) of SR 1,000 (2022: 1,000) each.

Following are the details of capital distribution:

Partners	*Percentage of shareholding* ***2023***	*2022*	*No. of shares* ***2023***	*2022*	*Share Value* *SR*	*Capital* ***2023 SR***	*2022 SR*
Omar Ali Alolayan*	**40.55%**	40.55%	**431**	431	1,000	**431,000**	431,000
Abdulrahman Ali Alolayan	**34.43%**	35.56%	**366**	378	1,000	**366,000**	378,000
Wagehat Al Hamraa for Investment Company*	**25.02%**	23.89%	**266**	254	1,000	**266,000**	254,000
	100%	100%	**1,063**	1,063		**1,063,000**	1,063,000

Product Sea Trading Company
(A Limited Liability Company)
Notes to the Consolidated Financial Statements
As at 31 December 2023

12 STATUTORY RESERVE

The Group sets aside 10% of its net income each year as statutory reserve until the reserve equals to 30% of the share capital. This has been achieved, the Group has therefore discontinued this transfer. This reserve is not available for distribution.

13 ADDITIONAL CONTRIBUTION TO CAPITAL

	31 December 2023 SR	*31 December 2022 SR*
Omar Ali Alolayan	**11,002,461**	11,002,461
Abdulrahman Ali Alolayan	**9,930,295**	9,930,295
Wagehat Al Hamraa for Investment Company	**6,203,244**	6,203,244
	27,136,000	27,136,000

This balance is interest free and has no charge attached to it. There are no repayment terms and the amount can be paid at any time at the discretion of the Company's management.

14 BANK BORROWINGS

a Short-term borrowings

	31 December 2023 SR	*31 December 2022 SR*
Bank		
Al Rajhi Bank**	**14,354,467**	24,149,343
SAB Bank	**8,903,951**	-
	23,258,418	24,149,343

* The Group obtained short-term credit facilities from the two local banks (Al Rajhi bank and SAB bank) to meet the requirements of working capital, which are guaranteed by personal guarantees provided by partners, as stipulated in the loan agreements.

Movement in the short-term borrowings is as follows:

	31 December 2023 SR	*31 December 2022 SR*
Balance at beginning of the year	**24,149,343**	3,677,959
Drawn down during the year	**43,903,951**	26,003,366
Repayment during the year	**(44,794,876)**	(5,531,982)
Balance at end of the year	**23,258,418**	24,149,343

Product Sea Trading Company
(A Limited Liability Company)
Notes to the Consolidated Financial Statements
As at 31 December 2023

14 BANK BORROWINGS (continued)

b Long-term borrowings

Bank	***31 December 2023 SR***	*31 December 2022 SR*
Al Rajhi Bank (Tawarroq) *	-	756,100
Al Rajhi Bank (Medium term loan) **	**18,421,055**	21,212,612
	18,421,055	21,968,712
Less: current portion of long-term borrowings	**(5,263,156)**	(4,998,622)
Non-current portion of long-term borrowings	**13,157,899**	16,970,090

* This represents Islamic financing agreement (Tawarroq) amounted to SR 4.2 million obtained by the Group from Al Rajhi Bank in 2021. The loan was due for repayment in 24 equal monthly instalments of SR 192.77 thousand per instalment, and the last instalment was paid in April 2023. These borrowings were secured against personal guarantees provided by partners, as stipulated in the loan's agreement.

** The Group has obtained medium term loan (MTL) amount to SR 27.1 million from Al Rajhi Bank in the prior period. The loan is due for repayment in 20 equal quarterly instalments of SR 1.315 million per instalment, and the last instalment is due in May 2027. These borrowings are secured against personal guarantees provided by partners, as stipulated in the loan's agreement.

Movement in the long-term borrowings is as follows:

	31 December 2023 SR	*31 December 2022 SR*
Balance at beginning of the year	**21,968,712**	7,248,154
Drawn down during the year	**5,908,649**	21,212,612
Repayment during the year	**(9,456,306)**	(6,492,054)
Balance at end of the year	**18,421,055**	21,968,712

Below is the repayment schedule of the outstanding long-term borrowings:

	31 December 2023 SR	*31 December 2022 SR*
Within one year	**5,263,156**	4,998,622
Between two to five years	**13,157,899**	16,970,090
Total	**18,421,055**	21,968,712

Product Sea Trading Company
(A Limited Liability Company)
Notes to the Consolidated Financial Statements
As at 31 December 2023

15 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group has lease contracts for vehicles and warehouses which are used in its operations. Leases of vehicles have lease terms of 3 to 5 years, warehouse and head office building have lease terms of 5 years. Generally, the Group is restricted from assigning and subleasing the leased assets.

Set out below are the carrying amounts of Group's right- of- use assets and the movements during the year:

	Cars *SR*	*Warehouses* *SR*	*Total* *SR*
Cost			
As at 1 January 2023	5,565,924	8,919,194	14,485,118
Remeasurement	-	1,465,875	1,465,875
Additions	-	6,962,499	6,962,499
Disposals	-	(3,324,925)	(3,324,925)
As at 31 December 2023	**5,565,924**	**14,022,643**	**19,588,567**
Accumulated depreciation			
As at 1 January 2023	1,248,574	3,627,867	4,876,441
Charge for the year	1,380,256	2,396,220	3,776,476
Disposals	-	(647,040)	(647,040)
As at 31 December 2023	**2,628,830**	**5,377,047**	**8,005,877**
Net carrying value	**2,937,094**	**8,645,596**	**11,582,690**
The allocation of amortization expense is as follows:			
Cost of revenue	828,154	1,437,732	2,265,886
General and administrative expenses	552,102	958,488	1,510,590
	1,380,256	**2,396,220**	**3,776,476**

Lease liabilities have been included in the consolidated statement of financial position as follows:

As at 1 January 2023	**9,672,991**
Remeasurement	**1,465,875**
Additions	**6,962,499**
Accretion of interest	**1,052,369**
Derecognition of lease liability	**(2,662,961)**
Payments	**(5,199,836)**
As at 31 December 2023	**11,290,937**
Non-current portion of lease liabilities	**8,008,752**
Current portion of lease liabilities	**3,282,185**
	11,290,937

The maturity analysis of lease liabilities is disclosed in Note 28.

Product Sea Trading Company
(A Limited Liability Company)
Notes to the Consolidated Financial Statements
As at 31 December 2023

15 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

Set out below are the carrying amounts of Group's right- of- use assets and the movements during the prior year:

	Cars *SR*	*Warehouses* *SR*	*Total* *SR*
Cost			
As at 1 January 2022	1,249,575	8,022,107	9,271,682
Additions	4,316,349	2,496,031	6,812,380
Disposals	-	(1,598,944)	(1,598,944)
As at 31 December 2022	5,565,924	8,919,194	14,485,118
Accumulated depreciation			
As at 1 January 2022	437,415	2,919,691	3,357,106
Charge for the year	798,867	1,653,185	2,452,052
Disposals	-	(932,717)	(932,717)
As at 31 December 2022	1,236,282	3,640,159	4,876,441
Net carrying value	4,329,642	5,279,035	9,608,677
The allocation of amortization expense is as follows:			
Cost of revenue	475,606	991,911	1,467,517
General and administrative expenses	323,261	661,274	984,535
	798,867	1,653,185	2,452,052

Lease liabilities have been included in the statement of financial position as follows:

As at 1 January 2022	6,372,978
Additions	6,575,587
Accretion of interest	922,565
Derecognition of lease liability	(902,754)
Payments	(3,295,385)
As at 31 December 2022	9,672,991
Non-current portion of lease liabilities	7,132,991
Current portion of lease liabilities	2,540,000
	9,672,991

Product Sea Trading Company
(A Limited Liability Company)
Notes to the Consolidated Financial Statements
As at 31 December 2023

16 EMPLOYEES' TERMINAL BENEFITS

	31 December 2023 SR	*31 December 2022 SR*
Employees' terminal benefits	**4,729,208**	3,410,927

The Group grants end-of-service benefits (benefit plan) to its employees taking into consideration the local labor law requirements in the Kingdom of Saudi Arabia. The benefit provided by this benefit plan is a lump sum based on the employees' final salaries and allowance and their cumulative years of service at the date of the termination of employment.

The benefit liability recognized in the consolidated statement of financial position in respect of defined benefit end-of-service plan is the present value of the defined benefit obligation ("DBO") at the reporting date.

The DBO is calculated periodically by qualified actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using yields on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The movement in defined benefit obligation during the year was as follows:

	31 December 2023 SR	*31 December 2022 SR*
Net liability at the beginning of the year	**3,410,927**	2,367,624
Current service cost	**942,156**	849,756
Interest cost	**151,083**	75,428
Benefits paid	**(209,889)**	(362,579)
Actuarial loss	**434,931**	480,698
Net liability at the end of the year	**4,729,208**	3,410,927

Expense recognized in the statement of comprehensive income are as follows:

	31 December 2023 SR	*31 December 2022 SR*
Current service cost	**942,156**	849,756
Interest cost	**151,083**	75,428
	1,093,239	925,184
Remeasurement losses recognized in other comprehensive income		
Experience adjustment	**434,931**	480,698
	1,528,170	1,405,882

Product Sea Trading Company
(A Limited Liability Company)
Notes to the Consolidated Financial Statements
As at 31 December 2023

16 EMPLOYEES' TERMINAL BENEFITS (Continued)

Significant actuarial assumptions

The following were the principal actuarial assumptions:

	31 December 2023	*31 December 2022*
Discount rate used for year end obligation	**4.94%**	4.57%
Expected rate of increase in salary level (per annum)	**4.44%**	4.07%

Sensitivity Analysis
Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amount shown below:

	Increase (Decrease) In basis points	***31 December 2023***	*31 December 2022*
Discount rate	**+ 0.5%**	**(4,491,772)**	(3,240,083)
	- 0.5%	**4,991,764**	3,600,054
Salary growth rate	**+ 0.5%**	**4,991,764**	3,600,054
	- 0.5%	**(4,489,602)**	(3,238,520)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the employee terminal benefit as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the employee terminal benefit as it is unlikely that changes in assumptions would occur in isolation from one another. The average duration of the employees benefit obligation at the end of the reporting period is 10.87 years (31 December 2022: 10.64 years).

The following are the expected undiscounted payments in future years:

	31 December 2023 SR	*31 December 2022 SR*
Within the next 12 months	**656,575**	473,851
Between 2 and 5 years	**3,213,333**	2,613,196
Beyond 5 years	**5,257,621**	3,136,242
	9,127,529	6,223,289

Defined contribution plan

The Group also participates in pension schemes for its employees which are managed by government institutions. The amount recognized as an expense for defined contribution plans for the year ended 31 December 2023 is SR 1.37 million (2022: SR 1.43 million).

Product Sea Trading Company
(A Limited Liability Company)
Notes to the Consolidated Financial Statements
As at 31 December 2023

17 TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES

	31 December 2023 SR	*31 December 2022 SR*
Trade payables	**145,907,517**	118,472,349
Accrued expenses	**8,415,686**	3,983,859
Shipping expenses payable	**6,185,585**	5,920,468
VAT payable	**3,760,372**	6,125,664
Refund liability	**2,202,358**	-
Other payables	**1,728,546**	894,842
	168,200,064	135,397,182

18 RELATED PARTY TRANSACTIONS AND BALANCES

In the ordinary course of its activities, the Group transacts business with related parties. Related parties include partners, members of Board of Directors, key management executives and entities controlled or significantly influenced by such parties, which are under common ownership. The transactions are carried out on mutually agreed terms approved by the management of the Group.

Name of related parties	*Nature of relationship*
Mr. Abdul Rahman Ali Abdul Rahman Alolayan	Partner
Mr. Omar Abdul Rahman Ali Abdul Rahman Alolayan	Partner
Wagehat Al Hamraa for Investment Company	Partner
Zahret Astar for Cosmetics Company	Subsidiary
Mr. Ali Alolayan	Affiliate
International Leadership Establishment	Affiliate
Bahr Al Montajat general trading co. Egypt	
Nice One perfume and cosmetics trading LLC	Subsidiary

Key management personnel compensation
The remuneration of directors and other key management personnel for the year were as follow:

	2023	*2022*
Short-term employee benefits	**7,524,000**	7,115,724
Post-employment benefits	**2,520,414**	1,927,141
Others	**68,871**	77,977
	10,113,285	9,120,842

Related party transactions: -
The following transactions occurred with related parties during the year:

Related parties	*Nature of transactions*	*2023 SR*	*2022 SR*
Mr. Abdul Rahman Ali Abdul Rahman Alolayan	Transfer of a land	**3,495,759**	3,167,484
Mr. Omar Abdul Rahman Ali Abdul Rahman Alolayan	Transfer of a land	-	3,167,484
Zahret Astar for Cosmetics Company	Sales	-	117,918
Bahr Al Montajat general trading co. Egypt	Payment	**1,229,737**	-
Nice One perfume and cosmetics trading LLC	Payment	**343,470**	-

19 ZAKAT

Product Sea Trading Company
(A Limited Liability Company)
Notes to the Consolidated Financial Statements
As at 31 December 2023

Zakat expense represents the following:	***31 December 2023 SR***	*31 December 2022 SR*
At the beginning of year	**1,962,072**	2,098,298
Provided during the year	**3,000,000**	1,962,072
Adjustment for prior years	**-**	440,837
Paid during the year	**(2,294,674)**	(2,539,135)
At the end of year	**2,667,398**	1,962,072

The provision is based on the following:

	31 December 2023 SR	*31 December 2022 SR*
Equity	**88,480,972**	80,629,040
Opening provisions and other adjustments	**35,829,807**	32,339,439
Book value of long-term assets	**(75,977,309)**	(64,279,992)
Total	**48,333,470**	48,688,487
Adjusted profits	**44,896,410**	28,281,489
Zakat base	**93,229,880**	76,969,976

The differences between the financial and the zakatable results are mainly due to provisions which are not allowed in the calculation of zakatable results.

Status of assessments
All zakat returns up to year 2022 have been filed by the Group on self-assessment basis under the Zakat law and the related implementing regulations. No zakat assessments have been issued by ZATCA till now.

20 DIVIDENDS PAYABLE

During the year ended 31 December 2023, the partners resolved to distribute dividends of SR 7,526 per share (2022: SR 7,901 per share) with a total amount of SR 8 million (2022: SR 8.39).

The movement in the dividends payable was as follows:

	31 December 2023 SR	*31 December 2022 SR*
Balance at 1 January	**4,493,568**	-
Dividend declared during the year	**8,000,000**	8,398,992
Settled during the year	**(4,493,568)**	(3,905,424)
Balance at the end of the year	**8,000,000**	4,493,568

Product Sea Trading Company
(A Limited Liability Company)
Notes to the Consolidated Financial Statements
As at 31 December 2023

21. REVENUE

	2023 SR	*2022 SR*
Revenue from sales of goods	**748,201,489**	585,258,554
Revenue from sales of service	**34,153,612**	28,372,808
	782,355,101	613,631,362

21.1 DISAGGREGATION OF REVENUE

In the following table, revenue is disaggregated by type of category and timing of revenue recognition as shown below:

	2023 SR	*2022 SR*
Category		
Local sales	**749,513,383**	594,435,101
International sales	**32,841,718**	19,196,261
	782,355,101	613,631,362

	2023 SR	*2022 SR*
Timing of revenue recognition		
Sales made at point in time	**782,255,101**	613,631,362

22 SELLING AND MARKETING EXPENSES

	31 December 2023 SR	*31 December 2022 SR*
Advertisement	**125,895,044**	97,265,166
Sales commission	**5,088,863**	2,970,888
Bank charges	**4,087,841**	4,500,950
Withholding tax	**3,530,729**	2,865,089
(Reversal of)/provision for expected credit losses on trade receivables (note 8)	**(368,955)**	1,501,523
Others	**5,859,670**	2,105,377
	144,093,192	111,208,993

23 GENERAL AND ADMINISTRATIVE EXPENSES

	31 December 2023 SR	*31 December 2022 SR*
Employee related costs	**20,170,605**	19,079,862
Professional fees	**4,954,813**	1,612,879
Governmental and legal fees	**3,592,465**	3,107,088
Depreciation on right-of-use-assets (note 15)	**1,510,590**	984,535
Insurance	**1,105,330**	1,026,233
Employees' benefits liability (note 16)	**1,093,239**	925,184
Depreciation on property and equipment (note 5)	**932,659**	701,994
Amortization of intangible assets (note 6)	**459,127**	301,108
Others	**2,891,103**	1,381,550
	36,709,931	29,120,433

Product Sea Trading Company
(A Limited Liability Company)

Notes to the Consolidated Financial Statements
As at 31 December 2023

24 FINANCE COST

	31 December 2023 SR	31 December 2022 SR
Financing costs on bank borrowings (note 14)	**2,073,527**	1,409,216
Financing costs on lease liabilities (note 15)	**1,052,370**	922,566
	3,125,897	2,331,782

25 OTHER INCOME - NET

	31 December 2023 SR	31 December 2022 SR
Gain on lease liability extinguishment	**349,958**	236,527
Gain on disposal of land	**2,286,625**	-
Share of loss from a subsidiary	-	(432,819)
Others	**362,146**	278,284
	2,998,729	81,992

26 COMMITMENTS AND CONTINGENCIES

Significant capital expenditure contracted for as at the end of the reporting period but not recognized as liabilities is as follows:

	31 December 2023 SR	31 December 2022 SR
Commitments for capital expenditure	**14,354,122**	14,000,000

27 FINANCIAL INSTRUMENTS

Financial instruments by category

Financial instruments have been categorized as follows	31 December 2023 SR	31 December 2022 SR
Financial assets		
At amortized cost		
Trade receivables	**18,871,726**	14,030,979
Bank balances	**69,378,296**	46,547,048
Employee receivables	**3,087,531**	1,418,021
Refundable deposits	**466,616**	374,020
Other receivables	**1,425,352**	1,279
	93,229,521	62,371,347
Financial liabilities		
At amortized cost		
Trade and other payables	**161,077,205**	130,581,857
Short-term borrowings	**23,258,418**	24,149,343
Long term borrowings	**18,421,055**	21,968,712
Lease liabilities	**11,290,937**	9,672,991
	214,047,615	186,372,903

Product Sea Trading Company
(A Limited Liability Company)
Notes to the Consolidated Financial Statements
As at 31 December 2023

27 FINANCIAL INSTRUMENTS (continued)

Fair value estimation 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, regardless of whether that price is directly observable or estimated using another valuation technique. All the financial assets and liabilities, except non-current portion of lease liabilities, of the Group are classified and measured at amortized cost, and the carrying amounts of these financial assets and liabilities are a reasonable approximation of fair value mainly due to the short-term maturities of these instruments. The fair value of non-current lease liabilities has been determined by discounting the expected future cash flows by the current interest rate with similar risk profiles.

The Group's principal financial liabilities comprise bank borrowings, trade and other payables and lease liabilities. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade and other receivables, bank balances and due from related party that derive directly from its operations.

28 FINANCIAL AND CAPITAL RISK MANAGEMENT

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The financial risk committee provides assurance to the Group's senior management that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below

Risk management framework
The Board of Directors has an overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, 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 Group's activities. The Group, 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 Group 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 Group's pre-defined risk appetite. The risks faced by the Group and the way these risks are mitigated by management are summarised below:

Market risk
Market risk is the risk that changes in market prices, such as currency rates and interest rates that will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Product Sea Trading Company
(A Limited Liability Company)
Notes to the Consolidated Financial Statements
As at 31 December 2023

28 FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

Foreign currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group's transactions are principally in Saudi Arabian Riyals. The Group is subject to fluctuations in foreign exchange rates for AED, Euro and British Pound. Management monitors the fluctuations in currency exchange rates and believes that effect of the currency fluctuation is not material.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk if counterparties fail to make payments as they fall due in respect of payment of trade receivables as invoices fall due 30 days after being raised.
The Group's business involves sales of items with cash on delivery basis. The Group transacts with a large number of customers and manages collections through its third-party service providers. Receivable balance, as at reporting date, represent balances due from customers and such third-party service providers.

Trade receivables

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been computed based on shared credit risk characteristics and the days past due. The expected credit loss provision as at the end of reporting period is determined as follows.
The expected credit losses below also incorporate forward looking information.

31 December 2023	***Current***	***More than 30 days past due***	***More than 60 days past due***	***More than 120 days past due***	***Total***
Expected loss rate	**0%**	-	-	**83%**	
Gross carrying amount	**18,350,470**	-	-	**3,069,078**	**21,419,548**
Expected credit loss	-	-	-	**2,547,822**	**2,547,822**

31 December 2022	*Current*	*More than 30 days past due*	*More than 60 days past due*	*More than 120 days past due*	*Total*
Expected loss rate	0.003 %	-	24%	55%	
Gross carrying amount	11,386,720	-	436,379	5,124,676	16,947,776
Expected credit loss	3,820	-	105,918	2,807,039	2,916,777

Credit risk related to financial institutions
Credit risk from balances with banks and financial institutions is managed by Group's treasury in accordance with the Group's policy. Cash is substantially placed with local banks with sound credit ratings. The Group does not consider itself exposed to a concentration of credit risk with respect to banks due to their strong financial background.

Product Sea Trading Company
(A Limited Liability Company)
Notes to the Consolidated Financial Statements
As at 31 December 2023

28 FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in selling assets upon necessary and in a quick manner to avoid any loss. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available to meet any future commitments. The Group believes that it is not exposed to any significant risks of liquidity. The table below summarises the maturity profile of the financial liabilities based on contractual undiscounted payments.

	Carrying Amount	*Less than one year*	*1-5 years*	*Total Cashflows*
31 December 2023:				
Trade and other payables	**161,077,205**	**161,077,205**	**-**	**161,077,205**
Short- and long-term borrowings	**41,679,473**	**28,521,574**	**14,257,848**	**42,779,422**
Lease liabilities	**11,290,937**	**3,209,719**	**9,047,884**	**12,257,603**
Total	**214,047,615**	**192,808,498**	**23,305,732**	**216,114,230**

	Carrying Amount	*Less than one year*	*1-5 Years*	*Total Cashflows*
31 December 2022:				
Trade and other payables	130,581,858	130,581,858	-	130,581,858
Short- and long-term borrowings	46,118,055	32,368,038	19,498,498	51,866,536
Lease liabilities	9,672,991	3,458,997	8,333,835	11,792,832
Total	186,372,904	166,408,893	27,832,333	194,241,226

Capital management

Capital pertains to the partners' equity of the Group. The primary objective of the Group's capital management is to support its business, able to continue as a going concern and maximise the returns to the partners.

The Group's policy is to maintain a strong capital base so as to maintain creditors and market confidence and to sustain future development of the business. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. The management monitors the return on capital and the level of dividends and seeks to maintain a balance capital position.

There were no changes in the Group's management approach to capital management during the year. The Group is not subject to externally imposed capital requirements.

29 SEGMENTAL INFORMATION

For management purposes, the Group is organized into business units based on their geographical distribution, and has the following reportable operating segments:

- Kingdom of Saudi Arabia
  - Central region
  - Western region
  - Eastern region
- International – MENA

The Group's chief operating decision maker (the "CODM") evaluates the performance of the group's segments based on revenue. The Group uses revenue as its principal measure of segment performance as it enhances the Group's ability to compare past financial performance with current performance and analyze underlying business performance and trends. The following tables accordingly present revenue information for the geographical segments for both the current and prior years. The cost of revenues, selling and marketing, general and administrative expenses till end of the statement of comprehensive income to net profit, total assets and liabilities are managed at the Group level, hence presented on a central basis.

Product Sea Trading Company
(A Limited Liability Company)
Notes to the Consolidated Financial Statements
As at 31 December 2023

29 SEGMENTAL INFORMATION (continued)

For the year ended 31 December 2023

	Central Region	*Western Region (*)*	*Eastern Region*	*International Region*	*Total*
	SR	*SR*	*SR*	*SR*	*SR*
Revenues	296,763,916	348,708,051	104,041,416	32,841,718	**782,355,101**
Cost of revenues					**(565,800,328)**
Gross profit					**216,554,773**
Selling and marketing expenses					**(144,093,192)**
General and administrative expenses					**(36,709,931)**
Operating profit					**35,751,650**
Finance cost					**(3,125,897)**
Other income					**2,998,729**
Profit before zakat					**35,624,482**
Zakat charge for the year					**(3,000,000)**
Net profit for the year					**32,624,482**
Total assets					**349,237,603**
Total liabilities					**(236,567,080)**

For the year ended 31 December 2022

	Central Region	*Western Region (*)*	*Eastern Region*	*International Region*	*Total*
	SR	*SR*	*SR*	*SR*	*SR*
Revenues	246,171,942	272,056,459	76,206,701	19,196,260	613,631,362
Cost of revenues					(451,917,614)
Gross profit					161,713,748
Selling and marketing expenses					(111,208,993)
General and administrative expenses					(29,120,433)
Operating profit					21,384,322
Finance cost					(2,331,782)
Other income					81,992
Profit before zakat					19,134,532
Zakat charge for the year					(2,402,909)
Net profit for the year					16,731,623
Total assets					289,535,767
Total liabilities					(201,054,795)

(*) Western region includes revenues from the South and North regions.

30 COMPARATIVE FIGURES

Certain of the prior year amounts have been rearranged to conform to the presentation in the current year.

31 EVENTS SUBSEQUENT TO THE REPORTING PERIOD END

Subsequent to the year end, the Company has changed its name to "Nice One Beauty Digital Marketing Company" with effect from 30 March 2024, note 1.

32 APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved and authorized to issue by the Board of Directors on 11 Thul-Qi'dah 1445H (corresponding to 19 May 2024).

Nice One Beauty Digital Marketing Company (formerly: Product Sea Trading Company)
(A Limited Liability Company)

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

Nice One Beauty Digital Marketing Company (formerly: Product Sea Trading Company)
(A Limited Liability Company)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 March 2024

EY
Building a better working world

Ernst & Young Professional Services (Professional LLC)
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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE PARNTERS OF NICE ONE BEAUTY DIGITAL MARKETING COMPANY (FORMERLY: PRODUCT SEA TRADING COMPANY) (LIMITED LIABILITY COMPANY)

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Nice One Beauty Digital Marketing Company (formerly: Product Sea Trading Company) ("the Company") and its subsidiaries (collectively referred to as the "Group") as at 31 March 2024, and the related interim condensed consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

for Ernst & Young Professional Services

Abdullah A. Alshenaibir
Certified Public Accountant
License No. (583)

EY
CR 1010383821
Ernst & Young Professional Services (Professional LLC)

Riyadh: 19 Thul-Qi'dah 1445H
27 May 2024

Nice One Beauty Digital Marketing Company (formerly: Product Sea Trading Company)
(A Limited Liability Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2024

	Notes	***31 March 2024 (Unaudited) SR***	*31 December 2023 (Audited) SR*
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	4	**66,085,704**	62,972,121
Intangible assets		**1,481,793**	1,422,498
Right-of-use assets		**10,660,101**	11,582,690
TOTAL NON-CURRENT ASSETS		**78,227,598**	75,977,309
CURRENT ASSETS			
Inventories	5	**158,043,221**	150,784,552
Trade receivables	6	**29,430,206**	18,871,726
Prepayments, advances and other receivables	7	**43,306,263**	33,898,467
Cash and cash equivalents	8	**94,656,618**	69,705,550
TOTAL CURRENT ASSETS		**325,436,308**	273,260,295
TOTAL ASSETS		**403,663,906**	349,237,604
EQUITY AND LIABILITIES			
EQUITY			
Capital		**1,063,000**	1,063,000
Statutory reserve	9	**318,900**	318,900
Additional contribution to capital	10	**27,136,000**	27,136,000
Retained earnings		**106,051,040**	84,152,623
TOTAL EQUITY		**134,568,940**	112,670,523
NON-CURRENT LIABILITIES			
Long term borrowings	11	**11,842,110**	13,157,899
Lease liabilities		**7,659,527**	8,008,752
Employees' defined benefit liability		**5,221,413**	4,729,208
TOTAL NON-CURRENT LIABILITIES		**24,723,050**	25,895,859
CURRENT LIABILITIES			
Current portion long term borrowings	11	**5,263,156**	5,263,156
Current portion of lease liabilities		**3,114,945**	3,282,185
Trade payables, accruals and other payables		**197,482,000**	168,200,064
Short term borrowings	11	**34,894,417**	23,258,418
Zakat provision	12	**3,617,398**	2,667,399
Dividend payable	13	**-**	8,000,000
TOTAL CURRENT LIABILITIES		**244,371,916**	210,671,222
TOTAL LIABILITIES		**269,094,966**	236,567,081
TOTAL EQUITY AND LIABILITIES		**403,663,906**	349,237,604

The attached notes from 1 to 22 form an integral part of these interim condensed consolidated financial statements.

Nice One Beauty Digital Marketing Company (formerly: Product Sea Trading Company)
(A Limited Liability Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the three-month period ended 31 March 2024

	Notes	***2024 (Unaudited) SR***	*2023 (Unaudited) SR*
Revenue	15	**250,052,829**	155,142,288
Cost of revenue		**(178,953,405)**	(108,103,191)
GROSS PROFIT		**71,099,424**	47,039,097
Selling and marketing expenses		**(35,317,265)**	(30,117,720)
General and administrative expenses		**(11,899,687)**	(7,710,185)
OPERATING PROFIT		**23,882,472**	9,211,192
Other income		**33,573**	1,217,790
Finance cost		**(1,067,628)**	(800,374)
PROFIT BEFORE ZAKAT		**22,848,417**	9,628,608
Zakat	12	**(950,000)**	(750,000)
NET PROFIT FOR THE PERIOD		**21,898,417**	8,878,608
Other comprehensive income		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**21,898,417**	8,878,608
Earnings per interest – Basic and diluted	19	**20,600.58**	8,411.42

The attached notes from 1 to 22 form an integral part of these interim condensed consolidated financial statements.

Nice One Beauty Digital Marketing Company (formerly: Product Sea Trading Company)
(A Limited Liability Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the three-month period ended 31 March 2024

	Capital *SR*	*Statutory reserve* *SR*	*Additional Contribution to Capital* *SR*	*Retained earnings* *SR*	*Total* *SR*
As at 1 January 2023 (audited)	1,063,000	318,900	27,136,000	59,963,072	88,480,972
Net profit for the period (unaudited)	-	-	-	8,878,608	8,878,608
Other comprehensive income for the period (unaudited)	-	-	-	-	-
Total comprehensive income	-	-	-	8,878,608	8,878,608
As at 31 March 2023 (unaudited)	1,063,000	318,900	27,136,000	68,841,680	97,359,580
As at 1 January 2024 (audited)	1,063,000	318,900	27,136,000	84,152,623	112,670,523
Net profit for the period (unaudited)	-	-	-	21,898,417	21,898,417
Other comprehensive income for the period (unaudited)	-	-	-	-	-
Total comprehensive income	-	-	-	21,898,417	21,898,417
As at 31 March 2024 (unaudited)	**1,063,000**	**318,900**	**27,136,000**	**106,051,040**	**134,568,940**

The attached notes from 1 to 22 form an integral part of these interim condensed consolidated financial statements.

Nice One Beauty Digital Marketing Company (formerly: Product Sea Trading Company)
(A Limited Liability Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the three-month period ended 31 March 2024

	31 March 2024 (Unaudited)	*31 March 2023 (Unaudited)*
	SR	*SR*
OPERATING ACTIVITIES:		
Profit before zakat	**22,848,417**	9,628,608
Adjustment to reconcile profit before zakat to net cash inflows:		
Provision for expected credit losses on trade receivables	**368,808**	-
Provision for inventory obsolescence	**1,269,517**	950,925
Depreciation on property and equipment	**543,529**	534,191
Depreciation on right-of-use assets	**922,438**	783,025
Amortization of intangible assets	**105,273**	107,822
Loss on disposal of property and equipment	**96,453**	-
Gain on lease liability extinguishment	**-**	(57,657)
Provision of employees' defined benefit liability	**538,751**	353,205
Finance charge on lease liability	**247,860**	261,470
Finance cost on bank borrowings	**819,768**	538,904
	27,760,814	13,100,493
Working capital adjustments:		
Trade receivables	**(10,927,288)**	(8,637,168)
Prepayments, advances and other receivables	**(9,407,651)**	(32,519,868)
Inventories	**(8,528,186)**	9,075,061
Trade payables, accruals and other payables	**29,281,941**	7,668,633
Cash generated from/(used in) operations	**28,179,630**	(11,312,849)
Finance cost paid on bank borrowings	**(819,768)**	(538,904)
Employees' defined benefit liability paid	**(46,546)**	(47,456)
Net cash flow from/ (used in) operating activities	**27,313,316**	(11,899,209)
INVESTING ACTIVITIES:		
Purchase of property and equipment	**(6,921,048)**	(1,539,215)
Proceeds from disposal of property and equipment	**3,167,483**	-
Purchase of intangible assets	**(164,568)**	(95,864)
Net cash flows used in investing activities	**(3,918,133)**	(1,635,079)
FINANCING ACTIVITIES:		
Repayment of lease obligations	**(764,325)**	(2,035,253)
Repayment of long-term borrowings	**(1,315,789)**	(563,333)
Proceeds from short-term borrowings	**11,635,999**	-
Dividends paid	**(8,000,000)**	-
Net cash flows from/ (used in) financing activities	**1,555,885**	(2,598,586)
Net increase (decrease) in cash and cash equivalents	**24,951,068**	(16,132,874)
Cash and cash equivalents at the beginning of the period	**69,705,550**	46,679,827
Cash and cash equivalents at the end of the period	**94,656,618**	30,546,953
Significant non-cash transactions:		
Addition to lease liabilities & right of use assets	-	6,066,189

The attached notes from 1 to 22 form an integral part of these interim condensed consolidated financial statements.

Nice One Beauty Digital Marketing Company (formerly: Product Sea Trading Company)
(A Limited Liability Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the three-month period ended 31 March 2024

1. COMPANY INFORMATION

Nice One Beauty Digital Marketing Company (formerly: Product Sea Trading Company) (the "Company") is a limited liability company registered in Riyadh; Kingdom of Saudi Arabia under Commercial Registration numbered 1010705691 dated 4 Shabaan 1438H (corresponding to 30 April 2017). The registered address of the Company is: P.O 5497, Riyadh 51422, Kingdom of Saudi Arabia. The Company is engaged in the retail business of perfumes, cosmetics, soap and incense. The Company is practicing its activities through the following branches:

Branch	*Registration No.*	*Registration Date*
Product Sea for Accessories Warehouse	1010947279	27 Jumada Al-Alkhirah 1439H (corresponding to 15 March 2018G)
Product Sea for Operation & Maintenance	1010581040	23 Ramadan 1440H (corresponding to 28 May 2019G)
Product Sea for Trading - Alsala	1010591825	21 Dhu Al-Hijjah 1440H (corresponding to 22 August 2019G)

The company has the following subsidiaries.

	Relationship	*Country of Incorporation*	*Effective ownership*			*Principal Activity*
			March 2024	December 2023	March 2023	
Bahr Al-Montajat General Trading Co.	Subsidiary	Egypt	**100%**	100%	100%	Retail business of perfumes, cosmetics, soap and incense
Niceone Perfumes and Cosmetic Trading LLC	Subsidiary	UAE	**100%**	100%	Nil	Retail business of perfumes, cosmetics, soap and incense

Both subsidiaries are still in start-up phase and are yet to start commercial operations.

The Company has changed its name from Product Sea Trading Company to Nice One Beauty Digital Marketing Company with effect from 30 March 2024.

2. MATERIAL ACCOUNTING POLICY INFORMATION

2.1 BASIS OF PREPARATION

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board ("IASB"), as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements as issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (collectively referred as "IAS 34 as endorsed in KSA").

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at and for the year ended 31 December 2023. In addition, the results of the operations for the period ended 31 March 2024 do not necessarily represent an indicator for the results of the operations for the year ending 31 December 2024.

The interim condensed consolidated financial statements have been prepared on a historical cost basis using the accrual basis of accounting and the going concern assumption concept, except for the valuation of employees' end of service benefits liability. The interim condensed consolidated financial statements are presented in Saudi Riyal (SR), except when otherwise indicated, which is also the functional currency of the Company.

Nice One Beauty Digital Marketing Company (formerly: Product Sea Trading Company)
(A Limited Liability Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the three-month period ended 31 March 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 BASIS OF CONSOLIDATION

The interim condensed consolidated financial statements comprise the interim condensed consolidated financial statements of Nice One Beauty Digital Marketing Company (formerly: Product Sea Trading Company) and its subsidiaries (see note 1). The interim condensed consolidated financial statements of the subsidiaries are prepared for the same reporting period as that of Company, using consistent accounting policies. When necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

(a) Subsidiaries

Subsidiaries are entities which are controlled by the Group. To meet the definition of control, all three of the following criteria must be met:

i) the Group has power over an entity;
ii) the Group has exposure, or rights, to variable returns from its involvement with the entity; and
iii) the Group has the ability to use its power over the entity to affect the amount of the entity's returns.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group.

(b) Transactions eliminated on consolidation

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.3 CHANGES TO THE ACCOUNTING POLICIES

2.3.1 Material accounting policy information
The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023.

2.3.2 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024. The Group 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 consolidated financial statements of the Group.

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

Nice One Beauty Digital Marketing Company (formerly: Product Sea Trading Company)
(A Limited Liability Company)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the three-month period ended 31 March 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 CHNAGES TO THE ACCOUNTING POLICIES (continued)

2.3.2 New standards, interpretations and amendments adopted by the Group (continued)

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7 (continued)

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 Group's interim condensed consolidated 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 Group's interim condensed consolidated 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 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 had no impact on the Group's interim condensed consolidated financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that may require a material adjustment to the carrying amount of the asset or liability affected in the future. These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

As at 31 March 2024, management believes that all judgments and sources of estimation uncertainty remain similar to those disclosed in the Group's annual consolidated financial statements for the year ended 31 December 2023.

Nice One Beauty Digital Marketing Company (formerly: Product Sea Trading Company)
(A Limited Liability Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the three-month period ended 31 March 2024

4. PROPERTY AND EQUIPMENT

	31 March 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
Additions during the period/year	**6,921,048**	21,159,545
Disposals during the period/year	**(3,263,936)**	(9,502,450)

5. INVENTORIES

	31 March 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
Goods for sale	**154,063,494**	149,034,738
Packing material	**9,856,847**	6,357,417
Less: Provision for obsolete inventory	**(5,877,120)**	(4,607,603)
	158,043,221	150,784,552

Set out below is the movement of provision for obsolete inventory:

	31 March 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
At the beginning of the period/year	**4,607,603**	3,278,571
Provision during the period/year	**1,269,517**	5,016,915
Obsolete stock written off during the period/year	**-**	(3,687,883)
At the end of the period/year	**5,877,120**	4,607,603

6. TRADE RECEIVABLES

	31 March 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
Trade receivables	**32,346,836**	21,419,548
Less: Allowance for expected credit losses (ECL)	**(2,916,630)**	(2,547,822)
	29,430,206	18,871,726

Trade receivables are non-interest bearing and are generally on terms of 30 days.

Nice One Beauty Digital Marketing Company (formerly: Product Sea Trading Company)
(A Limited Liability Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the three-month period ended 31 March 2024

6. TRADE RECEIVABLES (continued)

Set out below is the movement in the allowance for expected credit losses of trade receivables:

	31 March 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
At the beginning of the period/year	**2,547,822**	2,916,777
Charge/ (reversal) during the period/year	**368,808**	(368,955)
At the end of the period/year	**2,916,630**	2,547,822

The majority of trade receivable comprises of interest free receivables. Unimpaired trade receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Group to obtain collateral over receivables and the vast majority are, therefore, unsecured.

7. PREPAYMENTS, ADVANCES AND OTHER RECEIVABLES

	31 March 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
Advances to suppliers	**23,188,846**	23,378,343
Prepaid expenses	**14,974,209**	5,540,625
Employee receivables	**2,490,140**	3,087,531
Refundable deposits	**466,616**	466,616
Other receivables *	**2,186,452**	1,425,352
	43,306,263	33,898,467

* This includes an amount of SR 1,127,196 (31 December 2023:1,425,352) represents right of return to the assets against which a refund liability has been booked at year end.

8. CASH AND CASH EQUIVALENTS

	31 March 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
Bank balances	**93,922,150**	69,378,296
Cash in hand	**734,468**	327,254
	94,656,618	69,705,550

Nice One Beauty Digital Marketing Company (formerly: Product Sea Trading Company)
(A Limited Liability Company)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the three-month period ended 31 March 2024

9. STATUTORY RESERVE

The Group sets aside 10% of its net income each year as statutory reserve until the reserve equals to 30% of the capital. This has been achieved, the Group has therefore discontinued this transfer. This reserve is not available for distribution.

10. ADDITIONAL CONTRIBUTION TO CAPITAL

	31 March 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
Omar Ali Alolayan	**11,002,461**	11,002,461
Abdulrahman Ali Alolayan	**9,930,295**	9,930,295
Wagehat Al Hamraa for Investment Company	**6,203,244**	6,203,244
	27,136,000	27,136,000

This balance is interest free and has no charge attached to it. There are no repayment terms, and the amount can be paid at any time at the discretion of the Company's management.

11 BANK BORROWINGS

11.1 Short-term borrowings

Bank	***31 March 2024 (Unaudited) SR***	*31 December 2023 (Audited) SR*
Al Rajhi Bank *	**21,919,959**	14,354,467
SAB Bank *	**12,974,458**	8,903,951
	34,894,417	23,258,418

* The Group obtained short-term credit facilities from the two local banks (Al Rajhi bank and SAB bank) to meet the requirements of working capital, which are guaranteed by personal guarantees provided by partners, as stipulated in the loan agreements.

Movement in the short-term borrowings is as follows:

	31 March 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
Balance at beginning of the period/year	**23,258,418**	24,149,343
Drawn down during the period/year	**31,270,459**	43,903,951
Repayment during the period/year	**(19,634,460)**	(44,794,876)
Balance at end of the period/year	**34,894,417**	23,258,418

Nice One Beauty Digital Marketing Company (formerly: Product Sea Trading Company)
(A Limited Liability Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the three-month period ended 31 March 2024

11 BANK BORROWINGS (continued)

11.2 Long-term borrowings

	31 March 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
Al Rajhi Bank (Medium term loan) *	**17,105,266**	18,421,055
	17,105,266	18,421,055
Less: current portion of long-term borrowings	**(5,263,156)**	(5,263,156)
Non-current portion of long-term borrowings	**11,842,110**	13,157,899

* The Group has obtained medium term loan (MTL) amount to SR 27.1 million from Al Rajhi Bank. The loan is due for repayment in 20 equal quarterly instalments of SR 1.315 million per instalment, and the last instalment is due in May 2027. These borrowings are secured against personal guarantees provided by partners, as stipulated in the loan's agreement.

Movement in the long-term borrowings is as follows:

	31 March 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
Balance at beginning of the period/year	**18,421,055**	21,968,712
Drawn down during the period/year	**-**	5,908,649
Repayment during the period/year	**(1,315,789)**	(9,456,306)
Balance at end of the period/year	**17,105,266**	18,421,055

Below is the repayment schedule of the outstanding long-term borrowings:

	31 March 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
Within one year	**5,263,156**	5,263,156
Between two to five years	**11,842,110**	13,157,899
Total	**17,105,266**	18,421,055

Nice One Beauty Digital Marketing Company (formerly: Product Sea Trading Company)
(A Limited Liability Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the three-month period ended 31 March 2024

12. ZAKAT PROVISION

Movement during the period/year:

	31 March 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
At the beginning of the period/year	**2,667,398**	1,962,072
Provision provided during the period/year (*)	**950,000**	3,000,000
Paid during the period/year	**-**	(2,294,674)
At the end of the period/year	**3,617,398**	2,667,398

(*) Zakat provision charged for the period is provisional and is subject to adjustments based on annual results.

Status of assessments
All zakat returns up to year 2023 have been filed by the company on self-assessment basis under the zakat law and the related implementing regulations. No zakat assessments have been issued by ZATCA till date.

13. DIVIDEND PAYABLE

During the period ended 31 March 2024, no dividend was declared (31 December 2023: SR 7,526 per interest with a total amount of SR 8 million).

Following is the movement in dividends payable account.

	31 March 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
At the beginning of the period/year	**8,000,000**	4,493,568
Dividend declared during the period/year	**-**	8,000,000
Settled during the period/year	**(8,000,000)**	(4,493,568)
At the end of the period/year	**-**	8,000,000

14. RELATED PARTY BALANCES AND TRANSACTIONS

In the ordinary course of its activities, the Company transacts business with related parties. Related parties include partners, members of Board of Directors, key management executives and entities controlled or significantly influenced by such parties, which are under common ownership. The transactions are carried out on mutually agreed terms approved by the management of the Company.

Name of related parties	*Nature of relationship*
Mr. Abdul Rahman Ali Abdul Rahman Alolayan	Partner
Mr. Omar Abdul Rahman Ali Abdul Rahman Alolayan	Partner
Wagehat Al Hamraa for Investment Company	Partner
Zahret Astar for Cosmetics Company	Subsidiary
Mr. Ali Alolayan	Affiliate
International Leadership Establishment	Affiliate
Bahr Al Montajat general trading co. Egypt	Subsidiary
Nice One perfume and cosmetics trading LLC	Subsidiary

Nice One Beauty Digital Marketing Company (formerly: Product Sea Trading Company)
(A Limited Liability Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the three-month period ended 31 March 2024

14. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Key Management Personnel Compensation

The remuneration of directors and other key management personnel for the period were as follows:

	For three-months period	
	31 March 2024 (Unaudited) SR	*31 March 2023 (Unaudited) SR*
Short term employees' benefits	**2,142,000**	1,778,931
Post-employment benefits	**2,703,292**	2,067,885
	4,845,292	3,846,816

Related party transactions:
The following transactions occurred with related parties during the period.

Related parties	*Nature of transactions*	***31 March 2024 (Unaudited) SR***	*31 March 2023 (Unaudited) SR*
Bahr Al Montajat general trading co. Egypt	Payment	**375,754**	79,358
Nice One perfume and cosmetics trading LLC	Payment	**212,265**	-

There were no balances due to/due from related parties as at current and comparative periods end.

15. REVENUE

	For three-months period 31 March	
	2024 (Unaudited) SR	*2023 (Unaudited) SR*
Revenue from sales of goods	**240,237,447**	148,475,859
Revenue from sales of service	**9,815,382**	6,666,429
	250,052,829	155,142,288

15.1 DISAGGREGATION OF REVENUE

In the following table, revenue is disaggregated by type of category and timing of revenue recognition as shown below:

	For three-months period 31 March	
	2024 (Unaudited) SR	*2023 (Unaudited) SR*
Category		
Local sales	**240,362,880**	150,903,341
International sales	**9,689,949**	4,238,947
	250,052,829	155,142,288

Nice One Beauty Digital Marketing Company (formerly: Product Sea Trading Company)
(A Limited Liability Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the three-month period ended 31 March 2024

15. REVENUE (continued)

15.1 DISAGGREGATION OF REVENUE (continued)

	For three-months period 31 March	
	2024 (Unaudited) SR	*2023 (Unaudited) SR*
Timing of revenue recognition		
Sales made at a point in time	**250,052,829**	155,142,288

16. COMMITMENTS

Significant capital expenditure contracted for as at the end of the reporting period but not recognized as liabilities is as follows:

	31 March 2024 (Unaudited)	*31 December 2023 (Audited)*
	SR	*SR*
Commitments for capital expenditure	**12,100,510**	14,354,122

17. 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. Financial instruments comprise of financial assets and financial liabilities. The Group's financial assets mainly consist of bank balances and short-term deposits, trade receivables and contract assets, and certain other current assets. Its financial liabilities mainly consist of trade payables, lease liabilities and accruals.

The management has assessed that fair value of bank balances and short-term deposits, trade and other receivables, accruals and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

17.1 Financial Assets

Financial assets measured at amortised cost

	31 March 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
Trade receivables	**29,430,206**	18,871,726
Bank balances	**93,922,150**	69,378,296
Employee receivables	**2,490,140**	3,087,531
Refundable deposits	**466,616**	466,616
Other receivables	**2,186,452**	1,425,352
Total financial assets at amortised cost	**128,495,564**	93,229,521

Nice One Beauty Digital Marketing Company (formerly: Product Sea Trading Company)
(A Limited Liability Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the three-month period ended 31 March 2024

17. FINANCIAL INSTRUMENTS (continued)

17.2 Financial Liabilities

Financial liabilities measured at amortised cost

	31 March 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
Trade and other payables	**179,415,606**	161,077,205
Short-term borrowings	**34,894,417**	23,258,418
Long term borrowings	**17,105,266**	18,421,055
Lease liabilities	**10,774,472**	11,290,937
Total financial liabilities measured at amortised cost	**242,189,761**	214,047,615

18. SEGMENTAL INFORMATION

For management purposes, the Group is organized into business units based on its geographical distribution, and has the following reportable operating segments:

- Kingdom of Saudi Arabia
  - Central region
  - Western region
  - Eastern region
- International – MENA

The Group's chief operating decision maker (the "CODM") evaluates the performance of the group's segments based on revenue. The Group uses revenue as its principal measure of segment performance as it enhances the Group's ability to compare past financial performance with current performance and analyse underlying business performance and trends. The following tables accordingly present revenue information for the geographical segments for both the current and prior periods. The cost of revenues, selling and marketing, general and administrative expenses till end of the statement of comprehensive income to net profit, total assets and liabilities are managed at the Group level, hence presented on a central basis.

Nice One Beauty Digital Marketing Company (formerly: Product Sea Trading Company)
(A Limited Liability Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the three-month period ended 31 March 2024

18. SEGMENTAL INFORMATION (continued)

For the period ended 31 March 2024

	Kingdom of Saudi Arabia				
	Central Region	*Western Region (*)*	*Eastern Region*	*International Region*	*Total*
	SR	*SR*	*SR*	*SR*	*SR*
Revenues	92,009,312	114,787,320	33,566,248	9,689,949	**250,052,829**
Cost of revenues					**(178,953,405)**
Gross profit					**71,099,424**
Selling and marketing expenses					**(35,317,265)**
General and administrative expenses					**(11,899,687)**
Operating profit					**23,882,472**
Other income					**33,573**
Finance cost					**(1,067,628)**
Profit before zakat					**22,848,417**
Zakat charge for the period					**(950,000)**
Net profit for the period					**21,898,417**
As at 31 March 2024					
Total assets					**403,663,906**
Total liabilities					**(269,094,966)**

For the period ended 31 March 2023

	Kingdom of Saudi Arabia				
	Central Region	*Western Region (*)*	*Eastern Region*	*International Region*	*Total*
	SR	*SR*	*SR*	*SR*	*SR*
Revenues	58,700,602	70,800,930	21,401,809	4,238,947	155,142,288
Cost of revenues					(108,103,191)
Gross profit					47,039,097
Selling and marketing expenses					(30,117,720)
General and administrative expense					(7,710,185)
Operating profit					9,211,192
Other income					1,217,790
Finance cost					(800,374)
Profit before zakat					9,628,608
Zakat charge for the period					(750,000)
Net profit for the period					8,878,608
As at 31 December 2023					
Total assets					308,113,734
Total liabilities					(210,754,154)

(*) Western region includes revenues from the Northern and Southern regions.

Nice One Beauty Digital Marketing Company (formerly: Product Sea Trading Company)
(A Limited Liability Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the three-month period ended 31 March 2024

19. EARNINGS PER INTEREST

Earnings per interest is calculated by dividing the net income during the period over the weighted average number of interests during the period/year.

	31 March 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*	*31 March 2023 (Unaudited) SR*
Net income for the period/year	**21,898,417**	32,624,482	8,941,341
Weighted average number of interests - basic and diluted	**1,063**	1,063	1,063
Earnings per interest	**20,600.58**	30,690.95	8,411.42

There has been no item of dilution affecting the weighted average number of interests.

20. INTERIM RESULTS

The results of operations for the interim period may not be an accurate indication of the results of the full year operations.

21. SUBSEQUENT EVENTS

There were no subsequent events after the interim condensed statement of financial position date which require adjustment to/or disclosure in these interim condensed consolidated financial statements.

22. APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements of the company were authorised for issuance in accordance with the Board of Directors' resolution dated 19 Thul-Qi'dah 1445H (corresponding to 27 May 2024).

Nice One Beauty Digital Marketing Company (formerly: Product Sea Trading Company)
(A Closed Joint Stock Company)

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS AND NINE-MONTHS PERIODS ENDED 30 SEPTEMBER 2024

Nice One Beauty Digital Marketing Company (formerly: Product Sea Trading Company)
(A Closed Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF NICE ONE BEAUTY DIGITAL MARKETING COMPANY (FORMERLY: PRODUCT SEA TRADING COMPANY) (A CLOSED JOINT STOCK COMPANY)

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Nice One Beauty Digital Marketing Company (formerly: Product Sea Trading Company), A Closed Joint Stock Company ("the Company") and its subsidiaries (collectively referred to as the "Group") as at 30 September 2024, and the related interim condensed consolidated statement 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

for Ernst & Young Professional Services

Abdullah A. Alshenaibir
Certified Public Accountant
License No. (583)

Riyadh: 4 Jumada Al-Ula 1446H
6 November 2024

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CR 1010383821

Nice One Beauty Digital Marketing Company (formerly: Product Sea Trading Company)
(A Closed Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2024

	Notes	30 September 2024 (Unaudited) SR	31 December 2023 (Audited) SR
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	4	**86,549,303**	62,972,121
Intangible assets		**1,278,213**	1,422,498
Right-of-use assets		**13,539,801**	11,582,690
Other non-current assets		**466,616**	466,616
TOTAL NON-CURRENT ASSETS		**101,833,933**	76,443,925
CURRENT ASSETS			
Inventories	5	**230,615,015**	150,784,552
Trade receivables	6	**24,403,579**	18,871,726
Prepayments, advances and other receivables	7	**52,364,429**	33,431,851
Due from related parties	15	**6,799,847**	-
Cash and cash equivalents	8	**51,115,589**	69,705,549
TOTAL CURRENT ASSETS		**365,298,459**	272,793,678
TOTAL ASSETS		**467,132,392**	349,237,603
EQUITY AND LIABILITIES			
EQUITY			
Capital	9	**110,000,000**	1,063,000
Statutory reserve	10	**318,900**	318,900
Additional contribution to capital	11	**-**	27,136,000
Retained earnings		**68,230,435**	84,152,623
TOTAL EQUITY		**178,549,335**	112,670,523
NON-CURRENT LIABILITIES			
Long term borrowings	12	**9,210,532**	13,157,899
Lease liabilities		**8,867,869**	8,008,752
Employees' defined benefit liability		**6,252,656**	4,729,208
TOTAL NON-CURRENT LIABILITIES		**24,331,057**	25,895,859
CURRENT LIABILITIES			
Current portion of long term borrowings	12	**5,263,156**	5,263,156
Current portion of lease liabilities		**3,653,600**	3,282,185
Trade payables, accruals and other payables		**201,766,848**	168,200,064
Short term borrowings	12	**49,785,668**	23,258,418
Zakat provision	13	**3,782,728**	2,667,398
Dividend payable	14	**-**	8,000,000
TOTAL CURRENT LIABILITIES		**264,252,000**	210,671,221
TOTAL LIABILITIES		**288,583,057**	236,567,080
TOTAL EQUITY AND LIABILITIES		**467,132,392**	349,237,603

The attached notes from 1 to 22 form an integral part of these interim condensed consolidated financial statements.

Nice One Beauty Digital Marketing Company (formerly: Product Sea Trading Company)
(A Closed Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the three and nine-months periods ended 30 September 2024

		For the three-month period ended 30 September		*For the nine-month period ended 30 September*	
		2024	*2023*	***2024***	*2023*
		(Unaudited)	*(Unaudited)*	***(Unaudited)***	*(Unaudited)*
	Notes	***SR***	*SR*	***SR***	*SR*
Revenue	16	**237,653,292**	167,544,231	**696,477,438**	512,758,056
Cost of revenue		**(174,454,177)**	(116,820,871)	**(496,260,348)**	(355,910,262)
GROSS PROFIT		**63,199,115**	50,723,360	**200,217,090**	156,847,794
Selling and marketing expenses		**(24,173,459)**	(31,355,422)	**(94,815,163)**	(101,325,157)
General and administrative expenses		**(11,589,265)**	(9,579,800)	**(34,143,847)**	(24,763,767)
OPERATING PROFIT		**27,436,391**	9,788,138	**71,258,080**	30,758,870
Other income, net		**885,328**	(176,277)	**969,169**	2,832,112
Finance cost		**(1,208,567)**	(796,773)	**(3,282,263)**	(2,074,519)
PROFIT BEFORE ZAKAT		**27,113,152**	8,815,088	**68,944,986**	31,516,463
Zakat		**(1,300,000)**	(750,000)	**(3,066,174)**	(2,300,000)
NET PROFIT FOR THE PERIOD		**25,813,152**	8,065,088	**65,878,812**	29,216,463
Other comprehensive income		**-**	-	**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**25,813,152**	8,065,088	**65,878,812**	29,216,463
Earnings per share – Basic and diluted	20	**0.23**	0.07	**1.11**	0.49

The attached notes from 1 to 22 form an integral part of these interim condensed consolidated financial statements.

Nice One Beauty Digital Marketing Company (formerly: Product Sea Trading Company)
(A Closed Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the nine-months period ended 30 September 2024

	Capital SR	*Statutory reserve SR*	*Additional Contribution to Capital SR*	*Retained earnings SR*	*Total SR*
As at 1 January 2023 (audited)	1,063,000	318,900	27,136,000	59,963,072	88,480,972
Net profit for the period (unaudited)	-	-	-	29,216,467	29,216,467
Other comprehensive income for the period (unaudited)	-	-	-	-	-
Total comprehensive income (unaudited)	-	-	-	29,216,467	29,216,467
As at 30 September 2023 (unaudited)	1,063,000	318,900	27,136,000	89,179,539	117,697,439
As at 1 January 2024 (audited)	1,063,000	318,900	27,136,000	84,152,623	112,670,523
Net profit for the period (unaudited)	-	-	-	65,878,812	65,878,812
Other comprehensive income for the period (unaudited)	-	-	-	-	-
Total comprehensive income (unaudited)	-	-	-	65,878,812	65,878,812
Increase in capital (note 9)	108,937,000	-	(27,136,000)	(81,801,000)	-
As at 30 September 2024 (unaudited)	**110,000,000**	**318,900**	**-**	**68,230,435**	**178,549,335**

The attached notes from 1 to 22 form an integral part of these interim condensed consolidated financial statements.

Nice One Beauty Digital Marketing Company (formerly: Product Sea Trading Company)
(A Closed Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the nine-months period ended 30 September 2024

	30 Sept 2024 (Unaudited) SR	*30 Sept 2023 (Unaudited) SR*
OPERATING ACTIVITIES:		
Profit before zakat	**68,944,986**	31,516,463
Adjustment to reconcile profit before zakat to net cash inflows:		
Provision (reversal) for expected credit losses on trade receivables	**457,086**	(368,956)
Provision for inventory obsolescence	**2,740,447**	2,945,925
Inventories written off	**-**	975,662
Depreciation on property and equipment	**1,717,850**	1,755,411
Depreciation on right-of-use assets	**2,910,689**	2,479,879
Amortization of intangible assets	**323,444**	345,742
Loss / (gain) on disposal of property and equipment	**96,453**	(1,936,623)
Gain on termination of lease	**(975,705)**	(389,832)
Provision for employees' defined benefit liability	**1,716,006**	1,211,860
Finance costs	**3,282,263**	2,074,519
	81,213,519	40,610,050
Working capital adjustments:		
Trade receivables	**(5,988,939)**	(2,890,174)
Prepayments, advances and other receivables	**(18,932,578)**	(6,077,034)
Inventories	**(82,570,910)**	(12,302,122)
Due from related parties	**(6,799,847)**	-
Trade payables, accruals and other payables	**33,566,783**	(12,223,681)
Cash generated from operations	**488,028**	7,117,039
Finance cost on bank borrowings paid	**(2,418,107)**	(1,248,450)
Employees' defined benefit liability paid	**(192,559)**	(115,153)
Zakat paid	**(1,950,844)**	(2,294,674)
Net cash (used in)/ from operating activities	**(4,073,482)**	3,458,762
INVESTING ACTIVITIES:		
Purchase of property and equipment	**(28,558,966)**	(10,951,221)
Proceeds from disposal of property and equipment	**3,167,484**	8,271,590
Purchase of intangible assets	**(179,159)**	(644,983)
Net cash flows used in investing activities	**(25,570,641)**	(3,324,614)
FINANCING ACTIVITIES:		
Repayment of lease obligations	**(3,525,720)**	(4,265,736)
Repayment of long-term borrowings	**(3,947,367)**	(8,140,517)
Proceeds of long-term borrowings	**-**	5,908,649
Repayment of short-term borrowings	**(54,528,877)**	(24,149,343)
Proceeds from short-term borrowings	**81,056,127**	35,000,000
Dividends paid	**(8,000,000)**	(2,486,660)
Net cash flows generated from financing activities	**11,054,163**	1,866,393
Net (decrease) / increase in cash and cash equivalents	**(18,589,960)**	2,000,541
Cash and cash equivalents at the beginning of the period	**69,705,549**	46,679,827
Cash and cash equivalents at the end of the period	**51,115,589**	48,680,368
Significant non-cash transactions:		
Increase in capital	**108,937,000**	-
Addition to lease liabilities and right of use assets	**2,282,250**	6,727,718
Termination of lease liabilities and right of use assets	**529,061**	3,118,977

The attached notes from 1 to 22 form an integral part of these interim condensed consolidated financial statements.

Nice One Beauty Digital Marketing Company (formerly: Product Sea Trading Company)
(A Closed Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 September 2024

1. COMPANY INFORMATION

Nice One Beauty Digital Marketing Company (formerly: Product Sea Trading Company) (the "Group") is a Closed Joint Stock Company (formerly: Limited Liability Company) registered in Riyadh; Kingdom of Saudi Arabia under Commercial Registration numbered 1010705691 dated 4 Shabaan 1438H (corresponding to 30 April 2017). As at 21 May 2024, Ministry of Commerce approved the conversion of Limited Liability Company to Joint Stock Company. The registered address of the Group is: P.O 5497, Riyadh 51422, Kingdom of Saudi Arabia. The Company is currently in the initial public offering ("IPO") process which is expected to be finalized during the year ended 31 December 2024.

The Group is engaged in the retail business of perfumes, cosmetics, soap and incense. The Group is practicing its activities through the following branches:

Branch	*Registration No.*	*Registration Date*
Product Sea for Accessories Warehouse	1010947279	27 Jumada Al-Alkhirah 1439H (corresponding to 15 March 2018G)
Product Sea for Operation & Maintenance	1010581040	23 Ramadan 1440H (corresponding to 28 May 2019G)
Product Sea for Trading – Alsala	1010591825	21 Dhu Al-Hijjah 1440H (corresponding to 22 August 2019G)

The Group has the following subsidiaries.

	Relationship	*Country of Incorporation*	*Effective ownership*		*Principal Activity*
			September 2024	December 2023	
Bahr Al-Montajat General Trading Co.	Subsidiary	Egypt	**100%**	100%	Retail business of perfumes, cosmetics, soap and incense
Nice one Perfumes and Cosmetic Trading LLC	Subsidiary	UAE	**100%**	100%	Retail business of perfumes, cosmetics, soap and incense

The Company has changed its name from Product Sea Trading Company to Nice One Beauty Digital Marketing Company with effect from 30 March 2024.

2. MATERIAL ACCOUNTING POLICY INFORMATION

2.1 BASIS OF PREPARATION

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board ("IASB"), as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements as issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (collectively referred as "IAS 34 as endorsed in KSA").

Nice One Beauty Digital Marketing Company (formerly: Product Sea Trading Company)
(A Closed Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 September 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.1 BASIS OF PREPARATION (continued)

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at and for the year ended 31 December 2023.

The interim condensed consolidated financial statements have been prepared on a historical cost basis using the accrual basis of accounting and the going concern assumption concept, except for the valuation of employees' defined benefits liability. The interim condensed consolidated financial statements are presented in Saudi Riyal (SR), except when otherwise indicated, which is also the functional currency of the Company.

2.2 BASIS OF CONSOLIDATION

The interim condensed consolidated financial statements comprise the interim condensed consolidated financial statements of the Company and its subsidiaries (see note 1). The interim condensed consolidated financial statements of the subsidiaries are prepared for the same reporting period as that of Group, using consistent accounting policies. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

(a) Subsidiaries

Subsidiaries are entities which are controlled by the Group. To meet the definition of control, all of the following criteria must be met:

i) the Group has power over an entity.
ii) the Group has exposure, or rights, to variable returns from its involvement with the entity; and
iii) the Group can use its power over the entity to affect the amount of the entity's returns.

The Group re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the six elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group.

(b) Transactions eliminated on consolidation

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Nice One Beauty Digital Marketing Company (formerly: Product Sea Trading Company)
(A Closed Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 September 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 CHANGES TO THE ACCOUNTING POLICIES (continued)

2.3.1 New standards, interpretations and amendments adopted by the Group applicable from 1 January 2024

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024. The Group 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 consolidated financial statements of the Group.

Standard, Amendment or Interpretation	*Description*	*Effective date*
- Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.	01 January 2024
- Amendment to IAS 1 – Non-current liabilities with covenants	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.	01 January 2024
- Amendment to IFRS 16 – Leases on sale and leaseback	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.	01 January 2024
- IFRS S1, 'General requirements for disclosure of sustainability-related financial information	This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.	01 January 2024 subject to endorsement from SOCPA
- IFRS S2, 'Climate-related disclosures'	This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.	01 January 2024 subject to endorsement from SOCPA

Nice One Beauty Digital Marketing Company (formerly: Product Sea Trading Company)
(A Closed Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 September 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 CHANGES TO THE ACCOUNTING POLICIES (continued)

2.3.2 Standards and amendments issued and not yet effective

The new amended, issued standards and interpretations, which are not effective yet have not been adopted early by the Group and will be adopted on their effective date as applicable. The adoption of these standards and interpretations is not expected to have any material impact on the Group on the effective date.

Standard, Amendment or Interpretation	***Description***	***Effective date***
- Amendments to IAS (21): Lack of exchangeability	IASB amended IAS 21 to add requirements to help in determining whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not exchangeable. Amendment set out a framework under which the spot exchange rate at the measurement date could be determined using an observable exchange rate without adjustment or another estimation technique.	1 January 2025
- Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations and the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognized in full.	Effective date deferred indefinitely
- IFRS 18: Presentation and Disclosure in Financial Statements	IFRS 18 provides guidance on items in statement of profit or loss classified into five categories: operating; investing; financing; income taxes and discontinued operations It defines a subset of measures related to an entity's financial performance as 'management-defined performance measures' ('MPMs'). The totals, subtotals and line items presented in the primary financial statements and items disclosed in the notes need to be described in a way that represents the characteristics of the item. It requires foreign exchange differences to be classified in the same category as the income and expenses from the items that resulted in the foreign exchange differences.	1 January 2027
- IFRS 19 - reducing subsidiaries` disclosures	IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with the reduced disclosure requirements of IFRS 19. A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date it does not have public accountability, and its parent produces consolidated financial statements under IFRS Accounting Standards.	1 January 2027

Nice One Beauty Digital Marketing Company (formerly: Product Sea Trading Company)
(A Closed Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 September 2024

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that may require a material adjustment to the carrying amount of the asset or liability affected in the future. These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

As at 30 September 2024, management believes that all judgments and sources of estimation uncertainty remain similar to those disclosed in the Group's annual consolidated financial statements for the year ended 31 December 2023.

4. PROPERTY AND EQUIPMENT

	30 September 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
Additions during the period/year	**(28,558,966)**	21,419,995
Disposals during the period/year	**(3,263,937)**	(9,762,901)

5. INVENTORIES

	30 September 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
Goods for sale	**228,045,158**	149,034,738
Packing material	**9,801,821**	6,357,417
Less: Provision for obsolete inventory	**(7,231,964)**	(4,607,603)
	230,615,015	150,784,552

Set out below is the movement of provision for obsolete inventory:

	30 September 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
At the beginning of the period/year	**4,607,603**	3,278,571
Provision during the period/year	**2,740,447**	5,016,915
Obsolete stock written-off during the period/year	**(116,086)**	(3,687,883)
At the end of the period/year	**7,231,964**	4,607,603

Nice One Beauty Digital Marketing Company (formerly: Product Sea Trading Company)
(A Closed Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 September 2024

6. TRADE RECEIVABLES

	30 September 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
Trade receivables	**27,408,487**	21,419,548
Less: Allowance for expected credit losses (ECL)	**(3,004,908)**	(2,547,822)
	24,403,579	18,871,726

Trade receivables are non-interest bearing and are generally on terms of 30 days.

Set out below is the movement in the allowance for expected credit losses of trade receivables:

	30 September 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
At the beginning of the period/year	**2,547,822**	2,916,777
Charge/ (reversal) during the period/year	**457,086**	(368,955)
At the end of the period/year	**3,004,908**	2,547,822

All trade receivables are interest free. Unimpaired trade receivables are expected, based on past experience, to be fully recoverable. It is not the practice of the Group to obtain collateral over receivables and the vast majority are, therefore, unsecured.

7. PREPAYMENTS, ADVANCES AND OTHER RECEIVABLES

	30 September 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
Advances to suppliers	**34,525,547**	23,378,343
Prepaid expenses	**11,477,798**	5,540,625
VAT receivable	**2,522,836**	-
Employee receivables	**1,900,311**	3,087,531
Other receivables	**1,937,937**	1,425,352
	52,364,429	33,431,851

Nice One Beauty Digital Marketing Company (formerly: Product Sea Trading Company)
(A Closed Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 September 2024

8. CASH AND CASH EQUIVALENTS

	30 September 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
Bank balances	**50,605,695**	69,378,296
Cash in hand	**509,894**	327,253
	51,115,589	69,705,549

9. CAPITAL

The Company's share capital is divided into 110,000,000 shares of SR 1 each (31 December 2023: 1,063 shares of SR 1,000 each).

During the meeting held on 5 May 2024, the shareholders decided to increase the shares of the Company from 1,063 shares with nominal value of SR 1,000 to 110,000,000 shares with a nominal value of SR 1 (the old shares were also subdivided). The decision is based on transferring an amount of SR 81,801,000 from retained earnings and an amount of SR 27,136,000 from additional contribution to capital. The legal formalities have been completed by 30 September 2024.

On 4 July 2024, the shareholders resolved to increase the share capital from 110,000,000 ordinary shares to 115,500,000 ordinary shares of SR 1 each. The legal formalities to affect this increase are yet to be completed.

10. STATUTORY RESERVE

In accordance with the Company's previous article of association, the Company must set aside 10% of its net income in each year until it has built up a reserve equal to 30% of the share capital. The Group may resolve to discontinue such transfers when the reserve totals 30% of the share capital. The reserve is not available for distribution.

11. ADDITIONAL CONTRIBUTION TO CAPITAL

	30 September 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
Omar Ali Alolayan (*)	-	11,002,461
Abdulrahman Ali Alolayan (*)	-	9,930,295
Wagehat Al Hamraa for Investment Company (*)	-	6,203,244
	-	27,136,000

(*) The above-mentioned additional contributions to capital were transferred to share capital during the period ended 30 September 2024 (note 9)

Nice One Beauty Digital Marketing Company (formerly: Product Sea Trading Company)
(A Closed Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 September 2024

12 BANK BORROWINGS

12.1 Short-term borrowings

Bank	***30 September 2024 (Unaudited) SR***	*31 December 2023 (Audited) SR*
Al Rajhi Bank *	**28,146,575**	14,354,467
SAB Bank *	**21,639,093**	8,903,951
	49,785,668	23,258,418

* The Group obtained short-term credit facilities from two local banks (Al Rajhi bank and SAB bank) to meet the requirements of working capital, which are guaranteed by personal guarantees provided by shareholders, as stipulated in the loan agreements.

Movement in the short-term borrowings is as follows:

	30 September 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
Balance at beginning of the period/year	**23,258,418**	24,149,343
Drawn down during the period/year	**81,056,127**	43,903,951
Repayment during the period/year	**(54,528,877)**	(44,794,876)
Balance at end of the period/year	**49,785,668**	23,258,418

12.2 Long-term borrowings

	30 September 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
Al Rajhi Bank (Medium term loan) *	**14,473,688**	18,421,055
	14,473,688	18,421,055
Less: current portion of long-term borrowings	**(5,263,156)**	(5,263,156)
Non-current portion of long-term borrowings	**9,210,532**	13,157,899

* The Group has obtained medium term loan (MTL) amounting to SR 27.1 million from Al Rajhi Bank. The loan is due for repayment in 20 equal quarterly instalments of SR 1.315 million per instalment, and the last instalment is due in May 2027. These borrowings are secured against personal guarantees provided by shareholders, as stipulated in the loan agreement.

Nice One Beauty Digital Marketing Company (formerly: Product Sea Trading Company)
(A Closed Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 September 2024

12 BANK BORROWINGS (continued)

12.2 Long-term borrowings (continued)

Movement in the long-term borrowings is as follows:

	30 September 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
Balance at beginning of the period/year	**18,421,055**	21,968,712
Drawn down during the period/year	**-**	5,908,649
Repayment during the period/year	**(3,947,367)**	(9,456,306)
Accrued interest during the period/year	**220,079**	265,436
	14,693,767	18,686,491
Less: accrued interest within current liabilities	**(220,079)**	(265,436)
Balance at end of the period/year	**14,473,688**	18,421,055

Below is the repayment schedule of the outstanding long-term borrowings:

	30 September 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
Within one year	**5,263,156**	5,263,156
Between two to five years	**9,210,532**	13,157,899
Total	**14,473,688**	18,421,055

13. ZAKAT PROVISION

Movement during the period/year:

	30 September 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
At the beginning of the period/year	**2,667,398**	1,962,072
Provided during the period/year (*)	**3,842,688**	3,000,000
Reversal for the prior year	**(776,514)**	-
Paid during the period/year	**(1,950,844)**	(2,294,674)
At the end of the period/year	**3,782,728**	2,667,398

(*) Zakat provision charged for the period is provisional and is subject to adjustments based on annual results.

Status of assessments

All zakat returns up to year 2023 have been filed by the Group on self-assessment basis under the zakat law and the related implementing regulations. No zakat assessments have been issued by ZATCA till date.

Nice One Beauty Digital Marketing Company (formerly: Product Sea Trading Company)
(A Closed Joint Stock Company)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 September 2024

14. DIVIDEND PAYABLE

During the period ended 30 September 2024, no dividend was declared (31 December 2023: SR 7,526 per share with a total amount of SR 8 million).

Following is the movement in dividends payable account.

	30 September 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
At the beginning of the period/year	**8,000,000**	4,493,568
Dividend declared during the period/year	**-**	8,000,000
Settled during the period/year	**(8,000,000)**	(4,493,568)
At the end of the period/year	**-**	8,000,000

15. RELATED PARTY BALANCES AND TRANSACTIONS

In the ordinary course of its activities, the Group transacts business with related parties. Related parties include shareholders, members of the board of directors, key management executives and entities controlled or significantly influenced by such parties, which are under common ownership. The transactions are carried out on mutually agreed terms approved by the management of the Group.

15.1 Key Management Personnel Compensation

The remuneration of directors and other key management personnel for the period were as follows:

	For three-months period		*For nine-months period*	
	30 September 2024 (Unaudited) SR	*30 September 2023 (Unaudited) SR*	***30 September 2024 (Unaudited) SR***	*30 September 2023 (Unaudited) SR*
Short term employees' benefits	**2,549,400**	1,825,440	**7,388,954**	5,532,050
Post-employment benefits	**182,716**	171,766	**582,036**	458,668
	2,732,116	1,997,206	**7,970,990**	5,990,718

15.2 Related parties' balances
The breakdown of amounts due from related parties is as follows:

	30 September 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
Initial Public Offering ("IPO") costs (*)	**6,799,847**	-

(*) This amount represents the IPO cost incurred by the Group which is agreed to be reimbursed by the shareholders upon the successful listing process.

Nice One Beauty Digital Marketing Company (formerly: Product Sea Trading Company)
(A Closed Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 September 2024

16. REVENUE

	For three-months period 30 September		*For nine-months period 30 September*	
	2024 (Unaudited) SR	*2023 (Unaudited) SR*	***2024 (Unaudited) SR***	*2023 (Unaudited) SR*
Revenue from sales of goods	**228,724,917**	160,100,888	**669,104,575**	490,036,249
Revenue from services	**8,928,375**	7,443,343	**27,372,863**	22,721,807
	237,653,292	167,544,231	**696,477,438**	512,758,056

16.1 DISAGGREGATION OF REVENUE

In the following table, revenue is disaggregated by type of category and timing of revenue recognition as shown below:

	For three-months period 30 September		*For nine-months period 30 September*	
	2024 (Unaudited) SR	*2023 (Unaudited) SR*	***2024 (Unaudited) SR***	*2023 (Unaudited) SR*
Category				
Local sales	**225,530,261**	161,207,905	**664,964,785**	490,160,436
International sales	**12,123,031**	6,336,326	**31,512,653**	22,597,620
	237,653,292	167,544,231	**696,477,438**	512,758,056

	For three-months period 30 September		*For nine-months period 30 September*	
	2024 (Unaudited) SR	*2023 (Unaudited) SR*	***2024 (Unaudited) SR***	*2023 (Unaudited) SR*
Timing of revenue recognition				
At a point in time	**237,653,292**	167,544,231	**696,477,438**	512,758,056

Nice One Beauty Digital Marketing Company (formerly: Product Sea Trading Company)
(A Closed Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 September 2024

17. COMMITMENTS

Significant capital expenditure contracted for as at the end of the reporting period but not recognized as liabilities is as follows:

	30 September 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
Commitments for capital expenditure	**5,173,175**	14,352,122

18. 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. Financial instruments comprise of financial assets and financial liabilities. The Group's financial assets mainly consist of bank balances, trade receivables, and certain other current assets. Its financial liabilities mainly consist of trade payables, long term and short term borrowings, lease liabilities and accruals.

The management has assessed that fair value of bank balances, trade and other receivables, trade payables, accruals and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

18.1 Financial Assets

Financial assets measured at amortised cost

	30 September 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
Trade receivables	**24,403,579**	18,871,726
Cash and cash equivalents	**51,115,589**	69,705,549
Employee receivables	**1,900,311**	3,087,531
Refundable deposits	**466,616**	466,616
Other receivables	**1,937,937**	1,425,352
Total financial assets at amortised cost	**79,824,032**	93,556,774

Financial liabilities measured at amortised cost

	30 September 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
Trade and other payables	**197,001,259**	161,077,205
Short-term borrowings	**49,785,668**	23,258,418
Long term borrowings	**14,473,688**	18,421,055
Lease liabilities	**12,521,469**	11,290,937
Total financial liabilities measured at amortised cost	**273,782,084**	214,047,615

Nice One Beauty Digital Marketing Company (formerly: Product Sea Trading Company)
(A Closed Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 September 2024

19. SEGMENTAL INFORMATION

Currently, the Group's Chief Operating Decision Maker (which is the Board of Directors) considers the entire operations as one single operating segment.

20. EARNINGS PER SHARE

Earnings per share is calculated by dividing the net profit for the period over the weighted average number of shares during the period.

	For three-months period 30 September		*For nine-months period 30 September*	
	2024 (Unaudited) SR	*2023 (Unaudited) SR*	***2024 (Unaudited) SR***	*2023 (Unaudited) SR*
Net profit for the period	**25,813,152**	8,065,088	**65,878,812**	29,216,463
Weighted average number of shares - basic and diluted	**110,000,000**	110,000,000	**59,416,547**	59,416,547
Earnings per share	**0.23**	0.07	**1.11**	0.49

There has been no item of dilution affecting the weighted average number of shares.

21. INTERIM RESULTS

The results of operations for the interim period may not be an accurate indication of the results of the full year operations.

22. APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements of the Group were authorised for issuance in accordance with the Board of Directors' resolution dated 4 Jumada Al-Ula 1446H (corresponding to 6 November 2024).

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